ISPAT INTERNATIONAL NV
Form 6-K
February 05, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934
DATED FEBRUARY 5, 2004

Commission File Number: 001-14666

ISPAT INTERNATIONAL N.V.
(Exact name of registrant as specified in its Charter)

15th Floor, Hofplein 20
3032 AC Rotterdam
The Netherlands
(Address of registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F X Form 40-F ___

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ___ No X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ___ No X

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ___ No X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- N/A

INDEX

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For Immediate Release: Rotterdam, February 5, 2004

Ispat International N.V. Reports
FOURTH QUARTER 2003 results

Ispat International N.V., (NYSE: IST US; AEX: IST NA), today reported a net income of $11 million or 9 cents per share for the fourth quarter of 2003 as compared to net income of $51 million or 42 cents per share for the fourth quarter of 2002.

Consolidated sales and operating income for the fourth quarter were $1.4 billion and $22 million, respectively, as compared to $1.3 billion and $29 million, respectively, for the fourth quarter of 2002. Total steel shipments increased by 1% to 3.8 million tons.

Debt at the end of the fourth quarter was $2.3 billion. Capital expenditure for the fourth quarter of 2003 was $29 million. At December 31, 2003 the Company's consolidated cash, cash equivalents and short-term liquid investments totaled $80 million. The Company also has approximately $337 million available to it under various undrawn lines of credit and bank credit arrangements(1).

Ispat International N.V. is one of the world's largest and most global steel producers, with major steelmaking operations in the United States, Canada, Mexico, Trinidad, Germany and France. The Company produces a broad range of flat and long products sold mainly in the North American Free Trade Agreement (NAFTA) participating countries and the European Union (EU) countries. Ispat International N.V. is a member of the LNM Group.

This news release contains forward-looking statements that involve a number of risks and uncertainties. These statements are based on current expectations whereas actual results may differ. Among the factors that could cause actual results to differ are the risk factors listed in the Company's most recent SEC filings.

For further information, visit our web site: http://www.ispat.com, or call:

Ispat International Limited	Citigate Financial Intelligence
T.N. Ramaswamy	John McInerney / Jessica Wolpert

Director, Finance Investor Relations
+ 44 20 7543 1174 +1 201 499 3535 / +1 201 499 3533

NEWS RELEASE

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1 Corresponding exercisable/available limits are lower, which are based on the level of inventory/receivable.

CONSOLIDATED BALANCE SHEETS UNDER U.S. GAAP

In millions of U.S. Dollars	As at December 31, 2003 (Unaudited)
ASSETS	
Current Assets	
Cash and cash equivalents, including short term investments	80
Trade accounts receivable - net	507
Inventories	828
Prepaid expenses and other	105
Deferred tax assets	30
Total Current Assets	1,550
Property, plant and equipment - net	3,091
Investments in affiliates and Joint Ventures	252
Deferred tax assets	535
Intangible pension assets	117
Other assets	90
Total Assets	5,635
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current Liabilities	
Payable to banks and current portion of long-term debt	363
Trade accounts payable	577
Accrued expenses and other current liabilities	492
Deferred tax liabilities	28
Total Current Liabilities	1,460
Long term debt including affiliates	1,914
Deferred tax liabilities	74
Deferred employee benefits	1,906
Other long term obligations	132
Total Liabilities	5,486

Shareholders' equity	
Common shares	7
Additional paid-up capital	476
Retained earnings	207
Cumulative other comprehensive income	(541)
Total Shareholders' equity	149
Total Liabilities and Shareholders' Equity	5,635

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

	For the Fourth Quarter Ended December 31,	
In millions of U.S. Dollars, except share, per share and other data	2003 (Unaudited)	2002 (Unaudited)
STATEMENT OF INCOME DATA		
Sales	1,409	1,325
Costs and expenses:		
Cost of sales (exclusive of depreciation shown separately)	1,298	1,147
Depreciation	47	45
Selling, general and administrative expenses	42	42
Other operating expenses	-	62
	1,387	1,296
Operating income (loss)	22	29
Operating margin	1.6%	2.2%
Other income (expense) - net	21	6
Financing costs:		
Interest (expense)	(40)	(44)
Interest income	5	2
Net gain (loss) from foreign exchange	1	5
	(34)	(37)
Income (loss) before taxes	9	(2)
Income tax expense (benefit):		
Current	11	2
Deferred	(10)	(55)
	1	(53)
Net income (loss) before change in accounting principle	8	51

