onesteel

ASX RELEASE

21 February 2012

Half Year Statutory Loss After Tax[1] $74m
Half Year Underlying Net Profit After Tax from Continuing Operations $78m[2]

Mining and materials group, OneSteel Limited (ASX:OST) announced today a statutory net loss after tax of $74 million for the six months ended 31 December 2011, compared to the statutory net profit after tax for the prior corresponding half of $116 million. Included in the statutory result is an impairment charge of $130 million related to the write down of the assets of the LiteSteel™ Technologies businesses in the US and Australia, as announced in December.

Underlying net profit after tax from continuing operations for the first half was in line with guidance at $78[3] million, compared to $133 million for the prior corresponding half. The underlying net profit after tax excludes: $130 million related to the company's discontinued operations as per the announcements in December in relation to the asset write down of the LiteSteel™ Technologies businesses and the sale of the Piping Systems business; transaction costs of $16 million associated with the purchase of WPG Resources' iron ore assets and sale of the Piping Systems business; restructuring costs of $14 million, and prior year tax benefits of $9 million, all net of tax.

OneSteel Managing Director and CEO, Mr Geoff Plummer said: "The first half has seen a further marked change for the company including significant investment to continue the expansion of our resources based businesses.

"The benefit of our growth focus on our Mining and Mining Consumables businesses is clearly evident in our results, with these businesses now comprising approximately 40% of total revenues and both businesses delivering significant contributions for the half. Despite this, our overall performance was disappointing due to the impact of the difficult external environment on our Australian Steel businesses. We have made considerable progress in improving the cost and operational performance of these businesses and expect a significant improvement in their overall performance for the second half.

[1] Except as otherwise expressed, references in this release to net profit/loss after tax refer to net profit/loss attributable to equity holders of the parent.
[2] Unless otherwise stated, financial measures referred to in this announcement, including underlying results and ratios based on underlying results are non-statutory financial measures, which have not been audited or reviewed as part of KPMG's review report on the half-year financial statements. However, KPMG have undertaken a set of procedures to agree the financial information in this announcement to underlying information supplied by the Company. The directors believe that using these non-statutory financial measures appropriately represents the financial performance of the Company's continuing operations. Details of the reconciliation of non-statutory to statutory results can be found in the attachment to this announcement.
[3] Market guidance was underlying NPAT of $55 million - $75 million for the first half including restructuring costs to November 2011. Restructuring costs pre-November 2011 were $4 million (net of tax).

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"OneSteel is a very different business from when it decided to enter the export iron ore market through Project Magnet in 2005. OneSteel is now a mining, mining consumables and steel business with an increasingly global orientation. The Board has decided it is appropriate to assess the benefits of changing the company name. This work is currently underway," Mr Plummer said.

RESULTS AT A GLANCE

STATUTORY	1H12 $M	1H11 $M	CHANGE %
Including discontinued operations			
Sales revenue	3,797	3,315	15
EBITDA(1)	196	303	(36)
EBIT(2)	(37)	203	(118)
Net Profit After Tax	(74)	116	(163)
Continuing operations			
Sales revenue	3,716	3,240	15
EBITDA(1)	213	310	(31)
EBIT(2)	113	212	(47)
Net Profit After Tax	57	125	(54)
Operating cash flow	187	157	19
Net debt	2,242	1,892	19
Gearing (net debt/net debt + equity)	34%	30%	4pts
Earnings per share (weighted average)	4.2c	9.4c	(55)

UNDERLYING[4]	1H12 $M	1H11 $M	CHANGE %
Continuing operations			
Sales revenue	3,716	3,240	15
EBITDA(3)	257	322	(20)
EBIT(4)	156	224	(30)
Net Profit After Tax	78	133	(41)
Operating cash flow	216	163	33
Net debt – including hedging	2,300	1,951	18
Gearing – including hedging (net debt/net debt + equity)	34%	30%	4pts
Earnings per share (weighted average)	5.9 c	10.0 c	(41)

(1) Statutory EBITDA includes unallocated EBITDA loss of $50 million not attributable to reporting segments.
(2) Statutory EBIT includes unallocated EBIT loss of $49 million not attributable to reporting segments.
(3) Underlying EBITDA includes unallocated EBITDA loss of $24 million not attributable to reporting segments.
(4) Underlying EBIT includes unallocated EBITDA loss of $23 million not attributable to reporting segments.

[4] A reconciliation of non-statutory underlying results to statutory results can be found in the attachment to this announcement.

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Commenting on the company's business segments, Mr Plummer said: "Our Mining business continued to perform well, contributing $171 million EBIT for the half, and we remain on track to sell approximately 6 million tonnes of iron ore this year.

"We are also pleased with progress on expanding our export sales capacity at Whyalla to 12 million tonnes per annum, as well as bringing the Peculiar Knob iron ore project in South Australia into production. Both projects are tracking in line with our cost and time expectations.

"Once Peculiar Knob is in full production we expect our annual iron ore sales to lift to approximately 11 million tonnes. First sales from Peculiar Knob are expected in the fourth quarter of this calendar year," Mr Plummer said.

"Our international Mining Consumables business delivered an improved result as expected, contributing $65 million of EBIT for the half, up 209% compared to the prior corresponding half, and 48% from the previous six months. The strong result reflects a significant improvement in the Australian operations as well as a stronger result from the acquired Moly-Cop businesses, which continued to perform well, and in line with our expectations. The reliable earnings and stable margins of this business add to its quality, as does its strong growth potential, underpinned by new projects and mine expansions, particularly for copper and gold in the Americas.

"Our Australian Steel businesses continued to face the challenges of a generally weak market, leading to both our steel Manufacturing and Distribution businesses delivering disappointing EBIT losses that have had a considerable impact on the company's half year results. Notwithstanding the weak market, we have remained focused on addressing these losses through improved cost and operational performance and expect a significantly better second half as a result, including anticipating positive underlying EBITDA for the Manufacturing business for the second half.

"In December, we announced the company had entered into an agreement to sell its Piping Systems business for $67 million, which together with the sale of related property investments is expected to result in total proceeds of approximately $100 million. We are continuing to progress other selective steel business divestments and property sales," Mr Plummer said.

SEGMENT ANALYSIS[5]

In the **Mining** segment, total revenue was down 10% to $421 million for the half. The decrease is due to slightly lower volumes of 2.95 million tonnes compared to 3.06 million tonnes for the prior corresponding period, lower net realised average prices, and a greater proportion of <60% Fe grade iron ore sales. Strong demand continued to underpin high prices in the first quarter, but the tightening of credit in China combined with increased global uncertainty including European debt issues had a dramatic impact on prices through October. Although spot prices recovered

[5] Segment results referred to throughout this release are those reported in the 2012 Half Year Financial Report. They are equivalent to segment underlying results.

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somewhat by December, sales revenue for the second quarter was adversely impacted by the dramatic decline in spot prices.

EBIT for the Mining segment for the half was down 38% to $171 million, due mainly to lower net realised average prices, higher operating costs and a higher proportion of <60% Fe ore sales.

We are tracking in line with our stated expectations for cost and time for doubling our port capacity at Whyalla to 12mtpa, and bringing the Peculiar Knob project into production. We have now finalised key construction contracts, are progressing well with necessary regulatory approvals and have commenced cut-back mining work, as well as construction of the new port facility. We are expecting first sales from Peculiar Knob in the fourth quarter of this calendar year, and to ramp up sales through to mid 2013. Following ramp up, total sales from Peculiar Knob and our existing Middleback Ranges operations are expected to increase to 11 million tonnes per annum.

In the **Mining Consumables** segment, sales revenue increased 127% compared to the prior corresponding half to $768 million, due mainly to the contribution of the Moly-Cop Group acquired on 31 December 2010.

The recently acquired Moly-Cop businesses continued to perform well and in line with expectation, underpinned by strong mining activity, particularly in copper and gold. EBITDA for the acquired group increased 28% to US$55 million compared to US$43 million for the previous six months due to higher volumes and margins for grinding media.

There was a significant lift in the performance of the Australian Grinding and Rail business during the half with higher prices, margins, and cost and operational improvements helping to deliver improvements in the Australian grinding media, rail and ropes businesses.

EBIT for the Mining Consumables segment increased 209% to $65 million, compared to $21 million for the prior corresponding period due mainly to the contribution of the acquired Moly-Cop businesses. Compared to the prior six months, EBIT increased 48% from $44 million reflecting a significant improvement in the performance of the Australian Grinding and Rail business, and a stronger contribution from the acquired Moly-Cop businesses.

Consistent with the company's growth strategy, the Board has approved Phase 1 capacity expansions at our Peru and Indonesian grinding media facilities. The Phase 1 expansions will add 40 thousand tonnes of capacity at our Lima, Peru grinding media facility in South America, and 50 thousand tonnes at our Cilegon, Indonesia facility for a total combined cost of approximately $36 million. We expect to announce further investments over the coming years as part of our grinding media growth strategy that includes ensuring capacity stays ahead of growing market demand for grinding media.

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During the half, our North America Moly-Cop business completed the commissioning and transition to its new 170 thousand tonne El-Salto facility in Mexico.

In the **Recycling** segment, total revenue increased 4% to $740 million compared to the prior corresponding half due to higher average prices, partly offset by lower volumes for both ferrous and non ferrous scrap.

The performance of the Australian business improved compared to the prior corresponding half due to higher ferrous prices and margins, partially offset by the adverse impact of the dramatic fall in ferrous and non ferrous prices in the second quarter. The performance of the Asian business was also down due to the sharp drop in non ferrous prices and weaker stainless scrap sales volumes and margins. In our international Recycling businesses, the US business continued to perform well, but was down slightly compared to the prior corresponding half due mainly to lower ferrous volumes as some expected sales were deferred to the second half.

EBIT for the year increased to $2 million from a loss of $5 million in the prior corresponding half. Despite this improvement, EBIT was lower compared to the prior six months due mainly to the sharp decline in ferrous and non ferrous prices and margins in the December quarter.

In our **Australian Steel** businesses, the difficult external environment including generally weak markets, the high Australian dollar and high raw material prices for the Manufacturing business continued to weigh heavily on performance.

Domestic confidence levels continued to be affected by concerns over potential implications from European debt issues, the impact of the high Australian dollar and high interest rates. Domestic demand remained well below pre-GFC levels, particularly in the construction sector, due to the weak level of confidence and credit availability issues. There was no material improvement in activity levels across the market other than in the resources segment and government funded civil works where we are seeing increased activity.

Notwithstanding the difficult external environment, we have remained focussed on addressing the disappointing performance and have made substantial progress to improve cost and operational performance. We expect a significant improvement in second half performance for both the Manufacturing and Distribution businesses, including at this stage anticipating the Manufacturing business will be underlying EBITDA positive for the second half, excluding the impact of the Steel Transformation Plan advance.

As part of the product portfolio and facilities footprint review for the Australian Steel businesses, the company announced in December that it had entered into an agreement to sell its Piping Systems business, which together with the sale of related property investments is expected to result in total proceeds for OneSteel of approximately $100 million (excluding transaction costs). The company also announced that in light of continued weak residential construction activity in the US and Australia, and uncertainty over the timing of recovery, it had decided to write down the assets of the LiteSteel™ Technologies business in the US and Australia

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resulting in an impairment charge of approximately $130 million (net of tax). The Board has decided that the company will exit both the US and Australian businesses. The write down of the assets of LiteSteel™ Technologies, together with other adjustments to underlying performance including restructuring costs and acquisition transaction costs, and together with the underlying result for the first half compared with the prior corresponding period, will clearly have a significant impact when comparing expected full year statutory results with the prior year.

In the **Manufacturing** segment, sales revenue increased 11% to $1,263 million compared to the prior corresponding half, due mainly to improved volumes off a low base driven by demand from the resources sector and government funded civil works projects. Despite the increase in sales volumes compared to the prior corresponding half, sales volumes were slightly lower than for the prior six months and still well below pre-GFC levels. Underlying EBIT for the half was a loss of $75 million, an improvement of 12% on the prior corresponding half.

We are very pleased with the performance of the Whyalla blast furnace following completion of the repair work early in the first half and its subsequent ramp up in July/August. The first half results include cost inefficiencies associated with the ramp up but we are confident that full benefits from this work in terms of improved output and costs will be reflected in the second half results.

Production levels at OneSteel's Sydney and Laverton electric arc furnaces were slightly down compared to the prior corresponding half with an average capacity utilisation of approximately 65%. Steelmake was 430 thousand tonnes for Sydney Steel Mill and Laverton for the half. In Whyalla, steelmake was also lower at 522 thousand tonnes due to the repair work to the blast furnace and associated ramp up early in the half.

In the **Australian Distribution** segment, total revenue was flat at $1,184 million due to a 9% increase in sales volumes related to improved demand from the resources segment and civil works projects, offset by lower average prices as a result of the stronger Australian dollar. EBIT decreased to a loss of $9 million for the half compared to a profit of $12 million for the prior corresponding period due to margin pressure from lower average prices, partly offset by cost and operational improvements.

Sales volumes continued to be well below pre-GFC levels despite the improvement against the prior corresponding half. Across the segments, there was stronger activity in the mining, infrastructure and civil construction and rural segments. Mining production activity continued to strengthen due to increased global commodity demand, as did mining investment activity. There was some improvement in demand related to government funded civil construction, such as road infrastructure, but privately funded non residential construction activity remained weak due to credit availability issues. There was no improvement in residential construction activity due to affordability constraints and lower consumer confidence.

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Interim Dividend

The Board announced today an unfranked interim dividend of 3 cents per share. The unfranked dividend is the result of insufficient franking credits. The extent to which OneSteel is able to frank future dividends will depend on the level of franking credits generated from tax paid in Australia.

Outlook

In the near term for our Mining business, we expect demand from China to remain strong, which we anticipate will continue to underpin high prices compared to historical levels. The business remains on target to achieve sales of 6 million tonnes for the financial year, and its work to double the port capacity at Whyalla to 12 million tonnes per annum and bring Peculiar Knob into production is progressing to plan. First shipments from Peculiar Knob are expected in the fourth quarter of this calendar year, with ramp up continuing through to mid 2013 giving sales of approximately 2 million tonnes in the 2013 financial year. Once in full production, we expect total sales for the Mining business to lift to a run rate of approximately 11 million tonnes per annum.

In the Mining Consumables business, our markets are expected to continue to be strong, including anticipating further growth particularly in our grinding media markets in the Americas, in line with our expectations. The recently acquired Moly-Cop business is continuing to perform well and is expected to benefit from these strong markets.

In our Australian Steel businesses, volumes are expected to increase approximately 5% against the prior half based on increased infrastructure and mining work, in a generally flat market. Prices and margins will continue to be subject to significant volatility based on international steel prices and the exchange rate. The substantial progress on improving costs and the operating performance of our facilities is expected to help deliver a significant improvement in the performance of both the Manufacturing and Distribution businesses, including expecting underlying EBITDA for Manufacturing to be positive for the second half.

In Recycling, we expect the US business to continue to perform well underpinned by strong market positions. The Australian ferrous market is expected to remain difficult and we continue to be focussed on improving cost and our competitive position.

It is not appropriate to provide quantitative guidance at this time due to the high level of uncertainty around the Australian dollar, Australian and international prices for steelmaking inputs and steel, the current uncertainty around the international economy and the level and nature of growth in the domestic economy.

In the longer term, we believe that underlying demand for iron ore will continue to be strong and that this will underpin continued solid prices for iron ore compared to historical levels. We remain positive on the outlook for our Mining Consumables business which is underpinned by the strength of the resources sector, including

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strong mining activity and investment. We have good visibility of new mining projects that will increase demand for grinding media. Our businesses are well positioned for this growth. In Australian steel, we believe that key construction markets are at their cyclical low points, and that as these markets recover demand will improve. Given our reducing cost base and relatively low utilisation levels we are strongly leveraged to the recovery. In Recycling, we are confident the outlook for our international and Australian businesses is positive, and expect improvements particularly in Australia.

ENDS

Further information about OneSteel Limited can be accessed via the website **www.onesteel.com**.

This announcement contains certain non-statutory financial measures including underlying EBIT, underlying EBITDA, underlying NPAT, underlying earnings per share and underlying effective tax rate on continuing operations. These measures are used to assist the reader understand the financial performance of the Company's continuing operations. Non-statutory financial information has not been audited or reviewed as part of KPMG's review report on the half-year financial statements. However, KPMG have undertaken a set of procedures to agree the financial information in this announcement to underlying information supplied by the Company. Details of the reconciliation between non-statutory and statutory financial measures can be found in the attachment to this announcement. The ASX Release forms part of a package of information about the company's Half Year Financial Results for the six months ended 31 December 2011 and should be read in conjunction with the other Half Year 2012 financial results materials including the Review of Operations, 1H12 Results Presentation and the Half Year Financial Report for the 6 months to 31 December 2011.

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ATTACHMENT 1

RECONCILIATION BETWEEN STATUTORY AND UNDERLYING NPAT	1H12 $M	1H11 $M
Statutory NPAT	**(74)**	**116**
Discontinued operations[3]	(130)	(8)
Continuing operations	**57**	**125**
Transaction costs[1]	16	8
Restructuring costs[2]	14	-
Tax benefits relating to prior year	(9)	-
Underlying NPAT	**78**	**133**

1 Direct costs relating to the sale of the Piping Systems business and the acquisition of WPG Resources Limited subsidiaries in October 2011. In 1H11, direct costs related to the acquisition of the Moly-Cop Group completed on 31 December 2010.
2 Relate to redundancies from organisational changes and other direct expenditure associated with business restructures.
3 Relating to the results of the Piping Systems and LiteSteel™ Technologies businesses (includes the asset write down of LiteSteel™ Technologies).

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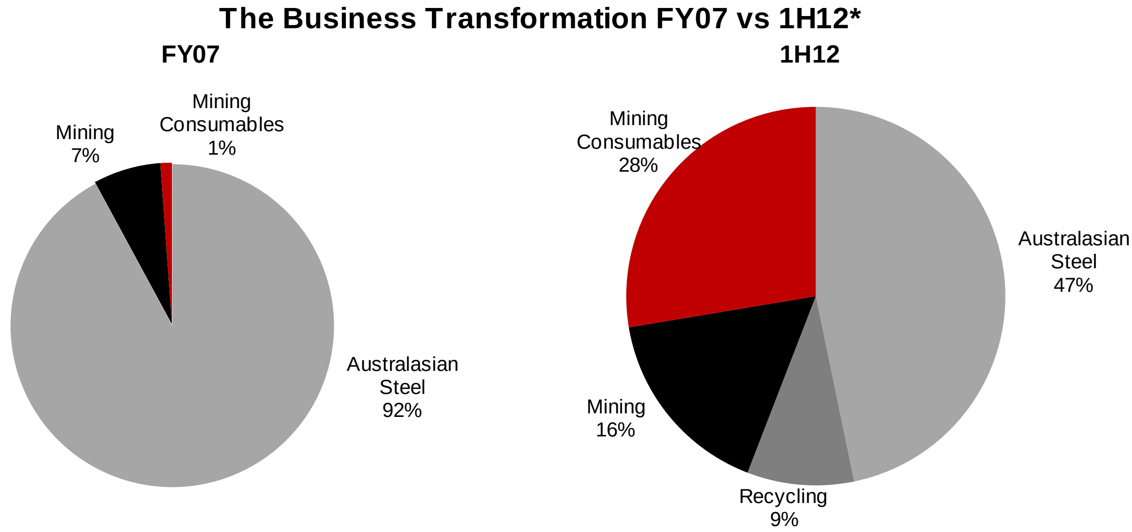
ATTACHMENT 2

OneSteel commenced its growth focus on the resources sector in 2005 when it decided to enter the export iron ore market through Project Magnet. The company has continued this focus with further significant investment and, in recent years, has grown its exposure to the resources sector significantly including becoming the largest producer in the world of grinding media to the global resources sector, and announcing last year that it would double the size of its port capacity at Whyalla to 12 million tonnes per annum and increase iron ore sales to approximately 11 million tonnes per annum. This growth focus has led to OneSteel now being a mining, mining consumables and Australian steel business with an increasingly global orientation. This transformation can be seen below in the composition of the company's assets prior to completion of Project Magnet in 2007 and today.



*% of total assets

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FINANCIAL RATIOS

HALF-YEAR ENDED

	Dec11[1] $m	Dec10[2] $m	Change %
Underlying - Continuing operations			
Sales Revenue	**3,716**	3,240	15%
Other Revenue/Income	**22**	12	82%
Total Income	**3,739**	3,252	15%
Gross Profit	**577**	638	(10%)
EBITDA	**257**	322	(20%)
Depreciation & Amortisation	**(100)**	(98)	2%
EBIT	**156**	224	(30%)
Finance costs	**(62)**	(46)	35%
Profit before tax	**94**	178	(47%)
Tax expense	**(13)**	(42)	(70%)
Profit after tax	**81**	136	(40%)
Minority Interests	**(3)**	(3)	(12%)
Net Profit After Tax	**78**	133	(41%)
Net Profit after Tax - Statutory	**(74)**	116	(163%)
Total Assets	**8,665**	8,195	6%
Inventory	**1,524**	1,687	(10%)
Total Liabilities	**4,268**	3,716	15%
Funds Employed	**6,640**	6,371	4%
Total Equity	**4,398**	4,480	(2%)
Net Debt	**2,242**	1,892	19%
Net Debt[3] (incl hedging)	**2,300**	1,951	18%
Number of shares on issue (millions)	**1,342**	1,335	1%
Operating Cash flow	**187**	157	19%
Free Cash Flow - Underlying	**50**	64	(23%)
Free Cash Flow	**21**	58	(64%)
Capital and investment expenditure	**484**	1,092	(56%)
Return on Assets % - Underlying	**3.7%**	5.9%	-2.2 pts
Return on Equity % - Underlying	**3.6%**	6.1%	-2.4 pts
Return on Funds Employed % (ROFE) - Underlying	**4.8%**	7.6%	-2.7 pts
Sales Margin	**4.2%**	6.9%	-2.7 pts
Gross Profit Margin	**15.5%**	19.7%	-4.2 pts
Earnings Per Share (cents) - Underlying (weighted ave)	**5.9**	10.0	(41%)
Dividends per share (cents)	**3.0**	6.0	-3 cents
Dividend payout ratio - Underlying	**51.4%**	60.2%	-8.8 pts
Dividend payout ratio - Statutory	**-54.8%**	68.9%	-123.7 pts
Gearing - Statutory (net debt/net debt + equity)	**33.8%**	29.7%	4.1 pts
Gearing - incl hedging (net debt/net debt + equity)[3]	**34.3%**	30.3%	4 pts
Interest cover (times EBITDA)	**4.1**	7.0	-2.9 times
Net tangible assets per share ($)	**1.13**	1.30	(13%)
Employees	**11,488**	11,549	(1%)
Sales per employee ($000s)	**323**	281	15%
Raw steel production	**1.21**	1.11	9%
Steel tonnes despatched	**1.78**	1.35	32%

1. Dec 11 underlying earnings from continuing operations are before the impact of restructuring costs, tax benefits relating to prior year and transaction costs of $21.6m net of tax.
2. Dec 10 underlying earnings are before the impact of direct costs relating to the acquisition of the Moly-Cop Group of $8.5m, net of tax. These statistics include the results of the Moly -Cop Group from 31 December 2010. The results for 31 December 2010 have been restated to exclude operations that were identified as discontinued during the half year ended 31 December 2011.
3. Includes the impact of swaps hedging foreign currency denominated debt of $58.1m in December 2011 to reflect net debt adjusted for foreign curency exposure.

REVIEW OF OPERATIONS

6 MONTHS TO 31 DECEMBER 2011

KEY POINTS

- Underlying net profit after tax[1] from continuing operations down 41% to $78 million[2]
- Statutory net loss after tax $74 million (includes write down of LiteSteel™ Technologies assets)
- Interim dividend 3 cents per share unfranked
- Underlying EBIT down 30% to $156 million
- Statutory EBIT down 47% to $113 million
- Statutory operating cash flow $187 million
- Statutory gearing 33.8%
- Statutory net debt $2,242 million
- Significant investment to expand Mining business
- Agreement to sell Piping Systems business

FINANCIAL OVERVIEW - 6 MONTHS TO 31 DECEMBER

	STATUTORY		UNDERLYING[2]	
	1H12 $M	1H11 $M	1H12 $M	1H11 $M
Sales revenue	3,716	↑ 15% from 3,240	3,716	↑ 15% from 3,240
Earnings before interest, tax, depreciation & amortisation **(EBITDA)**	213	↓ 31% from 310	257	↓ 20% from 322
Depreciation & amortisation	100	↑ 2% from 98	100	↑ 2% from 98
Earnings before interest and tax **(EBIT)**	113	↓ 47% from 212	156	↓ 30% from 224
Finance costs	62	↑ 35% from 46	62	↑ 35% from 46
Loss from discontinued operations after tax	130[4]	↑ 1,471% from 8	-	-
Net profit/(loss) after tax **(NPAT)**	(74)[5]	↓ 163% from 116	78	↓ 41% from 133
Earnings/(loss) per share **(EPS)** weighted average	(5.5) cents[5]	↓ 163% from 8.8 cents	5.9 cents	↓ 41% from 10.0 cents
Operating cash flow	187[5]	↑ 19% from 157	216	↑ 33% from 163
Return on funds employed **(ROFE)**	3.5%	↓ from 7.2%	4.8%	↓ from 7.6%
Return on equity **(ROE)**	2.7%	↓ from 5.7%	3.6%	↓ from 6.1%
Gearing (net debt/net debt + equity)	33.8%	↑ from 29.7%	34.3%[3]	↑ from 30.3%
Net debt	2,242	↑ 19% from 1,892	2,300[3]	↑ 18% from 1,951
Interim dividend per share (cents)	3	↓ from 6 cents	3	↓ from 6 cents

[1] Except as otherwise expressed, references in this review to net profit/loss after tax refer to net profit/loss attributable to equity holders of the parent.

[2] Unless otherwise stated, financial measures referred to in this review, including underlying results and ratios based on underlying results are non-statutory financial measures, which have not been audited or reviewed as part of KPMG's review report on the half-year financial statements. However, KPMG have undertaken a set of procedures to agree the financial information in this review to underlying information supplied by the company. The directors believe that using these non-statutory financial measures appropriately represents the financial performance of the Company's continuing operations. Details of the reconciliation of non-statutory to statutory results can be found in the Financial Summary attached to this review.

[3] Includes the impact of swaps hedging foreign currency denominated debt of $58 million in December 2011 to reflect net debt adjusted for foreign currency exposure.

[4] Including impairment of property, plant and equipment and intangible assets of $130 million.

[5] Including the impact of discontinued operations.

OPERATIONAL OVERVIEW – 6 MONTHS TO 31 DECEMBER

	1H12 MT	1H11
Total external steel tonnes despatched	1.84	↑ from 1.35mt
• Australian tonnes despatched	1.71	↑ from 1.25mt
• Export and overseas tonnes despatched	0.12	↓ from 0.10mt
Total raw steel production	1.21	↑ from 1.11mt
High grade iron ore tonnes sold	1.47	↓ from 2.01mt
<60% Fe iron ore tonnes sold	1.48	↑ from 1.05mt
Recycled metals – ferrous tonnes sold	0.88	↓ from 0.98mt
Recycled metals – non ferrous tonnes sold	0.12	↓ from 0.13mt
Staff numbers	11,488	↓ 1% from 11,549
• Sales per staff member	$323,000	↑ 15% from $281,000
Safety Performance		
• Lost Time Injury Frequency Rate	1.7	↑ from 1.4
• Medical Treatment Injury Frequency Rate	6.9	↑ from 6.3

The commentary below refers to the underlying results from continuing operations.

COMPANY OVERVIEW

Sales revenue for the six months ended 31 December 2011 increased 15% to $3,716 million due to higher sales revenue in the Recycling, Manufacturing and New Zealand Distribution segments and the contribution of the new Mining Consumables businesses, partly offset by lower sales revenue in the Mining segment.

