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28 August 2003

Results for Announcement to the Market

Annual Earnings Report
Twelve Months Ended 30 June 2003

PLEASE NOTE

BHP Steel Limited ("BSL") legally separated from the BHP Billiton Group on 22 July 2002, having listed on the Australian Stock Exchange on 15 July 2002. However, for accounting purposes the effective separation date was 1 July 2002, and therefore the financial results for the twelve month period to 30 June 2003 in this report reflect a complete twelve months' results.

The comparative financial results, for the twelve month period to 30 June 2002, reflect a period when BSL was a business unit of the BHP Billiton Group. This comparative financial information has been prepared on a basis consistent with pro forma information presented by the BHP Billiton Group in the Scheme Booklet dated 13 May 2002. Normalisation adjustments have been made to the financial information to adjust for discontinued activities, to exclude the impact of certain non-recurring items and to reflect the costs of operating as an independent company.

A comparative NPAT result is not presented as the assets and entities that comprise BSL were part of the BHP Billiton Group during the twelve months ended 30 June 2002 and operated under different corporate structures with different gearing, treasury and tax profiles. Accordingly, reporting borrowing costs and income tax for this period is not considered meaningful or appropriate.

The audited 30 June 2003 financial statements have also been attached to this report.

2003 ANNUAL CONSOLIDATED RESULTS VERSUS 2002 PRO-FORMA RESULT

Earnings before interest and tax (EBIT) for the twelve months ended 30 June 2003 was $611m compared to a pro-forma EBIT for the twelve months ended 30 June 2002 of $160m. Group net profit after tax (NPAT) and minority interests for the twelve months ended 30 June 2003 was $452m.

The NPAT included significant items in relation to a provision for costs associated with the required company name change ($14m) and costs associated with improving the financial position of the Australian and New Zealand Defined Benefit Superannuation Funds ($26m).

The Board has approved a final dividend of 13¢ ($100m) which will be fully franked and payable on 10 October 2003. The record date is 16 September 2003. The total ordinary dividend for 2002/03 is 22¢ (fully franked) ($171m). The Board also approved a special dividend of 7¢ ($54m) which will also be fully franked and payable on 10 October 2003. The special dividend and the increase in the final dividend reflect the strong financial performance of BSL for the twelve months ended 30 June 2003, its improved franking credit position and its commitment to Total Shareholder Return.

As at 30 June 2003, BSL had purchased 8,314,051 shares under the share buyback program announced on 27 February 2003. A further 13,560,280 shares had been purchased between 1 July and 27 August 2003.

		12 MTHS TO 30 JUNE		**VARIANCE**
		2003	**2002 (1)**	
Total Revenue (2)	A$m	5,302	4,593	709/15%
Earnings before interest, tax, depreciation and amortisation (EBITDA) (3)	A$m	881	412	469/114%
EBIT (3)	A$m	611	160	451/282%
Net borrowing costs	A$m	(18)	N/A	-
NPAT attributable to BSL shareholders	A$m	452	N/A	-
Earnings per share	¢/s	57.1	N/A	-
Final dividend	¢/s	13	N/A	-
Net cash flow from operating and investing activities	A$m	598	227	371/163%
Return on invested capital (4)	%/a	14.5	N/A	
Return on equity (5)	%/a	15.0	N/A	
Gearing (net debt / net debt plus equity)	%	2.4	N/A	
Net tangible assets per share	$/s	3.89	N/A	

(1) Pro forma information prepared on a basis consistent with pro forma information presented by the BHP Billiton Group in the Scheme Booklet dated 13 May 2002.
(2) Includes revenue other than sales revenue of $30m ($19m in 2002).
(3) Includes 50% share of net profit from North Star BHP Steel of $69m in 2003 ($2m net profit in 2002).
(4) Return on invested capital is defined as net operating profit after tax over average monthly capital employed.
(5) Return on equity is defined as net profit after tax attributable to members over average monthly shareholders' equity.

VARIANCE ANALYSIS

- **Total Revenue**
  The \$709m (15%) increase principally reflects:
  - Higher prices attained in international markets;
  - Higher prices attained in most market sectors in all domestic markets;
  - Stronger domestic sales volumes in all reporting segments; and
  - Higher overall despatch volumes enabled by record production levels in most operations.

