

Press release

London, August 10th 2007

Stemcor announces half year results 2007

Highlights

Record turnover and profits:

- Steel tonnage invoiced up from 4.2m tonnes to 4.8m tonnes (+15%)
- Raw materials invoiced up from 3.1m tonnes 4.1m tonnes (+29%)
- Turnover up from £1,387m to £2,132m (+54%)
- Operating profit up from £32m to £48m (+51%)
- Pre-tax profit up from £20m to £26m (+29%)

Salient points:

- Acquired Steel Plate & Sections Ltd (SPS), a UK-based stockholding company specialising in high value steel plate for the offshore oil and gas industry - key development in the growth of Stemcor's stockholding and distribution business.
- Sold Savage River iron ore mine and pellet plant to Chinese steel producer Shagang. Retained 10% share - further estimated profits of £34m expected between 2009 and 2022.
- Strong prospects for H2 2007, with solid forward order book.

Chairman's Statement

Trading conditions were again favourable in the first half of this year. All our units contributed positively to our results. As compared to the first half of 2006, our steel tonnage invoiced rose by 15%, raw materials by 29%, turnover by 54% and pre-tax profit by 29%.

Profit after tax attributable to shareholders was, however, down by 8% as a result of higher tax and minorities. Shareholders funds excluding minorities rose 17% to £119 million in the six months and are now 34% above the level of twelve months ago.

On the 2nd of July we acquired Steel Plates and Sections Limited, a stockholder specialising in high value steel for the off-shore energy sector, with two warehouses in the UK and stock also in Rotterdam, Dubai and Singapore.

On the 9th of August we sold 90% of Savage River, the iron ore mine and pellet plant in Tasmania. We estimate that our results in the second half of this year will benefit from £7 million of disposal profits. Dependent on performance of the mine and world pellet prices, further profits estimated at £34 million should be recognised in the years from 2009 to 2022.

We finished the period with a solid forward order book and, though there is considerable uncertainty in both credit markets and in steel pricing at present, we have made proper provision for counter-party risk and unsold positions. Subject to unforeseen circumstances we can therefore predict a good second half.

Ralph Oppenheimer

10 August 2007

**Consolidated profit and loss account
For the six months to 30 June 2007**

	Six months to 30/06/07 Unaudited £'000	Six months to 30/06/06 Unaudited £'000	Year to 31/12/06 Audited £'000
Turnover	2,132,003	1,386,846	3,308,286
Cost of sales	(2,045,089)	(1,325,284)	(3,157,158)
Gross Profit	86,914	61,562	151,128
Distribution costs and administrative expenses	(38,711)	(29,642)	(71,772)
Operating profit	48,203	31,920	79,356
Net interest payable	(22,178)	(11,818)	(27,708)
Profit on ordinary activities before tax	26,025	20,102	51,648
Taxation	(9,080)	(3,940)	(14,761)
Profit on ordinary activities after tax	16,945	16,162	36,887
Minority Interests	(1,932)	206	(3,709)
Profit attributable to shareholders	15,013	16,368	33,178

**Consolidated balance sheet
30 June 2007**

	30/06/07 Unaudited £'000	30/6/06 Unaudited £'000	31/12/06 Audited £'000
Fixed assets	42,848	35,079	47,476
Current assets			
Stocks	363,524	222,270	317,047
Debtors	912,405	744,694	728,159
Less: non-returnable proceeds	(235,514)	(134,072)	(153,558)
	676,891	610,622	574,601
Cash at bank and in hand	84,527	69,468	76,977
	1,124,942	902,360	968,625
Creditors: amounts falling due within one year			
Bank loans and overdrafts	(702,602)	(413,163)	(520,234)
Creditors and accruals (net)	(289,901)	(415,295)	(339,579)
	(992,503)	(828,458)	(859,813)
Net current assets	132,439	73,902	108,812
Total assets less current liabilities	175,287	108,981	156,288

Creditors: amounts falling due after more than one year

Bank loans	(12,746)		(8,115)
Creditors	(38,710)	(19,538)	(43,312)
	(51,456)	(19,538)	(51,427)
Net assets	123,831	89,443	104,861
Shareholders' funds	119,133	89,033	102,094
Minority interests	4,699	410	2,767
Total equity	123,831	89,443	104,861

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