Welcome to this our third Interim results announcement.

Introduction

- Result Overview
- Financials
- Operations Review
- Performance Improvements
- The Future

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In terms of the structure this morning, I will be providing an overview and the results and market conditions, followed by Tony Reeves, OneSteel's Chief Financial Officer who will provide a run down of the financials.

I will then cover a review of the operations, some performance improvements and outlook.

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Performance Highlights

• Sales	up 3.5%	$1,525.0 million
• EBITDA	up 33.9%	$ 168.2 million
• Profit before tax	up 117.2%	$ 92.1 million
• NPAT	up 178.7%	$ 54.9 million
• Op. Cash Flow		$ 76.1 million
• Gearing	down	34.1% to 28.7%

– (Net debt to net debt plus equity)
– (40.6% to 35.9% including $200m securitisation)

- Interim Dividend of 5.0 cents fully franked

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In terms of financial highlights,

•Sales were up 3.5% to $1.525 billion, reflecting increased market activity.

•EBITDA was 33.9% higher through a combination of business improvements, product mix and volume related benefits

•Profit before tax was up 117.2% while net profit after tax was up 178.7%.

•Operating cash flow was $76.1 million and our gearing ratio decreased from 34.1% to 28.7% on a pre securisation basis and 40.6% to 35.9% including $200 million of securitisation.

•Based on the result the Board had announced an Interim dividend of 5.0 cents.

Overview – Highlights

- Improved Business Performance
  - **Lower cost base/improved productivity**
  - **Improved pricing/margins**
  - **Whyalla achieved new records in operational performance**
  - **Inventory stock weeks remained under 10 weeks**
  - **cost reductions of approx. $28.7m**
  - **staff reductions of 1.6%**
  - **revenue enhancements of $28.5m**
  - **Continued product rationalisation**
- Improved Market activity – up in OneSteel segments by 9.25%
  - **Good growth in non-residential and engineering construction**
  - **Residential activity remained stronger for longer than expected**
- Favourable Product Mix
  - **Tonnes dispatched up 1.0%**
    - **Adjusted underlying domestic sales up 8.1%**
    - **Exports down by 52.4% to 3.7% of total tonnes**
    - **Price per tonne increased slightly**
    - **Adjusted underlying domestic prices up 3.8%**
    - **Exports prices up 41.8%**

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In terms of operational highlights there are three main areas I would like to emphasize.

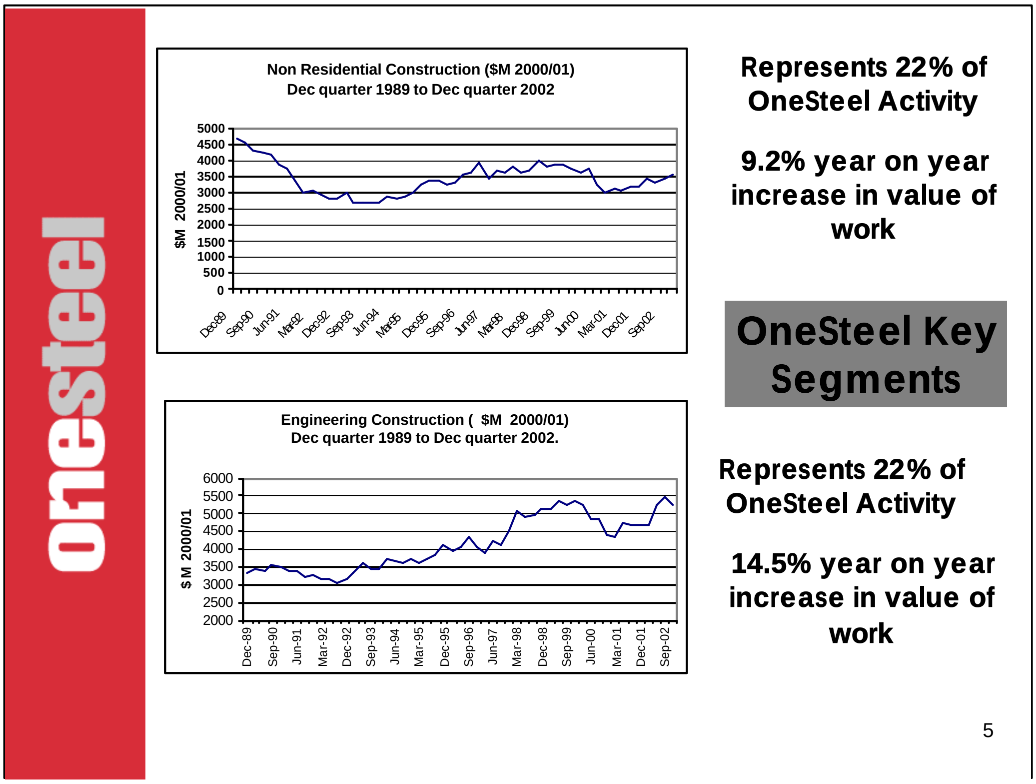
Firstly, improved business performance which stems from a number of factors. Coming into the six months to June Onesteel had a lower cost base as a result of the closure of the Brisbane Bar, reducing a shift at the Newcastle Bar Mill, and the restructuring of the Newcastle maintenance and engineering services. This combined with better operational performance at Whyalla, which I will provide some further detail on later, provided for a lower cost base and improved productivity.