  These were partly offset by:
  - Stronger AUD/USD exchange rate.

- **EBIT**

  The \$451m (282%) increase principally reflects:

  Prices (\$520m favourable)
  - Higher slab and hot rolled coil prices attained in international markets and related flow-on to export coated product and Australian domestic hot rolled coil prices.
  - Increases in Australian and Asian domestic coated product prices.

  Sales Volumes and Product Mix (\$103m favourable)
  - Stronger production and despatch levels in all reporting segments.
  - Stronger selling into domestic markets in all reporting segments due to a combination of favourable economic conditions and improved market offers.

  North Star BHP Steel (\$67m favourable)
  - Higher domestic prices attained by North Star BHP Steel due to improved product mix and introduction of tariffs on hot rolled coil imported into USA, partly offset by higher scrap costs.

  Costs
  Conversion and other cost improvements (\$100m favourable).
  - Favourable unit cost effect of higher production volumes in all reporting segments.
  - Improved labour productivity.
  - Cost reduction initiatives, including the introduction of Pulverised Coal Injection and reduced freight costs.

  Conversion and other cost increases (\$83m unfavourable).
  - Higher employment costs due to wage escalation.
  - Higher short-term incentive costs and discretionary bonuses for over 9,000 employees reflecting favourable company performance.
  - Higher maintenance costs at Port Kembla Steelworks due mainly to planned major repairs to the hot strip mill, a turbo blower (which pumps processed air to the blast furnace) and increased maintenance associated with improving operating stability at the higher production levels. These were partly offset by lower maintenance costs at New Zealand Steel as a result of the No. 2 Melter reline in 2001/02.
  - Higher insurance premiums.

Raw material costs ($88m unfavourable)

- Higher coking coal and scrap costs at the Port Kembla Steelworks.
- Higher hot rolled and cold rolled coil purchased steel feed costs for the downstream Asian coating operations.
- Partly offset by lower zinc costs.

Exchange Rates ($78m unfavourable)

- Reflects the net impact of stronger AUD/USD and NZD/USD exchange rates on both USD denominated revenue and costs.

Other ($90m unfavourable)

- Provision for the costs associated with the required change in company name ($20m).
- Top-up contribution to the Defined Benefit division of the Australian Superannuation Fund ($20m).
- In support of the New Zealand Steel Pension Fund, the company made an investment of $12 million in redeemable preference shares of Manukau International Limited, a company that has financial obligations to the Fund. While this investment results in an improvement in the financial position of the Pension Fund, it has been fully provided at 30 June 2003 on the basis that it is not considered recoverable by the company.
- Higher restructuring costs.

- **Tax**

  The effective tax rate for the twelve months ended 30 June 2003 was 20.4%. This differs from the Australian tax rate of 30% primarily due to the utilisation of unbooked tax losses in New Zealand and the USA, together with the utilisation of unbooked tax losses and tax exemptions in certain Asian operations.

OPERATING CASH FLOWS AND VARIANCE ANALYSIS

	12 MTHS TO 30 JUNE		VARIANCE
	2003	2002 (1)	
	A$m	A$m	
Net operating cash flow before borrowing costs and income tax	763	381	382/100%
Net investing cash flows	(165)	(154)	(11)/(7%)
Net cash from operating and investing activities	598	227	371/163%

Notes:

(1) Pro forma information prepared on a basis consistent with pro forma information presented by the BHP Billiton Group in the Scheme Booklet dated 13 May 2002.

Variance

The $382m increase in net operating cash flow primarily reflects an increase in operating cash profits (EBITDA less share of North Star BHP Steel net profit) together with an increase in provisions associated with the name change costs, redundancies and other employee related costs partly offset by an increase in receivables due to higher volumes and prices.

The $11m higher net investing cash flows includes the investment in Manukau International Limited, the buyout of the minority equity interest in BHP Steel Indonesia and higher capital expenditure cash payments partly offset by a repayment of funds loaned to the North Star BHP Steel joint venture.

