

BLUESCOPE STEEL LIMITED

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Results for Announcement to the Market
(under ASX listing rule 4.2A)

<p style="text-align: center;">Annual Earnings Report Twelve Months Ended 30 June 2004</p>
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Important Information

1. **The Company changed its name to BlueScope Steel Limited, effective from 17 November 2003. This change was approved by shareholders at the Company's Annual General Meeting in November 2003. It was previously known as BHP Steel Limited.**

2. **Business segment name changes. The following changes have been made:**
 - **Coated Products Australia will be known as Coated and Building Products Australia.**
 - **Coated Products Asia will be known as Coated and Building Products Asia.**

3. **The Company's acquisition of Butler Manufacturing Company was completed on 27 April 2004. The Company will report the financial results and activities of this business in two parts:**
 - **Butler's Asian activities will be included in the Coated and Building Products Asia business segment.**
 - **The North American activities of the Butler Buildings and Vistawall businesses will be reported under a new business segment – "Coated and Building Products North America".**

HIGHLIGHTS

- **Record net profit after tax (NPAT) of \$584 million, up 29%.**
- **Earnings per share (EPS) growth of 36% to 77.8 cents.**
- **Strong Earnings Before Interest and Tax (EBIT) contributions from all business segments.**
- **Continued focus on shareholder returns with 18¢ final ordinary dividend, 10¢ special dividend (both fully franked) and successful completion of the on-market buyback. Total 40¢ dividend, up 38% from 29¢ in FY2003.**
- **Significantly higher earnings from North Star BlueScope Steel in the second half as predicted.**
- **A number of annual production records including slab and hot rolled coil at the Port Kembla Steelworks.**
- **Strong demand for our products, increased prices and improved product mix, partly offset by higher raw material prices.**
- **Commitment to a number of growth initiatives, representing a total capital outlay of approximately A\$1 billion, principally the new China coating and painting facility, new Vietnam coating and painting facility, second Thailand coating line, Butler acquisition, West Sydney Colorbond® Centre and Hot Strip Mill expansion at Port Kembla Steelworks.**

Group NPAT for the twelve months ended 30 June 2004 was \$584m compared to \$452m for the previous corresponding period (twelve months ended 30 June 2003), an increase of 29%.

In its continuing efforts to reward shareholders and focus on Total Shareholder Returns, the Board has approved a final ordinary dividend of 18¢ (\$132m), which will be fully franked and payable on 18 October 2004. The Board has also approved a special dividend of 10¢ (\$73m), fully franked and also payable on 18 October 2004. The record date for both the ordinary and special dividend is 5 October 2004. This compares with a 13¢ ordinary dividend and 7¢ special dividend for the previous corresponding period.

EPS for the twelve months ended 30 June 2004 was 77.8 cents compared to 57.1 cents for the twelve months ended 30 June 2003, an increase of 36%.

The Company's first share buyback program concluded on 13 March 2004 at which time 60,679,153 shares had been purchased leaving 732,320,847 shares on issue.

		12 MTHS TO 30 JUNE		VARIANCE	
		2004	2003	\$m	%
Total Revenue ⁽¹⁾	A\$m	5,770	5,302	468	9
Earnings before interest, tax, depreciation and amortisation (EBITDA) ⁽²⁾	A\$m	1,105	881	224	25
EBIT ⁽²⁾	A\$m	818	611	207	34
Net borrowing costs	A\$m	(14)	(18)	4	22
NPAT attributable to BLUESCOPE STEEL shareholders		584	452	132	29
Earnings per share	¢/s	77.8	57.1	-	36
Final dividend	¢/s	18	13	-	38
Special dividend	¢/s	10	7	-	43
Net cash flow from operating and investing activities	A\$m	315	598	(283)	(47)
Return on invested capital ⁽³⁾	%	18.5	14.5		
Return on equity ⁽⁴⁾	%	19.6	15.0		
Gearing (net debt / net debt plus equity)	%	12.9	2.4		
Net tangible assets per share	\$/s	4.21	3.89		

(1) Includes revenue other than sales revenue of \$32m (\$30m in FY2003).