We were able to achieve across the board price improvements of 3.8% which when combined with cost reductions and further product rationalisation provided better margins. We have continued reducing costs by another $28.7 million with revenue enhancements of $28.5 million. Overall our staff number declined by 1.6%

Secondly, market activity in the segments that impact OneSteel revenues improve 9.25%, mainly driven from improvements in the construction sector which drives 58% of OneSteel sales.

Thirdly, there was a much more favourable product mix with exports as low as 3.7% of total tonnes, a below average number. Total tonnes dispatched increased by 1.0%, reflecting an adjusted underlying domestic increase of 8.1% and a decrease in export tonnes dispatched of 52.4%.

Overall price per tonne increased slightly, however once adjusted underlying domestic prices per tonne were up 3.8%, while export prices increased 18.2%, reflecting the move away from lower valued exports.



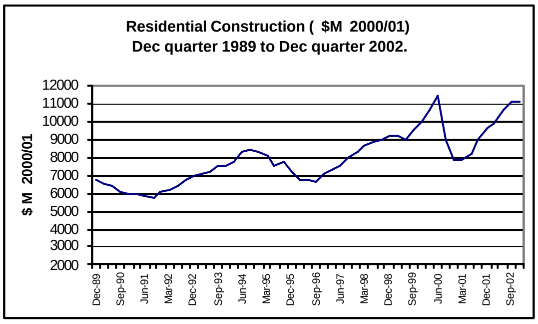
I would now like to turn my attention to the underlying market conditions.

These graphs represent activity in OneSteel's key market segments over the period September 1989 to December 2002 on a quarter by quarter basis.

The December Quarter numbers are not final as yet but have been estimated by NEIR.

The two segments represented on this slide, non-residential and engineering construction together represent approximately 44% of our business.

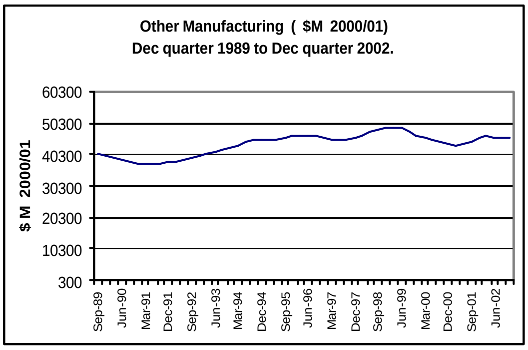
Non-residential construction increased by 9.2% during the year engineering increased 14.5%. Both these increases underpin the broad increase in activity across OneSteel's businesses.