Revenue for the Mining segment decreased 10% to $421 million from $465 million in the prior corresponding half. The decrease was due to lower net realised iron ore prices, a greater proportion of <60% Fe grade iron ore being sold during the half, higher production costs and lower net realised prices due to a higher Australian dollar. Sales volumes were slightly down at 2.95 million tonnes compared to 3.06 million tonnes in the prior corresponding period due to the impact of a series of severe and unseasonal weather events. Iron ore tonnes sold during the half include 1.48 million tonnes of <60% Fe grade ore.

In the Mining Consumables segment, revenue increased 127% to $768 million compared to $339 million in the prior corresponding period due to the contribution of the acquired Moly-Cop businesses and increased revenue in the existing Australian grinding media, rail wheels and ropes businesses. External sales volumes increased 158% to 0.55 million tonnes compared to 0.19 million tonnes in the prior corresponding period mainly due to the contribution of the new businesses.

Revenue in the Manufacturing segment increased 11% compared to the prior corresponding half to $1,263 million, due mainly to improved volumes off a low base. The increase in sales volumes was in rebar, rod for mesh, merchant bar and wire products related to increased activity in the mining, infrastructure and civil construction, and rural segments.

Revenue in the Australian Distribution segment was flat compared to the prior corresponding half at $1,184 million, due to lower average prices offsetting a 9% increase in sales volumes. The increase in volumes also related to increased activity in the mining, rural, infrastructure and civil construction segments.

In the Recycling segment, revenue increased 4% to $740 million compared to $714 million in the prior corresponding period. The increase was due to higher average prices partly offset by lower volumes for both ferrous and non ferrous scrap. Ferrous tonnes sold decreased to 0.88 million tonnes from 0.98 million tonnes and non ferrous tonnes sold decreased to 0.12 million tonnes from 0.13 million tonnes in the prior corresponding period.

Earnings before interest, tax, depreciation and amortisation (EBITDA) was $257 million for the half, a decrease of 20% from the prior corresponding half due to decreased earnings in the Mining, Australian

Distribution and New Zealand Distribution segments, partly offset by higher earnings in the Manufacturing Recycling and Mining Consumables segments.

Finance costs were $62 million, up from $46 million in the prior corresponding period mainly due to the increase in debt related to the acquisition of the Moly-Cop Group and WPG Resources' iron ore assets, partly offset by lower cost refinancing in USD.

The **sales margin** for the half decreased to 4.2% from 6.9% in the prior corresponding period due to lower margins in the Mining, Australian Distribution and New Zealand Distribution segments, offsetting increased margins in the Recycling and Mining Consumables segments.

Net profit after tax for the period was $78 million, down from $133 million for the prior corresponding half due to reduced earnings in the Mining, Australian Distribution and New Zealand Distribution segments which largely offset improvements in the other segments and the contribution of the Moly-Cop Group for the half. **Statutory net profit after tax** decreased to a loss of $74 million for the half, down on the $116 million for the prior corresponding half and included the asset write down of the LiteSteel™ Technologies business. Underlying earnings per share for the six months to 31 December 2011 (weighted average) was 5.9 cents, down from 10.0 cents for the prior corresponding half.

The **effective tax rate** on continuing operations of 13% largely reflects the company tax rate of 30% less the benefit of R&D tax allowances and offshore tax rate differences.

SEGMENT OVERVIEW[6,7]

MINING

6 MONTHS TO	DEC-11 $M	DEC-10 $M	% CHG
Total Revenue/Income	**421**	465	(10)
EBITDA	**186**	290	(36)
EBIT	**171**	276	(38)
Sales Margin (EBIT)	**40.5%**	59.2%	(18.7)pts
Assets	**1,428**	850	68
Funds Employed	**1,196**	736	63
Return on Funds Employed (%)	**34.6%**	75.8%	(41.2)pts
Employees (number)	**504**	338	49

In the **Mining** segment, total revenue was down 10% to $421 million for the half. The decrease is due to slightly lower volumes of 2.95 million tonnes compared to 3.06 million tonnes for the prior corresponding half, lower net realised average prices and a greater proportion of <60% Fe grade iron ore sales. Strong demand continued to underpin high prices in the first quarter, but the tightening of credit in China combined with increased global uncertainty including European debt issues had a dramatic impact on prices through October. Although spot prices recovered somewhat by December, sales revenue for the second quarter was adversely impacted by the dramatic decline in spot prices and difficulty in having contract prices honoured when contract prices were considerably higher than spot prices.

[6] Segment revenues reported include inter-segment sales. Segment results referred to throughout this review are those reported in the 2012 Half Year Financial Report. They are equivalent to segment underlying results. For a reconciliation of consolidated results refer to the Financial Summary attached to this review.

[7] The December 10 results for the Manufacturing and Mining Consumables segments have been restated to reflect changes in organisation structure following the formation of the new Mining Consumables segment as a result of the acquisition of the Moly-Cop Group on 31 December 2010. OneSteel's existing Waratah, Newcastle facilities, which include the grinding media and rail wheel businesses, OneSteel's grinding media businesses in the United States and Indonesia, and the Wire Ropes business at Newcastle previously reported as part of the Manufacturing segment now form part of the Mining Consumables segment.

Iron ore loaded costs including depreciation increased to approximately $47 per tonne for the half due to increased production costs related to strip ratios, location of mines and escalation of contractor labour costs. The business has put out to tender longer term contracts for mining production and expects to finalise agreements before the end of this financial year.

EBIT for the Mining segment for the half was down 38% to $171 million, due mainly to lower net realised prices, higher operating costs, a higher proportion of <60% Fe ore sales, and the impact of a higher Australian dollar.

We are tracking in line with our stated expectations for cost and time for doubling our port capacity at Whyalla to 12mtpa, and bringing the Peculiar Knob project into production. We have now finalised key construction contracts, are progressing well with necessary regulatory approvals and have commenced cut-back mining work, as well as construction of the new port facility. We are expecting first sales from Peculiar Knob in the fourth quarter of this calendar year, and to ramp up sales through the end June 2013. Following ramp up, total sales from Peculiar Knob and our existing Middleback Ranges operations are expected to increase to 11 million tonnes per annum.

Looking ahead, we expect iron ore demand from China to remain strong and underpin high prices compared to historical levels, albeit with periodic volatility.

MINING CONSUMABLES[7]

6 MONTHS TO	DEC-11 $M	DEC-10 $M	% CHG
Total Revenue/Income	**768**	339	127
EBITDA	**81**	31	161
EBIT	**65**	21	209
Sales Margin (EBIT)	**8.5%**	6.2%	2.3pts
Assets	**2,313**	2,421	(5)
Funds Employed	**1,975**	2,052	(4)
Return on Funds Employed (%)	**6.7%**	2.7%	4.0pts
Employees (number)	**1,976**	1,836	8

In the **Mining Consumables** segment, sales revenue increased 127% compared to the prior corresponding half to $768 million, due mainly to the contribution of the Moly-Cop Group acquired on 31 December 2010.

There was a significant lift in the performance of the Australian Grinding and Rail business during the half with higher prices, margins, and cost and operational improvements helping to deliver improvements in the Australian grinding media, rail and ropes businesses.

The recently acquired Moly-Cop businesses continued to perform well and in line with expectation, underpinned by strong mining activity, particularly in copper and gold. EBITDA for the acquired group increased 28% to US$55 million compared to US$43 million for the previous six months.

EBIT for the Mining Consumables segment increased 209% to $65 million, compared to $21 million for the prior corresponding period due mainly to the contribution of the acquired Moly-Cop businesses. Compared to the prior six months, EBIT increased 48% from $44 million reflecting a significant improvement in the performance of the Australian Grinding and Rail business, and a stronger contribution from the acquired Moly-Cop businesses.

Consistent with the company's growth strategy, the Board has approved capacity expansions at our Lima, Peru and Indonesian grinding media facilities. The expansion will add 40 thousand tonnes of capacity at our Peru grinding media facility in South America, and 50 thousand tonnes at our Cilegon, Indonesia facility for a total combined cost of approximately $36 million. We expect to announce further investments over the coming years as part of our grinding media growth strategy that includes ensuring capacity stays ahead of growing market demand.

During the half our North America Moly-Cop business completed the commissioning and transition to its new 170 thousand tonne El-Salto facility in Mexico.

Looking ahead, we expect demand for grinding media to remain strong in all of our key markets in the short to medium term with continued high metal prices pushing existing mines to maximise mineral extraction and processing.

AUSTRALIAN STEEL – MANUFACTURING[7]

6 MONTHS TO	DEC-11 $M	DEC-10 $M	% CHG
Total Revenue/Income	**1,263**	1,136	11
EBITDA	**(31)**	(38)	19
EBIT	**(75)**	(85)	12
Sales Margin (EBIT)	**(6.0)%**	(7.5)%	1.5pts
Assets	**2,265**	2,556	(11)
Funds Employed	**1,877**	2,073	(10)
Return on Funds Employed (%)	**(7.7)%**	(8.2)%	0.5pts
Employees (number)	**3,277**	3,406	(4)

In the **Manufacturing** segment, sales revenue increased 11% to $1,263 million compared to the prior corresponding half, due mainly to improved volumes off a very low base driven by demand from the resources sector and government funded civil works projects. Despite the increase in sales volumes compared to the prior corresponding half, sales volumes were slightly lower than for the prior six months and still well below pre-GFC levels. Underlying EBIT for the half was a loss of $75 million, as the difficult external environment including generally weak markets, the high Australian dollar and high raw material prices continued to weigh heavily on performance.

Domestic confidence levels continued to be affected by concerns over potential implications from European debt issues, the impact of the high Australian dollar and high interest rates. Domestic demand remained well below pre-GFC levels, particularly in the construction sector, due to the weak level of confidence and credit availability issues. There was no material improvement in activity levels across market other than in the resources segment and government funded civil works where we are seeing increased activity.

Notwithstanding the difficult external environment, the company has remained focussed on addressing the disappointing performance and have made substantial progress to improve cost and operational performance. We expect a significant improvement in second half performance, including at this stage anticipating the Manufacturing business will be underlying EBITDA positive for the second half, excluding the impact of the Steel Transformation Plan advance.

As part of the product portfolio and facilities footprint review for the Australian Steel businesses, the company announced in December that it had entered into an agreement to sell its Piping Systems business, which together with the sale of related property investments is expected to result in total proceeds for OneSteel of approximately $100 million (excluding transaction costs). The company also announced that in light of continued weak residential construction activity in the US and Australia, and uncertainty over the timing of recovery, it had decided to write down the assets of the LiteSteel™ Technologies business in the US and Australia resulting in an impairment charge of approximately $130 million (net of tax). The Board has decided that the company will exit both the US and Australian businesses. This write down, together with other adjustments to underlying performance including restructuring costs and acquisition transaction costs, and together with the underlying result for the first half compared with the prior corresponding period, will clearly have a significant impact when comparing expected full year statutory results with the prior year.

We are very pleased with the performance of the Whyalla blast furnace following completion of the repair work early in the first half of FY12 and its subsequent ramp up in July/August 2011. The first half results include cost inefficiencies associated with the ramp up but we are confident that full benefits from this work in terms of improved output and costs will be reflected in the second half results.

Production levels at OneSteel's Sydney and Laverton electric arc furnaces were slightly down compared to the prior corresponding half with average capacity utilisation approximately 65%. Steelmake was 430 thousand tonnes for Sydney Steel Mill and Laverton for the half. In Whyalla, steelmake was 522 thousand tonnes.

The Rod and Bar business continued to be affected by weak market conditions and the impact of the high Australian dollar, however sales volumes in the Steel in Concrete segment were up approximately 12% compared to the prior corresponding half, benefiting from modest improvements in market share as well as the commencement of several major infrastructure and resource projects. Margins continued to be adversely affected by the impact of the strong Australian dollar and higher raw material costs.

Sales volumes in the Wire business increased 8% with rural, manufacturers' and wire export sales increasing slightly from the prior corresponding half. Overall, average wire prices were lower due to the impact of the stronger Australian dollar.

In the Australian Tube Mills business, volumes were down 6% compared to the prior corresponding half due to continued de-stocking by distributors. Sales margins declined due to the impact on prices of the strong Australian dollar and weak market conditions. The business withdrew some products from its portfolio during the half.

Whyalla Hot Rolled Structurals' volumes improved over the prior corresponding half as some distributors restocked and the business increased market share. Sales prices were slightly higher during the half, however margins were flat due to higher raw materials costs. Whyalla Rails and Steel Sleepers continued to maintain their market share.

Looking ahead, we expect to see continued price pressure due to the effect of the high Australian dollar and under utilisation of international steel capacity. However, we expect volumes to continue to improve incrementally over the balance of the calendar year, through stronger demand from the resources sector, infrastructure and civil works projects, as well as from LNG projects. Substantial progress to address cost and operational performance is expected to deliver significant second half benefits.

AUSTRALIAN STEEL - DISTRIBUTION

6 MONTHS TO	DEC-11 $M	DEC-10 $M	% CHG
Total Revenue/Income	**1,184**	1,183	-
EBITDA	**5**	27	(82)
EBIT	**(9)**	12	(170)
Sales Margin (EBIT)	**(0.7)%**	1.0%	(1.7)pts
Assets	**1,355**	1,458	(7)
Funds Employed	**1,026**	1,148	(11)
Return on Funds Employed (%)	**(1.6)%**	2.2%	(3.8)pts
Employees (number)	**3,139**	3,292	(5)

In the **Australian Distribution** segment, total revenue was flat at $1,184 million compared to the prior corresponding half due to a 9% increased sales volumes being offset by lower average prices due to the impact of the high Australian dollar. Underlying EBIT decreased to a loss of $9 million for the half compared to a profit of $12 million for the prior corresponding period, due to margin pressure from lower average prices.

Sales volumes continued to be well below pre-GFC levels despite the improvement against the prior corresponding half. Across the segments, there was stronger activity in the mining, infrastructure and civil construction and rural segments. Mining production activity continued to strengthen due to increased global commodity demand, as did mining investment activity. There was some improvement in demand related to government funded civil construction, such as road infrastructure, but privately funded non-residential construction activity remained weak due to credit availability issues. There was no improvement in residential construction activity due to affordability constraints and lower consumer confidence.

In the Metaland|Steel & Tube businesses, volumes increased 13% compared to the prior corresponding half due to increased market share rather than an improvement in activity levels, which continued to be affected by weak commercial construction activity. The appreciation of the Australian dollar had an adverse impact on prices, as well as margins which reached historic lows, however there was some improvement towards the end of the half as management initiatives took effect in an environment of the Australian dollar easing and steel raw material costs decreasing. The business focused on reducing operating costs from improving the efficiency of its organisational structure, and through the review of its footprint including the closure of seven sites during the half.

In the Merchandising business, volumes decreased 16% on the prior corresponding half due mainly to decreased sales to the Oil and Gas segment following completion of a major project, partly offset by stronger Sheet and Coil sales. An agreement was entered into to sell the Piping Systems business during the half as part of the company's steel products portfolio and facilities footprint review.

In OneSteel Reinforcing, sales volumes increased 16% against the previous corresponding half due to improved infrastructure activity and the commencement of LNG projects during the half. Margins were lower, impacted by the stronger Australian dollar. In the ARC business, volumes were up 3% on the prior corresponding half, but prices and margins were lower due to the impact of the stronger Australian dollar.

Looking ahead, we expect residential and non-residential construction to remain soft in the short term. Reflecting the two-speed economy, the mining segment is expected to remain strong with continued growth in mining investment activity and some increased infrastructure activity, as well improved demand from related to the commencement of LNG projects. We have remained focused on addressing the disappointing performance and have made substantial progress to improve cost and operational performance. The company expects a significant improvement in second half performance.

RECYCLING

6 MONTHS TO	DEC-11 $M	DEC-10 $M	% CHG
Total Revenue/Income	**740**	714	4
EBITDA	**11**	3	244
EBIT	**2**	(5)	140
Sales Margin (EBIT)	**0.3%**	(0.7)%	1.0pt
Assets	**660**	647	2
Funds Employed	**581**	568	2
Return on Funds Employed (%)	**0.7%**	(1.8)%	2.5pts
Employees (number)	**997**	1,017	(2)

In the **Recycling** segment, total revenue increased 4% to $740 million compared to the prior corresponding half due to higher average prices, partly offset by lower volumes for both ferrous and non ferrous scrap.

The performance of the Australian business improved compared to the prior corresponding half due to higher ferrous prices and margins, partially offset by the adverse impact of the dramatic fall in prices for commodities in September and October. The performance of the Asian business was also down due to the sharp drop in non ferrous prices and weaker stainless scrap sales volumes and margins. In our international Recycling businesses, the US business continued to perform well, but was down slightly compared to the prior corresponding half due mainly to lower ferrous volumes as some expected sales were deferred to the second half.

EBIT for the year increased to a profit of $2 million from a loss of $5 million in the prior corresponding period. Despite this improvement, EBIT was significantly lower compared to the prior six months due mainly to sharp decline in ferrous and non ferrous prices and margins in the December quarter.

Looking ahead, we anticipate ferrous and non ferrous prices to remain volatile within the recent trading range. Volumes are expected to lift over the second half as market initiatives gather momentum. Across the regions, Australia is accelerating a number of initiatives aimed at improving efficiency levels and lowering overall cost of operations; the US is focused on incremental growth opportunities in niche markets, whilst the Asian business is diversifying its product portfolio to build a platform for sustainable returns.

NEW ZEALAND DISTRIBUTION

6 months to	DEC-11 $M	DEC-10 $M	% chg
Total Revenue/Income	**159**	149	6
EBITDA	**10**	12	(18)
EBIT	**8**	10	(22)
Sales Margin (EBIT)	**4.8%**	6.5%	(1.7)pts
Assets	**169**	158	7
Funds Employed	**111**	109	2
Return on Funds Employed (%)	**13.5%**	17.3%	(3.8)pts
Employees (number)	**707**	708	-

In the **New Zealand Distribution** segment, revenue increased 6% to $159 million from $149 million in the previous corresponding period due to higher volumes. EBIT decreased 22% to $8 million due to margin pressure as a result of volatility in the New Zealand dollar and lower prices. The business continued to deliver improvements under the new operating model implemented last year to leverage key differentiating strengths of the business.

Industry activity levels saw no appreciable change from the prior year. Market conditions in the construction segment remained subdued, with weak demand and volatility in raw material prices squeezing margins during the period. Residential and non-residential construction activity also remained weak during the half, marginally offset by improvements in the rural sector.

The company continues to provide ongoing support to employees and their families that were impacted by the Christchurch earthquakes and aftershocks. There had been early signs that some rebuild activities were commencing, however, the ongoing seismic activity may further impact the rebuild schedule.

The business continues to focus on costs, debtors, inventory management and facility rationalisation.

Looking ahead, we expect the construction segment to remain weak in the short to medium term. Other than the Christchurch rebuild, we expect demand levels to remain at current levels in the short term.

ONESTEEL OUTLOOK

In the near term for our Mining business, we expect demand from China to remain strong, which we anticipate will continue to underpin high prices compared to historical levels. The business remains on target to achieve sales of 6 million tonnes for the financial year, and its work to double the port capacity at Whyalla to 12 million tonnes per annum and bring Peculiar Knob into production is progressing to plan. First shipments from Peculiar Knob are expected in the fourth quarter of this calendar year, with ramp up continuing through to June 2013 giving sales of approximately 2 million tonnes in the 2013 financial year. Once in full production, we expect total sales for the Mining business to lift to a run rate of approximately 11 million tonnes per annum.

In the Mining Consumables business, our markets are expected to continue to be strong, including anticipating further growth particularly in our grinding media markets in the Americas, in line with our expectations. The recently acquired Moly-Cop business is continuing to perform well and is expected to benefit from these strong markets.

In our Australian Steel businesses, volumes are expected to increase approximately 5% against the prior half based on increased infrastructure and mining work, in a generally flat market. Prices and margins will continue to be subject to significant volatility based on international steel prices and the exchange rate. The substantial progress on improving costs and the operating performance of our facilities is expected to help deliver a significant improvement in the performance of both the Manufacturing and Distribution businesses, including expecting EBITDA for Manufacturing to be positive for the second half.

In Recycling, we expect the US business to continue to perform well underpinned by strong market positions. The Australian ferrous market is expected to remain difficult and we continue to be focused on improving costs and our competitive position.

It is not appropriate to provide quantitative guidance at this time due to the high level of uncertainty around the Australian dollar, Australian and international prices for steelmaking inputs and steel, the current uncertainty around the international economy and the level and nature of growth in the domestic economy. The write down of the assets of the LiteSteel™ Technologies business, together with other adjustments to underlying performance including restructuring costs and acquisition transaction costs, and together with the underlying result for the first half compared with the prior corresponding period, will clearly have a significant impact when comparing expected full year statutory results with the prior year.

In the longer term, we believe that underlying demand for iron ore will continue to be strong and that this will underpin continued solid pricing for iron ore compared to historical levels, at least into the medium term. We remain positive on the outlook for our Mining Consumables business which is underpinned by the strength of the resources sector, including strong mining activity and investment. We have good visibility of new mining projects that will increase demand for grinding media. Our businesses are well positioned for this growth. In Australian steel, we believe that key construction markets are at their cyclical low points, and that as these markets recover demand will improve. Given our reducing cost base and relatively low utilisation levels we are strongly leveraged to the recovery. In Recycling, we are confident the outlook for our international and Australian businesses is positive, and expect improvements particularly in Australia.

FINANCIAL SUMMARY

Profit & Loss Summary - Underlying*	2011	2010	2009	2008	2007[2]	2006	2005	2004[1]	2003[1]	2002[1]	2001[1]
Half-year ended 31 December	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Total Revenue/Income	**3,738.7**	**3,251.8**	**2,991.0**	**4,175.5**	**3,251.9**	**2,151.0**	**2,005.1**	**1,908.0**	**1,602.1**	**1,539.0**	**1,510.0**
Earnings before interest, tax, depreciation and amortisation	**256.6**	**322.4**	**297.8**	**498.5**	**288.4**	**218.0**	**203.5**	**173.7**	**146.9**	**168.2**	**125.6**
Depreciation & Amortisation	(100.4)	(98.2)	(98.7)	(98.0)	(86.1)	(48.1)	(47.4)	(45.0)	(43.1)	(43.3)	(43.4)
Earnings before Interest and Tax	**156.2**	**224.2**	**199.1**	**400.5**	**202.3**	**169.9**	**156.1**	**128.7**	**103.8**	**124.9**	**82.2**
Finance costs	(62.2)	(46.0)	(44.6)	(101.6)	(67.0)	(26.3)	(29.4)	(23.9)	(20.8)	(22.9)	(30.6)
Earnings before Tax	**94.0**	**178.2**	**154.5**	**298.9**	**135.3**	**143.6**	**126.7**	**104.8**	**83.0**	**102.0**	**51.6**
Tax Expense	(12.7)	(41.9)	(34.3)	(75.1)	(37.6)	(39.2)	(34.5)	(25.5)	(22.0)	(32.5)	(19.1)
Profit after Tax	**81.3**	**136.3**	**120.2**	**223.8**	**97.7**	**104.4**	**92.2**	**79.3**	**61.0**	**69.5**	**32.5**
Minority interests	(2.9)	(3.3)	(1.2)	(8.7)	(4.3)	(6.2)	(8.1)	(9.0)	(5.2)	(4.7)	(3.6)
Net Profit after Tax	**78.4**	**133.0**	**119.0**	**215.1**	**93.4**	**98.2**	**84.1**	**70.3**	**55.8**	**64.8**	**28.9**

* Historical statutory profit information can be found in the Financial Ratios attached to this review.

Cashflow Summary*	2011	2010	2009	2008	2007[2]	2006	2005	2004[1]	2003[1]	2002[1]	2001[1]
Half-year ended 31 December	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Profit after tax adjusted for non-cash items	(49.7)	112.1	110.4	214.8	80.8	102.0	92.4	78.3	53.4	69.5	31.2
Depreciation, Amortisation & Impairment	232.2	100.6	98.7	96.2	91.1	48.1	47.4	45.0	43.1	43.3	43.4
Capital & investment expenditure	(483.7)	(1,091.7)	(71.1)	(105.5)	(585.8)	(177.0)	(114.9)	(63.6)	(45.0)	(26.4)	(22.1)
Working capital movements	4.7	(55.9)	114.5	(273.4)	(25.7)	(59.3)	(46.1)	(67.2)	(40.5)	(3.7)	(73.6)
Asset sales	1.4	0.9	0.5	32.3	1.0	3.9	0.5	3.6	5.0	2.6	31.0
Other	-	-	-	-	-	(0.4)	1.9	0.7	6.0	(9.2)	66.6
Operating and investing cash flows	**(295.1)**	**(934.0)**	**253.0**	**(35.6)**	**(438.6)**	**(82.7)**	**(18.8)**	**(3.2)**	**22.0**	**76.1**	**76.5**
Dividends paid	(56.7)	(81.6)	(56.2)	(122.2)	(96.7)	(63.3)	(48.8)	(45.1)	(41.1)	(22.6)	(18.9)
Capital movements	5.4	2.2	3.6	17.5	22.4	17.4	8.9	8.3	9.6	5.4	66.2
Total Cash Flow	**(346.4)**	**(1,013.4)**	**200.4**	**(140.3)**	**(512.9)**	**(128.6)**	**(58.7)**	**(40.0)**	**(9.5)**	**58.9**	**123.8**

*The financial measures displayed in this table are based on statutory results.

Balance Sheet	2011	2010	2009	2008	2007[2]	2006	2005	2004[1]	2003[1]	2002[1]	2001[1]
As at 31 December	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Cash	224.2	141.5	88.5	29.8	84.2	20.8	37.0	12.9	14.5	25.3	26.9
Receivables	817.0	753.7	695.1	851.3	925.2	605.3	559.0	517.4	437.8	390.6	378.5
Inventory	1,524.3	1,687.1	1,270.4	1,727.7	1,308.5	888.8	840.2	758.8	646.5	626.0	608.0
Property, plant and equipment	2,642.9	2,500.5	2,312.2	2,395.5	2,322.3	1,460.1	1,249.4	1,088.7	1,153.5	1,143.6	1,179.3
Intangibles	2,842.8	2,687.8	2,037.5	2,134.7	2,085.2	218.2	230.6	231.8	250.0	251.9	242.0
Other assets	613.9	424.5	325.8	381.7	273.8	182.1	142.1	138.5	107.3	165.5	190.7
TOTAL ASSETS	**8,665.1**	**8,195.1**	**6,729.5**	**7,520.7**	**6,999.2**	**3,375.3**	**3,058.3**	**2,748.1**	**2,609.6**	**2,602.9**	**2,625.4**
Interest-bearing liabilities	2,466.1	2,033.1	1,058.4	2,299.6	2,069.8	773.9	697.0	521.9	511.4	537.9	649.1
Creditors	904.9	847.0	596.4	832.0	883.7	586.9	503.7	601.0	453.2	419.3	403.6
Provisions	513.3	456.9	383.0	403.9	398.8	212.7	203.9	195.4	185.6	206.7	231.8
Other Liabilities	383.2	378.5	309.5	328.7	284.1	230.6	215.3	147.6	155.3	167.9	140.2
TOTAL LIABILITIES	**4,267.5**	**3,715.5**	**2,347.3**	**3,864.2**	**3,636.4**	**1,804.1**	**1,619.9**	**1,465.9**	**1,305.5**	**1,331.8**	**1,424.7**
NET ASSETS	**4,397.6**	**4,479.6**	**4,382.2**	**3,656.5**	**3,362.8**	**1,571.2**	**1,438.4**	**1,282.2**	**1,304.1**	**1,271.1**	**1,200.7**
Contributed equity	3,767.0	3,753.3	3,738.8	2,949.5	2,913.6	1,143.4	1,118.2	1,102.3	1,089.3	1,072.0	1,063.1
Minority interests	58.4	56.9	59.8	65.6	60.7	61.6	64.0	59.7	51.5	57.6	48.9
Retained earnings & Reserves	572.2	669.4	583.6	641.4	388.5	366.2	256.2	120.2	163.3	141.5	88.7
TOTAL EQUITY	**4,397.6**	**4,479.6**	**4,382.2**	**3,656.5**	**3,362.8**	**1,571.2**	**1,438.4**	**1,282.2**	**1,304.1**	**1,271.1**	**1,200.7**

1. The financial information presented for the years 2001 - 2004 has been presented under previous AGAAP and has not been restated under Australian Equivalents to International Financial Reporting Standards (AIFRS). The nature of the main adjustments to make the information comply with AIFRS include:
- recognition of additional provisions relating to rehabilitation and make good;
- restatement of deferred tax balances using the balance sheet method;
- recognition of the deficit in the defined benefits superannuation fund;
- consolidation of the employee share plan trust; and
- recognition of derivative financial instruments on balance sheet at fair value and application of hedge accounting.

