

**ERNST & YOUNG**

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**Independent Auditors' Report**

To The Board of Directors and Shareholders of The Ispat Hamburg Group of Companies

We have audited the consolidated balance sheet of the Ispat Hamburg Group of Companies (collectively the "Group", which is a subsidiary of Ispat International N.V.) as at December 31, 2002 and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year ended December 31, 2002 and the combined balance sheet of the Ispat Hamburg Group of Companies as at December 31, 2001 and the related combined statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the two years in the period ended December 31, 2001. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Ispat Hamburg Group of Companies as of December 31, 2002 and the consolidated results of their operations and their cash flows for the year ended December 31, 2002 and the combined financial position of the Ispat Hamburg Group of Companies as of December 31, 2001 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

**M. TABEL**

Wirtschaftsprüfer

**E.-W. SCHLÜSCHEN**

Wirtschaftsprüfer

**Ernst & Young**

Deutsche Allgemeine Treuhand AG  
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 Hamburg, Germany  
 February 12, 2003