(2) Includes 50% share of net profit from North Star BlueScope Steel of \$71m in FY2004 (\$69m in FY2003).

(3) Return on invested capital is defined as net operating profit after tax over average monthly capital employed.

(4) Return on equity is defined as net profit after tax attributable to members over average monthly shareholders' equity.

VARIANCE ANALYSIS

• Total Revenue

The \$468m (9%) increase principally reflects:

- Higher prices attained in all export and most domestic market segments.
- Higher Asian domestic sales volumes.
- Improved mix of domestic despatches in all reporting segments.
- The acquisition of Butler Manufacturing Company on 27 April, 2004.

These factors were partly offset by:

- Higher average AUD/USD exchange rate (0.71) compared to the previous corresponding period (0.58).

• EBIT

The \$207m (34%) increase principally reflects:

Prices (\$382m favourable)

- Higher export slab and hot rolled coil prices and related flow-on to export coated product from Australia and New Zealand and Australian domestic hot rolled coil prices.
- Increases in Australian and Asian domestic coated product prices.

Sales Volumes and Product Mix (\$79m favourable)

- Higher production and despatch levels in Asia.
- Improved mix of domestic despatches in all reporting segments.

North Star BlueScope Steel (\$2m favourable)

- Higher realised US domestic prices for hot rolled coil in the second half were largely offset by higher scrap costs and the foreign exchange translation effect of a higher average AUD/USD.

Exchange Rates (\$111m unfavourable)

- Reflects the net effect of higher AUD/USD and NZD/USD exchange rates on both USD denominated revenue and costs, together with appreciation of the AUD against most Asian currencies. The average AUD/USD was 0.71 compared to the previous corresponding period of 0.58.

Costs

Conversion and other cost improvements (\$68m favourable)

- Cost reductions primarily at Port Kembla Steelworks and Coated & Building Products Australia reflecting the effect on unit costs of initiatives to improve production volumes, yield, labour productivity and freight.

Conversion and other cost increases (\$153m unfavourable)

- Higher repairs and maintenance at Port Kembla Steelworks and New Zealand Steel reflecting the timing of planned maintenance and maintaining operating stability at record production levels.
- Higher employment costs due to wage escalation and incentive accruals for the record 2004 results.
- Higher consumables, services, utilities and freight costs.

Raw material costs (\$130m unfavourable)

- Higher USD iron ore prices and higher scrap costs at the Port Kembla Steelworks.
- Higher USD zinc, aluminium and tin costs.
- Higher prices paid for hot rolled and cold rolled purchased steel feed by the downstream Asia coating operations.

Other (\$70m favourable)

- The previous corresponding period included \$32m costs associated with improving the financial position of the Australian and New Zealand Defined Benefits Superannuation Funds.
- The previous corresponding period included a \$20m provision for costs associated with the required changing of the Company's name to BlueScope Steel Limited. The majority of this provision has been utilised during the current period.
- Lower restructuring provisioning in the current period.

- **Tax**

The effective tax rate for the twelve month ended 30 June 2004 was 25.1% (20.4% in FY2003).

Following a company wide review of tax accounting practices the Company has:

- Recognised an under provision of deferred tax liabilities in relation to prior period North Star BlueScope Steel income;
- Commenced tax effecting North Star BlueScope Steel income;
- Recognised the tax benefit of certain carried forward tax losses in New Zealand and Asia, reflecting increased certainty of recoverability; and
- Recognised an over provision for deferred tax liabilities at Port Kembla Steelworks in relation to depreciable assets. As this related to timing differences that existed prior to the acquisition of the Port Kembla Steelworks in July 2002 the adjustment was made against net tangible assets rather than benefiting tax expense.