Note that the financial information presented for the years 2001 - 2004 has been adjusted to exclude goodwill amortisation from earnings.

2. The Smorgon Steel businesses have been included in the December 2007 financial information from the date of acquisition on 20 August 2007.

As at 31 December	Total Revenue/Income			EBITDA			EBIT			Assets		
$ millions	**2011**	2010	% Chg	**2011**	2010	% Chg	**2011**	2010	% Chg	**2011**	2010	% Chg
Mining	**421.0**	465.3	(9.5)	**186.3**	289.7	(35.7)	**170.7**	275.5	(38.0)	**1,427.8**	849.6	68.1
Recycling	**739.5**	714.4	3.5	**11.0**	3.2	243.8	**2.1**	(5.3)	139.6	**659.8**	647.0	2.0
Manufacturing[1]	**1,263.4**	1,135.5	11.3	**(30.6)**	(37.6)	18.6	**(75.2)**	(85.0)	11.5	**2,264.8**	2,555.8	(11.4)
Mining Consumables[1]	**768.4**	338.9	126.7	**81.3**	31.2	160.6	**65.2**	21.1	209.0	**2,312.8**	2,421.0	(4.5)
Australian Distribution	**1,184.0**	1,183.3	0.1	**4.9**	26.6	(81.6)	**(8.6)**	12.3	(169.9)	**1,354.7**	1,457.7	(7.1)
NZ Distribution	**158.6**	149.3	6.2	**10.0**	12.2	(18.0)	**7.6**	9.7	(21.6)	**168.6**	158.2	6.6
Unallocated/Intersegment	**(796.2)**	(734.9)	8.3	**-**	0.0	0.0	**-**	0.0	0.0	**366.6**	105.8	246.5
Total segment result	**3,738.7**	3,251.8	15.0	**262.9**	325.3	(19.2)	**161.8**	228.3	(29.1)	**8,555.1**	8,195.1	4.4

As at 31 December	Mining			Mining Consumables[1]			Recycling		
$ millions	**2011**	2010	% Chg	**2011**	2010	% Chg	**2011**	2010	% Chg
Total Revenue/Income	**421.0**	465.3	(9.5)	**768.4**	338.9	126.7	**739.5**	714.4	3.5
EBITDA	**186.3**	289.7	(35.7)	**81.3**	31.2	160.6	**11.0**	3.2	243.8
EBIT	**170.7**	275.5	(38.0)	**65.2**	21.1	209.0	**2.1**	(5.3)	139.6
Sales Margin (EBIT)	**40.5%**	59.2%	-18.7pts	**8.5%**	6.2%	2.3pts	**0.3%**	(0.7%)	1pts
Assets	**1,427.8**	849.6	68.1	**2,312.8**	2,421.0	(4.5)	**659.8**	647.0	2.0
Funds Employed	**1,196.1**	735.7	62.6	**1,975.3**	2,052.2	(3.7)	**581.2**	567.5	2.4
Return on Funds Employed (%)	**34.6%**	75.8%	-41.2pts	**6.7%**	2.7%	4pts	**0.7%**	(1.8%)	2.5pts
Employees (number)[2]	**504**	338	49.1	**1,976**	1,836	7.6	**997**	1,017	(2.0)

As at 31 December	Manufacturing[1,2]			Australian Distribution[2]			NZ Distribution		
$ millions	**2011**	2010	% Chg	**2011**	2010	% Chg	**2011**	2010	% Chg
Total Revenue/Income	**1,263.4**	1,135.5	11.3	**1,184.0**	1,183.3	0.1	**158.6**	149.3	6.2
EBITDA	**(30.6)**	(37.6)	18.6	**4.9**	26.6	(81.6)	**10.0**	12.2	(18.0)
EBIT	**(75.2)**	(85.0)	11.5	**(8.6)**	12.3	(169.9)	**7.6**	9.7	(21.6)
Sales Margin (EBIT)	**(6.0%)**	(7.5%)	1.5pts	**-0.7%**	1.0%	-1.7pts	**4.8%**	6.5%	-1.7pts
Assets	**2,264.8**	2,555.8	(11.4)	**1,354.7**	1,457.7	(7.1)	**168.6**	158.2	6.6
Funds Employed	**1,876.7**	2,073.2	(9.5)	**1,026.2**	1,147.9	(10.6)	**111.4**	109.4	1.8
Return on Funds Employed (%)	**(7.7%)**	(8.2%)	0.5pts	**-1.6%**	2.2%	-3.8pts	**13.5%**	17.3%	-3.8pts
Employees (number)[2]	**3,277**	3,406	(3.8)	**3,139**	3,292	(4.6)	**707**	708	(0.1)

1 The December 10 results for the Manufacturing and Mining Consumables segments have been restated to reflect changes in organisation structure following the formation of the new Mining Consumables segment as a result of the acquisition of the Moly-Cop Group on 31 December 2010. OneSteel's existing Waratah, Newcastle facilities, which include the grinding media and rail wheel businesses, OneSteel's grinding media businesses in the United States and Indonesia, and the Wire Ropes business at Newcastle previously reported as part of the Manufacturing segment now form part of the Mining Consumables segment.
2 Continuing operations only.

RECONCILIATION OF STATUTORY RESULT TO UNDERLYING RESULT	EBITDA		EBIT		Profit before tax		Net profit after tax		Tax benefit / (expense)	
	1H12 $m	1H11 $m	1H12 $m	1H11 $m	1H12 $m	1H11 $m	1H12 $m	1H11 $m	1H12 $m	1H11 $m
Statutory result including discontinued operations	**196**	303	**(37)**	203	**(99)**	157	**(74)**	116	**28**	(37)
Discontinued operations[3]	**18**	7	**149**	10	**149**	10	**130**	8	**(19)**	(1)
Continuing operations	**213**	310	**113**	212	**51**	166	**57**	125	**9**	(38)
Transaction costs[1]	**23**	12	**23**	12	**23**	12	**16**	8	**(7)**	(4)
Restructuring costs[2]	**20**	-	**20**	-	**20**	-	**14**	-	**(6)**	-
Adjustment in respect of income tax of prior year	**-**	-	**-**	-	**-**	-	**(9)**	-	**(9)**	-
Underlying result	**257**	322	**156**	224	**94**	178	**78**	133	**(13)**	(42)

1 Direct costs relating to the sale of the Piping Systems business and the acquisition of WPG Resources Limited subsidiaries in October 2011. In 1H11, direct costs related to the acquisition of the Moly-Cop Group completed on 31 December 2010.
2 Relate to redundancies from organisational changes and other direct expenditure associated with business restructures.
3 Relating to the results of the Piping Systems and LiteSteel[TM] Technologies businesses.

RECONCILIATION OF STATUTORY RESULT TO UNDERLYING RESULT	Operating cash flow		Free cash flow	
	1H12 $m	1H11 $m	1H12 $m	1H11 $m
Statutory result including discontinued operations	**187**	157	**21**	58
Discontinued operations[3]	**8**	(1)	**8**	(1)
Continuing operations	**196**	156	**29**	57
Transaction costs[1]	**16**	7	**16**	7
Restructuring costs[2]	**4**	-	**4**	-
Adjustment in respect of income tax of prior year	**-**	-	**-**	-
Underlying result	**216**	163	**50**	64

1 Direct costs relating to the sale of the Piping Systems business and the acquisition of WPG Resources Limited subsidiaries in October 2011. In 1H11, direct costs related to the acquisition of the Moly-Cop Group completed on 31 December 2010.
2 Relate to redundancies from organisational changes and other direct expenditure associated with business restructures.
3 Relating to the results of the Piping Systems and LiteSteel™ Technologies businesses.

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of OneSteel and certain plans and objectives of the management of OneSteel. Forward-looking statements can generally be identified by the use of words such as ‘project’, ‘foresee’, ‘plan’, ‘expect’, ‘aim’, ‘intend’, ‘anticipate’, ‘believe’, ‘estimate’, ‘may’, ‘should’, ‘will’ or similar expressions. All such forward looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are outside the control of OneSteel, which may cause the actual results or performance of OneSteel to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward-looking statements speak only as of the date of this announcement. Factors that could cause actual results or performance to differ materially include without limitation the following: risks and uncertainties associated with the Australian and global economic environment and capital market conditions, the cyclical nature of the steel industry, the level of activity in the Australian construction, manufacturing, mining, agricultural and automotive industries and, to a lesser extent, the same industries in Asia and New Zealand, mining activity in the Americas, commodity price fluctuations, fluctuations in foreign currency exchange and interest rates, competition, OneSteel's relationships with, and the financial condition of, its suppliers and customers, legislative changes, regulatory changes or other changes in the laws which affect OneSteel's business, including environmental laws and the Carbon Tax, and operational risk. The foregoing list of important factors is not exhaustive. There can be no assurance that actual outcomes will not differ materially from these statements.

This review contains certain non-statutory financial measures including underlying EBIT, underlying EBITDA, underlying NPAT, underlying earnings per share and underlying effective tax rate on continuing operations. These measures are used to assist the reader understand the financial performance of the Company’s continuing operations. Non-statutory financial information has not been audited or reviewed as part of KPMG’s review report on the half-year financial statements. However, KPMG have undertaken a set of procedures to agree the financial information in this review to underlying information supplied by the Company. Details of the reconciliation between non-statutory and statutory financial measures can be found in the Financial Summary attached to this review.

Further information about OneSteel Limited can be accessed via the website at **www.onesteel.com**. The Review of Operations forms part of a package of information about the company’s financial results and should be read in conjunction with the other Half Year Financial Results materials for the period ended 31 December 2011 including the ASX Release, 1H12 Results Presentation and the Half Year Financial Report for the period ended 31 December 2011.

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FINANCIAL RATIOS

HALF-YEAR ENDED

$A millions	Dec-11[11]	Jun-11[10]	Dec-10[9]	Jun-10[9]	Dec-09[8]	Jun-09[7]	Dec-08[6]	Jun-08[5]	Dec-07[5]	Jun-07[4]	Dec-06	Jun-06[3]	Dec-05	Jun05[2]	Dec-04	Jun-04[1]	Dec-03	Jun-03	Dec-02	Jun-02	Dec-01	FY01 Excl Prov Proforma	FY01 Incl Prov Proforma	Jun-01	Dec-00	% Change Dec-11 to Dec-10
Underlying - continuing operations																										
Sales Revenue	3,716.3	3,745.0	3,239.5	3,231.0	2,973.6	3,113.9	4,127.6	4,216.0	3,218.3	2,166.3	2,134.3	2,015.8	1,988.8	2,048.0	1,890.5	1,702.5	1,566.7	1,535.6	1,525.0	1,432.8	1,473.2	2,637.7	2,637.7	1,370.7	1,267.0	14.7%
Other Revenue/Income	22.4	31.5	12.3	38.9	17.4	18.4	47.9	16.9	33.6	17.2	16.7	22.7	16.3	17.1	17.5	34.7	35.4	25.5	14.0	43.7	36.8	141.5	141.5	129.0	12.5	82.1%
Total Income	3,738.7	3,776.5	3,251.8	3,269.9	2,991.0	3,132.3	4,175.5	4,232.9	3,251.9	2,183.5	2,151.0	2,038.5	2,005.1	2,065.1	1,908.0	1,737.2	1,602.1	1,561.1	1,539.0	1,476.5	1,510.0	2,779.2	2,779.2	1,499.7	1,279.5	15.0%
Gross Profit	576.5	719.4	638.1	550.1	683.9	634.6	952.9	980.4	700.8	368.4	468.8	366.4	432.3	379.4	407.6	326.6	316.0	285.1	341.1	257.8	270.6	489.6	489.6	249.1	240.5	(9.7%)
EBITDA	256.6	331.4	322.4	319.8	297.8	162.7	498.5	519.3	288.4	218.1	218.0	193.2	203.5	203.4	173.7	177.3	146.9	139.4	168.2	125.4	125.6	202.6	181.7	91.0	111.6	(20.4%)
Depreciation & Amortisation	(100.4)	(110.7)	(98.2)	(105.2)	(98.7)	(101.5)	(98.0)	(108.8)	(86.1)	(48.1)	(48.1)	(46.6)	(47.4)	(52.5)	(45.0)	(44.0)	(43.1)	(43.2)	(43.3)	(40.8)	(43.4)	(84.2)	(107.0)	(43.2)	(41.0)	2.2%
EBIT	156.2	220.7	224.2	214.6	199.1	61.2	400.5	410.5	202.3	170.0	169.9	146.6	156.1	150.9	128.7	133.3	103.8	96.2	124.9	84.6	82.2	118.4	74.7	47.8	70.6	(30.3%)
Finance costs	(62.2)	(55.1)	(46.0)	(44.6)	(44.6)	(70.6)	(101.6)	(92.6)	(67.0)	(29.5)	(26.3)	(27.3)	(29.4)	(29.7)	(23.9)	(21.4)	(20.8)	(21.6)	(22.9)	(23.8)	(30.6)	(61.8)	(61.8)	(32.2)	(29.6)	35.2%
Profit before tax	94.0	165.6	178.2	170.0	154.5	(9.4)	298.9	317.9	135.3	140.5	143.6	119.3	126.7	121.2	104.8	111.9	83.0	74.6	102.0	60.8	51.6	56.6	12.9	15.6	41.0	(47.3%)
Tax benefit/(expense)	(12.7)	(44.1)	(41.9)	(47.3)	(34.3)	11.0	(75.1)	(90.4)	(37.6)	(35.5)	(39.2)	(26.3)	(34.5)	(29.9)	(25.5)	(31.4)	(22.0)	(20.8)	(32.5)	(19.9)	(19.1)	(12.1)	2.1	(0.1)	(12.0)	(69.6%)
Profit after tax	81.3	121.5	136.3	122.7	120.2	1.6	223.8	227.5	97.7	105.0	104.4	93.0	92.2	91.3	79.3	80.5	61.0	53.8	69.5	40.9	32.5	44.5	15.0	15.5	29.0	(40.4%)
Minority Interests	(2.9)	(3.9)	(3.3)	(1.1)	(1.2)	(1.4)	(8.7)	(5.9)	(4.3)	(5.7)	(6.2)	(5.5)	(8.1)	(8.5)	(9.0)	(7.2)	(5.2)	(4.8)	(4.7)	(3.8)	(3.6)	(5.9)	(5.9)	(3.3)	(2.6)	(12.1%)
Net Profit After Tax	78.4	117.6	133.0	121.6	119.0	0.2	215.1	221.6	93.4	99.3	98.2	87.5	84.1	82.8	70.3	73.3	55.8	49.0	64.8	37.1	28.9	38.6	9.1	12.2	26.4	(41.1%)
Non-trading items, net of tax	(21.6)	3.4	(8.5)	19.4	(1.6)	1.0	13.2	(40.3)	(29.8)	9.5	-	15.9	-	49.7	-	9.1	(10.3)	(9.9)	(9.9)	(9.7)	(9.2)	(15.0)	(37.0)	(7.4)	(7.6)	153.9%
Discontinued operations	(130.4)	(6.9)	(8.3)																							
Net Profit after Tax - Statutory	(73.6)	114.1	116.2	141.0	117.4	1.2	228.3	181.3	63.6	108.8	98.2	103.4	84.1	132.5	70.3	82.4	45.5	39.1	54.9	27.4	19.7	23.6	(27.9)	4.8	18.8	(163.3%)
EBITDA - Statutory	213.2	320.7	310.4	342.5	295.8	103.4	493.6	474.8	256.4	218.1	218.0	193.2	203.5	203.4	173.7	177.3	146.9	139.4	168.2	125.4	125.6	202.6	181.7	91.0	111.6	(31.3%)
EBIT - Statutory	112.8	207.8	212.2	226.1	197.1	(2.1)	397.4	353.4	165.3	170.0	169.9	146.6	156.1	150.9	128.7	122.6	93.5	86.3	115.0	74.9	73.0	103.4	37.7	40.4	63.0	(46.8%)
Profit/(loss) before tax - Statutory	50.6	152.7	166.2	181.6	152.4	(72.7)	295.8	260.8	98.3	140.5	143.6	119.3	126.7	121.2	104.8	111.9	83.0	74.6	102.0	60.8	51.6	56.6	(24.1)	56.6		(69.6%)
Profit/(loss) after tax - Statutory	59.7	124.9	127.8	142.1	118.6	2.6	237.0	187.2	67.9	114.5	104.4	108.9	92.2	91.3	79.3	69.8	50.7	43.9	59.6	31.2	23.3	29.5	(22.0)	8.1	21.4	(53.3%)
Total Assets	8,665.1	8,340.7	8,195.1	7,067.7	6,729.5	6,933.1	7,520.7	7,291.5	6,999.2	3,569.5	3,375.3	3,138.8	3,058.3	3,087.1	2,748.1	2,803.2	2,609.6	2,577.0	2,602.9	2,582.0	2,625.4	2,710.8	2,710.8	2,710.8	2,666.2	5.7%
Inventory	1,524.3	1,601.0	1,687.1	1,433.0	1,270.4	1,239.9	1,727.7	1,298.9	1,308.5	836.3	888.8	758.9	840.2	836.7	758.8	704.6	646.5	591.0	626.0	574.1	608.0	540.3	540.3	540.3	646.4	(9.7%)
Total Liabilities	4,267.5	3,835.0	3,715.5	2,575.0	2,347.3	2,596.8	3,864.2	3,862.1	3,636.4	1,919.5	1,804.1	1,637.2	1,619.9	1,698.8	1,465.9	1,429.8	1,305.5	1,292.0	1,331.8	1,359.4	1,424.7	1,594.6	1,594.6	1,594.6	1,493.5	14.9%
Funds Employed	6,639.5	6,234.1	6,371.2	5,456.4	5,352.1	5,560.2	5,926.3	5,376.6	5,348.4	2,419.8	2,324.3	2,140.4	2,098.4	2,033.6	1,991.2	2,042.4	2,001.0	1,955.2	1,983.7	1,994.2	2,022.9	2,069.6	2,069.6	2,069.6	2,118.8	4.2%
Total Equity	4,397.6	4,505.7	4,479.6	4,492.7	4,382.2	4,336.3	3,656.5	3,429.4	3,362.8	1,650.0	1,571.2	1,501.6	1,438.4	1,388.3	1,282.2	1,373.4	1,304.1	1,285.0	1,271.1	1,222.6	1,200.7	1,116.2	1,116.2	1,116.2	1,172.7	(1.8%)
Net Debt [12]	2,241.9	1,728.4	1,891.6	963.7	969.9	1,223.9	2,269.8	1,947.2	1,985.6	769.8	753.1	638.8	660.0	645.3	709.0	669.0	696.9	670.2	712.6	771.6	822.2	953.4	953.4	953.4	946.1	18.5%
Net Debt (incl hedging) [13]	2,300.0	1,814.1	1,951.4	1,006.5	1,082.6	1,305.2	2,299.2	2,080.8	2,093.5	840.8	810.7	692.4	707.4	645.3	709.0	669.0	696.9	670.2	712.6	771.6	822.2	953.4	953.4	953.4	946.1	17.9%
Number of shares on issue (millions)	1,342.4	1,338.1	1,334.7	1,331.6	1,328.4	1,325.8	882.8	878.7	876.5	575.7	573.4	569.3	567.2	563.8	561.1	554.8	551.4	546.9	542.2	538.6	535.9	460.3	460.3	460.3	454.8	0.6%
Operating cash flow- statutory[14]	187.2	306.3	156.8	278.5	323.6	330.4	37.6	204.5	146.3	185.7	90.8	157.1	93.7	179.8	56.1	132.3	56.0	148.6	109.1	91.6	1.0	290.3	170.1	243.0	47.3	19.4%
Free Cash Flow - Underlying	49.5	161.6	64.1	221.5	258.5	240.6	(57.4)	164.3	51.0	102.1	55.3	53.6	(17.2)	116.5	(7.5)	32.7	11.2	73.5	82.7	42.9	(21.1)	220.8	0.0	189.4	31.4	(22.8%)
Free Cash Flow[14]	20.7	153.8	58.0	175.5	253.4	245.4	(65.0)	58.5	(14.6)	2.7	(84.1)	53.6	(17.2)	116.5	(7.5)	32.7	11.2	73.5	82.7	42.9	(21.1)	220.8		189.4	31.4	(64.3%)
Capital and investment expenditure	483.7	152.5	1,091.7	135.7	71.1	85.4	105.5	154.2	2,320.8	183.5	177.0	112.7	114.9	63.9	63.6	106.4	45.0	104.5	26.4	48.7	22.1	108.4	108.4	92.5	15.9	(55.7%)
Return on Assets % [15]	3.7%	5.4%	5.9%	6.2%	5.8%	1.7%	10.8%	11.5%	5.8%	9.8%	10.4%	9.5%	10.2%	10.3%	9.3%	9.9%	8.0%	7.4%	9.6%	6.5%	6.2%	4.4%	2.8%	3.6%	10.6%	-2.2pts
Return on Equity %[15]	3.6%	5.4%	6.1%	5.5%	5.5%	0.1%	12.5%	13.3%	5.8%	13.2%	13.7%	12.7%	13.0%	13.4%	11.5%	11.5%	9.0%	8.1%	10.8%	6.6%	5.5%	3.9%	1.3%	2.7%	9.8%	-2.4pts
Return on Funds Employed % (ROFE) [15]	4.8%	7.0%	7.6%	7.9%	7.3%	2.1%	14.1%	15.2%	7.6%	14.4%	15.3%	13.9%	15.1%	14.8%	12.4%	12.8%	10.2%	9.5%	12.3%	8.3%	8.0%	5.7%	3.6%	4.5%	13.3%	-2.7pts
Sales Margin [15]	4.2%	5.9%	6.9%	6.6%	6.7%	2.0%	9.7%	9.7%	6.3%	7.9%	8.0%	7.3%	7.9%	7.4%	6.8%	7.8%	6.6%	6.3%	8.2%	5.9%	5.6%	4.5%	2.8%	3.5%	5.6%	-2.7pts
Gross Profit Margin[15]	15.5%	19.2%	19.7%	17.0%	23.0%	20.4%	23.1%	23.3%	21.8%	17.0%	22.0%	18.2%	21.7%	18.5%	21.6%	19.2%	20.2%	18.6%	22.4%	18.0%	18.4%	18.6%	18.6%	18.2%	19.0%	-4.2pts
Earnings Per Share (cents) - Year end	5.8	8.8	10.0	9.1	9.0	0.0	24.4	25.2	10.7	17.3	17.1	15.4	14.8	14.7	12.5	13.2	10.1	9.0	12.0	6.9	5.4	5.1	(6.0)	1.0	4.1	(41.4%)
Earnings Per Share (cents) - Weighted Average[15]	5.9	8.9	10.0	9.2	9.0	-	22.6	23.0	11.8	17.4	17.3	15.5	15.0	14.8	12.7	11.3	8.3	7.1	10.2	5.1	4.2	5.1	(6.0)	1.0	4.1	(41.0%)
Earnings Per Share (cents) - Weighted Average - Continuing Operations - Statutory	4.2	9.1	9.4	10.6	8.9	-	23.9	19.0	8.1	19.1	17.3	18.3	15.0	23.7	12.7	14.9	8.3	7.1	10.2	5.1	4.2	5.1	(6.0)	(4.0)	9.1	(54.8%)
Dividends per share (cents)	3.0	4.0	6.0	6.0	5.0	4.0	6.0	13.5	8.0	10.5	8.0	10.0	7.0	7.5	6.0	7.0	5.0	6.0	5.0	3.5	3.0	6.0	6.0	3.0	3.0	-3cents
Dividend payout ratio[15]	51.4%	45.5%	60.2%	65.7%	55.8%	100.0%	24.6%	53.5%	75.1%	92.2%	46.7%	65.0%	47.2%	51.1%	47.9%	52.9%	49.5%	66.9%	41.8%	50.9%	55.7%	71.2%	302.2%	113.1%	51.9%	-8.8pts
Dividend payout ratio - Statutory	-54.8%	46.9%	68.9%	56.7%	56.6%	100.0%	23.2%	65.4%	110.2%	84.1%	46.7%	55.0%	47.2%	31.9%	47.9%	47.1%	60.7%	83.9%	49.4%	69.0%	81.7%	116.5%	(98.6%)	287.5%	72.9%	-123.7pts
Gearing - (incl hedging) (net debt/net debt + equity)[13, 15]	34.3%	28.7%	30.3%	18.3%	19.8%	23.1%	38.6%	37.8%	38.4%	33.8%	34.0%	31.6%	33.0%	31.7%	35.6%	32.8%	34.8%	34.3%	35.9%	38.7%	40.6%	46.1%	46.1%	46.1%	44.7%	4pts
Gearing - Statutory (net debt/net debt + equity)[12]	33.8%	27.7%	29.7%	17.7%	18.1%	22.0%	38.3%	36.2%	37.1%	31.8%	32.4%	29.8%	31.5%	31.7%	35.6%	32.8%	34.8%	34.3%	35.9%	38.7%	40.6%	46.1%	46.1%	46.1%	44.7%	4.1pts
Interest cover (times EBITDA)[15]	4.1	6.0	7.0	7.2	6.7	2.3	4.9	5.6	4.3	7.4	8.3	7.1	6.9	6.8	7.3	8.3	7.1	6.5	7.3	5.3	4.1	3.3	1.2	1.5	2.4	-2.9 times
Interest cover incl capitalised interest (times)[15]	4.1	6.0	7.0	7.2	6.7	2.3	4.9	5.1	3.7	5.6	6.7	6.4	6.6	6.8	7.2	8.1	6.8	6.5	7.3	5.3	4.1	3.3	1.2	1.5	2.4	-2.9 times
Net tangible assets per share ($)	1.13	1.39	1.30	1.77	1.72	1.65	1.65	1.53	1.38	2.40	2.26	2.16	2.03	1.95	1.77	1.93	1.82	1.77	1.78	1.69	1.70	1.81	1.81	1.81	2.13	(13.1%)
Employees - total	11,488	11,598	11,549	10,598	10,574	11,104	11,743	11,678	11,639	7,526	7,733	7,527	7,269	7,395	7,262	7,272	7,078	7,054	6,899	6,989	7,012	7,379	7,379	7,379	6,896	(0.5%)
Sales per employee ($000s)	323	323	281	305	281	280	351	361	277	288	276	268	274	277	260	234	221	218	221	205	210	357	357	186	184	15.0%
Raw steel production (mt)	1.21	1.20	1.11	1.01	1.14	0.80	1.23	1.41	1.26	0.86	0.88	0.83	0.80	0.81	0.54	0.80	0.82	0.79	0.83	0.78	0.79	1.44	1.44	0.75	0.69	9.0%
Steel tonnes despatched (mt)	1.78	1.84	1.35	1.41	1.34	1.18	1.58	1.89	1.62	1.13	1.14	1.18	1.10	1.16	1.11	1.09	1.07	1.11	1.11	1.08	1.10	2.13	2.13	1.13	1.00	31.9%

The financial information presented for the years 2001 - 2004 has been presented under previous AGAAP and have not been restated under International Financial Reporting Standards (IFRS). The nature of the main adjustments to make the information comply with IFRS include:
- recognition of additional provisions relating to rehabilitation and make good and defined benefit obligations;
- restatement of deferred tax balances using the balance sheet method;
- consolidation of the employee share plan trust; and
- recognition of derivative financial instruments on balance sheet at fair value and application of hedge accounting.

Note that the underlying earnings presented for the years 2001 - 2004 has been adjusted to exclude goodwill amortisation.

