

CONSOLIDATED BALANCE SHEETS UNDER U.S. GAAP

<i>In millions of U.S. Dollars</i>	As at	
	June 30, 2004 (Unaudited)	December 31, 2003 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents, including short term investments	\$143	\$80
Trade accounts receivable – net	695	507
Inventories	947	828
Prepaid expenses and other	119	105
Deferred tax assets	<u>54</u>	<u>30</u>
<i>Total Current Assets</i>	1,958	1,550
Property, plant and equipment – net	3,028	3,091
Investments in affiliates and Joint Ventures	262	252
Deferred tax assets	454	535
Intangible pension assets	112	117
Other assets	<u>110</u>	<u>90</u>
<i>Total Assets</i>	<u>5,924</u>	<u>5,635</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Payable to banks and current portion of long-term debt	\$167	\$363
Trade accounts payable	629	577
Accrued expenses and other current liabilities	524	492
Deferred tax liabilities	<u>32</u>	<u>28</u>
<i>Total Current Liabilities</i>	1,352	1,460
Long term debt including affiliates	1,950	1,914
Deferred tax liabilities	106	74
Deferred employee benefits	1,883	1,906
Other long term obligations	<u>115</u>	<u>132</u>
<i>Total Liabilities</i>	5,406	5,486
Shareholders' equity		
Common shares	7	7
Treasury stock	(150)	(110)
Additional paid-up capital	576	586
Retained earnings	635	207
Cumulative other comprehensive income	<u>(550)</u>	<u>(541)</u>
<i>Total Shareholders' equity</i>	<u>518</u>	<u>149</u>
<i>Total Liabilities and Shareholders' Equity</i>	<u>5,924</u>	<u>5,635</u>

**CONSOLIDATED FINANCIAL
& OTHER INFORMATION AS PER U.S. GAAP**

	For the Second Quarter Ended June 30,		For the Six Months Ended June 30,	
	2004 (Unaudited)	2003 (Unaudited)	2004 (Unaudited)	2003 (Unaudited)
<i>In millions of U.S. Dollars, except share, per share and other data</i>				
STATEMENT OF INCOME DATA				
Sales	2,109	1,410	3,864	2,738
Costs and expenses:				
Cost of sales <i>(exclusive of depreciation shown separately)</i>	1,588	1,263	3,090	2,430
Depreciation	48	46	99	91
Selling, general and administrative expenses	47	43	91	84
	<u>1,683</u>	<u>1,352</u>	<u>3,280</u>	<u>2,605</u>
Operating income (loss)	426	58	584	133
<i>Operating margin</i>	20.2%	4.1%	15.1%	4.9%
Other income (expense) – net	11	-	37	20
Financing costs:				
Interest (expense)	(47)	(41)	(88)	(85)
Interest income	-	4	1	7
Net gain (loss) from foreign exchange	3	(8)	2	(2)
	<u>(44)</u>	<u>(45)</u>	<u>(85)</u>	<u>(80)</u>
Income (loss) before taxes	393	13	536	73
Income tax expense (benefit):				
Current	12	5	16	9
Deferred	56	(6)	93	(3)
	<u>68</u>	<u>(1)</u>	<u>109</u>	<u>6</u>
Net income before change in accounting principle	325	14	427	67
Cumulative effect of change in accounting principle	-	-	-	(2)
Net income (loss)	<u>\$325</u>	<u>\$14</u>	<u>\$427</u>	<u>\$65</u>
Basic and diluted earnings per common share	2.75	0.11	3.60	0.52
Weighted average common shares outstanding <i>(in millions)</i>	118	122	118	122
OTHER DATA				
Total shipments of steel products including inter-company shipments <i>(thousands of tons)</i>	4,057	3,960	8,281	7,792

CONSOLIDATED STATEMENTS OF CASH FLOWS AS PER U.S. GAAP

<i>In millions of U.S. Dollars</i>	For the Second Quarter Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating activities:				
Net income	325	14	427	65
Adjustments required to reconcile net income to net cash provided from operations:				
Depreciation	48	46	99	91
Deferred employee benefit costs	(7)	6	(13)	12
Net foreign exchange loss (gain)	(2)	5	(2)	1
Deferred income tax	55	(5)	94	(2)
Undistributed earnings from joint ventures	(17)	(4)	(44)	(19)
Other operating expenses	8	6	(2)	1
Changes in operating assets and liabilities, net of effects from purchases of subsidiaries:				
Trade accounts receivable	(65)	(30)	(200)	(7)
Inventories	(99)	24	(130)	(2)
Prepaid expenses and other assets	19	1	(17)	(31)
Trade accounts payable	(19)	(45)	47	(64)
Accrued expenses and other liabilities	47	24	25	28
Net cash provided (used) by operating activities	293	42	284	73
Investing activities:				
Purchase of property, plant and equipment	(35)	(37)	(56)	(56)
Proceeds from sale of assets and investments including affiliates	-	-	18	18
Investments in affiliates and joint ventures	9	3	17	14
Other investing activities	2	-	2	-
Net cash provided (used) by investing activities	(24)	(34)	(19)	(24)
Financing activities:				
Proceeds from payable to banks	603	955	1,533	1,671
Proceeds from long-term debt including from affiliates	36	6	890	44
Payments of payable to banks	(600)	(896)	(1,613)	(1,638)
Payments of long-term debt including affiliates	(247)	(73)	(960)	(131)
Purchase of treasury stock	(24)	(7)	(54)	(9)
Capital contribution	-	-	(2)	-
Sale of treasury stock	2	-	4	-
Net cash provided (used) by financing activities	(230)	(15)	(202)	(63)
Net increase (decrease) in cash and cash equivalents	39	(7)	63	(14)
Effect of exchange rate changes on cash	-	1	-	2
Cash and cash equivalent:				
At the beginning of the period	104	71	80	77
At the end of the period	143	65	143	65