These changes, together with the continued utilisation of unbooked tax losses in New Zealand and utilisation of unbooked tax losses and tax exemptions in certain Asian operations explain the difference from the Australian tax rate of 30%.

OPERATING CASH FLOWS AND VARIANCE ANALYSIS

	12 MTHS TO 30 JUNE		VARIANCE	
	2004	2003		
	A\$m	A\$m	A\$m	%
Net operating cash flow before borrowing costs and income tax	893	763	130	17%
Net investing cash flows	(578)	(165)	(413)	(150%)
Net cash from operating and investing activities	315	598	(283)	(47%)

Variance

The \$130m increase in net operating cash flow primarily reflects an increase in operating cash profits (EBITDA less share of North Star BlueScope Steel net profit) partly offset by an increase in net working capital. The increase in net working capital primarily reflects:

- An increase in receivables mainly due to higher prices and despatch volumes, together with lower utilisation of the Company's receivables securitisation program.
- An increase in inventory in the current year due mainly to higher raw material and operating costs, together with a build-up of iron ore stocks and an increase in slab stocks due to the timing of export shipments.
- Lower year-on-year increase in provisions primarily due to significant increases in provisions for the Company's name change, Short Term Incentives and redundancy entitlements being made in the previous corresponding period.

The \$413m increase in investing cashflow primarily reflects the acquisition of Butler Manufacturing Company and growth expenditure associated with the Vietnam and China coating line developments, the second Thailand metal coating line and the New Zealand metal coating capacity expansion, together with the receipt of funds loaned to North Star BlueScope Steel in the previous corresponding period. These were partly offset by lower expenditure on the Sinter Plant emissions project at Port Kembla Steelworks.

GROUP REVIEW

In commenting on the annual results, the Managing Director and Chief Executive Officer of BlueScope Steel, Mr Kirby Adams, said:

“For the second consecutive year, our Company has achieved strong financial results. We are delighted to be able to deliver earnings per share of 77.8 cents and 40 cents per share in total dividends. Since our public listing in July 2002 shareholders have experienced the best Total Shareholder Return of any company in the ASX Top 50.

“Nearly all employees are shareholders thanks to decisions by our Board in 2003 and again in 2004 to offer shares (or equivalent) to employees with a total value of A\$27 million, in recognition of employees’ contributions to our business success. Over 16,000 employee - shareholders are pleased to deliver a second year of strong business results for our fellow shareholders.”

“BlueScope Steel employees have responded with vigour to one of the most dynamic global steel markets ever. By carefully managing price, product mix, costs and capital, we have lifted margins and improved asset utilisation, resulting in an after tax 18.5% return on invested capital.

“Our revenue base grew from a FY2003 base of \$5.3 billion, with \$503 million from additional volume and improved product mix and \$382 million of improved price, offset by a \$421 million reduction in the A\$-denominated value of sales, due to the strengthening of the Australian dollar. The result was \$5.77 billion in total revenue – an increase of 9% and a new record.

“Our second half performance was particularly strong with EBIT of \$516 million compared to \$302 million for the first half. This improved performance was made possible by higher pricing in the United States and other export markets for our slab and hot rolled coil (HRC) products. In contrast, prices within Australia and New Zealand during this period were restrained relative to global market trends, although we further increases are expected in FY2005.

“Every reporting segment has contributed to BlueScope Steel’s improved performance. The benefits of our product and geographic diversification are being realised. Our objective is to increase diversification and improve portfolio returns as our growth initiatives across China, Asia and North America gather momentum over the next 3 years.

“The earnings contribution of the Hot Rolled Products segment increased as a result of stronger HRC and slab pricing and increased despatches. Higher HRC and slab feed costs in the second half of the year compressed margins in our downstream Australian Coated and Building segment which otherwise delivered a positive year on year result.

“North Star BlueScope Steel returned an impressive result in the second half largely due to the introduction of scrap price surcharges and a widening of the spread between HRC prices and the cost of scrap feedstock in the USA market.