1 June 04 underlying earnings are before the tax benefit arising from OneSteel's entry into the tax consolidation regime of $19.8m.
2 June 05 underlying earnings are before the benefit relating to the reversal of impairment loss on transition to AIFRS of $49.7m, net of tax.
3 June 06 underlying earnings are before the tax benefits arising from adjustments to tax consolidation values of $15.9m
4 June 07 underlying earnings are before the impact of the derecognition of deferred tax liabilities of $9.5m.
5 Dec 07 and June 08 underlying earnings are before the impact of restructuring activities and reflect the final fair value adjustments arising on acquisition of the Smorgon Steel Group Limited in August 2007. The results of the Smorgon Steel Group have been included in these statistics from 20 August 2007.
6 Dec 08 and June 09 underlying earnings are before the impact of restructuring activities, tax consolidation and over provision of tax in prior years.
7 June 10 underlying earnings are before the impact of legal claims, accelerated depreciation, restructuring activities, tax consolidation and overprovision of tax in prior years.
8 Dec 09 underlying earnings are before the impact of restructuring activities. of $1.6m net of tax.
9 Dec 10 underlying earnings are before the impact of direct costs relating to the acquisition of the Moly-Cop Group of $8.5m, net of tax. These statistics include the results of the Moly -Cop Group from 31 December 2010. The results for 31 December 2010 have been restated to exclude operations that were identified as discontinued during the half year ended 31 December 2011.
10 Jun 11 underlying earnings are before the impact of restructuring costs including impairment of plant and equipment, tax benefits relating to prior years and direct costs relating to the acquisition of the Moly-Cop Group (net benefit of $3.4m after tax)
11 Dec 11 underlying earnings from continuing operations are before the impact of restructuring costs, tax benefits relating to prior year and transaction costs of $21.6m net of tax
12 Net debt under previous AGAAP has been adjusted to include securitisation which was previously classified as off-balance sheet.
13 Includes the impact of swaps hedging foreign currency denominated debt of $58.1m in December 2011 to reflect net debt adjusted for foreign curency exposure.
14 Includes discontinued operations .
15 These ratios are based on non-statutory underlying financial measures. Non-statutory components are used so that the ratio assist the reader to understand the performance of the Company's continuing operations. A reconciliation of non-statutory underlying financial measures to statutory results can be found in the Financial Summary attached to this review .

1H12 Results Presentation

Geoff Plummer, Managing Director & CEO
Robert Bakewell, Chief Financial Officer

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The 1H12 Results Presentation forms part of a package of information about the company’s financial results for the half year ended 31 December 2011 and should be read in conjunction with the other 1H12 Results materials including the ASX Release, Review of Operations, and the Half Year Financial Report for the half year ended 31 December 2011.

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of OneSteel and certain plans and objectives of the management of OneSteel. Forward-looking statements can generally be identified by the use of words such as ‘project’, ‘foresee’, ‘plan’, ‘expect’, ‘aim’, ‘intend’, ‘anticipate’, ‘believe’, ‘estimate’, ‘may’, ‘should’, ‘will’ or similar expressions. All such forward looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are outside the control of OneSteel, which may cause the actual results or performance of OneSteel to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward-looking statements speak only as of the date of this presentation. Factors that could cause actual results or performance to differ materially include without limitation the following: risks and uncertainties associated with the Australian and global economic environment and capital market conditions, the cyclical nature of the steel industry, the level of activity in the construction, manufacturing, mining, agricultural and automotive industries in Australia and North and South America and, to a lesser extent, the same industries in Asia and New Zealand, mining activity in the Americas, commodity price fluctuations, fluctuations in foreign currency exchange and interest rates, competition, OneSteel's relationships with, and the financial condition of, its suppliers and customers, legislative changes, regulatory changes or other changes in the laws which affect OneSteel's business, including environmental laws, a carbon tax, proposed mining tax and operational risk. The foregoing list of important factors is not exhaustive. There can be no assurance that actual outcomes will not differ materially from these statements.

This presentation contains certain non-statutory financial measures including underlying EBIT, underlying EBITDA, underlying NPAT, underlying earnings per share and underlying effective tax rate on continuing operations. These measures are used to assist the reader understand the financial performance of the company’s continuing operations. Non-statutory financial information has not been audited or reviewed as part of KPMG’s review report on the half-year financial statements. However, KPMG have undertaken a set of procedures to agree the financial information in this presentation to underlying information supplied by the company. Details of the reconciliation between non-statutory and statutory financial measures can be found in the Appendix to this presentation.

The information in this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Paul Leevers, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Leevers is a full-time employee of OneSteel Manufacturing Pty Ltd. Mr Leevers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Leevers consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

Contents

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1H12 overview

- Statutory net loss after tax of $74 million[1]
- Underlying NPAT from continuing operations $78[2] million, down 41% pcp
  - Excludes discontinued operations (incl. write down of assets in LiteSteel™ Technologies), transaction costs, restructuring costs & tax benefits relating to prior year
- Confident with balance sheet position
- Good operating cash flow
- Interim dividend 3 cents per share (unfranked)
- Further significant investment to grow our resources based businesses
- Benefits of growth focus reflected in significant contribution of Mining and Mining Consumables businesses to overall results
- Significantly stronger performance in Mining Consumables
- Recycling started well but impacted by dramatic fall in prices and margins in December quarter
- Australian steel segments' performance unacceptable, but anticipate a significantly better second half

1 Except as otherwise expressed, references in this presentation to net profit/loss after tax refer to net profit/loss attributable to equity holders of the parent.
2 Non-statutory financial measures referred to in this presentation, including underlying results and ratios based on underlying results, have not been audited or reviewed as part of KPMG's review report on the half-year financial statements. However, KPMG have undertaken a set of procedures to agree the financial information in this presentation to underlying information supplied by the company. The directors believe that using these non-statutory financial measures appropriately represents the financial performance of the company's continuing operations. Details of the reconciliation of non-statutory to statutory results can be found in the Appendix to this presentation.

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1H12 operational overview[1]

- Underlying EBIT[2] down 30% to $156m vs $224m pcp
- Statutory EBIT down 47% to $113 million vs $212 pcp
- Mining EBIT $171m – strong result but down 38% pcp due to lower net prices in 2nd quarter and higher proportion of <60% Fe grade sales
- Mining Consumables EBIT $65m – up 209% pcp due to contribution from Moly-Cop Group and improved performance of Australian business
- Australian Steel businesses affected by weak markets, high AUD and high raw material prices
  - Manufacturing EBIT $75m loss
  - Distribution EBIT $9m loss
- Recycling EBIT $2m – up from pcp but down vs prior half due to sharp decline in prices and margins in December quarter

1 Segment results referred to throughout this presentation are those reported in the 2012 Half Year Financial Report. They are equivalent to segment underlying results. For a reconciliation of consolidated underlying to statutory results, refer to the Appendix of this presentation.
2 A reconciliation of non-statutory underlying results to statutory results can be found in the Appendix to this presentation.

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Statutory and underlying results – continuing operations

	Statutory			Underlying[1]			
	1H12 $m		% change from 1H11	1H12 $m		% change from 1H11	Comment
Net profit from continuing operations after tax	57	↓	(54)	78	↓	(41)	Underlying net profit excludes: $16m transaction costs $14m restructuring costs $9m tax benefits relating to prior years
Operating cash flow	187[2]	↑	19	216	↑	33	Underlying operating cash flow excludes discontinued operations, transaction costs and restructuring costs
Net debt	2,242	↑	19	2,300	↑	18	Underlying net debt includes the impact of cross-currency swaps hedging foreign currency denominated debt
Gearing ratio (net debt to net debt plus equity)	33.8%	↑	4.1 pts	34.3%	↑	4.0 pts	Underlying gearing ratio includes the impact of cross-currency swaps hedging foreign currency denominated debt

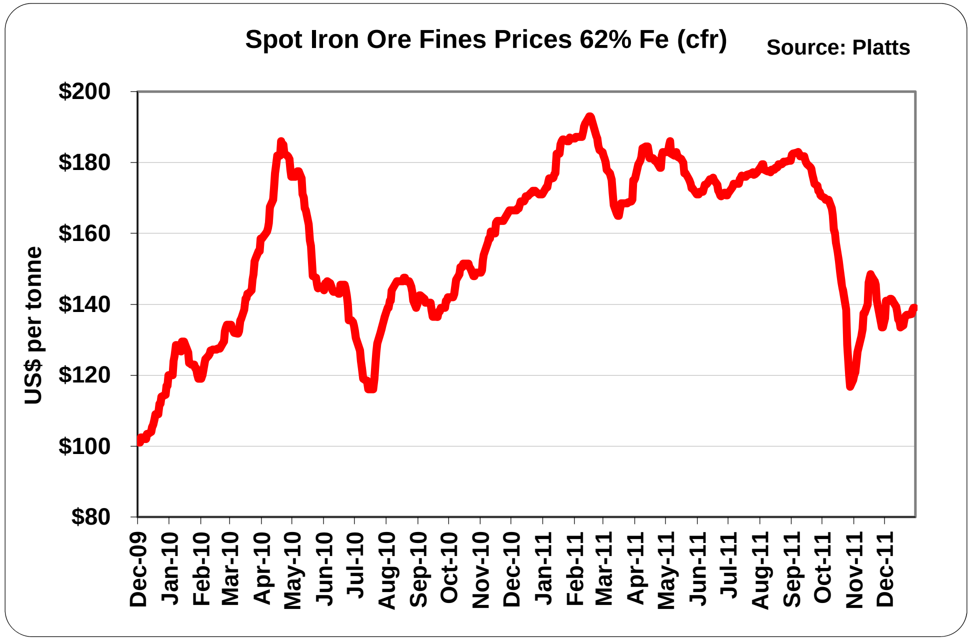
1 A reconciliation of non-statutory underlying financial measures to statutory results can be found in the Appendix of this presentation.
2 Includes discontinued operations.

1H12 Market Conditions & External Factors

Market conditions and external factors

Mining

- High iron ore spot prices most of 1st quarter
- Sharp drop in spot prices early 2nd quarter
  - China
    - Tightening of credit
    - Weaker steel demand
    - Destocking
  - Rest of world
    - European debt issues
    - Weaker confidence
- Pressure on contract prices
- Partial recovery in spot prices towards end of year



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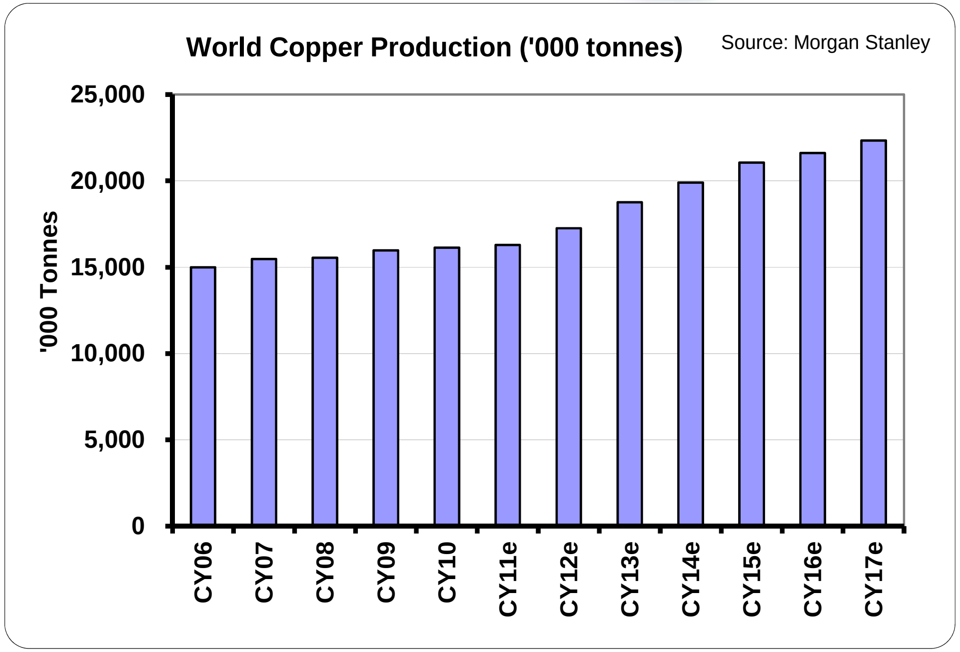
Market conditions and external factors

Mining Consumables

- Continued strong demand in our key geographies of North and South America and Australasia
- Some sales lost due to industrial action in Australia, Chile and Indonesia
- In Australia, starting to see benefits from resource investment



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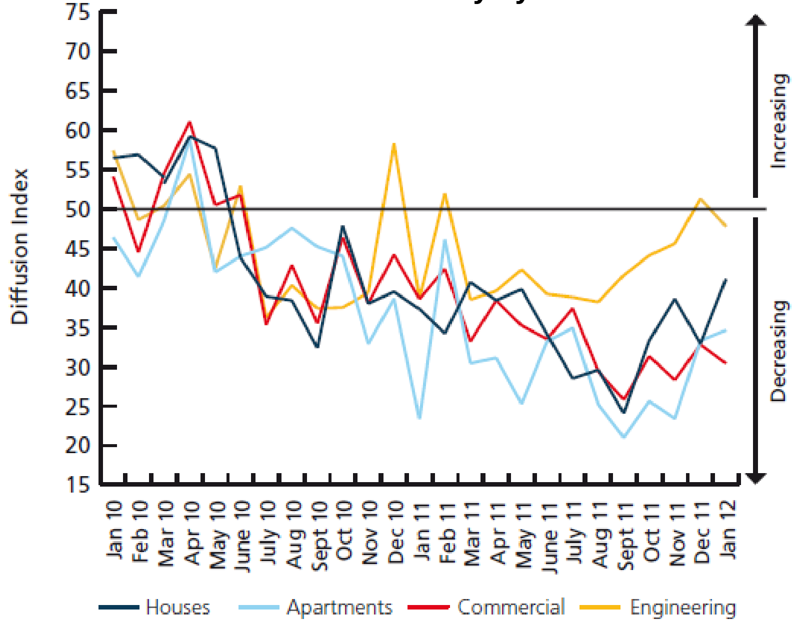
Market conditions and external factors

Australian Steel

- Generally weak markets for Australian Steel
- Engineering construction and mining improvements as expected
- High exchange rate continued to weigh on prices and margins
- High relative interest rates and delay in RBA acting to reduce rates weighing heavily on confidence and activity
- International steel markets mixed, but generally weak in developed countries due to financial concerns
- Wet weather impact

Construction activity by sector



Source: Australian Industry Group

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1H12 Segment Analysis

1H12 Mining results

	1H12 $m	1H11 $m		% change
Total revenue/income	421	465	↓	(10)
EBITDA	186	290	↓	(36)
EBIT	171	276	↓	(38)
Sales margin	40.5%	59.2%	↓	(18.7)pts
Assets	1,428	850	↑	68
Funds employed	1,196	736	↑	63
Return on funds employed	34.6%	75.8%	↓	(41.2)pts
Employees (number)	504	338	↑	49
External lump & fines iron ore sales	2.95mt	3.06mt	↓	(4)
Other ore & by products etc.	380kt	230kt	↑	65

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1H12 Mining results

Key Points

- Sales:
  - 2.95 million tonnes of hematite iron ore
    - Includes 1.47mt HGO (average grade approx. 62%), 1.48mt < 60% Fe (average grade 57%)
    - Contract sales 45%, Spot sales 55%
    - Mix approximately 60% fines, 40% lump
  - Other ores and ore by products 380kt
- Strong demand from China continued to underpin high prices in 1st quarter
- Sharp and substantial decline in spot prices early in 2nd quarter
  - Reduced demand, particularly from China
  - Losses associated with variance to contract pricing during the 2nd quarter
- Spot prices partially recovered by December
- Lump premium under pressure, particularly in 2nd quarter
- Loaded cost approx. A$47 per tonne including depreciation
- EBIT of $171m down 38% - lower net prices, higher proportion of <60% Fe and higher costs

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1H12 Mining Consumables results

	1H12 $m	1H11 $m	% change	
Total revenue/income	768	339	↑	127
EBITDA	81	31	↑	161
EBIT	65	21	↑	209
Sales margin	8.5%	6.2%	↑	2.3pts
Assets	2,313	2,421	↓	(5)
Funds employed	1,975	2,052	↓	(4)
Return on funds employed	6.7%	2.7%	↑	4.0pts
Employees (number)	1,976	1,836	↑	8
External tonnes despatched*	0.53mt	0.19mt	↑	179

*Excludes scrap sales

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1H12 Mining Consumables results

Key Points

- Revenue up 127% pcp due mainly to contribution of acquired Moly-Cop businesses
- Generally strong sales performance in all markets
  - Some lost sales due to industrial action
- Acquired Moly-Cop businesses continued to perform well and in line with expectations
  - Acquired businesses EBITDA up 28% to US$55m – higher volumes and margins, improved AltaSteel performance
- Significant lift in performance of Australian businesses (grinding media, rail and ropes) – improved sales margins, cost and operational performance
- EBIT up 209% to $65m pcp reflecting contribution of Moly-Cop. EBIT up 48% compared to prior half – significant improvement in Australian businesses and stronger contribution from acquired Moly-Cop businesses
- Capacity expansions approved for Lima, Peru and Cilegon, Indonesia

1H12 Australian Steel – Manufacturing results

	1H12 $m	1H11 $m	% change	
Total revenue/income	1,263	1,136	↑	11
EBITDA	(31)	(38)	↑	19
EBIT	(75)	(85)	↑	12
Sales margin	(6.0%)	(7.5%)	↑	1.5pts
Assets	2,265	2,556	↓	(11)
Funds employed	1,877	2,073	↓	(10)
Return on funds employed	(7.7%)	(8.2%)	↑	0.5 pts
Employees (number)	3,277	3,406	↓	(4)
External steel despatches	0.57mt	0.50mt	↑	14
Internal steel despatches	0.55mt	0.51mt	↑	8
Steel tonnes produced	0.95mt	0.99mt	↓	(4)

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1H12 Australian Steel – Manufacturing results

Key Points

- Sales revenue up 11% pcp - improved volumes off low base driven by resources sector and civil projects
- Market continued to be generally weak, particularly in construction
  - Confidence levels continue to be affected by European debt issues, high Australian dollar and high interest rates
- Production and operating levels remained weak reflecting low level of Australian construction activity in particular
  - Steelmake: Whyalla 522kt, Sydney and Laverton 430kt (65% utilisation)
- Margins impacted by:
  - Low capacity utilisation
  - Lower prices / FX
  - Higher raw material costs
  - Whyalla blast furnace ramp up July/August
- Whyalla blast furnace performing well post repair and ramp up
- EBIT loss $75m – impact of weak demand on volumes, and low operating levels on costs
- Substantial progress being made to address performance through steel review

1H12 Australian Steel – Distribution results

	1H12 $m	1H11 $m	% change	
Total revenue/income	1,184	1,183	-	-
EBITDA	5	27	↓	(82)
EBIT	(9)	12	↓	(170)
Sales margin	(0.7)%	1.0%	↓	(1.7)pts
Assets	1,355	1,458	↓	(7)
Funds employed	1,026	1,148	↓	(11)
Return on funds employed	(1.6)%	2.2%	↓	(3.8)pts
Employees (number)	3,139	3,292	↓	(5)
Steel tonnes despatched	0.72mt	0.66mt	↑	9

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1H12 Australian Steel – Distribution results

Key Points

- Average prices and margins lower due to impact of higher AUD
  - Distribution returns typically worse during period of falling prices
- Business continued to be impacted by weak Australian activity, particularly construction
  - Weaker confidence
  - Higher interest rates
  - De-stocking and deferrals
- Sales volumes up 9% pcp and 13% compared to prior half due to increased activity in resources segment and civil works projects, but overall demand still generally weak
- Significant leverage to recovery in demand and prices
- EBIT of $9m loss, down from EBIT of $12m profit pcp due to lower prices and margins
- Substantial progress being made to address performance through steel review

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1H12 Recycling results

	1H12 $m	1H11 $m		% change
Total revenue/income	740	714	↑	4
EBITDA	11	3	↑	244
EBIT	2	(5)	↑	140
Sales margin	0.3%	(0.7)%	↑	1.0pt
Assets	660	647	↑	2
Funds employed	581	568	↑	2
Return on funds employed	0.7%	(1.8)%	↑	2.5pts
Employees (number)	997	1,017	↓	(2)
Total scrap recycling tonnes	1.00mt	1.11mt	↓	(10)

1H12 Recycling results

Key Points

- Business was tracking in line with expectations in 1st quarter, but impacted by sharp decline in ferrous and non ferrous prices and margins in the 2nd quarter
- Sales revenue up 4% pcp - higher average prices, lower ferrous and non ferrous volumes
- Australian market still difficult, but improved performance pcp – higher ferrous prices and margins
- US business continued to perform well due to strong market positions
- EBIT improved to $2m profit from EBIT loss $5m pcp. EBIT lower against prior half due to decline in ferrous and non ferrous prices and margins in 2nd quarter

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1H12 Financial Result Overview

1H12 financial overview

- Strong contributions from Mining and Mining Consumables, but overall profit performance impacted by disappointing results in Australian steel. However, making substantial progress to address their performance
- Further significant investment to grow Mining business – approx. $320m Southern Iron (WPG iron ore assets) acquisition and $200m Whyalla port expansion
- Statutory NPAT includes $130m of discontinued operations relating to the LiteSteel™ Technologies (LST) and Piping Systems businesses
- Statutory operating cash flow $187m*
- Confident of balance sheet position
  - $1bn of undrawn facilities available including acquisition of Southern Iron (WPG)
  - Statutory gearing 33.8% (approx. 1% related to LST asset impairment)
  - Next significant maturity not until August 2013
  - Increase in net debt due to acquisition of Southern Iron
- Interim dividend of 3 cents per share unfranked (down from 6 cents pcp)

* Includes discontinued operations.

1H12 financial summary

Statutory results – continuing operations

	1H12 $m	1H11 $m	% change		Comment
Sales revenue	3,716	3,240	↑	15	Primarily reflecting contribution from the Moly-Cop Group
EBITDA	213	310	↓	(31)	Lower earnings in Mining, Australian Distribution and New Zealand Distribution segments, offset by increased earnings in the Recycling and Mining Consumables segments
Depreciation & amortisation	(100)	(98)	↑	2	
EBIT	113	212	↓	(47)	
Finance costs	(62)	(46)	↑	35	Reflects additional debt due to acquisition of WPG Resources' iron ore assets and the Moly-Cop Group
Net profit after tax	57	125	↓	(54)	
Operating cash flow*	187	157	↑	19	Reflects improvements in working capital
Net debt*	2,242	1,892	↑	19	Reflects additional debt due to acquisition of WPG Resources' iron ore assets
Gearing* (net debt /net debt plus equity)	33.8%	29.7%	↑	4.1pts	Reflects additional debt due to acquisition of WPG Resources' iron ore assets
Interim dividend (cents per share)	3.0	6.0	↓	3.0c	Unfranked due to insufficient franking credits

* Includes discontinued operations.

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1H12 financial overview

Significant non-trading items impacting Net Profit After Tax

		1H12 $m	1H11 $m
Additions			
	Net tax benefit relating to prior years	9	-
	Total additions	**9**	**-**
Subtractions			
	Transaction costs	(16)	(9)
	Restructuring activities including impairment	(14)	-
	Total subtractions	**(30)**	**(9)**
Net impact on net profit after tax (continuing operations)		**(21)**	**(9)**
	Discontinued operations (including impairment of assets)	(130)	(9)
Net impact on net profit after tax (including discontinued operations)		**(152)**	**(18)**

1H12 financial overview

Profit & loss summary – underlying continuing operations*

	1H12 $m	1H11 $m		% change
Sales revenue	3,716	3,240	↑	15
EBITDA	257	322	↓	(20)
Depreciation & amortisation	(100)	(98)	↑	2
EBIT	156	224	↓	(30)
Finance costs	(62)	(46)	↑	35
Profit before tax	94	178	↓	(47)
Tax expense	(13)	(42)	↓	(70)
Net profit after tax	78	133	↓	(41)
Operating cash flow	216	163	↑	33
EPS (cents)	5.9	10.0	↓	(41)
Return on funds employed	4.8%	7.6%	↓	(2.7)pts
Interim dividend (cents per share)	3	6	↓	(50)%

*A reconciliation of non-statutory underlying results to statutory results can be found in the Appendix to this presentation.

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1H12 financial overview

Balance sheet summary

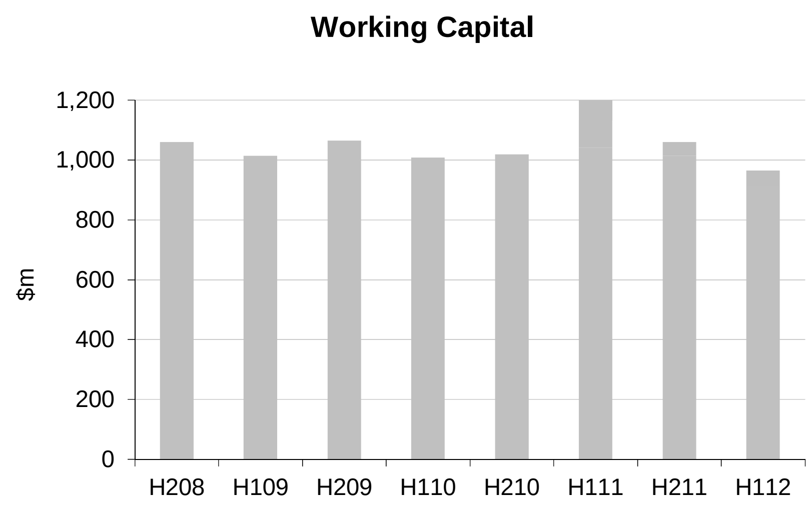
	1H12 $m	1H11 $m		% change
Total assets	8,665	8,195	↑	6
Total liabilities	4,268	3,716	↑	15
Net assets	4,398	4,480	↓	(2)
Net debt	2,242	1,892	↑	19
Inventory	1,524	1,687	↓	(10)
Funds employed	6,640	6,371	↑	4
Gearing (net debt/net debt plus equity)	33.8%	29.7%	↑	4.1pts
Interest cover* – times EBITDA	4.1	7.0	↓	(2.9) times
NTA / share – ($)	1.13	1.30	↓	(13)

*Interest cover for covenants is based on underlying EBITDA and finance costs adjusted for non-cash items, on actual 12 month rolling basis.

Operational features

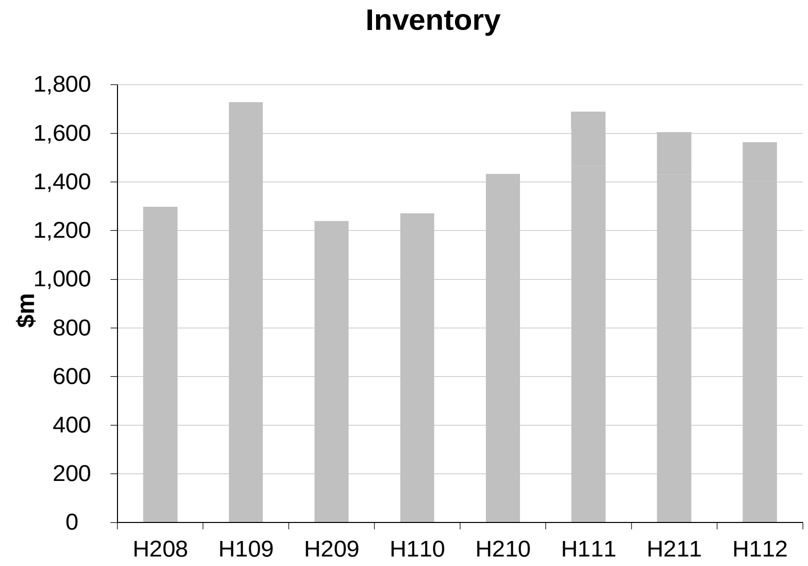
Working capital management

- Working capital lower
- Receivables – maintained focus on collections
- Creditors – reflects lower activity levels
- Provisions – flat reflecting utilisation of provisions, offset by restructuring costs



Inventory

- Inventory lower reflecting ongoing working capital initiatives



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1H12 financial overview

Cash flow*

	1H12 $m	1H11 $m
Profit after tax	(71)	120
Depreciation, amortisation and impairment	232	101
Non-cash items	21	(7)
Working capital movements	5	(57)
Operating cash flow	**187**	**157**
Capital expenditure	(166)	(99)
Free cash flow	**21**	**58**
Investment expenditure	(316)	(992)
Operating and investing cash flow	**(295)**	**(934)**

*Before minorities.