Represents 14% of OneSteel Activity

18.3% year on year increase in value of work

OneSteel Key Segments



Represents14% of OneSteel Activity

1.2% year on year increase in value of work

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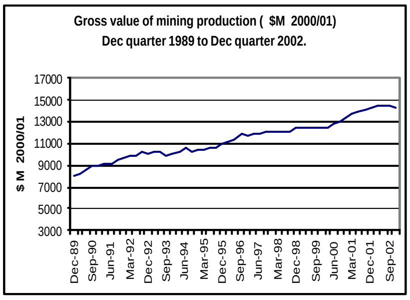
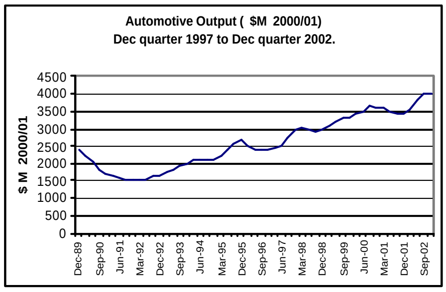
Residential construction activity, representing 14% of OneSteel revenues, recorded a strong rebound of 18.3% from its lows in 2001, mainly as a result from the continued impact of the doubling of the First Home Owners Grant by the Federal Government.

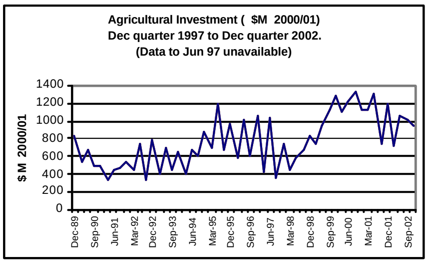
Other manufacturing, representing 14% of OneSteel's revenues also recorded an increase of 1.2% .





12% of OneSteel Activity
.02 increase year on year

5% of OneSteel Activity
16.4 increase year on year



7% of OneSteel Activity
1.3% increase year on year

OneSteel Key Segments - Overall Increase 9.25%

When looking at OneSteel's other key segments, Mining, Agriculture and Automotive which account for approximately 24% of OneSteel trade, mining and agricultural investment was flat and slightly above the prior period respectively, while automotive at 5% of OneSteel revenues had a solid 16.4% improvement.

As I mentioned earlier, overall for all segments, activity increased by 9.25%.

I will now hand over to Tony Reeves who will present the financials.

Financials

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Financial Highlights

- **NPAT up 179%**
- **Strong free cash flow of $82.7 m**
- **Net debt down a further $59 million since June 2002**
- **Lower gearing**
- **Dividend – 5 cents fully franked**
- **Interest cover of 4.6 times**
- **Substantial increase in ROFE to 14.0%**

Overall increased financial strength and flexibility

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In terms of highlights, the areas of significance include:

• increase in NPAT of 179% from $19.7 million to $54.9 million

• strong free cash flow of $82.7 million

•further reduction in net debt by $59 million since June 2002 further reducing OneSteel's gearing

•Interim dividend up from 3.0 cents to 5.0 cents

• increase in interest cover to 4.6 times

•And a substantial increase in return on funds employed of 14.0%.

Overall we have significantly increased our financial strength and flexibility.

Financial Performance

$A Million	Six Months to December 2002	2001	% ch
Sales	1,525.0	1,473.2	3.5
EBITDA	168.2	125.6	33.9
Dep and Amort	53.2	52.6	1.1
EBIT	115.0	73.0	57.5
Interest	22.9	30.6	(25.2)
Profit Before Tax	92.1	42.4	117.2
Tax	32.5	19.1	70.2
NPAT	54.9	19.7	178.7
EPS (cents)	10.1	3.7	173.0
ROFE %	14.0	8.9	
Dividend (cents/share)	5.0	3.0	

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Sales revenue for the period was up 3.5% to $1,525 million, generating a 33.9% improvement in EBITDA to $168 million, a 57.5% improvement in EBIT to $115 million and a 178.7% improvement in net profit after tax and minorities to $54.9 million.

Our EBITA return on funds employed was 14.0% up from 8.9%.

Earnings per share improved improved 173% to 10.1 cents cents with a declared final dividend of 5.0 cents fully franked , a payout ratio of 49% for the half year.