GROUP REVIEW

In commenting on the annual results, the Managing Director and CEO of BHP Steel Limited, Mr Kirby Adams, said:

“Our Company has had a very good start in its first year as a publicly listed company. The demerger has empowered the organisation, broadened the scope of possibilities and enabled the Company to progress to record levels of achievement. During our first year, we have seized market opportunities and driven a wide array of business improvements.

“In the twelve months since our public listing, we have made excellent progress in delivering upon our promises. Our shareholders are being rewarded with a higher fully franked full year dividend of 22 cents, a special dividend of 7 cents and a 10% share repurchase initiative which is well advanced. Our employees have been rewarded with $21 million of performance-based incentive rewards including the introduction of an Employee Share Ownership Plan seeded with 200 shares for each of nearly 11,000 eligible employees. Our service offer for our customers has been improved and strengthened with faster delivery, and new products, colours and ideas. Our global competitiveness has been enhanced. We are once again investing for growth, refurbishing our facilities and refreshing our strategies. Within our communities we are offering safe and quality employment, have succeeded in attaining ISO 14001 environmental certification for all our steel operations worldwide, and have commissioned the $94 million Sinter Machine Emission Reduction Project at the Port Kembla Steelworks. During the year we have also reduced our bank debt by $540 million, or about 70 cents per share.

“Our net profit after tax for the year of $452 million and net cash flow of $598 million were both significant achievements. This strong financial performance was achieved by attaining improved international and domestic prices for our products, higher production and despatch levels across all reporting segments, and further cost and process improvements. As forecast in February, our second half performance was tempered by planned maintenance downtime, less favourable exchange rates and higher scrap prices which significantly reduced the North Star BHP Steel result.

“I am particularly proud of the many contributions of our employees to a wide range of initiatives to retain and attract customers, introduce new products, increase capacity, improve processes, reduce costs (including the permanent elimination of $50 million in costs) and their continued focus on business excellence. Our employees and contractors achieved our best ever safety performance, with the company-wide lost time injury frequency rate falling a further 30% to 1.8 for the 12 month period.

“We continue to work closely with our customers to improve our product, service and solutions offer. Good examples are our increased capacity in Asia to produce Pre-Engineered Buildings and our SMARTRUSS™ roof truss system. We also introduced a new COLORBOND® steel colour range in Australia and launched the new XLER® range of premium hot rolled and plate products.

“Our focus on growing the value added branded products part of our business was evidenced by the increases we made in our steel painting, coating and roll-forming capabilities, with incremental capacity upgrades approved and planned in Australia, New Zealand and throughout Asia. Activities around the proposed Western Sydney

Colorbond® steel centre announced in May continue on schedule. Last week we announced we will develop a metallic coating and painting facility in Vietnam with an annual production capacity of 125,000t and 50,000t respectively, at a cost of $160 million. We see Vietnam as an important growth market for the Company and believe there is an opportunity in that market for our high quality painted and coated steel products. We have been operating in Vietnam, with our BHP Steel Lysaght facilities, for ten years. This has enabled us to understand the market potential of Vietnam and to assess its risks and opportunities. The Vietnam project is completely consistent with our strategy to shift our product mix downstream."

Mr Adams continued, "Looking ahead to 2003/04, we will continue to work diligently on improving those matters within our control, such as further unit cost reductions, process and quality improvements, low cost capacity enhancements, and growth opportunities downstream. In Australia and New Zealand, the dwelling and non-dwelling segments continue to be strong, although we agree with market sentiment about an eventual slowdown in new dwelling construction. Demand for our high quality steel products and solutions in our other domestic and export markets continues to remain strong and we remain committed to being a highly competitive supplier for the benefit of our customers in their own domestic and export markets.

"Based on our level of performance in FY2003, we are cautiously optimistic with respect to prospective performance in FY2004. With only one month's results known it is premature to provide specific guidance for the full 12 month period, but the Company is comfortable with the current consensus of analysts' forecasts.

"Going forward our financial results will continue to be influenced by global hot rolled coil (HRC) price direction, exchange rates and raw material costs. Until we see a sustainable recovery in OECD economies, China's continuing demand for steel remains key. The recent strengthening of the A$ and NZ$ has cost the Company A$78m in FY 2003 versus FY2002 and is unhelpful to manufacturers and exporters in these countries. In the USA, North Star BHP Steel's 2003/04 result will be strongly influenced by the pace of economic recovery and scrap prices. Overall, we have started the new year on a positive note with good operational performance, strong demand, and reasonable prices offset somewhat by higher iron ore prices and a stronger A$.