1H12 financial overview

Reconciliation of income tax expense

	Statutory		Underlying*	
	1H12 $m	1H11 $m	1H12 $m	1H11 $m
Profit before tax from continuing operations	51	166	94	178
Loss before tax from discontinued operations	(149)	(10)	-	-
Total (loss)/profit before income tax	**(99)**	**157**	**94**	**178**
Prima facie income tax (credit)/expense calculated at 30%	(30)	47	28	53
Tax effect of permanent differences				
Research and development allowance	(5)	(5)	(5)	(5)
Other non-deductible expenses	1	-	1	-
Difference in overseas tax rates	(6)	1	(6)	1
Adjustments in respect of income tax of previous years	(10)	-	-	(1)
Impairment of goodwill	27	-	-	-
Other items	(5)	(8)	(5)	(8)
Total income tax (benefits)/expense	**(27)**	**36**	**13**	**42**
Effective tax rate	(18)%	23%	13%	24%

*Excludes restructuring and transaction costs, adjustments in respect of income tax of previous years and impairment of goodwill. A reconciliation of non-statutory underlying results to statutory results can be found in the Appendix to this presentation.

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OneSteel FX exposure

Exposure to movements in AUD

- Direct impact: 1 cent increase in AUD v USD = approx. negative $10 million EBIT impact (full year impact)
- This applies to direct exposures only and does not include impact on OneSteel’s competitive position against imported steel
- Includes impact of translation on earnings of overseas businesses

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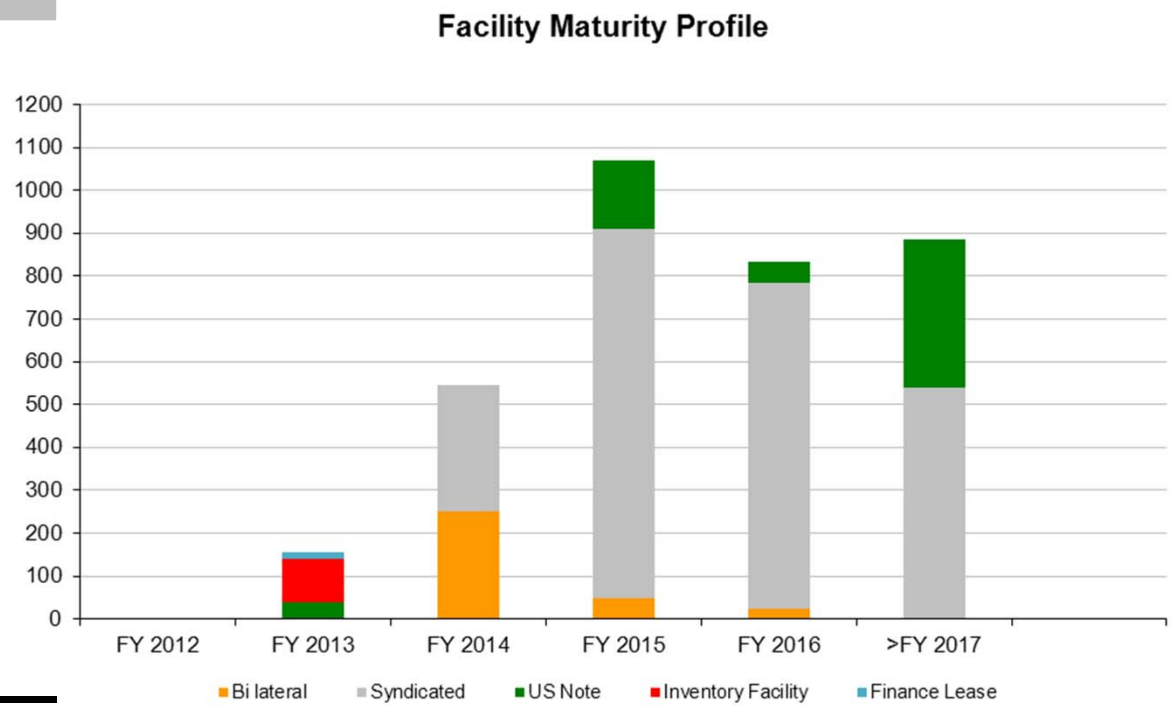
1H12 financial overview

Maturity	Type of Facility	Facility Amount A$m
FY13	US notes	40
	Finance lease	1
	Inventory facility	100
FY14	Bi-laterals	250
	Syndicated loans	295
FY15	US note issues*	160
	Syndicated loans	860
	Bi-lateral	49
FY16	Finance lease	14
	US note issues*	49
	Bi-lateral	25
	Syndicated loans	759
FY17+	US note issues*	345
	Syndicated loan	539
Total		**3,486**



- Next significant maturity not until August 2013
- $1bn available undrawn facilities
- At 31 December 2011, approx. 63% of funding in USD or CAD
- Average interest rate for total funding approx. 5%
- Covenants for facilities typically include interest cover and gearing

*Conversion of USD debt at closing rate of 1.0137

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Regulatory changes

STP and advance

- Fund of $300m available over 4 years commencing 1 July 2012
- Estimated OneSteel share 39% or $117m over 4 years
- Advance of $64m now received – expected to be included in FY12 operating income
- Balance of $53m expected to be received over balance of 4 year life of STP
- Accounting treatment
  - STP funds and advance expected to be treated as other revenue (operating income)
  - Carbon tax treated as operating expense
  - STP eligible expenditure in 4 year plan expected to include operating expenses e.g. R&M, training, R&D; and capital expenditure

Mining tax

- Legislation before Parliament
- Financial outcomes will be driven by both the final form of the legislation and regulations, as well as assumptions on iron ore pricing going forward
- Our current expectation is that the Mining Tax, if implemented, should not have a material impact on the company’s Whyalla steelworks or its South Middleback Ranges’ mining operation

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1H12 Strategy, Growth & Outlook

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Australian steel performance

Steel review

- Cost
  - Reductions of 300 employees and 170 contractors and casuals to end December
  - Further planned reductions of 430 employees expected by end of financial year
  - Estimated annualised labour savings approximately $90m

    ($40m Manufacturing, $30m Distribution, $12m Recycling, Corporate $8m)
  - Other cost reduction work continuing
- Facilities
  - Laverton EAF reduced from 4 to 3 shifts
  - Newcastle Rod Mill reduced from 6 to 5 day operation from October
  - Plant shuts
    - Sydney EAF – 47 days
    - Laverton Bar Mill – 25 days
    - Laverton Rod Mill – 21 days
  - Acacia Ridge Hot Dip Galvanising plant 'mothballed' in October
  - Whyalla blast furnace - improved productivity and cost post blast furnace repair and ramp up July/August
  - Facilities work continuing

Australian steel performance

Steel review (cont.)

- Portfolio
  - Divestment of Piping Systems business and related property (estimated total proceeds $100m)
  - Exit of LiteSteel™ Technologies businesses in US and Australia
  - Branch closures
    - 8 Distribution branches (7 Metaland|Steel & Tube, 1 OneSteel Reinforcing)
  - Actively progressing other opportunities to selectively divest or close steel businesses in non-integrated product markets which are underperforming, do not justify current funds employed or may be of greater value to another owner
  - Good progress made on Portfolio stream of review, and work is continuing which could have implications for FY12 results

Australian steel performance

Summary

- Performance significantly impacted by generally weak demand, the high Australian dollar and high raw material costs
- We are making substantial progress to improve cost and operational performance in both Manufacturing and Distribution
- We anticipate 2nd half performance will benefit from:
  - Operational
    - Labour cost reductions
    - Other cost reductions
    - Operational improvements, particularly Whyalla blast furnace
    - Lower raw materials costs
  - Market
    - Manufacturing volumes expected to increase approx. 5% from previous half based on increased infrastructure and mining work, in a generally flat market
    - Margins/prices continue to be subject to significant volatility based on international steel prices and FX
- Based on these factors and our view of the market, we anticipate a significant improvement in performance for both businesses in the 2nd half
- Manufacturing expected to be underlying EBITDA positive for 2nd half

Strategic investments – growth focus

Southern Iron

- Acquisition of Southern Iron assets from WPG completed October (cost $320m)
- Progress to bring Peculiar Knob into production in line with plan
    - Key construction contracts in place
    - Camp completed – 260 employees and contractors
    - Water and services in place at mine site
    - Mine cut back commenced December
    - Haul roads nearing completion
    - Underpass nearing completion
    - Crusher ready for installation
- Tracking in line with expected $80m cost to complete planned infrastructure

Port expansion

- Progress to expand Whyalla port to 12 mtpa capacity in line with plan
    - Progressing well with regulatory approvals
    - Key construction contracts in place
    - Commenced site works
- Confident of being within $200m cost guidance

Strategic investments – growth focus

Growing Mining – Southern Iron and port opportunity

- Will have capability for 3.6mtpa from Peculiar Knob, but targeting 4mtpa with rail as current constraint
- Ramp up through to mid 2013 – expected sales for FY13 approximately 2mt
  - First shipments expected 4th quarter CY 2012
- Expected grade from Peculiar Knob approx. 63% Fe
- Blending of lower grade (approx. 53% Fe) ores from existing mines with Peculiar Knob higher grade ore will increase sales (rate and total volume) and utilise port capacity faster
  - Lifts target of additional sales from <4mtpa post ramp up to >5mtpa
  - Results in total sales based on Peculiar Knob increasing from approx. 16mt over life of mine to approx. 24mt by inclusion of lower grade ore from the Middleback Ranges
    - Target blending grade approximately 60% Fe
    - Blending ratio approx. 2:1
    - Indicative loaded cost of Peculiar Knob ore approximately $70/t including depreciation and cut back. Blending will average indicative loaded cost down (update in March)

Strategic investments – growth focus

Mining Consumables

- Add capacity to meet and stay ahead of growing market demand
- Board approved grinding media capacity expansions
  - Lima, Peru 40kt
  - Cilegon, Indonesia 50kt
  - Total combined cost approx. $36m
- Completed commissioning of 170kt El Salto facility in Mexico
- Further capacity expansion expected over near to medium term

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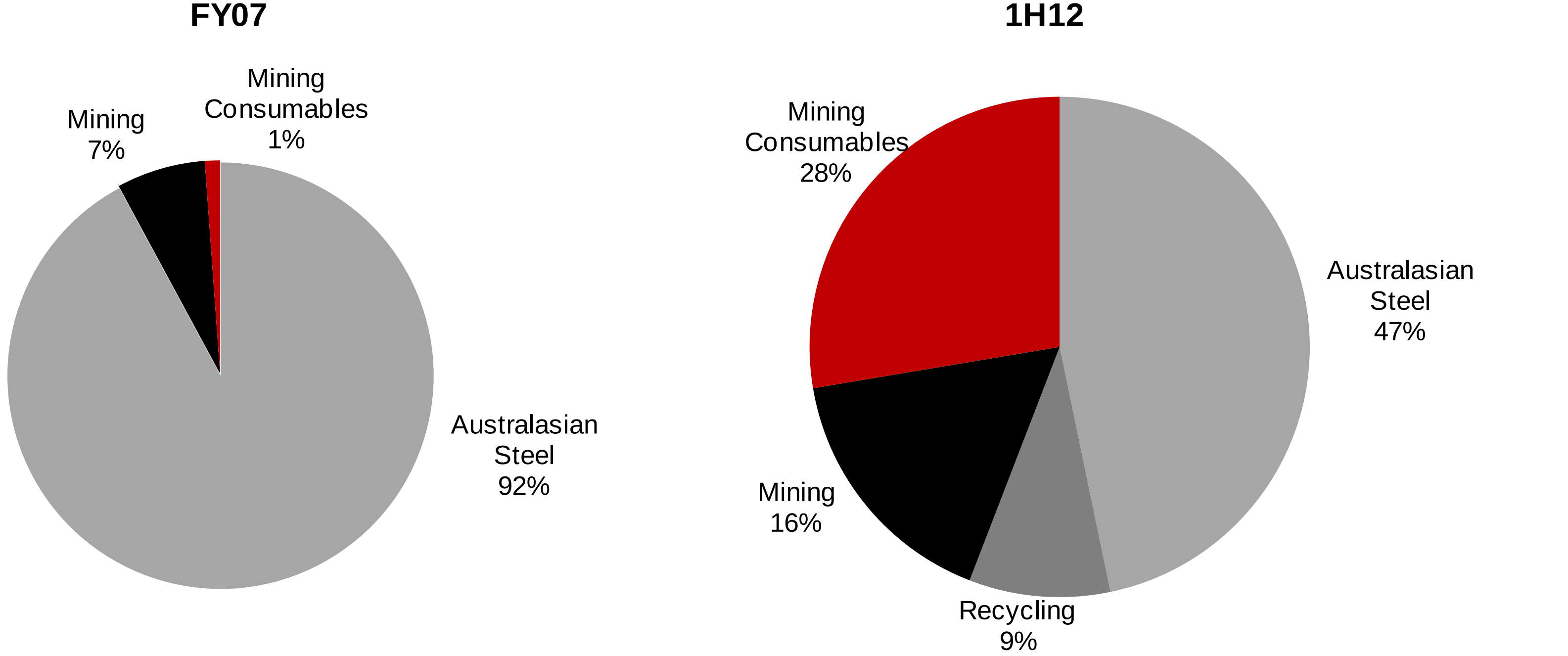
Strategic investments – growth focus

Company name

- OneSteel is a very different business from when it decided to enter the export iron ore market through Project Magnet in 2005. OneSteel is now a mining, mining consumables and Australian steel business with an increasingly global orientation. The Board has decided it is appropriate to assess the benefits of changing the company name. This work is currently underway

The Business Transformation FY07 vs 1H12*



*** % of total assets**
Source: OneSteel

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Outlook – short term

Mining

- We expect demand from China to remain strong and this is expected to underpin high prices compared to historical levels
- On target for sales of approximately 6mt in FY12
    - 2nd half
        - Includes approx. 1.5mt of <60% Fe
        - 65% contract / 35% spot, 60% fines / 40% lump
        - Loaded cost for year expected to average $50/tonne including depreciation
- Work to double port capacity and bring Peculiar Knob into production progressing to plan
- First shipments expected Q4 calendar 2012, and ramp up through to mid 2013 giving sales of approx. 2mt in FY13
- Total iron ore sales expected to lift to run rate of approx. 11mtpa following ramp up

Mining Consumables

- Mining consumables markets expected to continue to be strong
- Grinding media markets are growing as expected in the Americas
- Acquired Moly-Cop business performing well and expected to benefit from these strong markets
- Improved performance from the Australian business is expected to continue

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Outlook – short term (cont.)

Australian Steel

- Manufacturing volumes expected to increase approx. 5% from previous half based on increased infrastructure and mining work, in a generally flat market
- Margins/prices to continue to be subject to significant volatility based on international steel prices and FX
- Costs and facilities work expected to deliver benefits in 2nd half
- We anticipate a significant improvement in performance for both Manufacturing and Distribution in the 2nd half
  - Manufacturing expected to be underlying EBITDA positive for 2nd half

Recycling

- US business expected to continue to perform well underpinned by strong market positions. Australian ferrous market will remain difficult, therefore focus on cost and competitive position

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Outlook – short term (cont.)

Earnings guidance

Quantitative guidance is not appropriate at this time due to the high level of uncertainty around AUD, Australian and international prices for steel and steelmaking inputs, the current uncertainty around the international economy and the level and nature of growth in the domestic economy. The write down of the assets of LiteSteel™ Technologies, together with other adjustments to underlying performance including restructuring costs and acquisition transaction costs, and together with the underlying result for the first half compared with the prior corresponding period, will clearly have a significant impact when comparing expected full year statutory results with the prior year.

Outlook – longer term

Mining

- We believe the underlying demand for iron ore will continue to be strong and that this will underpin solid pricing for iron ore compared to historical levels at least into the medium term

Mining Consumables

- We remain positive on the outlook for our Mining Consumables business which is underpinned by the strength of the resources sector including strong mining activity and investment. We have good visibility of new mining projects that will increase demand for grinding media. Our businesses are well positioned for this growth

Australian Steel

- We believe that key construction markets are at their cyclical low points, and that as these markets recover demand will improve. Given our reducing cost base and relatively low utilisation levels we are strongly leveraged to the recovery

Recycling

- We are confident that the outlook for our International and Australian businesses is positive, and expect improvements particularly in Australia

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Summary

- The 1st half has seen another marked change for the company with further expansion of the resource based businesses
  - We are tracking in line with time and cost expectations for doubling port capacity at Whyalla and bringing Peculiar Knob into production which will lift iron ore sales to approx. 11mtpa
  - 90kt of grinding media capacity expansions approved
- The benefits of growing our resource based businesses is reflected in the significant contributions of both our Mining and Mining Consumables businesses. Despite this, overall 1st half underlying profit was disappointing due to the poor performance of our Australian Steel businesses
- Substantial progress has been made to address the performance of the Australian Steel businesses and a significant improvement in 2nd half performance is anticipated
- Solid cash generation from operations
- Confident with balance sheet position
  - Next significant maturity not until August 2013
- Interim dividend 3 cents per share unfranked

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Appendix

1H12 segment structure

Mining	Mining Consumables	Australian Steel		Recycling
		Manufacturing	Australian Distribution	
Iron ore mines **South Middleback Ranges** Iron ore lump Iron ore fines Lower grade ore Pellet plant **Southern Iron** **Dolomite mines**	**Moly-Cop** Australasia North America South America **AltaSteel** **Waratah Steel Mill** Electric Arc Furnace Bar Mill, Rail & Forge **Wire Ropes**	**Whyalla Steelworks** Structural Rolling Mills Rail Products Facilities Slabs & Billets Steelmaking by-products (e.g. coke) **Laverton Steel Mill** **Sydney Steel Mill** **Wire Mills** **Newcastle Rod Mill** **Australian Tube Mills**	**ARC - Australian Reinforcing Company** **OSR - OneSteel Reinforcing** **Merchandising** **Metaland|Steel & Tube**	**Australian Recycling** **International Recycling** Asia USA

New Zealand Distribution segment not shown (represents OST's 50.3% shareholding in Steel & Tube Holdings Limited)

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1H12 New Zealand Distribution results

	1H12 $m	1H11 $m	% change	
Total revenue/income	159	149	↑	6
EBITDA	10	12	↓	(18)
EBIT	8	10	↓	(22)
Sales margin	4.8%	6.5%	↓	(1.7) pts
Assets	169	158	↑	7
Funds employed	111	109	↑	2
Return on funds employed	13.5%	17.3%	↓	(3.8) pts
Employees (number)	707	708	-	-

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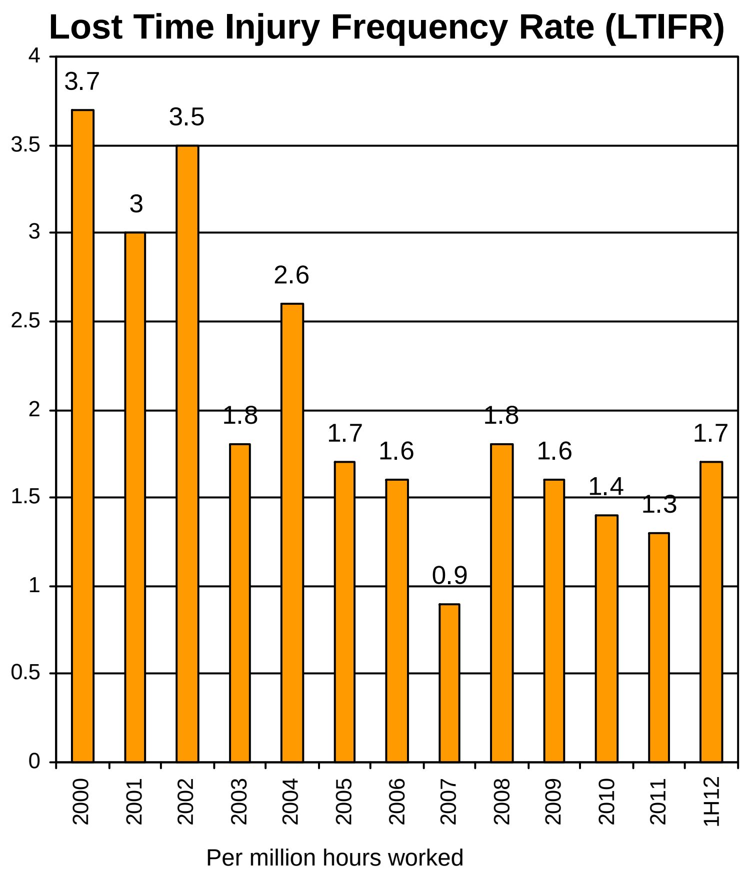
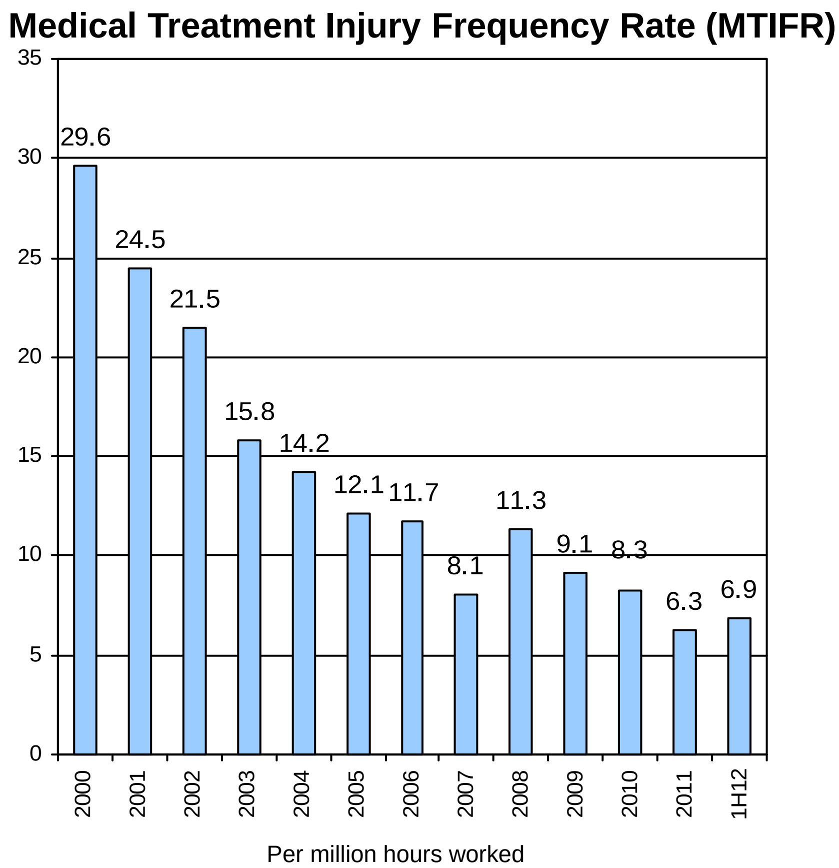
1H12 New Zealand Distribution results

Key Points

- There was no material change to industry activity with key market sectors remaining relatively weak
- Competitive trading and margin pressure due to continued weak demand with volumes well below historical levels
- Continued improvements from new operating model aimed at delivering customers a full product range whilst lowering costs, particularly through rationalisation of facilities
- EBIT $8m, slightly down from EBIT of $10m due to lower margins

1H12 safety performance*





*The increase in 1H12 is due to the inclusion of the AltaSteel and Moly-Cop businesses for the 1H12 results

A key element of our Safety effort has been improving our capability to recognise, assess and manage risk

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Segments - tonnage (mt)

Half year ended 31 December	1H12	1H11	1H10	1H09	1H08[2]	1H07	1H06	1H05	1H04	1H03	1H02
	mt	mt	mt	mt	mt	mt	mt	mt	mt	mt	mt
Iron Ore											
High grade lump	0.54	0.95	1.36	0.68	1.32						
High grade fines	0.93	1.06	1.64	1.34	0.57						
	1.47	2.01	3.01	2.02	1.89						
Lower grade lump	0.67	0.57	0.14	0.08	-						
Lower grade fines	0.81	0.48	0.04	0.08	-						
	1.48	1.05	0.18	0.16	-						
Total lump & fines	**2.95**	**3.06**	**3.19**	**2.18**	**1.89**						
Pellets	-	0.08	-	0.02	-						
Ore by Products[1]	0.38	0.23	0.22	0.34	0.34						
Recycling											
Ferrous - external	0.44	0.51	0.36	0.39	0.39						
Ferrous - internal	0.44	0.47	0.47	0.48	0.38						
Total ferrous	0.88	0.98	0.83	0.87	0.77						
Non ferrous	0.12	0.13	0.08	0.08	0.08						
Total Recycling	**1.00**	**1.11**	**0.91**	**0.95**	**0.85**						
Steel despatches											
Manufacturing - external	0.57	0.50	0.51	0.60	0.66	0.48	0.46	0.42	0.43	0.49	0.49
Manufacturing - internal	0.55	0.51	0.59	0.56	0.62	0.35	0.31	0.31	0.29	0.27	0.25
Total Steel despatches - Manufacturing	1.12	1.01	1.10	1.16	1.28	0.83	0.77	0.73	0.73	0.76	0.74
Mining Consumables - external	0.55	0.19	0.19	0.17	0.14						
Mining Consumables - internal	0.05	0.04	0.05	0.02	-						
Total Steel despatches - Mining Consumables	0.60	0.23	0.24	0.19	0.14						
Australian Distribution	0.72	0.66	0.65	0.81	0.83	0.66	0.64	0.68	0.63	0.62	0.61
Total Steel despatches - external	1.84	1.35	1.35	1.58	1.63	1.14	1.10	1.11	1.07	1.11	1.10
Raw steel production											
Whyalla	0.52	0.54	0.56	0.54	0.59	0.59	0.56	0.27	0.58	0.60	0.56
Sydney Steel Mill	0.17	0.20	0.21	0.26	0.31	0.28	0.24	0.27	0.24	0.23	0.23
Laverton	0.26	0.25	0.26	0.29	0.27	-	-	-	-	-	-
Waratah	0.11	0.12	0.11	0.13	0.09	-	-	-	-	-	-
AltaSteel	0.15										
Total raw steel production	1.21	1.11	1.14	1.23	1.26	0.88	0.80	0.54	0.82	0.83	0.79

Note: Tonnages reported exclude tonnes despatched by New Zealand Distribution.
1 Ore By Products include dolomite, centrix, filter cake and pellet chips.
2 The 1H08 tonnages reported for raw steel production and steel despatches include the SSX businesses as if they were part of the OneSteel Group from 1 July 2007.
All other production and despatch statistics presented above are actual.

