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Appendix 4D
Half-Year Report for the period ended 31 December 2009

Results for announcement to the Market

Financial Performance

China Steel Australia Limited - Consolidated			
(AUD'000)	Half-year ended 31 Dec 2009	Half-year ended 31 Dec 2008	Movement %
Revenue	15,602	7,008	+122%
(Loss)/profit before fair value adjustment and tax attributable to members	(169)	1,716	-110%
(Loss)/profit after tax attributable to members	(978)	791	-224%

Review of Operations

Refer to Directors' Report included in the attached half year period under review.

Dividends

No Dividends were paid or declared for payment during the half year period under review.

Earnings Per Share

	Half-year ended 31 Dec 2009	Half-year ended 31 Dec 2008
(Loss)/earnings per share (Basic & Diluted)	(0.32 cents)	0.30 cents

Note:

For 31 Dec 2009, number of shares is based on shares publicly issued of 308,000,000 ordinary shares (2008: 308,000,000 ordinary shares).

Appendix 4D (Cont)

Net Tangible Asset Backing

	Half year ended 31 Dec 2009	Half year ended 31 Dec 2008
Net tangible asset backing	6.76 cents	10.3 cents

Entities Acquired and Disposed During the Period

No entities were acquired or disposed of during the period.

Compliance Statement

The report is based on financial statements reviewed by the auditor, copies of which are attached.

Signed in accordance with a resolution of Directors

On behalf of the Directors



Xue, Yongwen
Non-Executive Chairman
26 February 2010

CHINA STEEL AUSTRALIA LIMITED

ABN 97 128 988 732

HALF-YEAR REPORT

31 DECEMBER 2009

LODGED WITH THE ASX UNDER LISTING RULE 4.2A

THIS INFORMATION SHOULD BE READ IN CONJUNCTION WITH THE 30 JUNE 2009
ANNUAL REPORT

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DIRECTORS

Xue, Yongwen (Non-Executive Chairman)
Chen, Lidong (Executive Director,
Chief Executive Officer “CEO”)
Peter Carroll (Non-Executive Director)
Paul Frederiks (Non-Executive Director)
Sherman Tan (Non-Executive Director)
Damien Seah (Alternate to Xue, Yongwen)
Lanson Lim (Alternate to Chen, Lidong)

COMPANY SECRETARY

Paul Frederiks

REGISTERED AND PRINCIPAL OFFICE

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China Office

Linyi Yilida Steel Mill Co. Ltd
Yi Meng Experimental Development Zone
Zhudi, Da Zhuang Town, Yi Nan County
Shandong
People’s Republic of China (‘PRC’)

AUDITORS

RSM Bird Cameron Partners
8 St George’s Terrace
Perth WA 6000

SOLICITORS

DLA Phillips Fox
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Waterfront Place
BRISBANE QLD 4000

BANKERS

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BRISBANE QLD 4000

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Tung Centre
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Agriculture Bank of China (Linyi Branch)
Linyi County, Lanshan District
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276000 Shandong, PRC

SHARE REGISTER

Computershare Investor Services Pty Limited
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SECURITIES EXCHANGE LISTING

China Steel Australia Limited shares are listed Brisbane
on the Australian Securities Exchange. Ticker: CNH
Website: www.cnsteel.com.au

Directors' Report

The directors of China Steel Australia Limited submit herewith the consolidated financial report for the half year ended 31 December 2009 and the review report thereon.

Directors

The names of the directors of the Company during or since the end of the previous financial period and up to the date of this report are:

Xue Yongwen (Non-Executive Chairman)
Chen Lidong (Executive Director)
Peter Carroll (Non-Executive Director)
Paul Frederiks (Non-Executive Director)
Sherman Tan (Non Executive Director)
Damien Seah (Alternate Director to Mr. Xue, Yongwen)
Lanson Lim (Alternate Director to Mr. Chen Lidong)

Company Secretary

Paul Frederiks

Principal Activity

China Steel Australia Limited produces both Nickel Pig Iron ("NPI") and Merchant Pig Iron ("MPI") for the Chinese market from a steel and alloy plant located near the city of Linyi in the Shandong province of People's Republic of China ('PRC').

Directors' Report (Cont)

Review of Operations

a) Financial Performance

During the financial period ended 31 December 2009, the global market conditions remained challenging and uncertain. The Group posted a net loss of \$0.978m for the half-year ended 31 December 2009.

Revenue

Over the six month period, Plant 1 produced a total of 5,142 tons (2008: 16,407 tons) of NPI and 22,881 tons (2008: nil) of MPI. Total revenue increased by \$8.6m from \$7.0m in 2008 to \$15.6m in 2009.

The increase in revenue is mainly due to increased demand for pig iron and higher selling prices.