The payout ratio takes into consideration the expected lower second half result when compared to the first half.

We have also announced that we expect the next two dividends may be franked to a lesser extent due to the probable impact of tax consolidations on the OneSteel Group and the use of accumulated tax losses.

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Financial Position

$A Million	Dec 2002	Dec 2001	% Change
Total Assets	2,602.9	2,625.4	(0.9)
Liabilities	1,331.8	1,424.7	(6.5)
Net Assets	1,271.1	1,200.7	5.9
Net Debt	512.6	622.2	(17.6)
Inventory	626	608	3.0
Funds Employed	1,783.7	1,822.9	(2.2)
Gearing % (net debt/net debt plusequity)	28.7	34.1	
Interest Cover - times	4.6	2.4	
NTA /Share $	1.77	1.70	

*** Excluding restructuring**

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In terms of the financial position when compared to 31 December, 2001-

•Total assets have decreased marginally with the main item of change being the reduction in fixed assets from $1,179 million to $1,144 million.

•On the liabilities side, gross borrowings continue to reduce from $649.1 million to $537.9 million, with our net debt to net debt plus equity ratio decreasing from 34.1% to 28.7% at the end of December.

•When we add in $200 million of securisation, gearing has reduced from 40.6% to 35.9% over the year.

•Funds employed have decreased by 2.2% over the 12 months, to $1,783.7 million.

•Interest cover increased from 2.4 times to 4.6 times.

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Cash Flow

$A Million	Dec 2002	Dec 2001
Earnings before Tax	92.1	41.1
Dep. and Amort.	53.2	52.6
Capital and Inv Exp	(26.4)	(22.1)
Working Cap mov.	(30.1)	(83.3)
Income Tax Payments	(6.1)	(9.4)
Assets Sales	2.6	31.0
Other (Email)	(9.2)	66.6
Operating Cash Flow	76.1	76.5

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In terms of cash flow, our operating cash flow was $76.1 million, with capital expenditure at $26.4 million.

Working capital increased by $30.1 million, reflecting an increase in inventory associated with higher sales. Inventory in stock week terms remains under 10 weeks.

Tax paid was lower than last year as a result of a tax refund, timing differences associated with higher tax depreciation than book depreciation, timing of tax deductions for provisions (book year raised, tax when spent) and the use of prior period tax losses.

Overall OneSteel’s free cash flow for the period was strong at $82.7 million.

Operations Review

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Australian Distribution - Results

$A Million 6 Months to Dec	2002	2001	% change
Sales	824.2	769.8	7.1
EBITDA	53.5	48.1	11.2
EBITA	45.2	39.3	15.0
Assets	988.9	941.3	5.1
Employees	2,448	2,425	0.9
Margin %	5.5	5.1	7.8
ROFE %	11.3	10.2	10.8

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In Australian Distribution sales improved 7.1% to $824.2 million reflecting an increase in market activity. As a result of the increased volume and cost cutting measures, EBITA increased 15.0% to $45.2 million pushing sales margins on an from 5.1% to 5.5%.

EBITA Return on Funds employed improved from 10.2% to 11.3%.

Australian Distribution Highlights

Factors Influencing Result

- Construction strong
- Mining offsetting rural slow down in regions
- Cost savings of $5.3 million and $13.8 million in revenue enhancements
- Strong reinforcing market
- Price improvements of 2.5%

Outlook

- Residential to slow down to be more than offset by non-residential and engineering construction pick up
- Impact of drought to be felt

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In terms of the highlights for Australian Distribution:

•The construction sector was strong as indicated earlier, while the mining sector offset the downturn in the rural sector in regional areas. The reinforcing market was strong associated with the strong housing market.

•Cost savings of $5.3 million and revenue enhancements of $13.8 million were achieved with price improvements of 2.5% across Distributions product lines.

•In terms of outlook we expect the residential market to slow during the next six months but this will be offset by engineering and non-residential construction.