Cumulative effect of change in accounting principle	3	-
Net income (loss)	11	51
Basic and diluted earnings per common share	0.09	0.42
Weighted average common shares outstanding (in millions)	122	123
OTHER DATA		
Total shipments of steel products including inter-company shipments (thousands of tons)	3,788	3,744

1 Certain regroupings have been made to the prior period's financial statements in order to conform to 2003 groupings.

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

	For the Fourth Quarter Ended December 31,	
In millions of U.S. Dollars	2003 (Unaudited)	2002 (Unaudited)
Operating activities:		
Net income	11	51
Adjustments required to reconcile net income to net cash provided from operations:		
Depreciation	47	45
Deferred employee benefit costs	(19)	1
Net foreign exchange loss (gain)	(2)	(5)
Deferred income tax	(10)	(53)
Undistributed earnings from joint ventures	(3)	1
Other operating expenses	(8)	65
Changes in operating assets and liabilities, net of effects from purchases of subsidiaries:		
Trade accounts receivable	(2)	13
Inventories	43	(57)
Prepaid expenses and other assets	48	(64)
Trade accounts payable	4	27
Accrued expenses and other liabilities	(33)	40
Net cash provided (used) by operating activities	76	64
Investing activities:		
Purchase of property, plant and equipment	(29)	(39)
Proceeds from sale of assets and investments including affiliates and joint ventures	2	4

Investments in affiliates and joint ventures	(3)	11
Other	-	(3)
Net cash provided (used) by investing activities	(30)	(27)
Financing activities:		
Proceeds from payable to banks	818	700
Proceeds from long-term debt including from affiliates	76	7
Payments of payable to banks	(898)	(718)
Payments of long-term debt including affiliates	(31)	(58)
Purchase of treasury stock	-	(1)
Sale of treasury stock	-	2
Net cash provided (used) by financing activities	(35)	(68)
Net increase (decrease) in cash and cash equivalents	11	(31)
Effect of exchange rate changes on cash	(2)	(3)
Cash and cash equivalent:		
At the beginning of the period	71	111
At the end of the period	80	77

Analysis of Results of Operations and Financial Condition

This is not Management Discussion and Analysis (MD&A). The MD&A, as an annual document is filed as part of the Company's annual report (Form 20-F) under Item 5 - Operating and Financial Review and Prospects.

The summary consolidated financial and other information, including accounts of Ispat International N.V. ("Ispat International" or "the Company") and its consolidating subsidiaries are prepared in accordance with U.S. GAAP. All material inter-company balances and transactions have been eliminated. Quantitative information on total shipments of steel products includes inter-company shipments.

All references to 'Net Sales' exclude freight and handling costs and fees. Management uses 'Net Sales' to manage the business which is based on net realizations from sales transactions. Management believes that 'Net Sales' reflects a true underlying commercial reality of the sales performance. All analysis presented in this earnings release is prepared using "Net Sales".

The term 'ton' as discussed herein refers to short ton and the term 'tonne' used herein refers to metric tonne. All references to iron ore pellets, direct reduced iron ('DRI') and scrap are in tonnes, and all references to steel products are in tons. The term 'steel products' as used herein refers to semi-finished and finished steel products and excludes DRI.

All references to 'Ispat International' are to 'Ispat International N.V.'; to 'Ispat Inland' are to Ispat Inland Inc.; to 'Imexsa' or 'Ispat Mexicana' are to Ispat Mexicana, S.A. de C.V.; to 'Ispat Sidbec' are to Ispat Sidbec Inc.; to 'Caribbean Ispat' are to Caribbean Ispat Limited; to 'Ispat Europe Group' are collectively to Ispat Hamburger Stahlwerke GmbH ('IHSW'), Ispat Stahlwerke Ruhrort GmbH ('ISRG'), Ispat Walzdraht Hochfeld GmbH ('IWHG'), Ispat Unimetal S.A., Trefileurope S.A. and SMR SNC.

The Company has made, and may continue to make, various forward-looking statements with respect to its financial position, business strategy, projected costs, projected savings, and plans and objectives of management. Such forward-looking statements are identified by the use of the forward-looking words or phrases such as 'anticipates', 'intends', 'expects', 'plans', 'believes', 'estimates', or words or phrases of similar import. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, and the statements looking forward beyond 2003 are subject to greater uncertainty because of the increased likelihood of changes in underlying factors and assumptions. Actual results could differ materially from those anticipated in the forward-looking statements.