Plant 1 was successfully converted in April 2009 to produce both NPI and MPI. This strategic decision by the Group allowed it to capitalise on changing market demands by being able to produce both NPI and MPI.

However, Plant 1 only commenced production of MPI in August 2009 due to the protracted price negotiations for raw materials with suppliers.

During November 2009, the Group switched Plant 1 from the production of MPI to NPI due to the following key factors:-

- i) Better gross margin for NPI compared with MPI due to the recovery of the nickel price;
- ii) Relative ease to source customers for NPI rather than MPI; and
- iii) Capitalisation on previous experience in the production of NPI to achieve a more efficient production level for NPI.

Gross Profit

During the financial period ended 31 December 2009, the Group produced and sold both NPI and MPI to various customers. However, in the financial year 2008, the Group only charged a service fee to its only customer on the production of NPI, which gave the Group a better gross profit.

In addition, the better gross profit in 2008 was due to coke being supplied by the customer, which resulted in a decrease in the cost of sales. Coke is a major component of production and accounted for approximately 50% of cost of sales.

As a result, gross profit decreased by \$1.7m from \$2.9m in 2008 to \$1.2m in 2009. Expressed in percentage, there was a decrease in gross profit from 41% in 2008 to 8% in 2009.

Other Income

Other income in 2009 includes a refund of land tax previously paid by the Group amounting to \$0.17m.

Administrative Expenses

There was a decrease in administrative expenses of \$0.4m from \$1.2m to \$0.8m. This is mainly due to various cost cutting measures being taken during the relevant financial period.

Directors' Report (Cont)

Review of Operations (Cont)

Financial Expense

The expense includes the fair value amortisation of the interest free loan amounting to \$0.93m for both 2008 and 2009.

With the construction of Plant 2 being delayed, there was an interest expense charged on the construction loan from Shandong HengTai Jiaohua Co. Limited of \$0.9m (2008: nil).

Construction in Progress Update

The completion of Plant 2 has been delayed due to the global financial crisis (as announced on 9 December 2008) and the Group is currently reviewing its strategy and is in discussion regarding its future plans, the details of which will be announced in due course.

Directors' Report (Cont)

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Rounding of Amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of directors.

On behalf of the Directors



Xue, Yongwen
Non-Executive Chairman
26 February 2010

RSM Bird Cameron Partners

Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of China Steel Australia Limited for the half-year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

DJ Wall

D J WALL
Partner

Perth, WA
Dated: 26 February 2010

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Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

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accounting and consulting firms.



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Group	
	31 December 2009	31 December 2008
	AUD'000	AUD'000
Revenue	15,602	7,008
Cost of sales	(14,317)	(4,125)
Gross Profit	<u>1,285</u>	<u>2,883</u>
Other income	221	-
Financial income	-	4
Administrative expenses	(794)	(1,168)
Other expenses	-	(3)
Financial expenses	<u>(1,806)</u>	<u>(925)</u>
Profit/(loss) before income tax	(1,094)	791
Income tax benefit	116	-
Profit/(loss) for the half year	<u>(978)</u>	<u>791</u>
Other comprehensive income		
Exchange translation difference	(2,088)	7,895
Other comprehensive income for the half-year	<u>(2,088)</u>	<u>7,895</u>
Total comprehensive income/(loss) for the half year	<u>(3,066)</u>	<u>8,686</u>
Earnings per share:		
Basic earning/(loss) per share (cents per share)	(0.32)	0.30
Diluted earning/(loss) per share (cents per share)	(0.32)	0.30

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

	Group	
	31 December 2009	30 June 2009
	AUD'000	AUD'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	590	88
Trade and other receivables	-	31
Inventories	2,101	394
Other assets	5,005	180
TOTAL CURRENT ASSETS	7,696	693
NON CURRENT ASSETS		
Property, plant and equipment	71,889	80,115
Other assets	631	697
TOTAL NON CURRENT ASSETS	72,520	80,812
TOTAL ASSETS	80,216	81,505
CURRENT LIABILITIES		
Trade and other payables	5,577	2,019
Financial liabilities	2,360	-
TOTAL CURRENT LIABILITIES	7,937	2,019
NON CURRENT LIABILITIES		
Financial liabilities	51,211	55,236
Deferred tax liabilities	230	346
TOTAL NON CURRENT LIABILITIES	51,441	55,582
TOTAL LIABILITIES	59,378	57,601
NET ASSETS	20,838	23,904
EQUITY		
Issued capital	5,483	5,483
Retained earnings	12,372	13,350
Reserves	2,983	5,071
TOTAL EQUITY	20,838	23,904