Manufacturing - Results

$A Million 6 months to Dec	2002	2001	% change
Sales	872.2	820.2	6.3
EBITDA	114.7	79.5	44.3
EBITA	82.1	47.6	72.5
Assets	1,503.1	1,550.1	(3.0)
Employees	3,659	3,897	(6.1)
Margins %	9.4	5.8	
ROFE %	15.1	8.3	

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Manufacturing revenues increased by 6.3 % while profit at the EBITA level improved 72.5% with EBITA sales margins improving from 5.8% to 9.4%.

EBITA Return on Funds Employed improved from 8.3% to 15.1% a strong increase.

Manufacturing Highlights

Factors Influencing Result

- All major operating areas at Whyalla recorded significant improvement
- Market Mills lower conversion cost
- More favourable product mix – exports down to 4.1% of total tonnes
- Cost reductions of $19.2 million and revenue enhancements of $14.7 million
- Price Improvements of 4.4%

Outlook

- Main focus on continuing to reduce costs
- Price of scrap feed expected to remain high
- On the whole market conditions expected to continue to improve
- Begin inventory build for blast furnace reline

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The main contributing factors to the strong result are:

•All of Whyalla's major operating areas recorded significant improvement.

•Market Mills continues to lower its conversion costs.

•A more favourable product mix with exports down to 4.1% of total tonnes dispatched which is below the average which we believe to be 10% through the cycle.

•Cost reductions of $19.2 million and revenue enhancements of $14.7 million were achieved with an average underlying price increase of 4.4%.

•For the future our focus will be on continuing to lower costs and maintain margins to assist offsetting increasing costs such as scrap.

•We expect as a whole market conditions will continue to improve mainly driven by the non-residential and engineering construction sectors.

•And we will begin to build stock for the blast furnace reline project which is due to be undertaken in June/July 2004.

International Distribution - Results

$A Million 6 months to Dec	2002	2001	% change
Sales	142.6	160.4	(11.1)
EBITDA	17.7	13.0	36.2
EBITA	15.6	10.5	48.6
Assets	139.7	123.0	13.6
Employees	613	573	7.0
Margins %	10.9	6.5	
ROFE %	28.2	21.7	

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International distribution has again improved its result, sales margins and return on funds employed position despite lower sales.

The lower sales reflects the sale of the AJ Forsyth business in Canada.

International Distribution - Highlights

Factors Influencing Result

- Revenue decline as a result of Canadian business sale - October 2001
- New piping systems business performed strongly
- Strong Demand in housing and consumer spending
- Some strength in manufacturing and rural sectors

Outlook

- In NZ economic outlook steady
- Continued focus on core business

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Market conditions in New Zealand have been robust with strong demand in housing and consumer spending.

The new piping systems business is performing to expectations and is well into the integration process.

Looking ahead, economic conditions in New Zealand are expected to remain stable at current levels with the business focus on developing its core business.

I will now focus on some of the business improvement initiatives.

Business Improvement Initiatives

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- Improved business performance
  - Whyalla Pellet Plant now operating at high performance levels
  - Raw steel production at Whyalla up 8% over corresponding prior period
  - Blast furnace due for reline in 2004
  - Improved yields and conversion costs at Whyalla and Market Mills
  - Market Mills break even costs down between 10 to 12%
- Price improvements of 3.8%
- Product complexity reduced by 31.4% to 94 grade sections produced down from a peak of 137
- Cost Reductions of $28.7 million and revenue enhancements $28.5 million offsetting cost increases of $31.9 million

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As I mentioned earlier, underpinning a lot of the improvement in this result has been the strong operational performance of the business. In Whyalla, all major facilities have been operating at high levels of performance with raw steel production up by 8% when compared to the same period last year.

Both Whyalla and Market Mills have improved conversions costs and yields with Market Mills break even costs down between 10 to 12% across its mills.

We were able to achieve price improvements of 3.8% which when combined with cost reductions and less product complexity provided much better margins.

Our cost increases of $31.9 million were more than offset by a combinations of cost reductions of $28.7 million and revenue enhancements of $28.5 million.