Moly-Cop South America growth

Projected expansion/new mining projects

- Chile
  - CODELCO Expansion
  - Escondida Expansion
  - Andacollo Expansion
  - Pascua Lama
  - Caserones
  - Sierra Gorda
  - Anglo Expansion
  - Brazil (Minas Rio/MMX/Vale)
- Peru
  - Mirador
  - Minas Conga
  - Antamina Expansion
  - Magistral
  - Toromocho
  - Las Bambas
  - Cuajone/Toquepala Expansion
  - Antapacay

Indicative additional grinding media demand growth by 2015
c. 295+ ktpa

Source: Moly-Cop

Moly-Cop North America growth

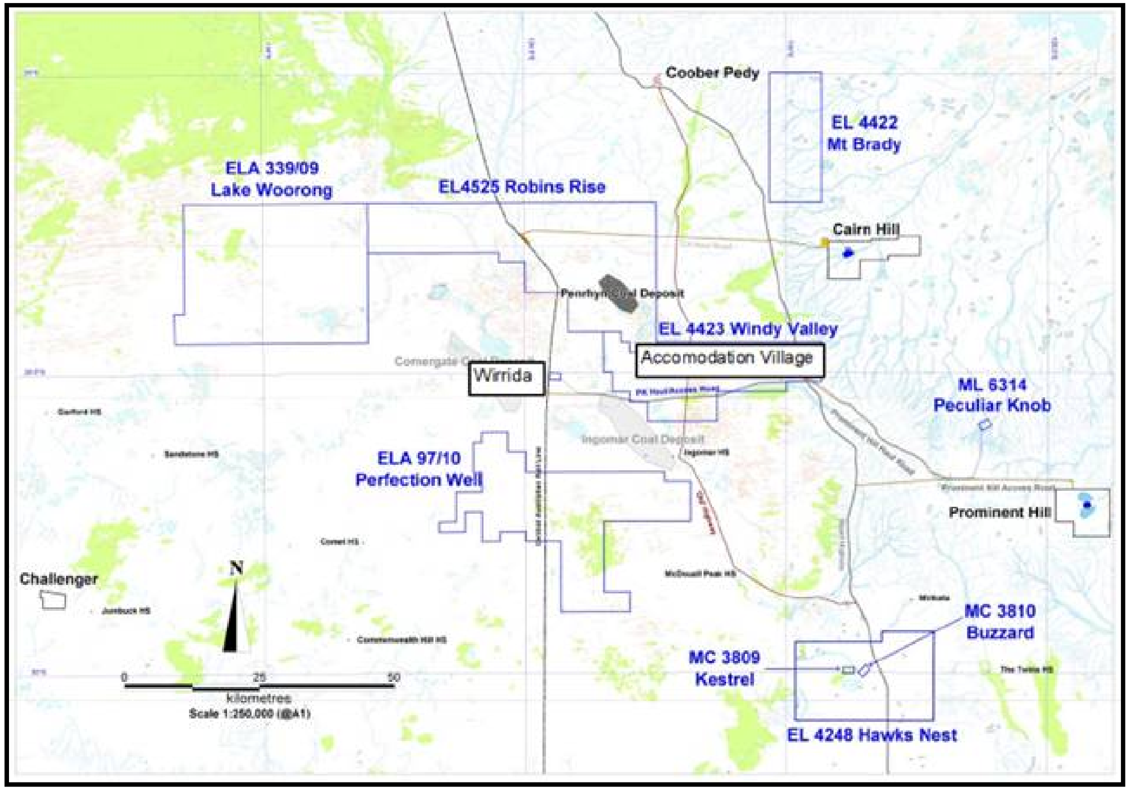
Projected major expansion/new mining projects

- Canada/Alaska
  - New Gold – New Afton
  - Detour Lake
  - Thompson Creek - Mt Milligan
  - KGHM - Ajax
- USA
  - Mercator – Mineral Park (Expansion)
  - Barrick - Goldstrike Mill 1 (Re-start)
  - Augusta – Rosemont
  - Freeport – Climax Leadville
  - Freeport – Morenci Expansion
  - General Moly – Mt Hope
- Mexico/Caribbean
  - Goldcorp - Penasquito
  - Grupo Mexico – Cananea (Re-start & Expansion)
  - Barrick - Pueblo Viejo
  - Inmet – Cobre Panama

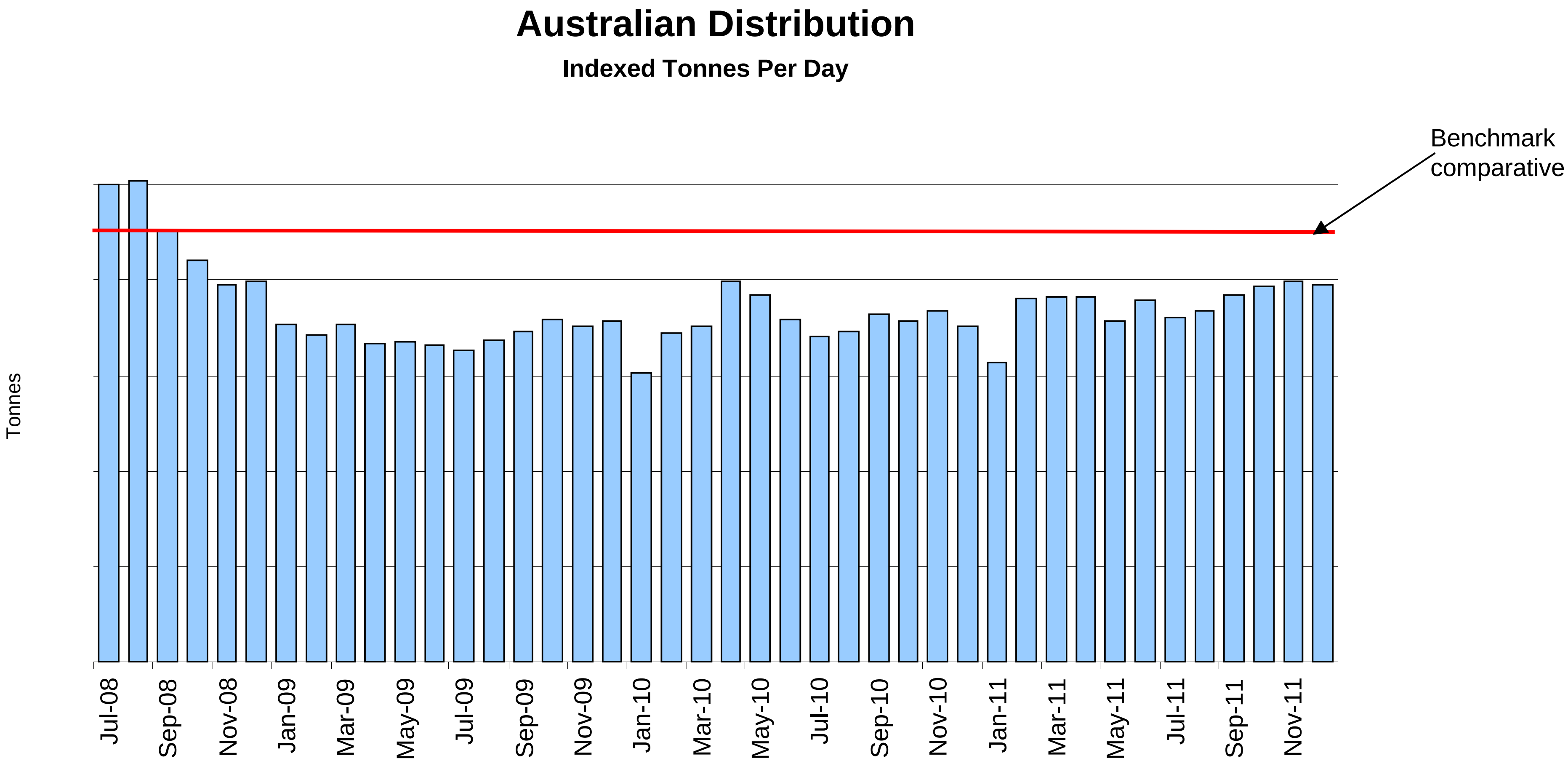
Indicative additional grinding media demand growth by 2016 c. 210 kt

Source: Moly-Cop

Southern Iron operations



AU Distribution indexed sales tonnes per day



Source: OneSteel
Benchmark comparative line is based on average volumes for the period from Jul '07 to Mar '08 (excludes Oil & Gas)

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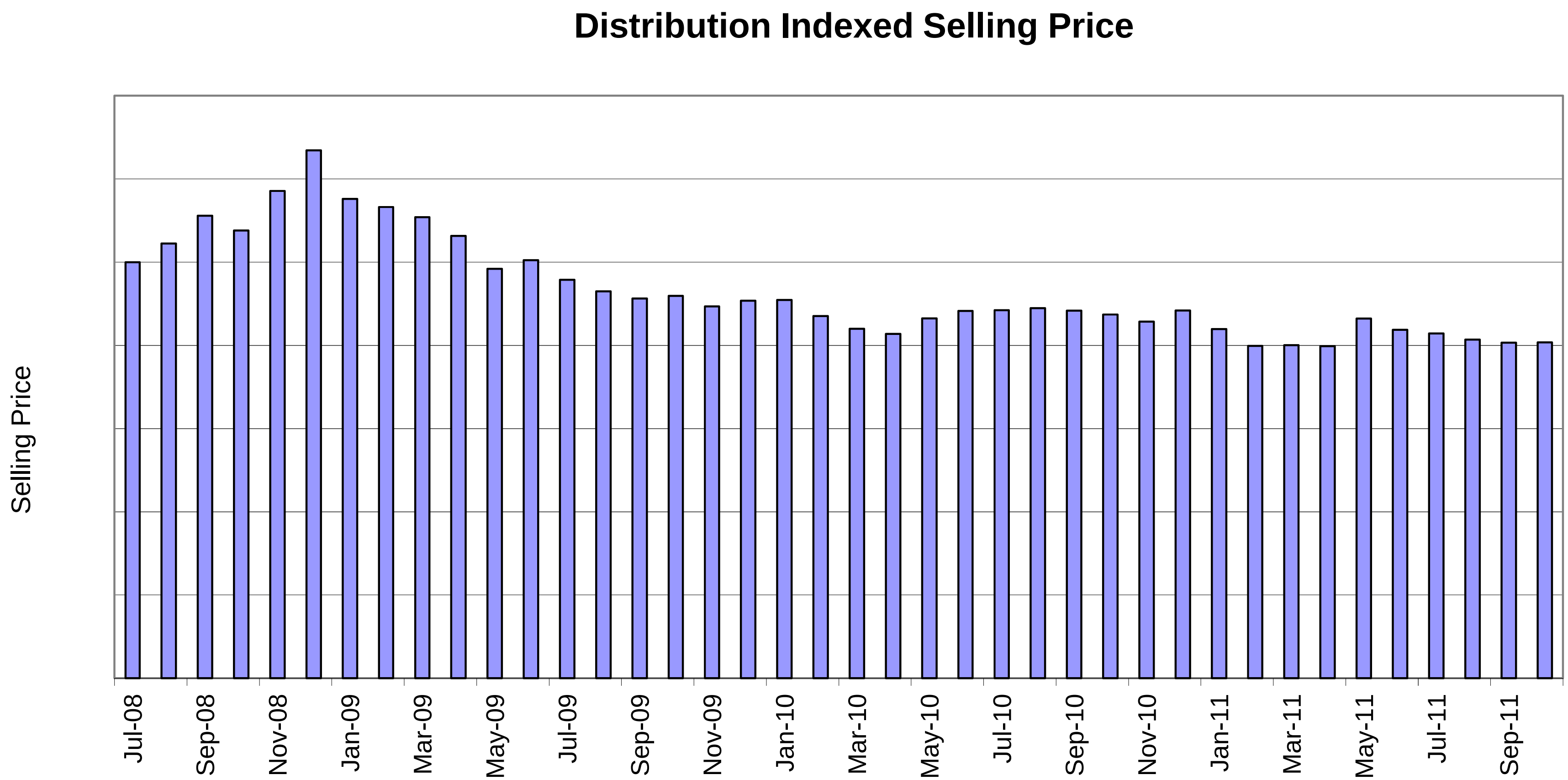
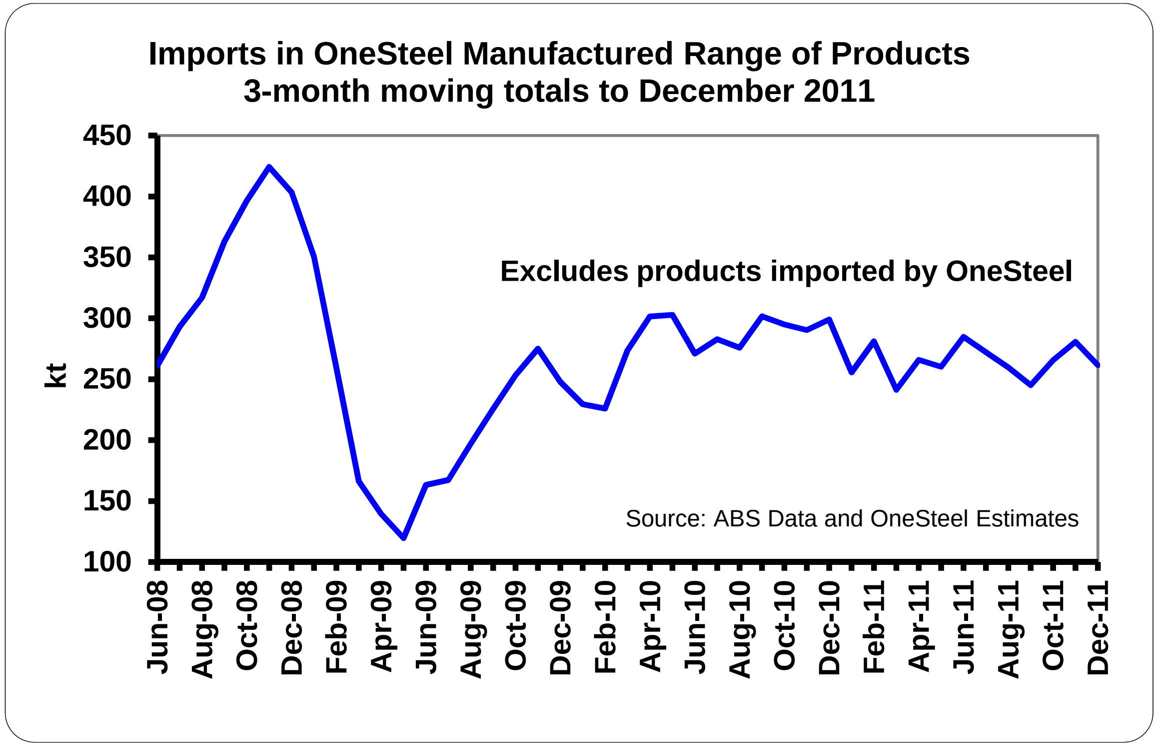
AU Distribution indexed selling price



Source: OneSteel

Market conditions and external factors



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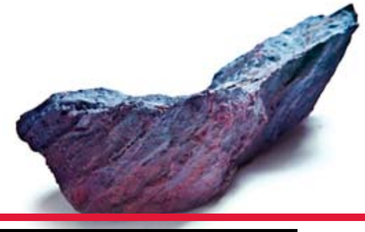
1H12 financial overview – summary of facilities[1]



Maturity	Type of Facility	Facility Amount (A$m)
Jul 12	Inventory facility	100
Dec 12	Finance lease	1
Jun 13	US note	40
Aug 13	Syndicated loan	295
Oct 13	Bi lateral	150
Oct 13	Bi lateral	50
Oct 13	Bi lateral	50
Jul 14	Syndicated loan*	201
Jul 14	Syndicated loan*	133
Jul 14	Syndicated loan	231
Jul 14	US note*	30
Aug 14	Syndicated loan	295
Mar 15	Bi lateral*	49
Apr 15	US note	98
Jun 15	US note	32
Jul 15	Finance lease	14
Jul 15	Syndicated loan*	201
Jul 15	US note*	49
Jul 15	Syndicated loan*	133
Jul 15	Syndicated loan*	193
Jul 15	Syndicated loan*	231
Sep 15	Bi lateral*	25
Jul 16	Syndicated loan*	190
Jul 16	Syndicated loan*	133
Jul 16	Syndicated loan	217
Jun 18	US note*	49
Jul 18	US note*	96
Jul 20	US note*	52
Jun 21	US note*	123
Jun 23	US note*	25
	Total	**3,486**

[1]As at December 2011

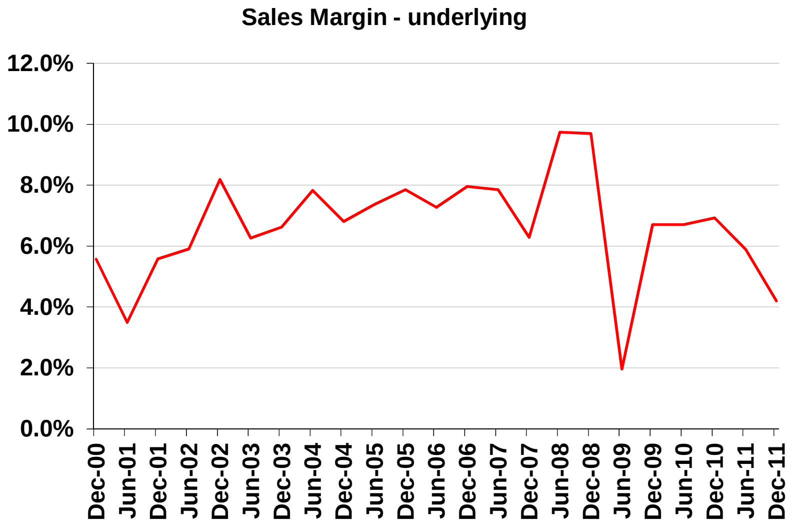
*Conversion of USD debt at closing rate of 1.0137

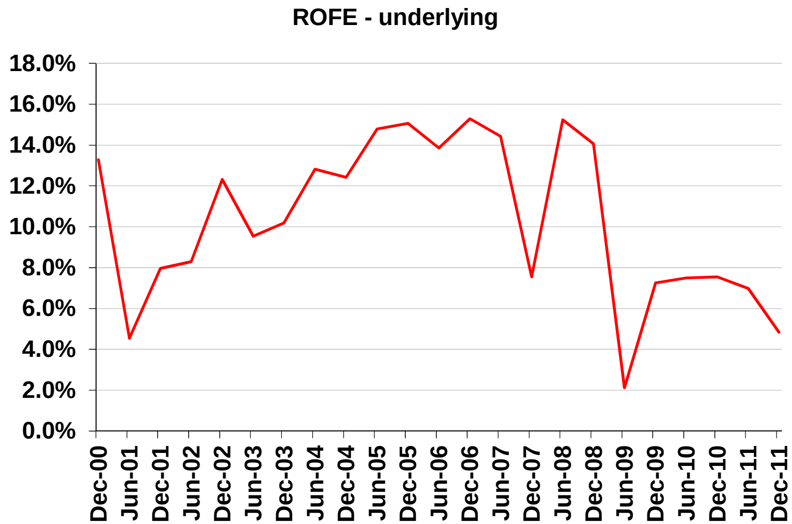
1H12 financial overview

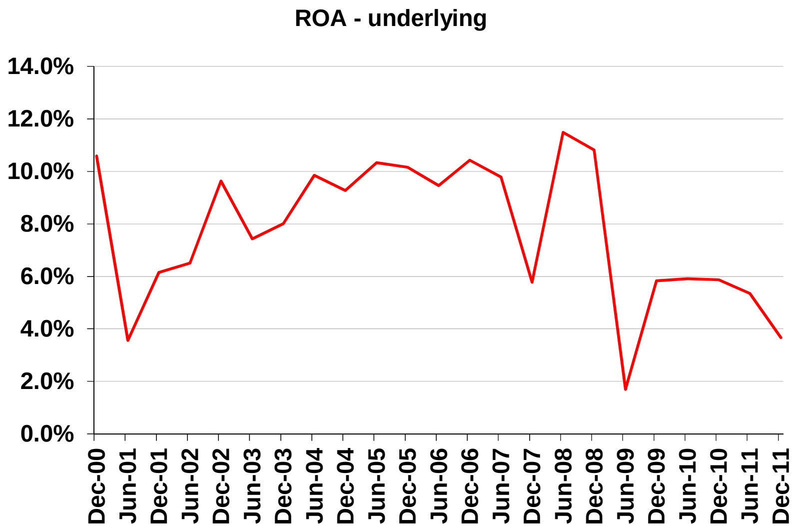
Reconciliation of income tax expense to prima facie tax payable

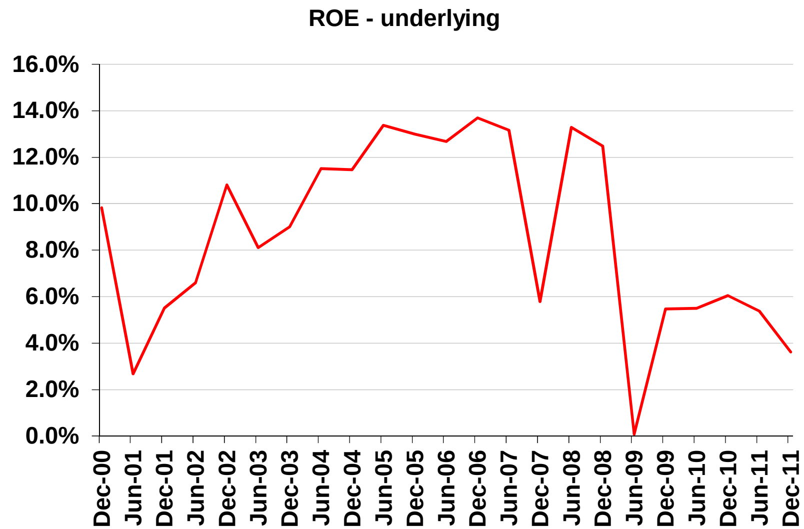
	Statutory 1H12	Restructuring costs	Transaction costs	Income tax of prior year	Underlying 1H12
	$m	$m	$m	$m	$m
Profit before tax from continuing operations	**51**	22	21	-	**94**
Prima facie income tax (credit)/expense calculated at 30%	15	7	6	-	28
Research and development allowance	(5)				(5)
Other non-deductible expenses	1				1
Difference in overseas tax rates	(6)				(6)
Adjustments in respect of income tax of previous years	(10)			9	(1)
Other items	(5)				(5)
Total income tax (benefits)/expense from continuing operations	**(9)**	**7**	**6**	**9**	**13**
Effective tax rate	**(18)%**				**13%**

1H12 financial overview

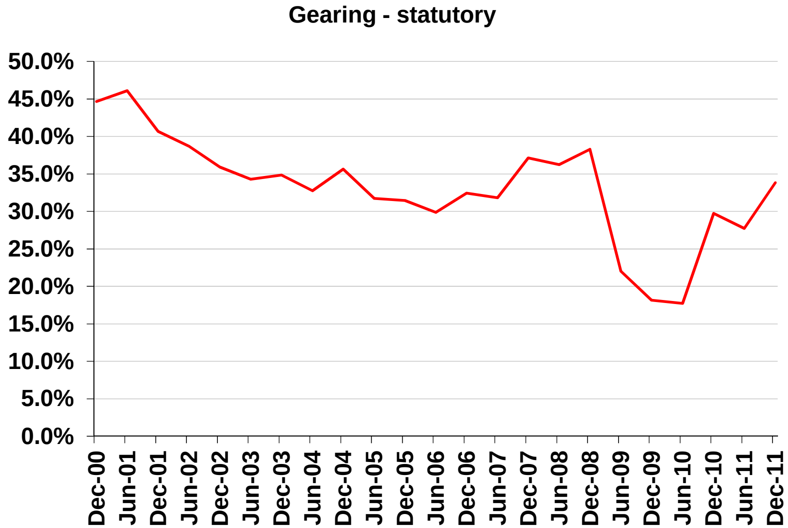


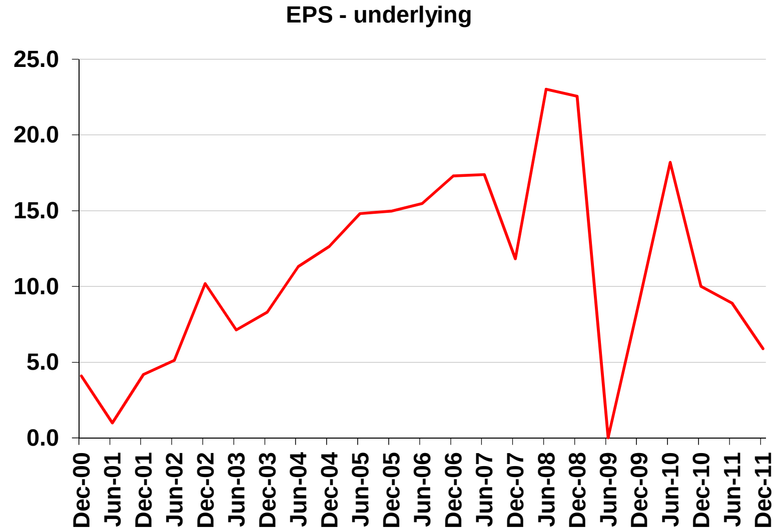


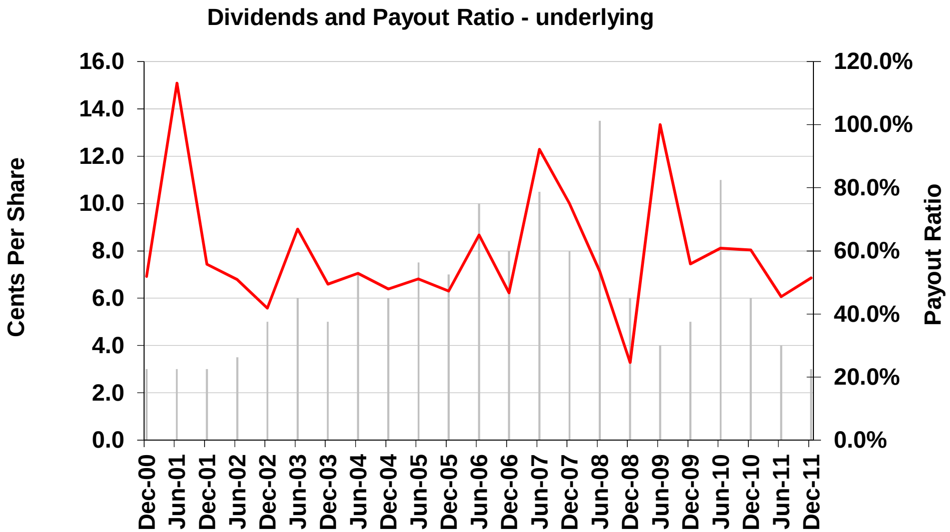




1H12 financial overview







Historical data – profit and loss – underlying*

Continuing operations

Half-year ended 31 December	2011[1] $m	2010[2] $m	2009[3] $m	2008[4] $m	2007[5] $m	2006 $m	2005 $m	2004[6] $m	2003[6] $m	2002[6] $m	2001[6] $m
Sales Revenue	**3,716.3**	**3,239.5**	2,973.6	4,127.6	3,218.3	2,134.3	1,988.8	1,890.5	1,566.7	1,525.0	1,473.2
EBITDA	**256.6**	**322.4**	297.8	498.5	288.4	218.0	203.5	173.7	146.9	168.2	125.6
Depreciation and Amortisation	**(100.4)**	**(98.2)**	(98.7)	(98.0)	(86.1)	(48.1)	(47.4)	(45.0)	(43.1)	(43.3)	(43.4)
EBIT	**156.2**	**224.2**	199.1	400.5	202.3	169.9	156.1	128.7	103.8	124.9	82.2
Finance costs	**(62.2)**	**(46.0)**	(44.6)	(101.6)	(67.0)	(26.3)	(29.4)	(23.9)	(20.8)	(22.9)	(30.6)
Profit before tax	**94.0**	**178.2**	154.5	298.9	135.3	143.6	126.7	104.8	83.0	102.0	51.6
Tax expense	**(12.7)**	**(41.9)**	(34.3)	(75.1)	(37.6)	(39.2)	(34.5)	(25.5)	(22.0)	(32.5)	(19.1)
Minority Interests	**(2.9)**	**(3.3)**	(1.2)	(8.7)	(4.3)	(6.2)	(8.1)	(9.0)	(5.2)	(4.7)	(3.6)
Net profit after tax	**78.4**	**133.0**	119.0	215.1	93.4	98.2	84.1	70.3	55.8	64.8	28.9
EPS (cents) - year end	**5.8**	**10.0**	9.0	24.4	10.7	17.2	14.9	12.6	10.1	12.0	5.4
Return on funds employed	**4.8%**	**7.6%**	7.3%	14.1%	7.6%	15.3%	15.1%	12.4%	10.2%	12.3%	8.0%
Dividend (cents/share)	**3.0**	**6.0**	5.0	6.0	8.0	8.0	7.0	6.0	5.0	5.0	3.0

1 Dec 11 underlying earnings are before the impact of restructuring costs, costs associated with the sale of the Piping Systems business and direct costs relating to the acquisition of the WPG subsidiaries in October 2011 of $30.4m after tax.

2 Dec 10 underlying earnings are before the impact of direct costs relating to the acquisition of the Moly-Cop Group of $8.5m, net of tax.

3 Dec 09 underlying earnings are before the impact of restructuring activities of $1.6m net of tax.

4 Dec 08 underlying earnings are before the impact of restructuring activities and tax consolidation of $13.2m net of tax.