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Share capital	Statutory Reserve #	Share Option Reserve	Foreign currency translation Reserve	Retained earnings	Total equity
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
Balance at 1 July 2008	5,483	1,449	96	(492)	16,623	23,159
Profit attributable to members of the parent entity	-	-	-	-	791	791
Adjustment from translation of foreign controlled entities	-	-	-	7,895	-	7,895
Transfer to statutory reserve	-	218	-	-	(218)	-
Total comprehensive income for the half-year	-	218	-	7,895	573	8,686
Balance at 31 December 2008	5,483	1,667	96	7,403	17,196	31,845
Balance at 1 July 2009	5,483	1,671	96	3,304	13,350	23,904
(Loss)/Profit attributable to members of the parent entity	-	-	-	-	(978)	(978)
Adjustment from translation of foreign controlled entities	-	-	-	(2,088)	-	(2,088)
Total comprehensive income for the half-year	-	-	-	(2,088)	(978)	(3,066)
Balance at 31 December 2009	5,483	1,671	96	1,216	12,372	20,838

Under regulations applicable in the Peoples Republic of China, the subsidiary is required to establish a statutory reserve, which represents a non distributable reserve made at a rate of 10% of net profit after tax and accumulated losses. Contributions to this reserve are no longer mandatory when the reserve reaches 50% of the registered share capital. The reserve is to be used in accordance with the requirement of the relevant regulations.

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Note	Group	
		6 months ended 31 December 2009 AUD'000	6 months ended 31 December 2008 AUD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		15,633	11,558
Payments to suppliers and employees		(17,377)	(4,701)
Receipts from government on property tax rebate		175	-
Interest received		-	5
Finance costs		(882)	-
Net cash (used in) / provided by operating activities		(2,451)	6,862
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(56)	(10,324)
Net cash (used in) investing activities		(56)	(10,324)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,009	3,185
Net cash provided by financing activities		3,009	3,185
Net increase / (decrease) in cash held		502	(277)
Cash at beginning of financial period		88	414
Cash at end of financial period		590	137

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. Basis of preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with Australian accounting Standards ensure the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by China Steel Australia Limited and its controlled entities (the Group) during the half-year in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

The half year report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the annual financial report for the year ended 30 June 2009, except as set out below.

Going Concern

As disclosed in the financial report, the Group had a net loss of \$978,000 and net cash outflows of \$2,451,000 for the half-year ended 31 December 2009 and at balance date, the Group had net current liabilities of \$241,000.

The Directors believe, after consideration of the above matters, the Group will be able to continue as a going concern, due to the following factors:

- The successful debt for equity swap of AUD51.2m as disclosed in Note 6 to the half-yearly financial report;
- The proposed capital raising by way of a share placement as disclosed in Note 6 to the half-yearly financial report;
- The ability to issue additional shares under the *Corporation Act 2001*, in the event that such is required;
- The Group is forecasting profitable trading in future periods; and
- The Group has un-drawn loan facilities of approximately RMB300m (AUD 50m) at the date of this financial report.

It is on this basis that the Directors believe that it is reasonably foreseeable that the Group will be able to continue as a going concern and accordingly, this half-yearly financial report has been prepared on that basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

(a) Change in accounting policy

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

(i) Presentation of financial report

The Group has applied the revised *AASB 101 Presentation of Financial Statements (2007)* from 1 January 2009. The revision of this standard now requires the Group to present all non-owner changes to equity ('comprehensive income') in the statement of comprehensive income. The Group has presented the income statement and non-owner changes in equity in one statement of comprehensive income. All owner changes in equity are presented separately in the statement of changes in equity.

The presentation requirements have been applied for the entire reporting period and comparative information has been re-presented to also comply with the revised *AASB 101*.

(ii) Segment reporting

The Group has applied *AASB 8 Operating Segments* with effect from 1 July 2009. Previously operating segments were reported in accordance with *AASB 114 Segment reporting*. *AASB 8* requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the Group to allocate resources and assess performance. In the case of the Group the chief operating decision maker is the Board of Directors.

Operating segments now represent the basis on which the company reports its segment information to the Board on a monthly basis. The change in policy has not resulted in a significant change to the disclosure presented.

(iii) Revenue recognition

AASB 118 Revenue has been amended to remove the requirement to deduct dividends declared out of pre-acquisition profits from the cost of an investment in a subsidiary, jointly controlled entity or associate. As a result, all dividends from a subsidiary, jointly controlled entity or associate are recognised by the Group as income. *AASB 136 Impairment of Assets* has also been amended as a consequence to include recognising a dividend from a subsidiary, jointly controlled entity or associate as an indication that the investment may be impaired.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

2. Segment Reporting

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors has considered the business from both a geographic and business segment perspective and has identified one reportable segment. The identifiable reportable segment is the manufacturing of Pig Iron (Nickel or Merchant), for the domestic China market, from a steel and alloy plant located near the city of Linyi in the Shandong province of China.