“We experienced a marked improvement at our New Zealand Steel business where nearly every safety and operational record was surpassed during FY2004, leading to high levels of employee profit sharing and the best financial returns ever. The New Zealand domestic market remained strong and customer relationships are good.

“In the second half of FY2004, we successfully acquired Butler Manufacturing Company, the world’s premier manufacturer of pre-engineered buildings (PEBs), bringing an exciting new suite of building and construction products to our Company in China and North America. A new management structure has been created and good progress is being made integrating the Vistawall and Butler operations into our Company with a view to turning around the performance of the North America Coated and Building Products group this year.”

“In Asia, BlueScope Steel continues to grow with revenues from this segment up 21%, reaching A\$689 million, and EBIT of \$100 million for the first time. The addition of BlueScope Butler capabilities from the fourth quarter of 2004 has transformed BlueScope Butler Asia into the region’s largest single provider of roll-formed building components and PEBs. The potential of this franchise is being underpinned by the simultaneous construction of new metallic coating and painting facilities in China and Vietnam, and the addition of further coating and painting capacity in Thailand and Indonesia respectively.

Mr Adams continued, “our domestic and export markets continue to be strong. Steel slab and HRC demand continues to be high, with a tightening of markets globally. With increasing demand for steel worldwide, we believe steel prices will remain attractive at least through the first half of FY2005. China continues to play a pivotal role in global steel industry supply and demand, although the direct impact on our sales is currently less than 5%. We remain optimistic about economic prospects in China and Asia generally. The Company is this year experiencing higher raw material costs for iron ore, coking coal and coating metals of aluminium, zinc and tin. During FY2005 we will also be subject to much higher rates on our marine freight.

“We are increasing our research and technology spending by 30% to \$40 million this year to further advance our competitive edge. We are also choosing to increase our spending on repairs and maintenance by a further \$40 million in FY2005 to ensure our increased production capacity and asset lives are protected and extended.

“Overall, we are experiencing a strong start to FY2005, however it is too early to be more definitive regarding the full year.

“The continued focus on monetary policy as well as elections in both the US and Australia will also add to uncertainty for these economies and exchange rates.

“Union-led industrial action at some of our Australian downstream plants remains a risk. While not material to the financial outcome of the Company overall, this could pose significant inconvenience and cost for some Australian customers.

“We will continue to work diligently on those factors within our control. We remain committed to being a highly reliable and long-term competitive supplier for the benefit of our customers in their markets.

“We thank our shareholders for their support since public listing in July 2002. We are grateful for the opportunity to manage your assets and put your discretionary capital to work. We hope we are meeting your expectations and that you share the enthusiasm of our employee-shareholders for the exciting new future we are creating as BlueScope Steel.”

BUSINESS SEGMENT REVIEW**Summary of Results by Segment**

	Sales Revenue (\$m)		EBIT (\$m)	
	12 Months Ended 30 June			
	2004	2003	2004	2003
Hot Rolled Products	2,732 ⁽¹⁾	2,626 ⁽¹⁾	565	471
New Zealand Steel	560	549	59	44
Coated & Building Products Australia	2,884	2,728	197	119
Coated & Building Products Asia ⁽²⁾	689	569	100	84
Coated & Building Products North America ⁽³⁾	191	-	(9)	-
Corporate & Group ⁽⁴⁾	669	716	(62)	(102)
Inter-segment ⁽⁵⁾	(1,987)	(1,916)	(32)	(5)
Total BLUESCOPE STEEL	5,738	5,272	818	611

- (1) Excludes the Company's 50% share of North Star BlueScope Steel's revenue being US\$348m (US\$271m in FY2003).
- (2) Includes BlueScope Butler China from 27 April 2004 to 30 June 2004. Includes revenue of \$40m and EBIT of \$3m.
- (3) Revenue and EBIT for the period 27 April 2004 to 30 June 2004.
- (4) Corporate and Group reflects Logistics, Export Trading and corporate office activities. The improved EBIT primarily reflects the name change provision in the previous corresponding period and the reallocation of marketing and freight costs to the relevant operating segments in the current period.
- (5) 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);
- BlueScope Steel's 50% interest in North Star BlueScope Steel, USA (hot rolled coil production); and
- BlueScope Steel's 47.5% interest in Castrip LLC, USA (thin strip casting technology).