Fourth Quarter 2003 Compared with Fourth Quarter 2002

Results of Operations

Revenue

Sales increased by 6% to $1,409 million in the fourth quarter of 2003 from $1,325 million. Total steel shipments increased by 1% to 3.8 million tons. Net sales increased by 6% during the same period from $1,259 million to $1,341 million primarily due to appreciation of Euro and Canadian dollars.

The following table summarizes the stand-alone numbers of net sales for our principal operating subsidiaries.

Subsidiary	Net Sales(2)		Changes in		
	Q4 2003	Q4 2002	Net Sales	Shipments	Average Pri
	$ Million	$ Million	%	%	%
Ispat Inland	549	566	(3)	1	(4
Ispat Mexicana	233	190	22	25	(2
Ispat Sidbec	149	141	5	3	(16
Caribbean Ispat - Steel	59	55	7	5	3
Caribbean Ispat - DRI	36	31	16	7	1
Ispat Europe Group	305	303	1	(20)	3

* For Ispat Sidbec and Ispat Europe Group change in Net Selling Price is based on C$ and Euro prices respectively.

Net sales at Ispat Inland decreased by $17 million attributable largely to a reduction of 4% in average price per ton due to an adverse movement in product mix, caused by higher sales of hot rolled products.

Ispat Mexicana's net sales were higher by 22% due to higher shipments. Shipments increased by 25%. Though Ispat Mexicana's principal markets are NAFTA member states, higher demand in Asia, particularly China, resulted in lower imports from Asia and increased demand for Ispat Mexicana's products in its principal markets. Another contributory factor for increase in volumes was that in the fourth quarter of 2002, production was disrupted by a natural gas shortage due to an explosion at the Pemex facilities. Shipments to Asia contributed 22% of total shipments compared to none in 2002. Average selling prices were marginally lower largely due to higher freight costs.

Ispat Sidbec's net sales increased by 5% primarily due to an increase in shipments and marginal improvements in price in US$ terms. In Canadian $, average selling prices decreased by 16% due to an adverse mix of products. Shipments increased by around 13,000 tons mainly from higher sales of semi-finished products, namely billets and slabs. Flat product sales remained at 2002 levels. Long product shipments, mainly comprising wire rods and bars, declined by 7% because of lower wire rod sales. The US is the main export market for wire rods for Ispat Sidbec and these sales continued to be adversely affected by the strength of the Canadian $ and US tariffs (anti-dumping duties and countervailing duties).

Net sales at Caribbean Ispat increased 10% largely due to higher shipments of billets. Billets sales were helped by strong overseas demand, led by a tight market for metallics. Billet prices increased by 9% and there was a substantial increase in shipments. Wire rod shipments declined by 17% due to soft market conditions in the US, our principal market, as well as due to the impact of tariffs. We used this soft market situation to effect certain improvements in the mill, which resulted in lower production of wire rods. Prices improved by 5% due to better geographical mix. DRI market continued to remain strong and contributed to a 16% increase in DRI sales. DRI shipments increased by 7% along with a 10% increase in average selling prices.

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2 Net Sales numbers are standalone numbers for certain operating subsidiaries and include inter-company shipments.

8

Net sales at Ispat Europe increased by 1% in US$ terms, however, they declined by 15% in Euro terms. Steel shipments were down 20% due to depressed demand for steel in Europe, particularly in Germany and France. Prices increased by 3% in Euros to compensate partly the increase in scrap prices. In Europe, the weak economy impacted steel shipments and cost per ton.

Costs

Cost of sales increased by 13% to $1,298 million even though shipments increased by only 1%. Overall, cost per ton increased by 9% primarily due to higher prices of iron ore, scrap, natural gas, electricity and transportation cost of inputs.

Ispat Inland's cost per ton increased by 5%. The main reasons for the higher cost were steep increase in prices of scrap as well as natural gas and alloys.

Ispat Mexicana's cost per ton increased by 6%. This was largely due to higher prices of metallics, energy and labor.

Ispat Sidbec's cost per ton increased by 16% primarily due to higher metallic prices including scrap, natural gas combined with higher employment costs and appreciation of the Canadian $.

Cost per ton at Caribbean Ispat increased by 12% for DRI and 3% for steel. This was largely due to increase in iron ore prices and higher shipping costs.