"A major opportunity and challenge in the next year will be to successfully effect a change of our Company name, for which we have made a provision of $20 million in FY2003.

"We take this opportunity to thank our customers, communities, shareholders and employees for their support during our first twelve months as a new company. We are proud that BHP Steel is, again, one of Australia's Top 50 listed companies."

BUSINESS SEGMENT REVIEW

Summary of Results by Segment

	Sales Revenue ($m)		EBIT ($m)	
	12 Months Ended 30 June			
	2003	2002 (1)	2003	2002 (1)
Hot Rolled Products	2,626 (2)	2,122 (2)	471	97
New Zealand Steel	549	467	44	12
Coated Products Australia	2,728	2,359	119	57
Coated Products Asia	569	530	84	71
Corporate & Group	716	736	(102) (3)	(61) (3)
Inter-segment (4)	(1,916)	(1,640)	(5)	(16)
Total BSL	5,272	4,574	611	160

(1) Pro forma information prepared on a basis consistent with pro forma information presented by the BHP Billiton Group in the Scheme Booklet dated 13 May 2002.

(2) Excludes North Star BHP Steel (NSBHPS) revenue.

(3) Corporate and Group reflects Transport & Logistics, Export Trading and corporate office activities. The $41m decrease in EBIT was mainly due to:
- Provision for the costs associated with the required change in company name;
- Realised foreign exchange losses on conversion of New Zealand deposits; and
- Higher employee short-term incentive costs.

(4) Inter-segment revenue reflects the elimination of internal sales between reporting segments. Inter-segment EBIT reflects an entry to eliminate profit-in-stock associated with inter-segment sales.

Hot Rolled Products

This segment comprises:

- Port Kembla Steelworks, NSW, Australia (coke, iron, slab, plate and hot rolled coil production);
- BSL’s 50% interest in North Star BHP Steel, USA (hot rolled coil production); and
- BSL’s 47.5% interest in Castrip LLC, USA (thin strip casting technology).

(i) Financial Performance

	12 MTHS TO 30 JUNE		VARIANCE	
	2003	2002		
	$m	$m	$m	
Sales Revenue (1)	2,626	2,122	504	24%
EBITDA (2)	591	207	384	186%
EBIT (2)	471	97	374	386%
Capex	83	80	3	4%
Net Operating Assets (pre tax)	1,840	1,850	(10)	(1%)
Return on Net Assets (pre tax) (3)	25.7%	5.3%		

(1) Excludes NSBHPS revenue.
(2) Includes 50% share of net profit from North Star BHP Steel of $69m in 2003 ($2m profit in 2001/02).
(3) Return on Net Assets is defined as EBIT / average monthly Net Operating Assets.

The $374m EBIT increase was largely due to:

- Higher international and Australian domestic prices attained for all products together with the benefit of higher US domestic prices for North Star BHP Steel.
- Higher domestic sales volumes achieved, in particular to Coated Products Australia, and pipe and tube customers reflecting a combination of favourable economic conditions and improved market offers.
- Record production reflecting better operational performance, higher scrap usage and reduced industrial action.
- Lower unit operating costs mainly reflecting higher throughput, lower freight costs and the positive impact of a higher AUD/USD exchange rate on raw material costs.
- Partly offset by:
  - The impact of stronger AUD/USD exchange rate on USD denominated sales;
  - Higher coking coal and scrap costs at Port Kembla Steelworks and higher scrap costs at North Star BHP Steel; and
  - Higher maintenance costs largely associated with improving operating stability in the ironmaking and slabmaking facilities in support of the increased production levels. In addition there were planned major repairs to the hot strip mill and a turbo blower.

(ii) Operations Report

Port Kembla Steelworks ("PKSW")

- A new annual slab production record of 5.05 million tonnes ("mt") was achieved, representing only the second occasion that PKSW has produced in excess of 5mt.
- Successful implementation of Pulverised Coal Injection ("PCI") on both No. 5 & 6 blast furnaces.
- Successfully completed a scheduled major hot strip mill shutdown in February 2003, which included an extensive upgrade of control systems. The previous major shutdown occurred in 2000/01.
- PKSW achieved record on time delivery performance to slab, hot strip and plate customers.