(i) Financial Performance

	12 MTHS TO 30 JUNE		VARIANCE	
	2004	2003		
	\$m	\$m	\$m	%
Sales Revenue ⁽¹⁾	2,732	2,626	106	4
EBITDA ⁽²⁾	693	591	102	17
EBIT ⁽²⁾	565	471	94	20
Capital Expenditure ⁽³⁾	65	83	(18)	(22)
Net Operating Assets (pre tax)	1,859	1,840	19	1
Return on Net Assets (pre tax) ⁽⁴⁾	30.7%	25.7%		

(1) Excludes North Star BlueScope Steel revenue.

(2) Includes 50% share of net profit from North Star BlueScope Steel of \$71m in FY2004 (\$69m in FY2003).

(3) Lower capital expenditure reflects lower expenditure on the Sinter Plant Emissions project.

(4) Return on Net Assets is defined as EBIT / average monthly Net Operating Assets.

The \$94m EBIT increase was largely due to:

- Higher export slab and hot rolled coil prices attained in international markets and the related flow-on to domestic hot rolled coil and plate prices.
- Improved mix of domestic versus export sales.
- Lower restructure provisioning.

These were partly offset by:

- Higher USD iron ore prices and higher scrap usage and prices at the Port Kembla Steelworks. The higher scrap usage supported the record annual production.
- Increased repairs and maintenance expenditure at Port Kembla Steelworks principally reflecting the timing of planned maintenance and maintaining operating stability at record production levels in the ironmaking and slabmaking facilities.
- The net effect of a higher AUD/USD exchange rate on USD denominated revenue and costs.
- Higher employment costs due to wage escalation and incentive payments partly offset by labour efficiencies.
- Higher consumables, services and utility costs.

(ii) Operations Report**Port Kembla Steelworks (“PKSW”)**

- A number of annual production records were achieved during the period:
 - Iron making record of 5.024mt (vs. 4.985mt in FY1998), due to:
 - improved blast furnace stability; and
 - enhanced process control.
 - Slab production record of 5.145mt (vs. 5.049mt in FY2003), due to:
 - increased hot metal production; and
 - improvements in plant reliability.
 - Hot rolled coil production record of 2.501mt (vs. 2.438mt in FY 1996), due to maximising the throughput of the walking beam furnace (where slabs are reheated prior to being rolled).
- The Company is currently reviewing its iron ore supply arrangements and where required, negotiating contractual arrangements that provide for ongoing supply.
- The Company celebrated the sale of its 2 millionth tonne of hot rolled coil to Smorgon Steel and 3 millionth tonne of slab to California Steel Industries.
- Hot Strip Mill (“HSM”) expansion approved in July 2004:
 - increase hot rolled coil (“HRC”) capacity by 0.4mtpa to 2.8mtpa by adding another walking beam reheat furnace and other process improvements.
 - capital cost A\$100 million;
 - first production first quarter FY2007; and
 - material improvement in operational security of the HSM.
- New product initiatives included the launch of plate products for use in wind tower and electricity transmission pole applications.
- Illawarra Enterprise Bargaining Agreement, covering the majority of operations in Wollongong, including Coated and Building Products Australia, was finalised in June 2004.

North Star BlueScope Steel

- North Star BlueScope Steel has again been voted the No. 1 flat rolled steel supplier in North America in the 2004 Jacobsen Survey of steel customers.
- Scrap related price surcharges were introduced in January to insulate the business from the effects of rapidly escalating scrap costs.
- A new annual raw steel production record (100% project) of 1,710mt (vs. 1,650mt FY 2003).