Whyalla Blast Furnace Reline

- To be undertaken in over June & July 2004 for a period of approx. 65 days
- Capital cost approx $80 million – indicative split
  - $15m 2003
  - Balance split relatively evenly over two following financial years
- Inventory build up to peak at $95 million 4th Qtr 2003/04

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I will now turn my attention to the Whyalla Blast furnace reline which is due to take place over June and July 2004 for a period of approximately 65 days.

The capital cost of the project will be approximately $80 million, $15 million of which we will spend in 2003, with the remainder split relatively evenly over financial years 2004 and 2005.

The project will require an inventory build of $95 million above normal inventories to peak in the June quarter 2004.

Upcoming project flow

Current

- Alice Springs to Darwin Rail
- Comalco Plant - Gladstone
- Woodside 4th train
- Queen Victoria Bld - Melbourne
- Eureka Bld - Melbourne
- World Square – Sydney
- Lang Park Brisbane
- Southbank development – Melbourne
- Exhibition Street development – Melbourne
- Very Fast Train – Vic
- Melbourne Cricket Ground
- Tasmanian Windtowers
- BHP Billiton Area C
- Stanwell Magnesium

Upcoming

- AMX Magnesium Plant
- Sunland – Gold Coast
- Chatswood to Parramatta Rail Link
- Western Orbital - Sydney
- Melbourne Cricket Ground
- RAC Track upgrade
- Rhodes Shopping Complex
- Woodside 5th Train
- Darwin LNG
- SAMAG

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We have updated our project list. While this list is not extensive, it does provide an indication of what is ahead.

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Way Forward

- Main focus on contining to improve existing business performance
- Main Priorities
  - Cash Generation, debt reduction, costs reduction, revenue enhancements, capital management and improve Balance Sheet
- Longer term strategic growth options
  - Maximise existing business performance
  - Bolt on acquisitions to broaden range of products and services
  - Organic or “step change” nature

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In term of the way forward, I believe there is still significant room to improve OneSteel’s underlying business performance.

A lot of the effort to date one could argue has been focused on the more accessible business initiatives. The challenge for OneSteel management is to continue to drive reform and delve into the more difficult areas.

The main priorities for OneSteel remain cash generation, cost and debt reduction, revenue enhancements, capital management and improved balance sheet.

Over the longer term objective is to maximise existing business performance, grow through bolt-on acquisitions to broaden current product ranges and services or we will assess growth options of an organic or step change nature.

Strategies for Improving Profit

Second Stage Restructuring Initiatives

- Plant configuration
- Operational Excellence
- Product complexity
- Iron Ore Resources
- Shared Services
- Information Systems

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OneSteel has over the past two and a half years undertaken extensive restructuring. We have moved eight businesses into four, removed functional duplication, integrated Email Metals, taken out Bar Mill capacity, focused production on the domestic market and a number of other initiatives.

We are now moving into what I call the second stage initiatives and which cover the following:

•Plant configuration aimed at maximising low cost production within the existing portfolio.

•Operational excellence across all businesses with the implementation of stringent benchmarks and control systems to bring facilities in line with world’s best practice.

•Reduce product complexity, a project we have had underway now for just over 12 months with 31.4% reductions of grade sections from 137 to 94.

•Currently investigating to determine the possibility of using the company’s large magnetite resources as a basis for further optimising the Whyalla operations

•Shared services have been established in Distribution to streamline and reduce costs of customer invoicing and related operations.

•Information systems are in the process of being upgraded with the implementation of a SAP platform with some milestones to be delivered over the next six months.

Summary

- Good first half performance
- Significant improvement in manufacturing
- Upside in Distribution
- Restructuring delivering benefits
- Cost down, prices up leading to better margins
- Construction sector to remain strong

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In summary, I believe we have made some significant improvements in the businesses over the last 12 moths which are beginning to come through in our results.

We have had a good six months with our manufacturing operations, and we have more upside in our Distribution operations.

We are delivering better margins through tight cost control, cost reductions and price improvements and we will continue to be vigilant in these areas.

As to the next six months we expect market conditions to remain on the whole favourable.

We will continue on our path of improving our business in a favourable market.

Thank You.


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