

Appendix 4B

Preliminary final report

Introduced 30/6/2002.

Name of entity

OneSteel Limited

ABN or equivalent company reference

63 004 410 833

Half yearly (tick)

Preliminary final (tick)

Half year/financial year ended ('current period')

30 June 2002

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A millions

| | | | | |
|--|----------------|----------------------------|----|------------------------------------|
| Revenues from ordinary activities (<i>item 1.1</i>) | up/down | 10.4% | to | 2,986.5 |
| Profit (loss) from ordinary activities after tax attributable to members (<i>item 1.22</i>) | up/down | -% | to | 47.1 |
| Profit (loss) from extraordinary items after tax attributable to members (<i>item 2.5(d)</i>) | gain (loss) of | - | | - |
| Net profit (loss) for the period attributable to members (<i>item 1.11</i>) | up/down | -% | to | 47.1 |
| Dividends (distributions) | | Amount per security | | Franked amount per security |
| Final dividend (<i>Preliminary final report only - item 15.4</i>) Interim dividend (<i>Half yearly report only - item 15.6</i>) | | 3.5¢ | | 3.5¢ |
| Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>) | | 3.0 ¢ | | 3.0 ¢ |
| ⁺ Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (<i>see item 15.2</i>) | | 20 September 2002 | | |
| Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market: | | | | |

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial performance

| | Current period – \$A millions | Previous corresponding period - \$A millions |
|---|----------------------------------|---|
| 1.1 Revenues from ordinary activities (<i>see items 1.23 -1.25</i>) | 2,986.5 | 2,705.6 |
| 1.2 Expenses from ordinary activities (<i>see items 1.26 & 1.27</i>) | 2,838.6 | 2,687.4 |
| 1.3 Borrowing costs | 54.4 | 44.1 |
| 1.4 Share of net profits (losses) of associates and joint venture entities (<i>see item 16.7</i>) | - | - |
| 1.5 Profit (loss) from ordinary activities before tax | 93.5 | (25.9) |
| 1.6 Income tax on ordinary activities (<i>see note 4</i>) | 39.0 | (3.0) |
| 1.7 Profit (loss) from ordinary activities after tax | 54.5 | (22.9) |
| 1.8 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>) | - | - |
| 1.9 Net profit (loss) | 54.5 | (22.9) |
| 1.10 Net profit (loss) attributable to outside ⁺ equity interests | 7.4 | 5.9 |
| 1.11 Net profit (loss) for the period attributable to members | 47.1 | (28.8) |
| Non-owner transaction changes in equity | | |
| 1.12 Increase (decrease) in revaluation reserves | - | - |
| 1.13 Net exchange differences recognised in equity | 2.8 | 3.2 |
| 1.14 Other revenue, expense and initial adjustments recognised directly in equity (attach details) | - | - |
| 1.15 Initial adjustments from UIG transitional provisions | - | - |
| 1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15) | 2.8 | 3.2 |
| 1.17 Total changes in equity not resulting from transactions with owners as owners | 49.9 | (25.6) |

| Earnings per security (EPS) | Current period | Previous corresponding Period |
|------------------------------------|----------------|----------------------------------|
| 1.18 Basic EPS | 9.33 | (8.84) |
| 1.19 Diluted EPS | 9.30 | (8.84) |

+ See chapter 19 for defined terms.

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

| | Current period – \$A millions | Previous corresponding period - \$A millions |
|---|----------------------------------|--|
| 1.20 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>) | 54.5 | (22.9) |
| 1.21 Less (plus) outside ⁺ equity interests | 7.4 | 5.9 |
| 1.22 Profit (loss) from ordinary activities after tax, attributable to members | 47.1 | (28.8) |

Revenue and expenses from ordinary activities

(*see note 15*)

| | Current period – \$A millions | Previous corresponding period - \$A millions |
|--|----------------------------------|--|
| 1.23 Revenue from sales or services | 2,906.0 | 2,564.6 |
| 1.24 Interest revenue | 2.3 | 3.1 |
| 1.25 Other relevant revenue | 78.2 | 137.9 |
| 1.26 Details of relevant expenses | | |
| Cost of sales | 2,377.6 | 2,075.0 |
| Manufacturing expenses | 67.3 | 77.8 |
| Distribution expenses | 83.3 | 78.1 |
| Marketing expenses | 89.7 | 91.8 |
| Administrative expenses | 147.8 | 153.9 |
| Other expenses | 24.6 | 25.0 |
| Cost of sale of non-current assets | 48.3 | 120.1 |
| Restructuring costs | - | 65.7 |
| 1.27 Depreciation and amortisation excluding amortisation of intangibles (<i>see item 2.3</i>) | 84.2 | 100.1 |
| Capitalised outlays | | |
| 1.28 Interest costs capitalised in asset values | - | - |
| 1.29 Outlays capitalised in intangibles (unless arising from an ⁺ acquisition of a business) | - | - |