5 Dec 07 underlying earnings are before the impact of restructuring costs and impairment of plant and equipment associated with the integration of the Smorgon Steel Group and Australian Tube Mills businesses of $29.8m net of tax. These statistics include the results of the Smorgon Steel Group Limited from 20 August 2007 only. These figures have been restated to reflect the final fair value adjustments arising on acquisition of Smorgon Steel Group Limited in August 2007.

6 The underlying results presented for the years 2001 - 2004 have been adjusted to exclude goodwill amortisation from earnings.

* Historical statutory profit information can be found in the Financial Ratios attached to the 1H12 Review of Operations.

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Historical data – key balance sheet items

As at 31 December	2011 $m	2010 $m	2009 $m	2008 $m	2007 $m	2006 $m	2005 $m	2004[1] $m	2003[1] $m	2002[1] $m	2001[1] $m
Assets	**8,665.1**	**8,195.1**	6,729.5	7,520.7	6,999.2	3,375.3	3,058.3	2,748.1	2,609.6	2,602.9	2,625.4
Liabilities	**4,267.5**	**3,715.5**	2,347.3	3,864.2	3,636.4	1,804.1	1,619.9	1,465.9	1,305.5	1,331.8	1,424.7
Net Assets	**4,397.6**	**4,479.6**	4,382.2	3,656.5	3,362.8	1,571.2	1,438.4	1,282.2	1,304.1	1,271.1	1,200.7
Net debt	**2,241.9**	**1,891.6**	969.9	2,269.8	1,985.6	753.1	660.0	709.0	696.9	712.6	822.2
Inventory	**1,524.3**	**1,687.1**	1,270.4	1,727.7	1,308.5	888.8	840.2	758.8	646.5	626.0	608.0
Receivables	**817.0**	**753.7**	695.1	851.3	925.2	605.3	559.0	517.4	437.8	390.6	378.5
Creditors	**904.9**	**847.0**	596.4	832.0	883.7	586.9	503.7	601.0	453.2	419.3	403.6
Funds Employed	**6,639.5**	**6,371.2**	5,352.1	5,926.3	5,348.4	2,324.3	2,098.4	1,991.2	2,001.0	1,983.7	2,022.9
Gearing % (net debt/net debt+equity)	**33.8%**	**29.7%**	18.1%	38.3%	37.1%	32.4%	31.5%	35.6%	34.8%	35.9%	40.6%
Interest cover (times EBITDA)[2]	**4.1**	**7.0**	6.7	4.9	4.3	8.3	7.0	7.3	7.1	7.3	4.1
NTA/Share $	**1.1**	**1.3**	1.7	1.7	1.4	2.3	2.0	1.8	1.8	1.8	1.7

1 2001-2004 figures have been presented under previous AGAAP and have been adjusted to include securitisation.
2 This ratio is based on non-statutory underlying results. Non-statutory components are used so that the ratio can assist the reader to understand the performance of the Company's continuing operations. A reconciliation of non-statutory underlying results to statutory results can be found in the Appendix to this presentation.

Historical data – cash flow

Half-year ended 31 December	2011 $m	2010 $m	2009 $m	2008 $m	2007 $m	2006 $m	2005 $m	2004 $m	2003 $m	2002 $m	2001 $m
Profit after tax	**(70.7)**	**119.5**	118.6	237.0	67.9	104.4	92.2	79.3	50.7	59.6	23.3
Depreciation, amortisation and impairment	**232.2**	**100.6**	98.7	96.2	91.1	48.1	47.4	45.0	43.1	43.3	43.4
Non-cash items	**21.0**	**(7.4)**	(8.2)	(22.2)	12.9	(2.4)	0.2	(1.0)	2.7	9.9	7.9
Working capital movements	**4.7**	**(55.9)**	114.5	(273.4)	(25.6)	(59.3)	(46.1)	(67.2)	(40.5)	(3.7)	(73.6)
Operating cash flow	**187.2**	**156.8**	323.6	37.6	146.3	90.8	93.7	56.1	56.0	109.1	1.0
Capital expenditure	**(166.5)**	**(98.8)**	(70.2)	(102.6)	(160.8)	(174.9)	(110.9)	(63.6)	(44.8)	(26.4)	(22.1)
Free Cash Flow (Statutory)	**20.7**	**58.0**	253.4	(65.0)	(14.5)	(84.1)	(17.2)	(7.5)	11.2	82.7	(21.1)
Investment expenditure	**(317.2)**	**(992.9)**	(0.9)	(2.9)	(425.0)	(2.1)	(4.0)	0.0	(0.2)	0.0	0.0
Asset Sales	**1.4**	**0.9**	0.5	32.3	1.0	3.9	0.5	3.6	5.0	2.6	31.0
Other	**-**	**-**	-	-	-	(0.4)	1.9	0.7	6.0	(9.2)	66.6
Operating & investing cash flow	**(295.1)**	**(934.0)**	253.0	(35.6)	(438.5)	(82.7)	(18.8)	(3.2)	22.0	76.1	76.5

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Historical data – Mining

Half-year ended 31 December	2011	2010	2009[1]	2008	2007
	$m	$m	$m	$m	$m
Total Revenue/Income	421.0	465.3	331.1	291.7	222.3
EBITDA	186.3	289.7	126.1	68.9	92.1
EBIT	170.7	275.5	113.0	56.6	89.1
Sales Margin	40.5%	59.2%	34.1%	19.4%	40.1%
Assets	1,427.8	849.6	794.8	713.3	479.2
Funds Employed	1,196.1	735.7	708.0	620.8	427.0
Return on funds employed	34.6%	75.8%	32.4%	9.1%	41.7%
Employees (number)	504	338	352	334	128
Total lump & fines (mt)	2.95	3.06	3.19	2.18	1.89
Pellet & Ore by products (mt)	0.38	0.31	0.22	0.36	0.34

1 The December 09 results have been restated to reflect changes in organisation structure announced in February 2010 effective 1 July 2009. The pellet plant operations previously reported as part of the Manufacturing segment are now reported as part of the Mining segment.

Historical data – Mining Consumables

Half-year ended 31 December	2011	2010[1]
	$m	$m
Total Revenue/Income	768.4	338.9
EBITDA	81.3	31.2
EBIT	65.2	21.1
Sales Margin	8.5%	6.2%
Assets	2,312.8	2,421.0
Funds Employed	1,975.3	2,052.2
Return on funds employed	6.7%	2.7%
Employees (number)	1,976	1,836.0
External tonnes despatched (mt)	0.55	0.19

1 The December 10 results for the Manufacturing and Mining Consumables segments have been restated to reflect changes in organisation structure following the formation of the new Mining Consumables segment as a result of the acquisition of the Moly-Cop Group on 31 December 2010. OneSteel's existing Waratah, Newcastle facilities, which include the grinding media and rail wheel businesses, OneSteel's grinding media businesses in the United States and Indonesia, and the Wire Ropes business at Newcastle previously reported as part of the Manufacturing segment now form part of the Mining Consumables segment.

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Historical data – Australian Steel - Manufacturing

Half-year ended 31 December	2011	2010[2]	2009[1]	2008	2007	2006	2005	2004	2003	2002	2001
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Total Revenue/Income	1,263.4	1,135.5	1,478.5	2,165.9	1,516.0	1,051.0	893.5	872.2	686.9	688.0	630.2
EBITDA	(30.6)	(37.6)	130.1	296.4	120.1	109.4	82.7	56.7	66.3	84.4	59.3
EBIT	(75.2)	(85.0)	72.0	240.7	62.8	81.2	53.9	30.2	43.3	62.3	35.6
Sales Margin	-6.0%	-7.5%	4.9%	11.1%	4.1%	7.7%	6.0%	3.5%	6.3%	9.1%	5.7%
Assets	2,264.8	2,555.8	3,583.2	3,830.8	3,802.2	1,829.6	1,502.6	1,271.8	1,318.7	1,273.8	1,288.7
Funds Employed	1,876.7	2,073.2	3,057.7	3,269.1	3,163.1	1,443.5	1,164.7	977.3	1,071.6	1,061.6	1,062.8
Return on funds employed	-7.7%	-8.2%	4.6%	7.4%	4.0%	12.0%	9.6%	5.9%	8.0%	11.7%	6.7%
Employees (number)	3,277	3,406	4,300	4,789	4,687	3,213	2,986	2,951	2,943	3,016	3,113
External tonnes despatched (mt)	0.57	0.50	0.51	0.60	0.66	0.48	0.46	0.42	0.43	0.49	0.49
Internal tonnes despatched (mt)	0.55	0.51	0.59	0.56	0.62	0.35	0.31	0.31	0.29	0.27	0.25
Steel tonnes produced (mt)	1.21	1.11	1.14	1.23	1.26	0.88	0.80	0.54	0.82	0.83	0.79

1 The December 09 results have been restated to reflect changes in organisation structure announced in February 2010 effective 1 July 2009. The pellet plant operations previously reported as part of the Manufacturing segment are now reported as part of the Iron Ore segment.

2 The December 10 results for the Manufacturing and Mining Consumables segments have been restated to reflect changes in organisation structure following the formation of the new Mining Consumables segment as a result of the acquisition of the Moly-Cop Group on 31 December 2010. OneSteel's existing Waratah, Newcastle facilities, which include the grinding media and rail wheel businesses, OneSteel's grinding media businesses in the United States and Indonesia, and the Wire Ropes business at Newcastle previously reported as part of the Manufacturing segment now form part of the Mining Consumables segment.

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Historical data – Australian Steel - Distribution

Half-year ended 31 December	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Total Revenue/Income	1,184.0	1,183.3	1,295.7	1,914.0	1,437.2	1,224.6	1,177.9	1,106.3	955.4	896.3	897.0
EBITDA	4.9	26.6	66.6	177.6	74.2	108.2	105.4	103.0	72.8	84.7	67.7
EBIT	(8.6)	12.3	51.0	161.0	57.7	92.8	90.8	88.6	56.0	65.8	50.7
Sales Margin	-0.7%	1.0%	3.9%	8.4%	4.0%	7.6%	7.7%	8.0%	5.9%	7.3%	5.7%
Assets	1,354.7	1,457.7	1,481.4	1,859.8	1,564.6	1,270.7	1,276.1	1,326.3	1,203.8	1,196.2	1,183.5
Funds Employed	1,026.2	1,147.9	1,180.5	1,469.0	1,136.0	946.1	997.1	1,012.5	957.6	891.7	873.1
Return on funds employed	-1.6%	2.2%	8.7%	23.9%	10.2%	19.7%	18.4%	17.8%	12.3%	14.6%	11.6%
Employees (number)	3,139	3,292	3,637	4,246	4,384	3,286	3,267	3,296	3,172	3,091	3,209
External tonnes despatched (mt)	0.72	0.66	0.65	0.81	0.83	0.66	0.64	0.68	0.63	0.62	0.61

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Historical data – Recycling

Half-year ended 31 December	2011 $m	2010 $m	2009 $m	2008 $m	2007 $m
Total Revenue/Income	739.5	714.4	492.1	685.9	527.4
EBITDA	11.0	3.2	3.8	(29.0)	10.4
EBIT	2.1	(5.3)	(3.6)	(37.0)	5.7
Sales Margin	0.3%	-0.7%	-0.7%	-5.4%	1.1%
Assets	659.8	647.0	614.0	671.3	628.3
Funds Employed	581.2	567.5	548.9	604.8	536.5
Return on funds employed	0.7%	-1.8%	-1.3%	-12.1%	2.1%
Employees (number)	997	1,017	962	1,010	1,054
Ferrous tonnes - external (mt)	0.44	0.51	0.36	0.39	0.39
Ferrous tonnes - internal (mt)	0.44	0.47	0.47	0.48	0.38
Non ferrous tonnes (mt)	0.12	0.13	0.08	0.08	0.08

Historical data – New Zealand Distribution

Half-year ended 31 December	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Total Revenue/Income	158.6	149.3	154.5	229.8	214.7	194.8	204.4	198.6	161.5	142.1	144.1
EBITDA	10.0	12.2	7.4	31.7	18.4	23.3	28.3	30.9	20.6	17.8	13.0
EBIT	7.6	9.7	4.8	28.9	15.8	20.7	25.8	28.3	18.1	15.6	10.5
Sales Margin	4.8%	6.5%	3.1%	12.6%	7.4%	10.6%	12.6%	14.2%	11.2%	11.0%	7.3%
Assets	168.6	158.2	160.1	241.6	207.1	197.7	184.8	178.9	149.6	135.8	135.8
Funds Employed	111.4	109.4	136.4	213.0	178.2	165.1	155.0	147.5	125.0	111.7	94.1
Return on funds employed	13.5%	17.3%	6.6%	29.9%	17.5%	26.8%	33.1%	39.8%	28.9%	28.9%	17.5%
Employees (number)	707	708	746	837	859	892	805	803	772	613	573

1H12 statutory vs underlying results

6 months to 31 December 2011	**Statutory** $m	*Discontinued operations* [3] $m	**Statutory - continuing operations** **$m**	*Restructuring costs* [2] $m	*Transaction costs* [1] $m	*Income tax of prior year* $m	**Underlying** $m
Revenue	**3,797**	(81)	**3,716**	-	-	-	**3,716**
EBITDA	**196**	18	**213**	20	23	-	**257**
EBIT	**(37)**	149	**113**	20	23	-	**156**
Profit before tax	**(99)**	149	**51**	20	23	-	**94**
Tax benefit / (expense)	**28**	(19)	**9**	(6)	(7)	(9)	**(13)**
Net profit after tax and minorities	**(74)**	130	**57**	14	16	(9)	**78**
Operating cash flow	**187**	8	**196**	4	16	-	**216**
Free cash flow	**21**	8	**29**	4	16	-	**50**

6 months to 31 December 2010	**Statutory** $m	*Discontinued operations* [3] $m	**Statutory - continuing operations** **$m**	*Restructuring costs* [2] $m	*Transaction costs* [1] $m	*Income tax of prior year* $m	**Underlying** $m
Revenue	**3,315**	(76)	**3,240**	-	-	-	**3,240**
EBITDA	**303**	7	**310**	-	12	-	**322**
EBIT	**203**	10	**212**	-	12	-	**224**
Profit before tax	**157**	10	**166**	-	12	-	**178**
Tax benefit / (expense)	**(37)**	(1)	**(38)**	-	(4)	-	**(42)**
Net profit after tax and minorities	**116**	8	**125**	-	8	-	**133**
Operating cash flow	**157**	(1)	**156**	-	7	-	**163**
Free cash flow	**58**	(1)	**57**	-	7	-	**64**

1 Direct costs relating to the sale of the Piping Systems business and the acquisition of WPG Resources Limited subsidiaries in October 2011. In 1H11, direct costs related to the acquisition of the Moly-Cop Group completed on 31 December 2010.
2 Relate to redundancies from organisational changes and other direct expenditure associated with business restructures.
3 Relating to the results of the Piping Systems and LiteSteel ™ Technologies businesses.

ONESTEEL LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET

HALF-YEAR ENDED 31 DECEMBER 2011

Comparison to previous corresponding period (pcp)	Movement	% Change		A$ million
Revenue from ordinary activities	up	14.8%	to	3,731.9
Profit from ordinary activities after tax attributable to ordinary equity holders of the parent	down	163.3%	to	(73.6)
Net profit for the period attributable to ordinary equity holders of the parent	down	163.3%	to	(73.6)

Dividends	Interim Dividend 2012	Final Dividend 2011	Interim Dividend 2011
Amount per security	3.0c	4.0c	6.0c
Franked amount per security	0.0c	0.0c	0.0c
Amount per security declared to be conduit foreign income	3.0c	0.0c	0.0c
Total dividend and dividend payment (A$ million)	40.3	53.5	80.1

	Date
Ex-dividend date for Interim Dividend	21 February 2012
Record date for determining entitlement to Interim Dividend	9 March 2012
Date payable	19 April 2012

Net tangible assets	31 December 2011	31 December 2010
Net Tangible Assets per security ($)	1.13	1.30

Details of Associates and Joint Venture Entities

Name of associate or joint venture entity	Associate or Joint Venture Entity	Percentage holding December 2011	Percentage holding December 2010
Suntech Metals Company	Associate	20%	20%
Donhad Pty Ltd	Associate	0%	40%
BOSFA Pty Ltd	Jointly controlled entity	50%	50%
GenAlta Recycling Inc.	Jointly controlled entity	50%	50%

Details of entities over which control was gained during the period

Name of entity	Date
Coober Pedy Resources Pty Limited	6 October 2011
Central Iron Pty Limited	6 October 2011
Southern Iron Pty Limited	6 October 2011

There were no entities over which control was lost during the period.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) provides eligible shareholders with an option to use dividend entitlements to acquire OneSteel Limited ordinary shares. Participation is optional. The DRP price is the arithmetic average of the daily volume weighted average market price (rounded to the nearest cent) of all fully-paid ordinary shares sold on the ASX during the 10 consecutive trading days commencing on the date which is the second trading day after the Record Date for the relevant dividend, less such discount, if any, not exceeding five per cent, as determined by the Board from time to time. DRP shares are currently priced at a nil discount.

The DRP will operate for the interim dividend. The last date of receipt of DRP election notices is before 5.00pm on 9 March 2011 (the Record Date).

No discount applies to the DRP.

Further ASX Appendix 4D disclosures are located in the OneSteel Limited Half-Year Financial Report.

This report is based on a financial report that has been subject to review and is not subject to any dispute or qualification.

ONESTEEL LIMITED

ABN 63 004 410 833

FINANCIAL REPORT

for the half-year ended 31 December 2011

Contents

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2011.

Directors

The following persons were Directors of OneSteel Limited during the half-year and up to the date of this report unless stated otherwise:

R B Davis
C R Galbraith, AM
P G Nankervis
G J Plummer
D A Pritchard
P J Smedley
G J Smorgon
R Warnock

Principal activities

The principal activities of the OneSteel Limited Group ("OneSteel Group") during the half-year were the mining and supply of steelmaking raw materials to steel mills operated in Australia and overseas; recycling of ferrous and non-ferrous scrap metal; manufacture of grinding media; and manufacture and distribution of steel long products.

The OneSteel Group manufactures and distributes a wide range of products including grinding media, structural, rail, rod, bar, wire and pipe and tube products. In addition, OneSteel distributes sheet and coil, piping systems, plate and aluminium products. OneSteel Limited owns 50.3% of the ordinary shares of Steel & Tube Holdings Limited, a steel distribution company listed in New Zealand.

Review of operations

A review of the operations of the OneSteel Group during the half-year and the results of those operations is attached.

Net loss after tax attributable to members of OneSteel Limited as parent entity for the half-year was $73.6m (2010: Profit of $116.2m).

Rounding of amounts

The Company is of the kind referred to in the Australian Securities and Investments Commission (ASIC) Class Order 98/0100. In accordance with that Class Order, amounts in the financial report have been rounded off to the nearest one hundred thousand dollars, or where the amount is $50,000 or less, zero, unless specifically stated to be otherwise.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2011.

Signed in accordance with a resolution of the Directors.

Peter Smedley
Chairman

Geoff Plummer
Managing Director and
Chief Executive Officer

Sydney
21 February 2012

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of OneSteel Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

(a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG.

KPMG

David Rogers.

David Rogers
Partner

Sydney
21 February 2012

Income Statement
FOR THE HALF-YEAR ENDED 31 DECEMBER

	Notes	CONSOLIDATED 2011 $m	2010 $m
Sales revenue	4	3,716.3	3,239.5
Cost of sales		(3,139.8)	(2,601.4)
Gross profit		576.5	638.1
Other revenue	4	15.6	10.9
Other income	4	6.8	1.4
Operating expenses		(486.8)	(438.2)
Finance costs		(62.2)	(46.0)
Share of net profit/(loss) of investments accounted for using the equity method		0.7	-
Profit from continuing operations before income tax	4	**50.6**	**166.2**
Income tax benefit/(expense)	5	9.1	(38.4)
Profit from continuing operations after tax		**59.7**	**127.8**
Loss from discontinued operations after tax		**(130.4)**	**(8.3)**
Net (loss)/profit for the period		**(70.7)**	**119.5**
Net (loss)/profit for the period is attributable to:			
Non-controlling interests		2.9	3.3
Equity holders of the parent		(73.6)	116.2
		(70.7)	**119.5**

The accompanying notes form an integral part of the financial statements.

Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER

	Notes	CONSOLIDATED 2011 $m	2010 $m
(Loss)/Profit after tax		**(70.7)**	**119.5**
Other comprehensive income			
Cash flow hedges:			
- net (losses)/gains taken to equity		(4.5)	0.3
- transferred to profit		2.9	3.2
- transferred to initial carrying amount of hedged items		0.7	1.3
Currency translation differences:			
- net investment hedges		(11.5)	14.4
- exchange fluctuations on overseas net assets		24.3	(74.5)
Other comprehensive income/(expense), net of tax		11.9	(55.3)
Total comprehensive (expense)/income		**(58.8)**	**64.2**
Total comprehensive (expense)/income attributable to:			
Equity holders of the parent		(61.0)	65.4
Non-controlling interests		2.2	(1.2)
		(58.8)	**64.2**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent:			
Profit from continuing operations attributable to equity holders of the parent	7	56.6	124.5
Basic earnings per share (cents per share)		4.24	9.38
Diluted earnings per share (cents per share)		4.24	9.34
Earnings per share attributable to the ordinary equity holders of the parent:			
(Loss)/Profit attributable to equity holders of the parent	7	(73.3)	116.2
Basic earnings per share (cents per share)		(5.49)	8.75
Diluted earnings per share (cents per share)		(5.50)	8.72

The accompanying notes form an integral part of the financial statements.

Balance Sheet
AS AT

		CONSOLIDATED	
		31 December 2011	30 June 2011
	Notes	$m	$m
ASSETS			
Current assets			
Cash and cash equivalents	10	224.2	153.7
Receivables		817.1	924.0
Derivative financial instruments		13.3	3.0
Inventories		1,524.3	1,601.0
Other financial assets		-	1.5
Other current assets		20.3	19.7
Assets of disposal groups classified as held for sale		110.1	-
Total current assets		**2,709.3**	**2,702.9**
Non-current assets			
Investments accounted for using the equity method		13.8	13.1
Derivative financial instruments		29.0	10.2
Other financial assets		4.5	-
Other non-current assets		21.5	14.1
Property, plant and equipment		2,642.9	2,586.0
Mine development expenditure		240.9	207.3
Other intangibles and goodwill		2,824.5	2,644.1
Deferred tax assets		178.7	163.0
Total non-current assets		**5,955.8**	**5,637.8**
TOTAL ASSETS		**8,665.1**	**8,340.7**
LIABILITIES			
Current liabilities			
Payables		898.8	1,022.4
Derivative financial instruments		6.1	31.2
Interest-bearing liabilities		72.3	72.6
Current tax liabilities		15.2	25.4
Provisions		297.7	298.8
Liabilities directly associated with disposal groups held for sale		5.8	-
Total current liabilities		**1,295.9**	**1,450.4**
Non-current liabilities			
Derivative financial instruments		72.6	72.3
Interest-bearing liabilities		2,393.8	1,809.5
Deferred tax liabilities		289.6	293.3
Provisions		215.6	209.5
Total non-current liabilities		**2,971.6**	**2,384.6**
TOTAL LIABILITIES		**4,267.5**	**3,835.0**
NET ASSETS		**4,397.6**	**4,505.7**
EQUITY			
Contributed equity	8	3,767.0	3,761.6
Retained earnings		643.6	770.7
Reserves		(71.4)	(86.5)
Parent interests		4,339.2	4,445.8
Non-controlling interests		58.4	59.9
TOTAL EQUITY		**4,397.6**	**4,505.7**

The accompanying notes form an integral part of the financial statements.

Condensed Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER

	Notes	CONSOLIDATED 2011 $m	2010 $m
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		3,943.7	3,498.1
Payments to suppliers and employees		(3,671.2)	(3,265.2)
Net GST paid		(2.0)	(2.8)
Interest received		0.8	0.8
Interest and other finance costs paid		(56.2)	(46.2)
Income taxes paid		(27.9)	(27.9)
Net operating cash flows		**187.2**	**156.8**
Cash flows from investing activities			
Purchases of property, plant and equipment, mine development expenditure and other intangibles		(166.5)	(98.8)
Proceeds from sale of property, plant and equipment		1.4	0.9
Purchases of businesses		(0.5)	(1.9)
Purchase of controlled entities, net of cash acquired		(272.9)	(854.8)
Purchase of loan receivables		(43.8)	(136.2)
Net investing cash flows		**(482.3)**	**(1,090.8)**
Cash flows from financing activities			
Proceeds from issues of shares		-	0.2
Purchase of shares under equity-based compensation plans		-	(7.1)
Net proceeds from borrowings		382.5	1,084.1
Repayment of loan to related party		0.3	-
Dividends paid		(51.3)	(72.5)
Net financing cash flows		**331.5**	**1,004.7**
Net increase in cash and cash equivalents		**36.4**	**70.7**
Cash and cash equivalents at the beginning of the half-year		153.7	75.3
Effect of exchange rate fluctuations on cash held		(2.7)	(6.9)
Cash and cash equivalents at the end of the half-year	10	**187.4**	**139.1**

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT						NON-CONTROLLING INTERESTS	TOTAL EQUITY
	CONTRIBUTED EQUITY							
CONSOLIDATED	Issued capital $m	Employee compensation shares $m	**Total contributed equity** $m	**Retained earnings** $m	**Total reserves** $m	**Total parent interests** $m	$m	$m
At 1 July 2011	3,787.2	(25.6)	3,761.6	770.7	(86.5)	4,445.8	59.9	4,505.7
Net (loss)/profit for the half-year	-	-	-	(73.6)	-	(73.6)	2.9	(70.7)
Other comprehensive income/(expense)	-	-	-	-	12.6	12.6	(0.7)	11.9
Total comprehensive (expense)/income for the half-year, net of tax	-	-	-	(73.6)	12.6	(61.0)	2.2	(58.8)
Transactions with equity holders:								
Share-based payments expense	-	-	-	-	2.5	2.5	-	2.5
Dividends paid	-	-	-	(53.5)	-	(53.5)	(3.2)	(56.7)
Shares issued, net of transaction costs	-	-	-	-	-	-	(0.5)	(0.5)
Shares issued under dividend reinvestment	5.4	-	5.4	-	-	5.4	-	5.4
Total transactions with equity holders	5.4	-	5.4	(53.5)	2.5	(45.6)	(3.7)	(49.3)
At 31 December 2011	**3,792.6**	**(25.6)**	**3,767.0**	**643.6**	**(71.4)**	**4,339.2**	**58.4**	**4,397.6**

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT						NON-CONTROLLING INTERESTS	TOTAL EQUITY
	CONTRIBUTED EQUITY							
CONSOLIDATED	Issued capital $m	Employee compensation shares $m	**Total contributed equity** $m	**Retained earnings** $m	**Total reserves** $m	**Total parent interests** $m	$m	$m
At 1 July 2010	3,769.6	(18.5)	3,751.1	700.4	(19.0)	4,432.5	60.2	4,492.7
Net profit/(loss) for the half-year	-	-	-	116.2	-	116.2	3.3	119.5
Other comprehensive (expense)/income	-	-	-		(50.8)	(50.8)	(4.5)	(55.3)
Total comprehensive income/(expense) for the half-year, net of tax	-	-	-	116.2	(50.8)	65.4	(1.2)	64.2
Transactions with equity holders:								
Share-based payments expense	-	-	-	-	2.5	2.5	-	2.5
Purchase of shares under equity-based compensation plans	-	(7.1)	(7.1)	-	-	(7.1)	-	(7.1)
Dividends paid	-	-	-	(79.9)	-	(79.9)	(1.7)	(81.6)
Shares issued, net of transaction costs	0.2	-	0.2	-	-	0.2	(0.4)	(0.2)
Shares issued under dividend reinvestment plan	9.1	-	9.1	-	-	9.1	-	9.1
Total transactions with equity holders	9.3	(7.1)	2.2	(79.9)	2.5	(75.2)	(2.1)	(77.3)
At 31 December 2010	**3,778.9**	**(25.6)**	**3,753.3**	**736.7**	**(67.3)**	**4,422.7**	**56.9**	**4,479.6**

The accompanying notes form an integral part of the financial statements

Notes to the financial statements

Notes to the financial statements

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

The financial report includes the financial statements for the consolidated entity consisting of OneSteel Limited and its subsidiaries (the "OneSteel Group").