- Successfully launched new premium brands for plate and coil plate products (XLERPLATE®) and hot rolled coil products over 3.2mm (XLERCOIL®).
- In 2002/03 Australian export slab and hot rolled coil sales to the US West Coast were exempt from the Section 201 tariff regime.

North Star BHP Steel

- Voted the No. 1 flat rolled steel supplier in North America in the 2002 Jacobsen Survey.
- Achieved a production record of 1.65mt (100%).

Castrip LLC

- BSL's JV partner in Castrip LLC, Nucor, has constructed and is commissioning the world's first Castrip® plant at Crawfordsville, Indiana.

New Zealand Steel

(i) Financial Performance

	12 MTHS TO 30 JUNE		VARIANCE	
	2003	2002		
	$m	$m	$m	
Sales Revenue	549	467	82	18%
EBITDA	81	43	38	88%
EBIT	44	12	32	267%
Capex (1)	10	23	(13)	(57%)
Net Operating Assets (pre tax) (2)	423	450	(27)	(6%)
Return on Net Assets (pre tax) (3)	9.9%	2.7%		

(1) Capex reduction reflects the completion of the Melter 2 reline in 2001/02.
(2) The decrease in net operating assets was largely due to lower net fixed assets.
(3) Return on Net Assets is defined as EBIT / average monthly Net Operating Assets.

The $32m EBIT increase was largely due to:

- Higher export prices, in particular for hot rolled coil. Net prices for hot rolled coil sales to the USA were higher than 2001/02 after allowing for the Section 201 tariff impact.
- Higher raw steel production following the No. 2 Melter reline in 2001/02. This enabled the company to meet both the stronger:
  - domestic demand, particularly in the distribution, roofing and cladding sectors; and
  - export demand, particularly to Australia and other niche markets.
- Lower maintenance costs mainly due to the absence of maintenance costs associated with the No. 2 Melter reline in 2001/02.
- Partly offset by:
  - The impact of a stronger NZD on USD denominated sales; and
  - New Zealand Steel making an investment of A$12 million in redeemable preference shares of Manukau International Limited, a company that has financial obligations to the New Zealand Steel Pension Fund. While the investment results in an improvement in the financial position of the Pension Fund, it has been fully provided at 30 June 2003 on the basis that it is not considered recoverable by New Zealand Steel.

(ii) Operations Report

- All operations continued to perform well with an annual slab production record of 620,000 tonnes being achieved following the No. 2 Melter rebuild in 2001/02.
- Domestic sales in 2002/03 reached a record level of 256,000 tonnes.
- Approval was given to expand the capacity of the Metal Coating Line by 24,000 tonnes to 234,000 tonnes. The project is scheduled to be commissioned in third quarter 2003/04 and the plant is expected to reach full capacity by early 2004/05.
- A 2 year Collective Agreement was finalised in May 2003.

Coated Products Australia

This segment comprises:
- Springhill and Western Port coating operations at Port Kembla, NSW and Hastings, VIC respectively.
- Packaging operations at Port Kembla, NSW;
- Lysaght operations, with 17 operating sites throughout Australia; and
- Service Centres, with 7 sites throughout Australia.

(i) Financial Performance

	12 MTHS TO 30 JUNE		VARIANCE	
	2003	2002		
	$m	$m	$m	
Sales Revenue	2,728	2,359	369	16%
EBITDA	202	138	64	46%
EBIT	119	57	62	109%
Capex	51	53	(2)	(4%)
Net Operating Assets (pre tax)	1,208	1,219	(11)	(1%)
Return on Net Assets (pre tax) (1)	9.3%	4.7%		

Notes:
(1) Return on Net Assets is defined as EBIT / average monthly Net Operating Assets.