(b) Segment information provided to the Board of Directors

The segment information provided to the board for the reportable segments for the half-year ended 31 December 2009 is as follows:

2009

For the half year ended 31 December 2009	Manufacturing AUD'000
Revenue from external customers	15,602
Reportable segment (loss) before income tax	<u>(1,094)</u>
Reportable segment assets at 31 December 2009	<u>80,216</u>

2008

For the half year ended 31 December 2008	Manufacturing AUD'000
Revenue from external customer	7,008
Reportable segment profit before income tax	<u>791</u>
Reportable segment assets at 31 December 2008	<u>101,642</u>

Reconciliation of reportable segment profit or loss

	2009 AUD'000	2008 AUD'000
Total profit or loss for reportable segment	(1,094)	791
(Loss)/profit before tax	<u>(1,094)</u>	<u>791</u>

Reconciliation of reportable segment assets

	2009 AUD'000	2008 AUD'000
Reportable segment assets	80,216	101,642
Total assets	<u>80,216</u>	<u>101,642</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

3. Dividends

No dividends have been declared or paid during the half year ended 31 December 2009 or in the prior period, and the Directors do not recommend the payment of a dividend in respect of the half year ended 31 December 2009.

4. Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date, 30 June 2009.

5. Property, Plant and Equipment

Linyi Yilida Steel Mill Co. Ltd, is a subsidiary of the Group and paid RMB26.7m in 2004, for the acquisition of industrial leasehold land, from Yilida Group Co. Ltd (Transferor), a director related company. The leasehold land and associated assets are disclosed in the statement of financial position, with a carrying value of \$71.8m (30 June 2009: \$80.1m). The carrying value is inclusive of Plant 2 construction in progress of \$49m. The land is situated in Shandong province, Yinan County, in Dazhuang town, with a land area of 331,038m², and a land use rights title (the leasehold), expiring on 25 October 2037.

The land has been under the control of Linyi Yilida Steel Mill Co. Ltd since the date of its purchase, but the legal transfer of the leasehold has been in progress since 2004, with the relevant Chinese authorities, at the reporting date. An agreement was signed between Linyi Yilida Steel Mill Co. Ltd and the Transferor for the assignment of the leasehold (written in Chinese language and governed by the laws of the Peoples Republic of China), whereby the Transferor agreed to give its best assistance and take all necessary action (including signing or delivering all related documents), to ensure that the leasehold is transferred to Linyi Yilida Steel Mill Co. Ltd.

The Group placed the Plant 2 construction in progress, with a carrying value of \$49m on care and maintenance in 2009, due to the global financial crisis. The Group requires an additional RMB300m (AUD50m) in order to complete its construction and it is currently in the process of raising the required funds, from a capital market.

6. Events Occurring After the Balance Sheet Date

Subsequent to balance sheet date, at a General Meeting held 23 February 2010 the following matters were resolved:

- Approved the conversion of loans totalling \$51.2m as disclosed in the financial report from Shandong Hengtai Jiaohua Co. Limited, Jadedfield Group Limited and Zhang Guangxia, into 172,820,046 fully paid ordinary shares at an issue price of \$0.30 per share and 21,602,506 options, with an exercise price of \$0.36 and an expiry date of 22 February 2012. The shares were allotted and issued on 23 February 2010; and
- Approved the issue of up to 150,000,000 new ordinary shares by the way of a share placement.

RSM Bird Cameron Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

CHINA STEEL AUSTRALIA LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of China Steel Australia Limited ("the consolidated entity") which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of China Steel Australia 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.

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Legislation

Major Offices in:
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accounting and consulting firms.



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 China Steel Australia Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Significant Uncertainty Regarding Leasehold Land and Buildings and Plant and Equipment Assets

Without qualifying our conclusion, we draw attention to Note 5 in the financial report, which indicates that the consolidated entity has brought to account leasehold land and buildings and associated plant and equipment, with a carrying value of \$71.8m (30 June 2009: \$80.1m) in the statement of financial position, as at 31 December 2009. The carrying value is inclusive of Plant 2 construction in progress of \$49m. The assignment of the leasehold assets to the consolidated entity, to enable it to secure legal title to them, has been in progress with the relevant Chinese authorities since 2004 and the funding to complete the Plant 2 construction in progress, is in the process of being raised in a capital market.

These conditions, along with other matters set forth in Note 5, cast significant doubt about the certainty of the consolidated entity:

- Obtaining legal title to the leasehold and other assets disclosed in Note 5, from the relevant Chinese authorities; and
- Completing Plant 2 construction in progress,

and therefore whether such assets are appropriately recorded in the statement of financial position, as at 31 December 2009.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall

D J WALL
Partner

Perth, WA
Dated: 26 February 2010

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial report and notes set out on pages 11 to 18 are in accordance with the *Corporation Act 2001*, including:
 - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the Consolidated group's financial position as at 31 December 2009 and of its performance for the half-year ended on that date.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors



Xue, Yongwen
Non-Executive Chairman
26 February 2010