Consolidated retained profits

| | Current period – \$A millions | Previous corresponding period - \$A millions |
|--|----------------------------------|---|
| 1.30 Retained profits (accumulated losses) at the beginning of the financial period | 67.3 | 123.6 |
| 1.31 Net profit (loss) attributable to members (<i>item 1.11</i>) | 47.1 | (28.8) |

+ See chapter 19 for defined terms.

| | | |
|--|--------------|-------------|
| 1.32 Net transfers from (to) reserves (<i>details if material</i>) | 4.5 | - |
| 1.33 Net effect of changes in accounting policies | - | - |
| 1.34 Dividends and other equity distributions paid or payable | (16.1) | (27.5) |
| 1.35 Retained profits (accumulated losses) at end of financial period | 102.8 | 67.3 |

Intangible and extraordinary items

| <i>Consolidated - current period</i> | | | | |
|--|---------------------------------------|--|--|--|
| | Before tax \$A millions (a) | Related tax \$A millions (b) | Related outside +equity interests \$A millions (c) | Amount (after tax) attributable to members \$A millions (d) |
| 2.1 Amortisation of goodwill | 18.9 | - | 0.5 | 18.4 |
| 2.2 Amortisation of other intangibles | - | - | - | - |
| 2.3 Total amortisation of intangibles | 18.9 | - | 0.5 | 18.4 |
| 2.4 Extraordinary items (details) | - | - | - | - |
| 2.5 Total extraordinary items | - | - | - | -= |

Comparison of half year profits

(Preliminary final report only)

| | Current year – \$A millions | Previous year – \$A millions |
|---|--------------------------------|---------------------------------|
| 3.1 Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the <i>1st</i> half year (item 1.22 in the half yearly report) | 19.7 | 18.0 |
| 3.2 Consolidated profit (loss) from ordinary activities after tax attributable to members for the <i>2nd</i> half year | 27.4 | (46.8) |

+ See chapter 19 for defined terms.

| Condensed consolidated statement of financial position | | At end of current period \$A millions | As shown in last annual report \$A millions | As in last half yearly report \$A millions |
|---|---|--|--|---|
| Current assets | | | | |
| 4.1 | Cash | 11.4 | 14.1 | 26.9 |
| 4.2 | Receivables | 427.2 | 432.9 | 378.5 |
| 4.3 | Investments | - | - | - |
| 4.4 | Inventories | 574.1 | 540.3 | 608.0 |
| 4.5 | Tax assets | - | - | - |
| 4.6 | Other (provide details if material) | 35.5 | 174.8 | 83.4 |
| 4.7 | Total current assets | 1,048.2 | 1,162.1 | 1,096.8 |
| Non-current assets | | | | |
| 4.8 | Receivables | - | - | - |
| 4.9 | Investments (equity accounted) | - | - | - |
| 4.10 | Other investments | 9.0 | 9.2 | 9.0 |
| 4.11 | Inventories | - | - | - |
| 4.12 | Exploration and evaluation expenditure capitalised (<i>see para .71 of AASB 1022</i>) | - | - | - |
| 4.13 | Development properties (+mining entities) | - | - | - |
| 4.14 | Other property, plant and equipment (net) | 1,160.0 | 1,224.2 | 1,179.3 |
| 4.15 | Intangibles (net) | 261.4 | 234.4 | 242.0 |
| 4.16 | Tax assets | 80.7 | 62.1 | 77.5 |
| 4.17 | Other (provide details if material) | 22.7 | 18.8 | 20.8 |
| 4.18 | Total non-current assets | 1,533.8 | 1,548.7 | 1,528.6 |
| 4.19 | Total assets | 2,582.0 | 2,710.8 | 2,625.4 |
| Current liabilities | | | | |
| 4.20 | Payables | 425.1 | 444.4 | 403.6 |
| 4.21 | Interest bearing liabilities | 33.0 | 154.8 | 144.1 |
| 4.22 | Tax liabilities | 0.9 | - | - |
| 4.23 | Provisions exc. tax liabilities | 130.2 | 158.6 | 153.2 |
| 4.24 | Other (provide details if material) | - | - | - |
| 4.25 | Total current liabilities | 589.2 | 757.8 | 700.9 |
| Non-current liabilities | | | | |
| 4.26 | Payables | - | - | - |
| 4.27 | Interest bearing liabilities | 550.0 | 621.7 | 505.0 |
| 4.28 | Tax liabilities | 138.2 | 136.7 | 140.2 |
| 4.29 | Provisions exc. tax liabilities | 82.0 | 78.4 | 78.6 |
| 4.30 | Other (provide details if material) | - | - | - |
| 4.31 | Total non-current liabilities | 770.2 | 836.8 | 723.8 |

