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ISPAT INTERNATIONAL NV  
Form 6-K  
August 05, 2004

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
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FORM 6-K  
REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE  
SECURITIES EXCHANGE ACT OF 1934  
DATED AUGUST 5, 2004  
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Commission File Number: 001-14666  
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ISPAT INTERNATIONAL N.V.  
(Exact name of registrant as specified in its Charter)  
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15th Floor, Hofplein 20  
3032 AC Rotterdam  
The Netherlands  
(Address of registrant's principal executive offices)  
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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                      ---  
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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  
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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  
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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  
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If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-      N/A  
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## INDEX

Press Release of Ispat International N.V., dated August 5, 2004, regarding financial results of Ispat International N.V. for the second quarter of 2004.

[GRAPHIC OMITTED]

For Immediate Release: Rotterdam, August 5, 2004

### ISPAT INTERNATIONAL N.V. REPORTS RECORD RESULTS FOR SECOND QUARTER 2004

Ispat International N.V., (NYSE: IST US; AEX: IST NA), today reported a record net income of \$325 million or \$2.75 per share for the second quarter of 2004 as compared to a net income of \$14 million or \$0.11 per share for the second quarter of 2003. In the first quarter of 2004, the net income was \$102 million or \$0.85 per share. The results for this quarter, in fact, exceeded the best ever annual results achieved so far.

Consolidated sales and operating income for the second quarter were \$2.1 billion and \$426 million, respectively, as compared to \$1.4 billion and \$58 million, respectively, for the second quarter of 2003; and \$1.8 billion and \$158 million respectively for the first quarter of 2004.

Total steel shipments were approximately 4.1 million tons(1), which represented an increase of approximately 2% over the second quarter of 2003 and a decrease of approximately 4% over the first quarter of 2004.

For the six-month period January-June 2004, Ispat International N.V.'s net income was \$427 million or \$3.60 per share as compared to net income of \$65 million or \$0.52 per share for the six-month period January-June 2003.

Consolidated sales and operating income for the six month period January-June 2004 were \$3.9 billion and \$584 million respectively, compared to \$2.7 billion and \$133 million respectively for the six-month period January-June 2003.

Total steel shipments for the six-month period January-June 2004 were 8.3 million tons, an increase of 6% compared to the six-month period January-June 2003.

The improved earnings were primarily due to strong demand for our products across all markets. Our average price realization in the second quarter 2004 improved by 43% compared to the second quarter of 2003 and by 25% compared to the first quarter of 2004, driven by higher base selling prices, raw material surcharges and improved product mix. For the six-month period January-June 2004, average price realization was 30% higher than the corresponding period of 2003.

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(1) The term "ton" means a short ton (ST). One short ton is equal to 2,000 pounds.

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The situation with respect to availability and procurement prices of key raw materials such as iron ore, scrap, coke and natural gas continued to remain challenging. However, Ispat International was able to manage the situation successfully, thereby maintaining shipments and customer service levels. Overall, cost per ton during the quarter was higher by 23% as compared to the second quarter of 2003 and by 9% compared to the first quarter of 2004. Cost per ton during the six-month period January-June 2004 was higher by 18% compared to the corresponding period of 2003.

There were no material unusual or one-time items during the quarter. Selling, general and administrative expenses were marginally higher due to higher levels of sales activity, as well as higher costs of logistics. Other income included a gain from the sale of environmental credits at Ispat Inland. Net interest expense was higher mainly due to the costs related to the issue of bonds by Ispat Inland to refinance the previous term loan.

