

BHP Steel Limited
31 December 2002

INCOME TAX

Prima facie tax note

The income tax expense for the half-year differs from the amount calculated on the profit. The differences are reconciled as follows:

	31-Dec-02 \$m
Profit from ordinary activities before income tax expense	<u>315.7</u>
Income tax calculated @ 30%	94.7
Tax effect of permanent differences	
Non deductible depreciation and amortisation	0.8
Research and development incentive	(1.0)
Share of net profits of associates	(18.8)
Unbooked tax losses now brought to account	(10.8)
Rebateable dividends	(0.4)
Exempt income	(6.0)
Other variations	<u>(1.9)</u>
Income tax adjusted for permanent differences	56.6
Effect of different rates of tax on overseas income	1.9
Under (over) provision in prior year	<u>1.1</u>
Income tax expense	<u><u>59.6</u></u>