Castrip LLC

- BlueScope Steel's JV partner in Castrip LLC, Nucor, continues to make progress towards commercialisation of the revolutionary strip casting technology developed by BlueScope Steel in the 1990s. Cumulative production at Nucor's plant since start up in May 2002 has exceeded 100,000 tons and steel sheet as thin as 0.84mm thick has been produced. BlueScope Steel owns 47.5% of Castrip LLC.

New Zealand Steel

(i) Financial Performance

	12 MTHS TO 30 JUNE		VARIANCE	
	2004	2003		
	\$m	\$m	\$m	%
Sales Revenue	560	549	11	2
EBITDA	94	81	13	16
EBIT	59	44	15	34
Capital Expenditure ⁽¹⁾	27	10	17	170
Net Operating Assets (pre tax)	428	423	5	1
Return on Net Assets (pre tax) ⁽²⁾	14.1%	9.9%		

(1) Capital expenditure reflects spending on increased capacity on the metal coating line.

(2) Return on Net Assets is defined as EBIT / average monthly Net Operating Assets.

The \$15m EBIT increase was largely due to:

- Higher export prices.
- Improved mix of value-added domestic coated products due to strong domestic demand.
- Costs associated with improving the financial position of the New Zealand Defined Benefits Superannuation Fund in the previous corresponding period.

These were partly offset by:

- The net unfavourable effect of the higher NZD/USD exchange rate on USD denominated revenue and costs. The average NZD/USD exchange rate was 0.63 compared to 0.52 in the previous corresponding period; and
- Higher repairs and maintenance costs due to an additional planned kiln shut and multi hearth furnace maintenance.

(ii) Operations Report

- Slab production was 611,000t, a decrease of 9,000t on FY2003 due to an additional planned kiln shut and multi hearth furnace maintenance in the fourth quarter.
- The metal coating line expansion was completed on schedule in March 2004 and commissioning, including some remedial work, will be completed in the first half of FY2005.
- New annual paint line production record of 52,000t (47,000t FY03).
- Record domestic residential and non-residential despatches reflecting stronger economic conditions and market share gains in some key product segments.
- New paint technologies, developed internally, enabled New Zealand Steel to re-brand existing products as:
 - COLORSTEEL® Endura™ for moderate to severe environments; and

- COLORSTEEL® Maxx™ for severe conditions, with the colour range increased from 4 to 12.

Coated and Building Products Australia

This segment comprises:

- Springhill and Western Port at Wollongong, NSW and Hastings, VIC respectively.
- Service Centres, with 7 sites throughout Australia.
- Packaging Products at Port Kembla, NSW.
- BlueScope Lysaght, with 27 operating sites throughout Australia.
- BlueScope Water.

(i) Financial Performance

	12 MTHS TO 30 JUNE		VARIANCE	
	2004	2003		
	\$m	\$m	\$m	%
Sales Revenue	2,884	2,728	156	6
EBITDA	290	202	88	44
EBIT	197	119	78	66
Capital Expenditure ⁽¹⁾	89	49	40	82
Net Operating Assets (pre tax)	1,255	1,208	47	4
Return on Net Assets (pre tax) ⁽²⁾	16.0%	9.3%		

(1) Capital expenditure increase relates to the timing of maintenance capital.

(2) Return on Net Assets is defined as EBIT / average monthly Net Operating Assets.

The \$78m EBIT increase was largely due to:

- Higher product prices in both domestic and export markets.
- Higher domestic sales volumes and improved mix of higher value product within the domestic market.
- Lower restructure provisioning.

These were partly offset by:

- The net effect of a stronger AUD/USD exchange rate on USD denominated revenue and costs.
- Higher zinc, aluminium and tin coating metal costs, together with steel feed costs from Hot Rolled Products.
- Higher freight costs and higher employment costs due to wage escalation and incentive payments.