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position continued

| | | | | |
|-------------|--|----------------|----------------|----------------|
| 4.32 | Total liabilities | 1,359.4 | 1,594.6 | 1,424.7 |
| 4.33 | Net assets | 1,222.6 | 1,116.2 | 1,200.7 |
| | Equity | | | |
| 4.34 | Capital/contributed equity | 1,066.6 | 995.0 | 1,063.1 |
| 4.35 | Reserves | 0.1 | 1.8 | (2.8) |
| 4.36 | Retained profits (accumulated losses) | 102.8 | 67.3 | 91.5 |
| 4.37 | Equity attributable to members of the parent entity | 1,169.5 | 1,064.1 | 1,151.8 |
| 4.38 | Outside ⁺ equity interests in controlled entities | 53.1 | 52.1 | 48.9 |
| 4.39 | Total equity | 1,222.6 | 1,116.2 | 1,200.7 |
| 4.40 | Preference capital included as part of 4.37 | - | - | - |

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

| | Current period \$A millions | Previous corresponding period - \$A millions |
|---|--------------------------------|--|
| 5.1 | - | - |
| 5.2 | - | - |
| 5.3 | - | - |
| 5.4 | - | - |
| 5.5 | - | - |
| 5.6 | - | - |
| Closing balance as shown in the consolidated balance sheet (item 4.12) | - | - |

Development properties

(To be completed only by entities with mining interests if amounts are material)

| | Current period \$A millions | Previous corresponding period - \$A millions |
|-----|--------------------------------|--|
| 6.1 | - | - |
| 6.2 | - | - |
| 6.3 | - | - |

+ See chapter 19 for defined terms.

| | | | |
|---|---|---|--|
| 6.4 Expenditure written off during current period | - | - | |
| 6.5 Acquisitions, disposals, revaluation increments, etc. | - | - | |
| 6.6 Expenditure transferred to mine properties | - | - | |
| 6.7 Closing balance as shown in the consolidated balance sheet (item 4.13) | - | - | |

Condensed consolidated statement of cash flows

| | Current period \$A millions | Previous corresponding period - \$A millions |
|--|--------------------------------|--|
| Cash flows related to operating activities | | |
| 7.1 Receipts from customers | 2,872.0 | 2,609.2 |
| 7.2 Payments to suppliers and employees | (2,708.6) | (2,473.5) |
| 7.3 Dividends received from associates | - | - |
| 7.4 Other dividends received | - | 3.0 |
| 7.5 Interest and other items of similar nature received | 2.3 | 3.1 |
| 7.6 Interest and other costs of finance paid | (52.3) | (52.4) |
| 7.7 Income taxes paid | (20.8) | (45.9) |
| 7.8 Other (provide details if material) | - | - |
| 7.9 Net operating cash flows | 92.6 | 43.5 |
| Cash flows related to investing activities | | |
| 7.10 Payment for purchases of property, plant and equipment | (70.8) | (37.9) |
| 7.11 Proceeds from sale of property, plant and equipment | 27.4 | 8.2 |
| 7.12 Payment for purchases of equity investments | - | (121.8) |
| 7.13 Proceeds from sale of equity investments | 28.8 | 113.5 |
| 7.14 Loans to other entities | - | (285.8) |
| 7.15 Loans repaid by other entities | 65.9 | 157.2 |
| 7.16 Purchase of businesses | - | (519.7) |
| 7.17 Net investing cash flows | 51.3 | (686.3) |
| Cash flows related to financing activities | | |
| 7.18 Proceeds from issues of ⁺ securities (shares, options, etc.) | 66.3 | 933.3 |
| 7.19 Proceeds from borrowings | 349.0 | 1,108.0 |
| 7.20 Repayment of borrowings | (520.0) | (377.2) |
| 7.21 Dividends paid | (35.1) | (15.7) |
| 7.22 Proceeds from loans to related parties | - | 709.6 |
| Repayment of loans to related parties | - | (1,725.5) |
| 7.23 Net financing cash flows | (139.8) | 632.5 |
| 7.24 Net increase (decrease) in cash held | 4.1 | (10.3) |