The $62m EBIT increase was largely due to:
- Higher prices achieved in international and domestic markets;
- Higher domestic sales volumes predominantly in the building and distribution sectors reflecting a combination of favourable economic conditions and improved market offers; and
- Improved unit operating costs mainly reflecting the impact of higher volumes, improved labour productivity and lower zinc costs.
- Partly offset by higher steel feed costs from Hot Rolled Products and the impact of higher AUD/USD exchange rates on USD denominated sales.

(ii) Operations Report

Springhill

- Annual production records at the cold rolling mill and the metal coating lines were largely achieved by improved maintenance practices and increased line speed respectively.
- Painted production increased by 9%, due to increased line speeds.
- Increased throughput enabled an annual despatch record.

Western Port

- Delivery reliability to customers fully recovered following an industrial dispute in June 2002.
- Maintenance reform is underway across the plant including outsourcing maintenance of the roll shop and mobile equipment.
- Process debottlenecking and equipment upgrades to increase metal coating and painting production are progressing at minimal capital cost.

Lysaght

- Three new sites commenced operations:
  - Lyndhurst, VIC, which replaced the Nunawading, VIC, facility;
  - Forrestfield, WA, replacing two other facilities; and
  - Cairns, QLD, to meet increased regional market demand.

Packaging Products

- Record annual throughput, 9% over the previous best in 2001/02, further reduced conversion costs.
- Excellent delivery performance was underpinned by increased reliability, process line speed improvements and improved quality control.

Service Centres

- The Springhill Slitter / Recoil line was successfully relocated to Brisbane, Queensland, to satisfy increased regional demand and to enable the retirement of older, less efficient equipment.
- Production of painted products at the Port Kembla Service Centre significantly increased due to moving to a 7 day operation and process improvements.

Coated Products Asia

This segment comprises:
- Coating operations in Thailand, Indonesia and Malaysia; and
- Lysaght operations in 12 Asia and Pacific countries.

(i) Financial Performance

	12 MTHS TO 30 JUNE		VARIANCE	
	2003	2002		
	$m	$m	$m	
Sales Revenue	569	530	39	7%
EBITDA	109	96	13	14%
EBIT	84	71	13	18%
Capex (1)	36	22	14	64%
Net Operating Assets (pre tax) (2)	404	437	(33)	(8%)
Return on Net Assets (pre tax) (3)	18.9%	15.2%		

Notes:
(1) Capex – the increase largely reflects the construction of two new rollforming facilities in China, paintline upgrade in Indonesia and installation of Smartruss™ machines in Thailand, Malaysia and Indonesia.
(2) The decrease in net operating assets was largely due to lower AUD value of net fixed assets.
(3) Return on Net Assets is defined as EBIT / average monthly Net Operating Assets.

The $13m EBIT increase was largely due to:
- Higher domestic and export product prices.
- Higher sales volumes due to stronger demand and expanded market offers, particularly in domestic roofing, walling and Zincalume® trusses.
- Lower unit costs due to higher utilisation, improved operating performance and lower zinc costs.
- Partly offset by the impact of the higher purchased steel feed costs and stronger AUD against certain Asian currencies.

(ii) Operations Report

- Work continued on upgrading the existing paint line in Indonesia, which is scheduled to be completed in the second quarter 2003/04 at a cost of A$8m. This will increase painting capacity to 50,000tpa.
- New annual coating production records were achieved in Thailand, Malaysia and Indonesia.
- Lysaght Asia continued to develop new product offerings and building solutions including:
  - Pre-Engineered Buildings (PEB's) – sales extended to China and South East Asia.
  - Smartruss™ (a computer designed lightweight roof frame) machines - commissioned in Thailand, Malaysia and Indonesia.
  - Powerdek® – new structural decking product was launched in South East Asia. Its spanning capacity is two to three times greater than conventional decking systems.
- Two new Lysaght rollforming facilities were opened in China, at Langfang, near Beijing, and Chengdu in the west.

- The first successful rollout of a new integrated business system was achieved on time and on budget in Thailand.
- The Company increased its equity interest in BHP Steel Indonesia to 100% (previously 74%) in January 2003.