Details of Shipments, Sales and Operating Income at our main operating subsidiaries were as follows:

Shipments			
Subsidiary	Q2 2004 000'Tons	Q2 2003 000'Tons	Q1 2004 000'Tons
US and Canadian Operating Subsidiaries	1,801	1,785	1,825
Ispat Europe Group	1,000	940	1,125
Other Subsidiaries	1,256	1,235	1,274
Sales			
Subsidiary	Q2 2004 \$ Million	Q2 2003 \$ Million	Q1 2004 \$ Million
US and Canadian Operating Subsidiaries	1,010	714	853
Ispat Europe Group	509	373	496
Other Subsidiaries	590	323	406
Operating Income			
Subsidiary	Q2 2004 \$ Million	Q2 2003 \$ Million	Q1 2004 \$ Million
US and Canadian Operating Subsidiaries	167	(20)	95
Ispat Europe Group	54	15	5
Other Subsidiaries	205	63	58

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For the six month period January - June:

Shipments Subsidiary	Six Months 2004 000'Tons	Six Months 2003 000'Tons
US and Canadian Operating Subsidiaries	3,627	3,433
Ispat Europe Group	2,126	1,941
Other Subsidiaries	2,528	2,418

Sales Subsidiary	Six Months 2004 \$ Million	Six Months 2003 \$ Million
US and Canadian Operating Subsidiaries	1,862	1,410
Ispat Europe Group	1006	731
Other Subsidiaries	996	597

Operating Income Subsidiary	Six Months 2004 \$ Million	Six Months 2003 \$ Million
US and Canadian Operating Subsidiaries	262	31
Ispat Europe Group	60	26
Other Subsidiaries	262	76

Liquidity continues to improve. During the second quarter of 2004, working capital increased by \$117 million, mainly due to higher levels of inventories and receivables driven by higher levels of costs and selling prices. The underlying physical levels (represented by number of days' working capital) remained largely unchanged. During the six month period January-June 2004, working capital increased by \$275 million.

Capital expenditure during the quarter was \$35 million and during the six months of 2004 was \$56 million.

As at June 30, 2004, the Company's cash and cash equivalents were \$143 million (\$80 million at December 31, 2003 and \$104 million at March 31, 2004). In addition, the Company's operating subsidiaries had available borrowing capacity of \$223 million as at June 30, 2004. The comparable number was \$236 million as at March 31, 2004 and \$143 million as at December 31, 2003.

During the second quarter 2004, the Company reduced net debt by \$248 million, consisting of reduction of borrowings by \$209 million, largely by prepaying long-term debt at its subsidiaries, and increase of \$39 million in cash and cash equivalents. During the six-

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month period January-June 2004, borrowings was reduced by \$160 million and net debt was reduced by \$223 million.

Total debt at the end of the quarter - which includes both long and short-term debt, as well as borrowings under working capital credit facilities - was \$2.1 billion, as compared to \$2.3 billion at the end of the first quarter of 2004.

During the quarter, the Company purchased 2 million of its own shares from the market under the previously announced share buy back program at an average price of \$12 per share. During the six-month period January-June 2004, the number of its own shares purchased under this program was 5.3 million and the average price was \$10.25 per share.

### Outlook for third quarter 2004

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The Company expects continued strong demand in all its principal markets. However, third quarter shipments are traditionally lower due to seasonal factors. The Company expects improved selling prices across all product segments and flat to somewhat reduced shipments compared to second quarter. On the other hand, there is likely to be continued pressure on availability and cost of all major inputs.

Working capital is expected to increase due to increases in input prices and sales. Capital expenditure is expected to be slightly higher in the third quarter than in the second. A key milestone during the third quarter will be the pre-commissioning trials at the new degasser facility in Mexico.

Ispat Inland's labor contract has been extended until August 15, 2004 by mutual agreement between Ispat Inland and the United Steelworkers of America (USWA). The contract was originally scheduled to expire on July 31, 2004. The Company is hopeful that Ispat Inland will be able to finalize a new agreement with the USWA. However, if such agreement does not take place, the existing agreement contains provisions for recourse to binding interest arbitration, without any disruption to operations.

Overall, the Company expects to benefit from strong market conditions for its products. The third quarter is expected to be a better quarter than the second.

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.

Ispat International N.V. is one of the 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.

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

Additionally, the Company has made, and may continue to make, including in (but not limited to) this Press Release, 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 the second quarter of 2004 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.