Ispat Europe's cost per ton increased due to lower shipments caused by weak market and increases in prices of key inputs such as metallics and energy. Costs were also affected by the appreciation of the Euro which strengthened against the US$ by 19% during the quarter compared to a year ago.

Gross profit

Gross profit is Net Sales less Cost of Sales (excluding depreciation). Management believes that gross profit provides useful management information as it is a measure of profit margins over the cost of sales.

Gross profit declined to $111 million from $178 million. Overall shipments and selling prices were flat, however, prices of natural gas, scrap and iron ore increased steeply. In addition, currency appreciation at Ispat Sidbec and Ispat Europe affected costs.

Comparative numbers of gross margin at the principal operating subsidiaries were:

Subsidiary	Gross Marg (%) 4Q 2003
Ispat Inland	6
Ispat Mexicana	14
Ispat Sidbec	5
Caribbean Ispat	18
Ispat Europe Group	8

Operating income / (loss)

The Company had an operating income of $22 million compared to $29 million in the same quarter last year, the decline coming entirely from the decline in gross profit. Operating income in 2002 fourth quarter was affected by the write down of investments in Empire Mines ($39 million) and impairment write down of 2A Bloomer and 21" Bar Mill ($23 million). There were no similar items in 2003.

Depreciation increased marginally by 4% in the last quarter.

Selling general and administrative expenses were at 2002 levels. In local currency terms, these expenses were even lower at Ispat Europe and Ispat Sidbec.

9

Comparative numbers of Operating Income and Operating Margin at the principal operating subsidiaries were:

Subsidiary	Operating Income / (Loss) $ Million		Operating Margin (%)	
	4Q 2003	4Q 2002	4Q 2003	4Q
Ispat Inland	(0.4)	(16.1)	0	(
Ispat Mexicana	21.9	27.3	9	1
Ispat Sidbec	(2.7)	15.6	(2)	1
Caribbean Ispat	10.6	6.1	11	
Ispat Europe Group	0.8	7.5	0	

Other income / (expense)

The increase of $15 million is primarily due to higher profits from joint ventures and profit on sale of land in Germany.

Financing costs

Interest expense has reduced by 10% compared to fourth quarter of 2002 mainly due to a reduction in interest rates. Interest income increased to $5 million due to gain on fair market value of certain financial instruments which expired during the last quarter of 2003.

Income tax

The Company's current tax expense increased from $2 million in 2002 to $11 million in 2003. This increase was primarily due to certain non-cash provisions at Ispat Inland. The Company benefited from a deferred tax credit of $10 million compared to $55 million in 2002. In the last quarter of 2002, the deferred tax benefit was higher due to the exchange loss on dollar denominated net monetary liabilities arising from depreciation of the currency during the year at Ispat Mexicana. In 2003, this benefit was significantly lower in Mexico.

Cumulative effect of change in accounting principle

The Company adopted the provisions of Statement of Financial Accounting Standards 143: Accounting for asset retirement obligations ("SFAS 143") from January 1, 2003. In the fourth quarter of 2003, the Company recorded an asset retirement obligation on a property in Ispat Europe in existence at the beginning of 2003. This resulted in an increase in assets and liabilities of $5 million and $13 million respectively. Ispat Europe had a provision for retirement obligations on the same asset of $11 million, albeit not under SFAS 143, which was reversed. Accordingly, a cumulative gain arising from the change in accounting principle of $3 million was booked in the fourth quarter of 2003.

If SFAS 143 had been applied to this retirement obligation from January 1, 2003, the net income would have been $54 million for the first quarter of 2003 (compared to the reported net income of $51 million), $68 for the first six months of 2003 (compared to the reported net income of $65 million) and $58 million for the first nine months of 2003 (compared to the reported net income of $55 million). However, the net income for the year remains unchanged at $66 million.

Net income

There was a net income of $11 million in the fourth quarter of 2003 compared to a net income of $51 million in the fourth quarter of 2002 due to the reasons discussed above.

Liquidity and Capital Resources

During the fourth quarter working capital improved by $60 million due to lower inventories and reduction in prepaid expenses and other assets. Capital expenditure during the fourth quarter was $29 million of which $12 million was on account of the reline of Blast Furnace No. 7 at Ispat Inland. Capital expenditures continued to be limited to the technically required minimum.

During the quarter, Ispat Inland made a contribution of $19 million to its pension fund in accordance with its agreement with the Pension Benefit Guaranty Corporation.