OTHER INFORMATION

Capital Management

- During the period, the Company purchased 8,314,051 of its shares under the on-market buyback program announced on 27 February 2003. The average cost before brokerage and GST was $3.26 per share. As at 27 August 2003, a total of 21,874,331 shares had been purchased at an average cost before brokerage and GST of $84m.
- During the period, the Company repaid A$540m of debt. Total debt outstanding at 30 June 2003 was A$168m, resulting in a gearing ratio of 2.4% (net debt / net debt plus equity).
- In terms of off balance sheet financing:
  - North Star BHP Steel also repaid US$79m of its debt, reducing its total outstanding external debt to US$129m (100% basis) at 30 June 2003. In addition, North Star BHP Steel had sold US$35m of its trade receivables under its receivables securitisation program. This represents a US$5m decrease from 30 June 2002.
  - BHP Steel Limited had sold A$177m of its trade receivables under its receivables securitisation program. This represents a A$1m decrease from 30 June 2002.

Board Change

- Mr Tan Yam Pin was appointed a Non-Executive Director on 26 May 2003.

Environment Safety & Health

- Environment
  - Five year Environmental Improvement Plans, for the Port Kembla Steelworks and Western Port Works, were agreed with the New South Wales and Victorian Environmental Protection Authorities, respectively.
  - All steel operating sites received certification of their environmental management systems to the international ISO 14001 standard. Transport and Logistics sites aim to be certified during 2003/04.
  - Two new cooling towers were commissioned at the Springhill operations, Port Kembla, thereby eliminating an environmental risk of having process water discharging to the environment. With this project Springhill have now halved their water consumption in two years from 39.2 million litres in February 2001 to 18 million litres in February 2003.
  - The $94m Sinter Machine Emission Reduction project at PKSW was completed in May, with final commissioning in July 2003.

- Safety
  - The employees and contractors of the Company further improved their record low injury performance with a 30% reduction in Lost Time Injuries (LTI).
  - BSL's Asia businesses achieved a period of 5 million hours worked without a single LTI.
  - North Star BHP Steel achieved 1,200 days and 2.5 million man-hours without an LTI.
  - New Zealand also achieved a record 2.3 million man-hours without an LTI.

<u>Employee Share Plan</u>

On 19 August 2003, the company announced its Employee Share Ownership Plan under which an invitation was made to up to 11,000 eligible employees to apply for 200 BSL shares at nil cost. From CY2004, it is intended (subject to local regulations) to offer eligible employees the opportunity to purchase company shares at a discount.

The objective of the share plan is to recognise and reward our employees for their contribution to BSL's success and provide them with the opportunity to become long term shareholders.

<u>Final and Special Dividend Schedule</u>

- Record date - 16 September 2003.
- Payment date - 10 October 2003.

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ATTACHMENT 1

PRODUCTION AND DESPATCH REPORT

	6 MONTHS ENDED JUNE 2003	6 MONTHS ENDED DEC 2002	12 MONTHS ENDED JUNE 2003	12 MONTHS ENDED JUNE 2002	VARIANCE
RAW STEEL PRODUCTION ('000t)					
Port Kembla	2,467	2,582	5,049	4,754	+6%
New Zealand Steel	315	305	620	552	+12%
Sub-total	**2,782**	**2,887**	**5,669**	**5,306**	**+7%**
North Star BHP Steel (1)	398	427	825	800	+3%
Total	**3,180**	**3,314**	**6,494**	**6,106**	**+6%**
EXTERNAL DESPATCHES ('000t)					
Hot Rolled Products					
- Domestic	417	460	877	807	+9%
- Export	806	761	1,567	1,365	+15%
Coated Products Australia					
- Domestic	884	949	1,833	1,617	+13%
- Export	393	290	683	617	+11%
New Zealand Steel					
- Domestic	126	130	256	238	+8%
- Export	175	167	342	284	+20%
Coated Products Asia					
- Domestic	170	158	328	273	+20%
- Export	36	27	63	31	+103%
Total					
- Domestic	1,597	1,697	3,294	2,935	+12%
- Export	1,410	1,245	2,655	2,297	+16%
Sub-total	**3,007**	**2,942**	**5,949**	**5,232**	**+14%**
North Star BHP Steel (1)	399	406	805	796	+1%
Total	**3,406**	**3,348**	**6,754**	**6,028**	**+12%**

(1) Reflects BSL's 50% share from North Star BHP Steel.