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

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### CONSOLIDATED BALANCE SHEETS UNDER U.S. GAAP

In millions of U.S. Dollars	June 30, 2004 (Unaudited)	As at
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents, including short term investments	\$143	
Trade accounts receivable - net	695	
Inventories	947	
Prepaid expenses and other	119	
Deferred tax assets	54	
	-----	
Total Current Assets	1,958	
Property, plant and equipment - net	3,028	
Investments in affiliates and Joint Ventures	262	
Deferred tax assets	454	
Intangible pension assets	112	
Other assets	110	
	-----	
Total Assets	\$5,924	
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities	
Payable to banks and current portion of long-term debt	\$167
Trade accounts payable	629
Accrued expenses and other current liabilities	524
Deferred tax liabilities	32
	-----
Total Current Liabilities	1,352
Long term debt including affiliates	1,950
Deferred tax liabilities	106
Deferred employee benefits	1,883
Other long term obligations	115
	-----
Total Liabilities	5,406
Shareholders' equity	
Common shares	7
Treasury stock	(150)
Additional paid-up capital	576
Retained earnings	635
Cumulative other comprehensive income	(550)
	-----
Total Shareholders' equity	518
	-----
Total Liabilities and Shareholders' Equity	\$5,924
	=====

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

	For the Second Quarter Ended Ju	
In millions of U.S. Dollars, except share, per share and other data	2004 (Unaudited)	(Unau
STATEMENT OF INCOME DATA		
Sales	2,109	1
Costs and expenses:		
Cost of sales (exclusive of depreciation shown separately)	1,588	1
Depreciation	48	
Selling, general and administrative expenses	47	
	-----	-----
Operating income (loss)	1,683	1
Operating margin	426	
Other income (expense) - net	20.2%	
Financing costs:	11	

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Interest (expense)	(47)	
Interest income	-	
Net gain (loss) from foreign exchange	3	
		-----
	(44)	
Income (loss) before taxes	393	
Income tax expense (benefit):		
Current	12	
Deferred	56	
		-----
	68	-----
Net income before change in accounting principle	325	
Cumulative effect of change in accounting principle	-	
		-----
Net income (loss)	\$325	-----
		-----
Basic and diluted earnings per common share	2.75	
Weighted average common shares outstanding (in millions)	118	
OTHER DATA		
Total shipments of steel products including inter-company shipments (thousands of tons)	4,057	3

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

In millions of U.S. Dollars	For the Second Quarter Ended June 30,	
	2004 (Unaudited)	2003 (Unaudited)
Operating activities:		
Net income	325	14
Adjustments required to reconcile net income to net cash provided from operations:		
Depreciation	48	46
Deferred employee benefit costs	(7)	6
Net foreign exchange loss (gain)	(2)	5
Deferred income tax	55	(5)
Undistributed earnings from joint ventures	(17)	(4)
Other operating expenses	8	6
Changes in operating assets and liabilities, net of effects from purchases of subsidiaries:		
Trade accounts receivable	(65)	(30)
Inventories	(99)	24



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Prepaid expenses and other assets	19	1
Trade accounts payable	(19)	(45)
Accrued expenses and other liabilities	47	24
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Net cash provided (used) by operating activities	293	42
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Investing activities:		
Purchase of property, plant and equipment	(35)	(37)
Proceeds from sale of assets and investments including affiliates	-	-
Investments in affiliates and joint ventures	9	3
Other investing activities	2	-
<hr/>		
Net cash provided (used) by investing activities	(24)	(34)
<hr/>		
Financing activities:		
Proceeds from payable to banks	603	955
Proceeds from long-term debt including from affiliates	36	6
Payments of payable to banks	(600)	(896)
Payments of long-term debt including affiliates	(247)	(73)
Purchase of treasury stock	(24)	(7)
Capital contribution	-	-
Sale of treasury stock	2	-
<hr/>		
Net cash provided (used) by financing activities	(230)	(15)
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Net increase (decrease) in cash and cash equivalents	39	(7)
Effect of exchange rate changes on cash	-	1
Cash and cash equivalent:		
At the beginning of the period	104	71
At the end of the period	143	65
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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: August 5, 2004

ISPAT INTERNATIONAL N.V.

By: /s/ Bhikam C. Agarwal

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Bhikam C. Agarwal  
Chief Financial Officer