As at December 31, 2003 the Company's cash and cash equivalents were $80 million, (December 31, 2002: $77 million). In addition, the Company's operating subsidiaries had available borrowing capacity under their various credit lines, including receivable factoring and securitization facilities, of $337 million (December 31, 2002: $308 million).

The following table summarizes working capital facilities at the main operating units:

Subsidiary	Limit		Utilization		Availability(	
($ Millions)	Dec 2003	Dec 2002	Dec 2003	Dec 2002	Dec 2003	De 20
Ispat Inland	381	294	281	234	100	6
Ispat Sidbec	123	111	30	13	93	9
Caribbean Ispat	65	57	61	57	4	
Ispat Europe	75	66	50	41	25	2

In addition to the credit facilities listed above, certain European subsidiaries had the following receivable factoring and securitization facilities:

Subsidiary	Limit		Utilization		Availabilit
($ Millions)	Dec 2003	Dec 2002	Dec 2003	Dec 2002	Dec 2003
Ispat Europe - Receivables factoring	261	257	159	132	102

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3 Corresponding exercisable limits are lower, which are based on the level of inventory/receivable.

11

The Company's total debt including affiliates, both long and short term, was $2,277 million. The corresponding amount as at December 31, 2002 was $2,284 million. The following table gives details:

Subsidiary	Long Term Debt (LTD)		Payable to Bank		Current Portion of LTD		Tot
($ Millions)	Dec 2003	Dec 2002	Dec 2003	Dec 2002	Dec 2003	Dec 2002	Dec 2003
Ispat Inland	1,100	1,086	21	9	7	7	1,128
Ispat Mexicana	387	428	-	-	31	15	418
Ispat Sidbec	118	236	30	13	119	54	267
Caribbean Ispat	80	106	61	57	26	29	167
Ispat Europe	139	131	50	41	1	4	190

Total debt of Ispat Europe in local currency terms has reduced by (euro)18 million for the year. The increase in US$ is due to translation from Euros to US$.

Pension funding

The Company booked a pension write down of $81 million after tax to Other Comprehensive Income relating to the Ispat Inland defined benefit pension plans. Even though returns on pension assets improved significantly, this write down was required mainly due to the lower discount rate of 6.25% compared to 7.1%.

Outlook for first quarter 2004

The steel markets continue to be significantly influenced by the high and growing demand from China for both steel products and for steel related inputs. The North American markets are showing signs of recovery on the back of a pick up in the construction and industrial activity and the low levels of inventory in the pipeline. On the other hand, even with the repeal of Section 201 tariffs, imports into North America are unlikely to increase in the short term due to the weakness of the US$ and high ocean freight costs.

Iron ore and scrap prices continue to increase significantly on the back of strong global demand. Natural gas prices softened in the past few weeks following a seasonal spike and are expected to ease marginally towards the end of the first quarter. Ocean freight costs are at record high levels and increasing due to continued shortages in shipping capacity.

Overall, we expect shipments and prices to increase in this quarter. However we also expect significant cost increases due to market conditions in metallic and shipping.

Year 2003 compared to year 2002

Results of Operations

Revenue

Sales increased by 11% to $5,441 million in 2003 due to a 7% increase in average prices in US$ terms while shipments increased by 1% to 15.2 million tons. Net Sales also went up during the same period to $5,194 million from $4,646 million, an increase of 12%. Overall demand was flat compared to last year with some changes within the geographical location of our subsidiaries.

The following table gives a summary of key sales numbers:

Subsidiary	Net Sales(4) 2003	2002	Net Sales	Changes in Shipments	Average Pr
	$ Million	$ Million	%	%	
Ispat Inland	2,151	2,223	(3)	(6)	
Ispat Mexicana	850	649	31	23	
Ispat Sidbec	560	534	5	2	1
Caribbean Ispat - Steel	234	183	28	17	
Caribbean Ispat - DRI	142	138	3	(8)	
Ispat Europe Group	1,297	1,129	15	(10)	

* For Ispat Sidbec and Ispat Europe Group change in Net Selling Price is based on C$ and Euro prices respectively.

Costs

Cost of sales increased by 13% in 2003. The increase is largely due to the higher price of iron ore, scrap, electricity and natural gas. Selling, general and administrative expenses were higher by $12 million; however, excluding currency appreciation, it remained at 2002 levels.