+ See chapter 19 for defined terms.

| | | | |
|-------------|---|-------------|------------|
| 7.25 | Cash at beginning of period <i>(see Reconciliation of cash)</i> | 7.3 | 17.4 |
| 7.26 | Exchange rate adjustments to item 7.25. | - | 0.2 |
| 7.27 | Cash at end of period <i>(see Reconciliation of cash)</i> | 11.4 | 7.3 |

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. *(If an amount is quantified, show comparative amount.)*

| |
|--|
| Dividends paid under the Dividend Reinvestment plan \$5.3m 2002, \$2.6m 2001 |
|--|

Reconciliation of cash

| Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current period \$A millions | Previous corresponding period - \$A millions |
|--|--------------------------------|--|
| 8.1 Cash on hand and at bank | 11.4 | 14.1 |
| 8.2 Deposits at call | - | - |
| 8.3 Bank overdraft | - | (6.8) |
| 8.4 Other (provide details) | - | - |
| 8.5 Total cash at end of period (item 7.27) | 11.4 | 7.3 |

Other notes to the condensed financial statements

| Ratios | Current period | Previous corresponding period |
|---|----------------|-------------------------------|
| 9.1 Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (<i>item 1.5</i>) as a percentage of revenue (<i>item 1.1</i>) | 3.1% | (1.0)% |
| 9.2 Profit after tax / ⁺equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (<i>item 1.11</i>) as a percentage of equity (similarly attributable) at the end of the period (<i>item 4.37</i>) | 4.0% | (2.7)% |

+ See chapter 19 for defined terms.

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: *Earnings Per Share* are as follows.

The earnings used in the calculation of basic and diluted EPS are \$47.1m 2002, (\$28.8)m 2001. The weighted average number of shares used in the calculation of basic EPS are 504,513,688 in 2002 and 325,403,303 in 2001. The dilutive effect of executive share options in 2002 is 1,470,649, which results in the weighted average number of shares used in the calculation of diluted EPS being 505,984,337 in 2002. There was no dilutionary impact of options in 2001 resulting in the same number of weighted average shares being used for the calculation of diluted and basic EPS.

NTA backing

(see note 7)

| | Current period | Previous corresponding period |
|--|----------------|-------------------------------|
| 11.1 Net tangible asset backing per ⁺ ordinary security | 1.69 | 1.83 |

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: *Interim Financial Reporting*, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: *Discontinuing Operations* (see note 17).)

- 12.1 Discontinuing Operations

N/A

+ See chapter 19 for defined terms.

Control gained over entities having material effect

| | |
|--|------|
| 13.1 Name of entity (or group of entities) | - |
| 13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺ acquired | \$ - |
| 13.3 Date from which such profit has been calculated | - |
| 13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period | \$ - |

Loss of control of entities having material effect

| | |
|---|-----|
| 14.1 Name of entity (or group of entities) | N/A |
| 14.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control | |
| 14.3 Date to which the profit (loss) in item 14.2 has been calculated | |
| 14.4 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period | |
| 14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control | |

Dividends (in the case of a trust, distributions)

| | |
|---|-------------------|
| 15.1 Date the dividend (distribution) is payable | 17 October 2002 |
| 15.2 ⁺ Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺ securities are not ⁺ CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺ securities are ⁺ CHESS approved) | 20 September 2002 |

⁺ See chapter 19 for defined terms.