This general purpose financial report for the half-year ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by OneSteel Limited during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Changes in accounting policy

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2011, except for the adoption of new standards and interpretations as of 1 January 2012, noted below:

AASB 124 Related Party Transactions (Amendment)
The AASB has issued an amendment to AASB 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

AASB 132 Financial Instruments: Presentation (Amendment)
The amendment alters the definition of a financial liability in AASB 132 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group.

AASB Int 14 Prepayments of a Minimum Funding Requirement (Amendment)
The amendment removes an unintended consequence when an entity is subject to minimum funding requirements (MFR) and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as pension asset. The interpretation had no effect on the financial position or performance of the Group.

Improvements to AASB (issued May 2010)
In May 2010, the AASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the amendments did not have any impact on the financial position or performance of the Group.

Notes to the financial statements (continued)

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses based on historical experience and on other various factors it believes to be reasonable under the circumstances. Actual results may differ from the judgements, estimates and assumptions. Changes in estimates and assumptions for the half-year ended 31 December 2011 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Impairment of non-financial assets other than goodwill and intangibles with indefinite useful lives

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The assumptions include management's expectation of the impact of the introduction of a carbon price under the Scheme and the Steel Transformation Plan.

Minerals Resource Rent Tax

On 2 July 2010, the Federal Government announced that it would replace the proposed Resources Super Profits Tax ("RSPT") with a Minerals Resources Rent Tax ("MRRT"). The MRRT applies to only iron ore and coal extraction activities from 1 July 2012. The MRRT applies equally to OneSteel's hematite ore export sales and the magnetite ore used in the Steelworks.

The MRRT legislation has not yet been substantively enacted and as a result, management are of the view that they cannot reliably quantify the impact of the proposed MRRT on the recoverability of the carrying amount of assets at 31 December 2011.

Notes to the financial statements

3. SEGMENT INFORMATION

2011	Mining $m	Recycling $m	Manufacturing $m	Mining Consumables $m	Australian Distribution $m	New Zealand Distribution $m	Total continuing operations $m	Discontinued operations $m	Total segments $m
Segment revenues									
Sales to external customers	420.9	533.1	716.8	721.0	1,166.5	158.0	3,716.3	80.8	3,797.1
Intersegment revenue	-	197.5	541.0	45.4	12.9	-	796.8	9.1	805.9
Other revenue/income from external customers	0.1	8.9	5.6	2.0	4.6	0.6	21.8	-	21.8
Total segment income	**421.0**	**739.5**	**1,263.4**	**768.4**	**1,184.0**	**158.6**	**4,534.9**	**89.9**	**4,624.8**
Intersegment eliminations							(796.8)	(9.1)	(805.9)
Unallocated							0.6	-	0.6
Consolidated Income							**3,738.7**	**80.8**	**3,819.5**
Segment share of profit of investments accounted for using the equity method	-	-	-	0.6	-	-	0.6	-	0.6
Unallocated	-	-	-	-	-	-	0.1	-	0.1
Consolidated share of profit/(loss) of equity accounted investments							**0.7**	**-**	**0.7**
Segment earnings before interest, tax, depreciation and amortisation	**186.3**	**11.0**	**(30.6)**	**81.3**	**4.9**	**10.0**	**262.9**	**(17.7)**	**245.2**
Depreciation and amortisation	(15.6)	(8.9)	(44.6)	(16.1)	(13.5)	(2.4)	(101.1)	(2.1)	(103.2)
Impairment of property, plant and equipment and intangible assets	-	-	-	-	-	-	-	(129.5)	(129.5)
Segment earnings before interest and tax	**170.7**	**2.1**	**(75.2)**	**65.2**	**(8.6)**	**7.6**	**161.8**	**(149.3)**	**12.5**
Restructuring costs	-	(1.5)	(7.0)	-	(7.5)	-	(16.0)	-	(16.0)
Disposal transaction costs	-	-	-	-	(1.3)	-	(1.3)	-	(1.3)
Finance costs							(62.2)	-	(62.2)
Intersegment eliminations							(29.7)	-	(29.7)
Unallocated							(2.0)	-	(2.0)
Consolidated Profit before tax							**50.6**	**(149.3)**	**(98.7)**

Notes to the financial statements (continued)

3. SEGMENT INFORMATION (CONTINUED)

2011	Mining $m	Recycling $m	Manufacturing $m	Mining Consumables $m	Australian Distribution $m	New Zealand Distribution $m	Total continuing operations $m	Discontinued operations $m	Total segments $m
Tax benefit							9.1	18.9	28.0
Consolidated Profit after tax							**59.7**	**(130.4)**	**(70.7)**
Segment assets	**1,427.8**	**658.5**	**2,264.8**	**2,305.7**	**1,354.7**	**168.6**	**8,180.1**	**96.8**	**8,276.9**
Investments accounted for using the equity method	-	1.3	-	7.1	-	-	8.4	-	8.4
Tax assets							178.7	17.3	196.0
Intersegment eliminations							(126.0)	(3.7)	(129.7)
Unallocated assets							313.8	(0.3)	313.5
Consolidated assets							**8,555.0**	**110.1**	**8,665.1**
Segment liabilities	**231.7**	**78.6**	**388.1**	**337.8**	**328.5**	**57.2**	**1,421.9**	**25.0**	**1,446.9**
Tax liabilities							304.8	(15.5)	289.3
Intersegment eliminations							(129.7)	(3.7)	(133.4)
Unallocated liabilities							2,664.7	-	2,664.7
Consolidated liabilities							**4,261.7**	**5.8**	**4,267.5**

Notes to the financial statements (continued)

3. SEGMENT INFORMATION (CONTINUED)

2010	Mining $m	Recycling $m	Manufacturing[2] $m	Mining Consumables[2] $m	Australian Distribution $m	New Zealand Distribution $m	Total continuing operations $m	Discontinued operations $m	Total segments $m
Segment revenues									
Sales to external customers	463.7	523.1	634.2	300.6	1,168.7	149.2	3,239.5	75.6	3,315.1
Intersegment revenue	-	190.4	496.2	38.1	12.4	0.1	737.2	7.4	744.6
Other revenue/income from external customers	1.6	0.9	5.1	0.2	2.2	-	10.0	0.1	11.6
Total segment income	**465.3**	**714.4**	**1,135.5**	**338.9**	**1,183.3**	**149.3**	**3,986.7**	**83.1**	**4,069.8**
Intersegment eliminations							(737.2)	(7.4)	(744.6)
Unallocated							2.3	-	2.3
Consolidated income							**3,251.8**	**75.7**	**3,327.5**
Segment share of (loss) / profit of investments accounted for using the equity method	-	(0.1)	-	-	-	-	(0.1)	-	(0.1)
Unallocated							0.1	-	0.1
Consolidated share of profit/(loss) of equity accounted investments							**-**	**-**	**-**
Segment earnings before interest, tax, depreciation and amortisation	**289.7**	**3.2**	**(37.6)**	**31.2**	**26.6**	**12.2**	**325.3**	**(7.1)**	**318.2**
Depreciation and amortisation	(14.2)	(8.5)	(47.4)	(10.1)	(14.3)	(2.5)	(97.0)	(2.4)	(99.4)
Segment earnings before interest and tax	**275.5**	**(5.3)**	**(85.0)**	**21.1**	**12.3**	**9.7**	**228.3**	**(9.5)**	**218.8**
Finance costs							(46.0)	-	(46.0)
Intersegment eliminations							6.6	-	6.6
Unallocated							(22.7)	-	(22.7)
Consolidated Profit before tax							**166.2**	**(9.5)**	**156.7**
Tax (benefit)/expense							(38.4)	1.2	(37.2)
Consolidated Profit after tax							**127.8**	**(8.3)**	**119.5**

Notes to the financial statements (continued)

3. SEGMENT INFORMATION (CONTINUED)

2010	Mining	Recycling	Manufacturing[2]	Mining Consumables[2]	Australian Distribution	New Zealand Distribution	Total continuing operations	Discontinued operations	Total segments
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Segment assets[1]	**849.6**	**645.6**	**2,555.8**	**2,389.5**	**1,457.7**	**158.2**	**8,056.4**	**-**	**8,056.4**
Investments accounted for using the equity method		1.4		31.5			32.9	-	32.9
Tax assets							158.4	-	158.4
Intersegment eliminations							(135.2)	-	(135.2)
Unallocated assets							82.6	-	82.6
Consolidated assets							**8,195.1**	**-**	**8,195.1**
Segment liabilities[1]	**113.9**	**79.5**	**482.5**	**368.8**	**309.8**	**48.8**	**1,403.3**	**-**	**1,403.3**
Tax liabilities							304.8	-	304.8
Intersegment eliminations							(131.7)	-	(131.7)
Unallocated assets							2,139.1	-	2,139.1
Consolidated liabilities							**3,715.5**	**-**	**3,715.5**

1 Under AASB 5 "Non-current assets held for sale and discontinued operations", comparative assets and liabilities have not been restated as 'held for sale' discontinued operations.
2 The December 10 results for the Manufacturing and Mining Consumables segments have been restated to reflect changes in organisation structure following the formation of the new Mining Consumables segment as a result of the acquisition of the Moly-Cop Group on 31 December 2010. OneSteel's existing Waratah, Newcastle facilities, which include the grinding media and rail wheel businesses, OneSteel's grinding media businesses in the United States and Indonesia, and the Wire Ropes business at Newcastle previously reported as part of the Manufacturing segment now form part of the Mining Consumables segment.

Notes to the financial statements (continued)

3. SEGMENT INFORMATION (CONTINUED)

Identification of reportable segments

The Group has identified its operating segments based on internal reporting that is reviewed and used by the MD & CEO and the executive management team in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the products provided, with each operating segment representing a strategic business unit that offers different products and serves different markets.

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold as these are the sources of the Group's major risks and have the most effect on the rates of return.

Iron Ore
The Iron Ore segment supplies pelletised iron ore to OneSteel's integrated steelworks at Whyalla sourced from OneSteel's mines located in the South Middleback Ranges, approximately 60 kms from Whyalla, South Australia. The Whyalla steelworks uses magnetite iron ore feed and hematite iron ore is sold externally.

The Iron Ore segment also includes the WPG Resources Limited's subsidiary companies acquired on 6 October 2011 that own iron ore assets in South Australia.

Recycling
The Recycling segment operates in 11 countries through a combination of physical operations and trading offices, supplying steel making raw materials and non-ferrous scrap to steel mills and foundries operated in Australia and across the globe.

Manufacturing
OneSteel's Manufacturing segment combines the activities of steel production and the product mills. The Whyalla Steelworks produces billet as feedstock for OneSteel's Market Mills operations together with rail products, structural steels and slabs for external sale.

Within Market Mills, the Sydney and Laverton steel mills produce steel billets for the manufacture of reinforcing and bar products on their own rolling mills as well as steel billet to be used as feed in OneSteel's other rolling facilities.

Market Mills manufacture products which are used in a range of applications such as manufacturing, construction, mining and automotive industries.

Mining Consumables
The Mining Consumables segment services the resources sectors of Australia, Asia and North and South America. The business comprises OneSteel's Grinding Media businesses in Australia, Chile, Peru, Mexico, Canada, the United States and Indonesia.

Australian Distribution
OneSteel's Australian Distribution segment provides a diverse range of steel and metal products to resellers and end-users including structural steel, steel plate, angles, channels, flat sheet, reinforcing steel, sheet steel and coil and a range of aluminium products, pipes, fittings and valves. The reinforcing businesses and pipe and tube business within Australian Distribution manufacture and distribute product throughout Australia for the construction, mining, oil and gas and manufacturing industries.

New Zealand Distribution
This comprises the 50.3% shareholding in Steel & Tube Holdings Limited, a listed company in New Zealand, which processes and distributes a comprehensive range of steel and allied products in the construction, manufacturing and rural industries to the New Zealand market.

Notes to the financial statements (continued)

3. SEGMENT INFORMATION (CONTINUED)

Intra/intersegment transfers
The Recycling segments sell raw materials to the Manufacturing segment. The Manufacturing segment sells manufactured products such as structural steel, angles, channels, flats, reinforcing bar and mesh to the Australian Distribution and New Zealand Distribution segments.

All sales between 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.

4. INCOME STATEMENT ITEMS

	CONSOLIDATED	
	2011 $m	2010 $m
Continuing operations:		
(a) Sales revenue		
Product sales	3,713.0	3,237.5
Rendering of services	3.3	2.0
Total sales revenue	**3,716.3**	**3,239.5**
(b) Other revenue		
Interest received from unrelated parties	0.8	0.8
Other	14.8	10.1
Total other revenue	**15.6**	**10.9**
TOTAL REVENUE	**3,731.9**	**3,250.4**
(c) Other income		
Net gains on disposal of property, plant and equipment	0.1	0.4
Net foreign exchange gains	6.7	-
Other	-	1.0
Total other income	**6.8**	**1.4**
TOTAL INCOME	**3,738.7**	**3,251.8**
Discontinued operations:		
(a) Sales revenue		
Product sales	80.8	75.6
Total sales revenue	80.8	75.6
(b) Other revenue		
Other	-	0.1
Total other revenue	**-**	**0.1**
TOTAL REVENUE	**80.8**	**75.7**
TOTAL INCOME	**80.8**	**75.7**

Notes to the financial statements (continued)

4. INCOME STATEMENT ITEMS (CONTINUED)

	CONSOLIDATED 2011 $m	2010 $m
(d) Profit before income tax includes the following specific expenses:		
Continuing operations:		
Depreciation of property, plant and equipment	89.4	92.2
Amortisation of mine development expenditure	2.5	1.5
Amortisation of finite-life intangible assets	8.5	4.5
Net foreign exchange losses	-	2.8
Restructuring costs[2]	20.0	-
Share-based payment expense	2.4	2.4
Discontinued operations:		
Depreciation of property, plant and equipment	2.0	2.0
Amortisation of finite-life intangible assets	0.2	0.4
Impairment of property, plant and equipment[1]	35.5	-
Impairment of finite-life intangible assets[1]	0.6	-
Impairment of indefinite life intangible assets[1]	4.6	-
Impairment of goodwill[1]	88.8	-
Net foreign exchange losses	-	-
Inventory write down to net realisable value[2]	9.3	-

1 Impairment relating to the LiteSteel Technologies business.
2 Restructuring costs related to redundancies from organisational changes and other direct expenditure associated with business restructures.

5. INCOME TAX

Reconciliation of income tax expense to prima facie tax payable

	CONSOLIDATED 2011 $m	2010 $m
Profit before tax from continuing operations	50.6	166.2
Loss before tax from discontinued operations	(149.4)	(9.5)
Total (loss)/profit before income tax	(98.8)	156.7
Prima facie income tax (credit)/expense calculated at 30%	(29.6)	47.0
Adjustments in respect of income tax of previous years:		-
Research and development allowance	(4.5)	(5.3)
Other non-deductible expenses	0.6	0.3
Difference in overseas tax rates	(6.4)	1.2
Adjustments in respect of income tax of previous years	(10.1)	-
Impairment of goodwill	26.6	-
Other items	(4.6) [1]	(6.0)[2]
Income tax (benefit)/expense	(28.0)	37.2

Notes to the financial statements (continued)

5. INCOME TAX (CONTINUED)

	CONSOLIDATED	
	2011 $m	2010 $m
Aggregate income tax (credit)/expense is attributable to:		
Continuing operations	(9.1)	38.4
Discontinued operations	(18.9)	(1.2)
	(28.0)	37.2

1 Primarily relates to the elimination of realised and unrealised foreign exchange gains and losses that are recognised for accounting on intra group loans but are ignored for income tax purposes, deductions available in the US on the amortisation of goodwill and functional currency adjustments.
2 Primarily relates to a tax refund arising as a result of a tax deduction available for consumable items owned by SSX Pty Ltd when it first elected to consolidate for tax purposes on 1 July 2002.

6. DIVIDENDS

The following dividends have been paid, declared or recommended since the end of the preceding financial year:

	On ordinary shares $m	Dividend per ordinary share cents
December 2011		
Final unfranked dividend for 2011, paid on 13 October 2011	53.5	4.0
December 2010		
Final unfranked dividend for 2010, paid on 14 October 2010	79.9	6.0

Dividends not recognised at the end of the half-year

In addition to the above dividends, since the end of the half-year, the Directors have recommended the payment of an unfranked interim dividend of 3 cents per fully paid ordinary share (2010: 6.0 cents, unfranked). The aggregate amount of the proposed dividend expected to be paid on 19 April 2012 but not recognised as a liability at balance date is $40.3m (2010: $80.1m).

Notes to the financial statements (continued)

7. EARNINGS PER SHARE

The following reflects the earnings and share data used in the calculation of basic and diluted earnings per share:

(a) Earnings

	December 2011 $m	December 2010 $m
Net (loss)/profit for the period	(70.7)	119.5
Less: Non-controlling interests	2.9	3.3
(Loss)/Profit attributable to equity holders of the parent	(73.6)	116.2
Add: Adjustment for employee compensation shares	0.3	-
Earnings used in calculating basic and diluted earnings per share attributable to equity holders of the parent	(73.3)	116.2
Net profit for the period attributable to continuing operations	59.7	127.8
Less: Non-controlling interests	2.9	3.3
Profit from continuing operations attributable to equity holders of the parent	56.8	124.5
Less: Adjustment for employee compensation shares	(0.2)	-
Earnings used in calculating basic and diluted earnings per share from continuing operations attributable to equity holders of the parent	56.6	124.5

(b) Number of ordinary shares

	Number of shares	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	1,333,686,618	1,327,361,658
Dilutive effect of executive share options[1]	-	27,782
Dilutive effect of employee compensation shares	688,105	5,566,434
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	1,334,374,723	1,332,955,874

1 Executive share options relate solely to ordinary shares. All potential ordinary shares, being options to acquire ordinary shares, are considered dilutive. There were no outstanding options at 31 December 2011 (2010: nil).

(c) Earnings per share

Earnings per share attributable to the ordinary equity holders of the parent:		
Basic earnings per share (cents per share)	(5.49)	8.75
Diluted earnings per share (cents per share)	(5.50)	8.72
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent:		
Basic earnings per share (cents per share)	4.24	9.38
Diluted earnings per share (cents per share)	4.24	9.34

Notes to the financial statements (continued)

8. CONTRIBUTED EQUITY

	CONSOLIDATED	
	December 2011 $m	June 2011 $m
Issued capital (a)	3,792.6	3,787.2
Employee compensation shares (b)	(25.6)	(25.6)
Total contributed equity	3,767.0	3,761.6
(a) Issued capital		
Number of ordinary shares: 1,342,393,583 (June 2011: 1,338,106,652)		
Issued and paid-up	3,792.6	3,787.2
(b) Employee compensation shares		
Number of ordinary shares: 6,283,917 (June 2011: 6,283,917)		
Shares held in trust under equity-based compensation arrangements	(25.6)	(25.6)

	Number of ordinary shares	Value of ordinary shares $m
Movements in issued capital for the period		
On issue at the beginning of the half-year	1,338,106,652	3,787.2
Issued during the half-year:		
From the exercise of options	-	-
Under a Dividend Reinvestment Plan	4,286,931	5.4
On issue at the end of the half-year	1,342,393,583	3,792.6
Movements in employee compensation shares for the period		
Held in trust at the beginning of the half-year	(6,283,917)	(25.6)
Shares purchased on-market	-	-
Shares vested and transferred to share-based payments reserve	-	-
Held in trust at the end of the half-year	(6,283,917)	(25.6)

Notes to the financial statements (continued)

9. CONTINGENCIES

(a) Contingent Liabilities

Contingent liabilities at balance date not otherwise provided for in the financial statements are categorised as follows:

	CONSOLIDATED	
	December 2011 $m	June 2011 $m
Guarantees and indemnities		
Bank guarantees covering:		
Workers' compensation self-insurance licences[1]	48.9	50.6
Performance of contracts	41.9	45.6

1 In Australia, OneSteel Limited has given guarantees to various state workers' compensation authorities as a pre-requisite for self-insurance. Of this amount, a total of $34.0m (June 2011: $32.3m) has been provided for in the consolidated financial statements as recommended by independent actuarial advice.

Third party claims
The Group has been involved from time to time in various claims and lawsuits incidental to the ordinary course of business, including claims for damages and commercial disputes relating to its products and services. Based on legal advice obtained, other than amounts already provided for in the accounts, the Directors do not expect any material liability to eventuate.

10. CASH AND CASH EQUIVALENTS

Reconciliation to the Condensed Cash Flow Statement

Cash at balance date as shown in the Condensed Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	CONSOLIDATED	
	December 2011 $m	December 2010 $m
Cash and cash equivalents	224.2	141.5
At call bank loan	(36.8)	(2.4)
	187.4	139.1

Notes to the financial statements (continued)

11. HELD FOR SALE ASSETS AND DISCONTINUED OPERATIONS

(a) Details of operations held for sale

On 22 December 2011 OneSteel entered into a sale agreement to dispose of its Piping Systems business, which distributes pipes, valves and fittings primarily into the mining, minerals processing, oil and gas and engineering construction segments. The agreement to dispose of the business, which forms part of the Australian Distribution segment, followed a review of the Group's Australian steel business product portfolio and facilities footprint.

The Board has decided to exit its LiteSteel business within the next 12 months. The LiteSteel business sells and markets LiteSteel beams primarily in Australia and the United States and forms part of the Manufacturing segment. The business had been operating in an uncertain economic environment of continued weak residential construction activity.

The disposal of the Piping Systems business is expected to be completed in early 2012. As at 31 December the Piping Systems and LiteSteel businesses were classified as disposal groups held for sale.

(b) Financial performance of disposal groups held for sale

The results of the discontinued operations for the year until disposal are presented below:

	2011 $m	2010 $m
Revenue	80.8	75.6
Expenses	(78.9)	(67.4)
Gross profit / (loss)	1.9	8.2
Other revenues	-	0.1
Operating expenses	(21.7)	(17.8)
Finance costs	-	-
Impairment of goodwill	(88.8)	-
Impairment of property, plant and equipment	(40.7)	-
Loss before tax from discontinued operations	(149.3)	(9.5)
Tax benefit	18.9	1.2
Loss for the year from discontinued operations	(130.4)	(8.3)

Notes to the financial statements (continued)

11. HELD FOR SALE ASSETS AND DISCONTINUED OPERATIONS (CONTINUED)

(c) Assets and liabilities – held for sale operations

The major classes of assets and liabilities of the disposal groups held for sale as at 31 December 2011 are as follows:

	2011 $m
Assets	
Cash and cash equivalents	(0.4)[1]
Receivables	26.4
Inventory	38.7
Intangibles	18.3
Property, plant and equipment	9.5
Deferred tax assets	17.3
Other assets	0.3
Assets classified as held for sale	110.1
Liabilities	
Payables	17.0
Tax liabilities	(15.6)[2]
Provisions	4.4
Liabilities directly associated with assets classified as held for sale	5.8
Net assets attributable to discontinued operations	104.3

1 Bank overdraft subject to master netting arrangements.

2 Current tax receivable netted against tax liabilities on consolidation.

(d) Cash flow information – held for sale operations

The net cash flows of disposal groups held for sale are as follows:

	2011 $m	**2010** $m
Operating activities	(7.9)	1.6
Investing activities	(0.4)	(0.5)
Financing activities	-	-
Net cash inflow / (outflow)	(8.3)	1.1
Earnings per share for profit from discontinued operations attributable to the ordinary equity holders of the parent:		
Basic earnings per share (cents per share)	(9.73)	(0.63)
Diluted earnings per share (cents per share)	(9.74)	(0.62)

Notes to the financial statements (continued)

12. BUSINESS COMBINATIONS

Acquisition of WPG subsidiaries

On 6 October 2011, OneSteel acquired 100% of the issued capital of WPG Resources Limited's subsidiary companies that own iron ore assets in South Australia. The acquisition of the WPG iron ore assets underpins the expansion in the Iron Ore segment and increase in capacity of OneSteel's Whyalla port.

(a) Assets and liabilities acquired

The fair value of the identifiable assets and liabilities as at the date of the business combination were:

	Acquiree Carrying Amount	Fair Value
	$m	$m
Receivables	0.3	0.3
Property, plant and equipment	14.1	14.1
Mine development expenditure	18.2	18.2
Intangibles[1]	0.1	274.4
Other assets	11.2	11.2
Payables	(43.8)	(43.8)
Net Assets	0.1	274.4
Net Identifiable Assets Acquired	0.1	274.4

1 Includes mining tenement rights

(b) Cost of combination

	$m
Cash paid	274.4
Total purchase consideration	274.4
Fair value of net identifiable assets	274.4
Goodwill arising on acquisition	-

The initial accounting for the acquisition of WPG subsidiaries has been determined provisionally as at 31 December 2011. OneSteel has 12 months from the date of acquisition to complete the allocation of the cost of the business combinations to the assets, liabilities and contingent liabilities acquired. At 31 December, the process of allocating the cost of the business combination had not yet commenced and as such no adjustments have been made to the carrying amounts of the assets, liabilities and contingent liabilities of the acquiree.

There would be no impact on the Income Statement and Statement of Comprehensive Income for the Group for the half-year ended 31 December 2011 had the acquisition taken place as at 1 July 2011 as the acquired companies have not yet commenced trading activities.

Notes to the financial statements (continued)

12. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of the Moly-Cop Group

The initial accounting for the acquisition of the Moly-Cop Group on 31 December 2010 had been determined provisionally as at that date. In accordance with Accounting Standard AASB 3 Business Combinations, the Group had 12 months from the date of acquisition to complete the allocation of the cost of the business combination to the assets, liabilities and contingent liabilities acquired.

The allocation was finalised on 31 December 2011 and accordingly, the 30 June 2011 and 31 December 2010 comparative information has been restated to present the carrying amounts of assets, liabilities and contingent liabilities acquired, as if the initial accounting had been completed from the date of acquisition. This resulted in an increase to goodwill of $53.4 million from 30 June 2011.

The finalisation of the fair value adjustments had no impact on the Income Statement or total equity for the year ended 30 June 2011 or 31 December 2010.

13. EVENTS AFTER BALANCE SHEET DATE

On 30 January 2012, the Federal Government announced that it would provide a $64 million advance to OneSteel under the Steel Transformation plan (STP). Under the STP, OneSteel was eligible to apply for an advance of up to $64 million to undertake activities that enhance the competitiveness and economic sustainability of the Company's Australian steel manufacturing business. Payment of the advance is expected within 30 working days of the announcement. No adjustment has been made in respect of the half year ended 31 December 2011.

There have been no other circumstances arising since 31 December 2011 that have significantly affected or may significantly affect:

(a) the operations;

(b) the results of those operations; or

(c) the state of affairs of OneSteel Group in future financial years.

Directors' Declaration

In the opinion of the Directors of OneSteel Limited ("the Company"):

(a) the financial statements and accompanying notes of the Group are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

- (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Peter Smedley
Chairman

Geoff Plummer
Managing Director and
Chief Executive Officer

Sydney
21 February 2012

Independent Auditor's Review Report

Independent Auditor's Review Report to the members of OneSteel Limited

Report on the financial report
We have reviewed the accompanying half-year financial report of OneSteel Limited, which comprises the consolidated statement of financial position as at 31 December 2011, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report
The Directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of OneSteel Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of OneSteel Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG.

KPMG

David Rogers.

David Rogers
Partner

Sydney
21 February 2012

Corporate Directory

ACN 004 410 833

ABN 63 004 410 833

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Mr Peter J Smedley (Chairman)

Mr R Bryan Davis

Mr Colin R Galbraith, AM

Mr Peter G Nankervis

Mr Geoffrey J Plummer

Mr Dean A Pritchard

Mr Graham J Smorgon

Ms Rosemary Warnock

COMPANY SECRETARY

Ms Kara L Nicholls

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EXTERNAL AUDITOR

KPMG

AUSTRALIAN SECURITIES EXCHANGE LISTING

OneSteel Limited listed on the Australian Securities Exchange on 23 October 2000 under Issuer Code OST.