Gross profit

Gross Profit (Sales less Cost of Sales, exclusive of depreciation) decreased by $35 million. This is primarily because increases in selling prices could not be offset by increases in cost of key inputs.

The Gross Margin (Gross Profit as a percentage of Net Sales) declined from 11.5% to 9.6%, due to a significant decline at Ispat Inland and Ispat Sidbec. Gross margins at our other units improved or remained close to 2002 levels.

The comparative numbers of Gross Margin at the Company's operating subsidiaries were as follows:

Subsidiary	Gross Margin (%) 2003	2002
Ispat Inland	5.6	9.8
Ispat Mexicana	14.7	14.9
Ispat Sidbec	5.3	13.9
Caribbean Ispat	20.2	13.8
Ispat Europe Group	9.2	10.0

4 Net Sales numbers are standalone numbers for certain operating subsidiaries and include inter-company shipments.

13

Other operating expenses

Other operating expenses in 2002 relate to $39 million towards write-off of Empire Mine investments and $23 million towards impairment loss of 2A Bloomer and 21" Bar mill.

Operating income

Operating income rose by 6% during 2003 primarily due to the absence of other operating expenses. The Operating Margin (Operating Income as a percentage of Net Sales) was close to 2002 levels.

Comparative numbers of Operating Income and Operating Margin at the Company's operating subsidiaries were as follows:

Subsidiary	Operating Income / (Loss) $ Million		Operating Margin (%)	
	2003	2002	2003	20
Ispat Inland	(4)	33*	(0.2)	1
Ispat Mexicana	84	61	9.8	9
Ispat Sidbec	(6)	41	(1.2)	7
Caribbean Ispat	51	18	13.4	5
Ispat Europe Group	27	31	2.1	2

* After write down of $62 million towards Empire Mine and 2A Bloomer and 21" Bar Mill

Other income / (expense)

During the first quarter of 2003, the Company purchased $22 million ($39 million in first quarter of 2002) of its own bonds at discounts from face value. As a result of these purchases, the Company recognized a gain of $13 million ($19 million net of tax in 2002) in other income. In accordance with adoption of

Statement of Financial Accounting Standard 145: Rescission of FASB Statements 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections ("SFAS 145") by the Company as of January 1, 2003, gain or loss on extinguishments of debt that was previously classified as an extraordinary item in prior periods was reclassified and included within "other (income) expense, net" on the Company's income statement.

Ispat Inland recognized a gain of $11 million on account of a settlement reached with Ryerson Tull in relation to environmental indemnities. The increase in other income was also due to higher profits from joint ventures in North America and profit on sale of surplus land in Germany.

Effect of change in accounting principle

The Company adopted the provisions of Statement of Financial Accounting Standards 143: Accounting for asset retirement obligations ("SFAS 143") from January 1, 2003. Based on analysis the Company has performed, it has been determined that the assets for which an asset retirement obligation must be recorded is the Company's Minorca Mine, a subsidiary of Ispat Inland and on property in Hamburg.

The cumulative impact of adopting SFAS 143 on January 1, 2003, is an increase in assets and liabilities of $9 million and $19 million, respectively. At Ispat Europe, there was a provision of $11 million for retirement obligations on the same asset but not calculated in accordance with the provisions of SFAS 143. Since this provision was no longer required, it was reversed. Accordingly, a cumulative post-tax gain of $1 million is reflected on the Consolidated Statement of Income as a Cumulative Effect of change in Accounting Principle.

Financing costs

Net interest expense (interest expenses less interest income) was 26% lower at $151 million. Interest expense reduced due to lower average borrowings and lower interest rates which reduced borrowing costs. In addition, there was a gain of $5 million from fair valuing an interest rate hedge which expired in 2003, in accordance with SFAS 133.

Income tax

The Company recorded a current tax expense of $22 million ($18 million in 2002) in 2003. Apart from the normal tax on profits, the Company's current tax expenses increased due to certain additional non cash provisions made at Ispat Inland.

In 2002, the deferred tax benefit was higher due to the exchange loss on dollar denominated net monetary liabilities arising from depreciation of the currency during the year at Ispat Mexicana. In 2003, this benefit was significantly lower at Ispat Mexicana.

Net income

The Company made a net income of $66 million in 2003 compared to $49 million in 2002 due to the reasons discussed above.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

Date: February 5, 2004

ISPAT INTERNATIONAL N.V.

By: /s/ Bhikam C. Agarwal

Bhikam C. Agarwal
Chief Financial Officer