15.3 If it is a final dividend, has it been declared?
(*Preliminary final report only*)

Yes

Amount per security

| | | Amount per security | Franked amount per security at % tax (see note 4) | Amount per security of foreign source dividend |
|-------------|---|---------------------|---|--|
| 15.4 | (<i>Preliminary final report only</i>) Final dividend: Current year | 3.5¢ | 3.5¢ | - ¢ |
| 15.5 | Previous year | 3.0¢ | 3.0¢ | - ¢ |
| 15.6 | (<i>Half yearly and preliminary final reports</i>) Interim dividend: Current year | 3.0¢ | 3.0¢ | - ¢ |
| 15.7 | Previous year | 3.0¢ | 3.0¢ | - ¢ |

Total dividend (distribution) per security (interim *plus* final)

(Preliminary final report only)

| | Current year | Previous year |
|-----------------------------|--------------|---------------|
| 15.8 +Ordinary securities | 6.5¢ | 6.0¢ |
| 15.9 Preference +securities | - ¢ | - ¢ |

Preliminary final report - final dividend (distribution) on all securities

| | Current period \$A million | Previous corresponding period - \$A million |
|---|-------------------------------|--|
| 15.10 +Ordinary securities (<i>each class separately</i>) | 18.9 | 13.8 |
| 15.11 Preference +securities (<i>each class separately</i>) | - | - |
| 15.12 Other equity instruments (<i>each class separately</i>) | - | - |
| 15.13 Total | 18.9 | 13.8 |

The +dividend or distribution plans shown below are in operation.

A dividend reinvestment plan is in place.

The last date(s) for receipt of election notices for the
+dividend or distribution plans

20 September 2002

Any other disclosures in relation to dividends (distributions). (*For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting*)

+ See chapter 19 for defined terms.



Details of aggregate share of profits (losses) of associates and joint venture entities

| Group's share of associates' and joint venture entities': | Current period \$A millions | Previous corresponding period - \$A millions |
|---|--------------------------------|--|
| 16.1 Profit (loss) from ordinary activities before tax | - | - |
| 16.2 Income tax on ordinary activities | - | - |
| 16.3 Profit (loss) from ordinary activities after tax | - | - |
| 16.4 Extraordinary items net of tax | - | - |
| 16.5 Net profit (loss) | - | - |
| 16.6 Adjustments | - | - |
| 16.7 Share of net profit (loss) of associates and joint venture entities | - | - |

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

| <i>Name of entity</i> | Percentage of ownership interest held at end of period or date of disposal | | Contribution to net profit (loss) (<i>item 1.9</i>) | |
|--|--|-------------------------------|---|---|
| | Current period | Previous corresponding period | Current period \$A millions | Previous corresponding period – \$A millions |
| 17.1 Equity accounted associates and joint venture entities | | | | |

+ See chapter 19 for defined terms.

| | | | | |
|--------------------------------------|-----|-----|---|---|
| | | | | |
| 17.2 Total | - | - | - | - |
| 17.3 Other material interests | | | | |
| Bekaert Australia Steel Cord Pty Ltd | 50% | 50% | - | - |
| 17.4 Total | | | - | - |

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

| Category of ⁺ securities | Total number | Number quoted | Issue price per security (see note 14) (cents) | Amount paid up per security (see note 14) (cents) |
|---|--|-----------------|--|--|
| 18.1 Preference ⁺securities (description) | - | - | - | - |
| 18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions | - | - | - | - |
| 18.3 ⁺Ordinary securities | 538,600,517 | 538,600,517 | - | - |
| 18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks | 78,322,613 - | 78,322,613 - | - | - |
| 18.5 ⁺Convertible debt securities (description and conversion factor) | - | - | - | - |
| 18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted | - | - | - | - |
| 18.7 Options (description and conversion factor) | 3,912,782 241,298 35,749 29,531 233,300 808,000 | | Exercise price 92.58 88.48 103.50 91.43 90.87 104.34 | Expiry date (if any) Dec 2009 Apr 2010 Sep 2010 Sep 2010 Sep 2010 Dec 2010 |
| 18.8 Issued during current period | 35,749 29,531 233,300 808,000 | | 103.50 91.43 90.87 104.34 | Sep 2010 Sep 2010 Sep 2010 Dec 2010 |
| 18.9 Exercised during current period | 1,417,380 | | 92.58 | |
| 18.10 Expired during current period | - | - | - | - |

+ See chapter 19 for defined terms.

| | | |
|---|---|---|
| 18.11 Debentures <i>(description)</i> | | |
| 18.12 Changes during current period | | |
| (a) Increases through issues | - | - |
| (b) Decreases through securities matured, converted | - | - |
| 18.13 Unsecured notes <i>(description)</i> | | |
| 18.14 Changes during current period | | |
| (a) Increases through issues | - | - |
| (b) Decreases through securities matured, converted | - | - |

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's ⁺accounts should be reported separately and attached to this report.)

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Basis of financial report preparation

19.1 *If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Interim Financial Reporting. It should be read in conjunction with the last ⁺ annual report and any announcements to the market made by the entity during the period. The financial statements in this report are "condensed financial statements" as defined in AASB 1029: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report. [Delete if preliminary final report.]*

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Refer attached review of operations

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

⁺ See chapter 19 for defined terms.

Refer attached review of operation

- 19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

Franking credits of \$16.4m are available at the end of 30 June 2002. Present indications are that we will be able to at least partially frank dividends in the next year.

- 19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

Dividends that are not declared prior to the balance date are no longer provided for in the financial statements.

Changes to accounting standards (in particular AASB 1027 "Earnings per share") have been included in the financial statements.

- 19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

N/A

- 19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

N/A

Additional disclosure for trusts

- 20.1 Number of units held by the management company or responsible entity or their related parties.

N/A

+ See chapter 19 for defined terms.

20.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- initial service charges
- management fees
- other fees

N/A

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

City Recital Hall, Angel Place, Sydney

Date

18 November 2002

Time

2.30 PM

Approximate date the ⁺annual report will be available

17 October 2002

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

Nil

2 This report, and the ⁺accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed (see note 2).

4 This report is based on ⁺accounts to which one of the following applies.

(Tick one)

- | | |
|--|--|
| <input checked="" type="checkbox"/> The ⁺ accounts have been audited. | <input type="checkbox"/> The ⁺ accounts have been subject to review. |
| <input type="checkbox"/> The ⁺ accounts are in the process of being audited or subject to review. | <input type="checkbox"/> The ⁺ accounts have <i>not</i> yet been audited or reviewed. |

5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly report only* -

⁺ See chapter 19 for defined terms.

the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.)

6 The entity has a formally constituted audit committee.

Sign here:Date: ...20 August 2002.....
(Company Secretary)

Print name: ..John Krenich.....

+ See chapter 19 for defined terms.

| Segment information | 2002 | | | | | | | Consolidated |
|---|----------------|---------------------------|-------------|----------------|----------------|-----------------------------|---------------|----------------|
| | Manufacturing | Australia Distribution | Unallocated | Eliminations | Total | New Zealand Distribution | Eliminations | |
| Segment revenues | | | | | | | | |
| Revenues from customers outside the consolidated entity | 1,150.3 | 1,526.0 | 21.5 | - | 2,697.8 | 288.7 | - | 2,986.5 |
| Plus: Inter-segment revenues | 577.6 | 5.8 | 12.8 | (580.5) | 15.7 | 0.5 | (16.2) | - |
| <u>Total revenues</u> | <u>1,727.9</u> | <u>1,531.8</u> | <u>34.3</u> | <u>(580.5)</u> | <u>2,713.5</u> | <u>289.2</u> | <u>(16.2)</u> | <u>2,986.5</u> |
| Other non-cash expenses | (0.2) | (1.0) | - | - | (1.2) | - | - | (1.2) |
| Earnings before depreciation and amortisation | 148.8 | 94.5 | (9.2) | (1.2) | 232.9 | 30.7 | (12.6) | 251.0 |
| Depreciation and amortisation | (64.5) | (32.7) | (0.3) | - | (97.5) | (5.6) | - | (103.1) |
| Earnings before interest and tax | 84.3 | 61.8 | (9.5) | (1.2) | 135.4 | 25.1 | (12.6) | 147.9 |
| Less: Borrowing costs | | | | | | | | (54.4) |
| Less: Income tax expense | | | | | | | | (39.0) |
| <u>Profit after tax before minority interests</u> | | | | | | | | <u>54.5</u> |
| Segment assets | 1,461.3 | 980.1 | 64.6 | (133.5) | 2,372.5 | 131.7 | (2.9) | 2,501.3 |
| Plus: Tax assets | | | | | | | | 80.7 |
| <u>Total assets</u> | | | | | | | | <u>2,582.0</u> |
| Segment liabilities | 275.1 | 184.7 | 776.6 | (49.6) | 1,186.8 | 33.5 | - | 1,220.3 |
| Plus: Tax liabilities | | | | | | | | 139.1 |
| <u>Total liabilities</u> | | | | | | | | <u>1,359.4</u> |
| Non-current assets on acquisition | 40.6 | 69.3 | 6.7 | - | 116.6 | 3.0 | - | 119.6 |

| Segment information | 2001 | | | | | | | Consolidated |
|---|----------------|---------------------------|--------------|----------------|----------------|-----------------------------|---------------|----------------|
| | Manufacturing | Australia Distribution | Unallocated | Eliminations | Total | New Zealand Distribution | Eliminations | |
| Segment revenues | | | | | | | | |
| Revenues from customers outside the consolidated entity | 1,027.6 | 1,239.7 | 126.1 | - | 2,393.4 | 312.2 | - | 2,705.6 |
| Plus: Inter-segment revenues | 373.1 | 5.3 | 5.3 | (361.3) | 22.4 | - | (22.4) | - |
| <u>Total revenues</u> | <u>1,400.7</u> | <u>1,245.0</u> | <u>131.4</u> | <u>(361.3)</u> | <u>2,415.8</u> | <u>312.2</u> | <u>(22.4)</u> | <u>2,705.6</u> |
| Other non-cash expenses | (0.2) | (1.9) | - | - | (2.1) | (0.7) | - | (2.8) |
| Earnings before depreciation and amortisation | 89.5 | 70.7 | (26.5) | (2.7) | 131.0 | 29.3 | (5.0) | 155.3 |
| Depreciation and amortisation | (103.1) | (26.7) | (0.5) | - | (130.3) | (6.8) | - | (137.1) |
| Earnings before interest and tax | (13.6) | 44.0 | (27.0) | (2.7) | 0.7 | 22.5 | (5.0) | 18.2 |
| Less: Borrowing costs | | | | | | | | (44.1) |
| Less: Income tax expense | | | | | | | | 3.0 |
| <u>Profit after tax before minority interests</u> | | | | | | | | <u>(22.9)</u> |
| Segment assets | 1,530.6 | 916.2 | 177.9 | (176.5) | 2,448.2 | 172.7 | (3.4) | 2,617.5 |
| Plus: Tax assets | | | | | | | | 93.3 |
| <u>Total assets</u> | | | | | | | | <u>2,710.8</u> |
| Segment liabilities | 290.6 | 195.8 | 967.3 | (49.5) | 1,404.2 | 53.7 | - | 1,457.9 |
| Plus: Tax liabilities | | | | | | | | 136.7 |
| <u>Total liabilities</u> | | | | | | | | <u>1,594.6</u> |
| Non-current assets on acquisition | 327.0 | 101.9 | 0.8 | - | 429.7 | 6.9 | - | 436.6 |

Segment activities - Australia

Manufacturing

Whyalla Steelworks produces steel billets as feedstock for OneSteel's Market Mills operations together with rail products, structural steels and slabs for external sale.

Sydney Steel Mill produces steel billets for the manufacture of reinforcing and bar products on its own rolling mills as well as steel billet to be used as feed in OneSteel's other rolling facilities.

Rod & Bar manufactures products in its Bar Mill and Rod Mill at Newcastle used in a range of applications such as manufacturing, construction mining and automotive industries.

Pipe & Tube manufactures product for the construction, mining, oil & gas and manufacturing industries from its mills in Newcastle, Melbourne, Port Kembla and Perth.

Wire manufactures wire and steel rope for use in the construction, mining, manufacturing and agricultural industries from its mills in Newcastle and Geelong.

Distribution

OneSteel's Distribution business has centres located throughout Australia in capital cities and regional areas, providing a wide range of products to resellers and end users. Products include structural steel, steel plate, angles, channels, flat steel, reinforcing steel, steel sheet and coil, a range of aluminium products, pipes, fittings, valves and other industrial products.

Segment activities - New Zealand

Distribution

Comprises the 50.3% shareholding in Steel & Tube Holdings Ltd, a public listed company in New Zealand, which processes and distributes a comprehensive range of steel and associated products in the construction, manufacturing and rural industries. The 2001 comparatives also included the Canadian business of A J Forsyth & Company Ltd, which was divested in October 2001.

Intra/inter segment transfers

The Australian manufacturing segment sells manufactured products such as structural steel, angles, channels, flat steel, reinforcing bar and mesh, pipe and tube products to the Australian and New Zealand Distribution segments.

Transfer pricing arrangements

All sales between the segments are conducted on an arms length basis, with terms and conditions no more favourable than those which it is reasonable to expect when dealing with an external party.