(ii) Operations Report

Springhill

- A number of annual production records were achieved in cold rolling, metal coating and painting.
- Brownfields capacity initiatives, largely around process improvements and minor capital works, are well advanced at Springhill and Western Port on the metal coating and paint lines. Similar initiatives are also being undertaken on the Service Centre paint lines.

Western Port

- The maintenance alliance with Silcar, a joint venture with Siemens has achieved improved plant reliability and cost savings.
- Record delivery reliability to customers for the year of 95%.
- Metal Coating Line No. 4 achieved an annual production record.
- The Enterprise Bargaining Agreement renewal is presently being negotiated. Similar negotiations are also being undertaken at our Lysaght business and Services Centres.

BlueScope Lysaght

- During the year, Lysaght strengthened manufacturing, sales and distribution, by opening new sites and acquiring businesses. The expanded geographic footprint, from 19 to 27 sites, will permit the Company to more effectively service customers.
- Lysaght introduced a number of new products during the year, including SupaPurlins, a range of purlins (roofing and walling structural steel supports) that are stronger and longer than the standard purlin, and Lysaght W-Deck, an economical structural decking system.

Packaging Products

- Business conditions remained difficult for the packaging sector during the year and significant efforts continue to be made to improve throughput, quality and efficiency.
- New 6 monthly production record was achieved on electrolytic tinning line No. 3.
- Roll shop outsourced, delivering product quality and cost improvements.

Service Centres

- The Service Centre paint lines achieved a production record.

BlueScope Water

- A new business, BlueScope Water, was established to develop growth opportunities in urban rainwater harvesting and water cycle management.
- Product range includes:
 - The HYDRORIB® culvert and stormwater product was launched during the year. This is a light, strong and durable pipe made from a coated steel and polymer composite.
 - WATERPOINT CLASSIC® and WATERPOINT SLIMLINE® rainwater tank brands. These tanks will be available in a range of sizes, shapes and colours to suit almost any site and style of building.

West Sydney

- The Company has entered into a conditional agreement with CSR Limited for the purchase of 17 hectares of industrial land at Erskine Park where it is planned to build a new Colorbond® steel centre.

Coated and Building Products Asia

This segment comprises:

- Metal coating and paint line operations in Thailand (also cold rolling), Indonesia and Malaysia;
- BlueScope Butler, China;
- Lysaght operations in 12 Asia and Pacific countries; and
- New China and Vietnam metal coating and paint line developments.

(i) Financial Performance

	12 MTHS TO 30 JUNE		VARIANCE	
	2004 ⁽¹⁾	2003		
	\$m	\$m	\$m	%
Sales Revenue	689	569	120	21
EBITDA	122	109	13	12
EBIT	100	84	16	19
Capital Expenditure ⁽²⁾	113	36	77	214
Net Operating Assets (pre tax) ⁽³⁾	619	404	215	53
Return on Net Assets (pre tax) ⁽⁴⁾	21.5%	18.9%		

(1) Includes BlueScope Butler China's results for the period 27 April 2004 – 30 June 2004.

(2) Capital expenditure increase largely reflects Vietnam, Thailand and China developments.

(3) The increase in net operating assets was largely due to the inclusion of BlueScope Butler China, higher capital expenditure and higher working capital balances due to higher sales volumes and prices.

(4) Return on Net Assets is defined as EBIT/average monthly Net Operating Assets.

The \$16m EBIT increase was largely due to:

- Stronger despatch volumes across the Asian business, together with improved mix of higher value product in Thailand; and
- Higher domestic coated product prices across the Asia business.

These were partly offset by:

- The appreciation of the AUD relative to most Asian currencies;
- Higher purchased steel feed costs across the Asia business; and
- Business development costs associated with the Vietnam and China metal coating and paint line projects.

(ii) Operations Report

- The Indonesian paint line expansion, increasing capacity from 25,000 to 50,000tpa, was completed in January 2004. The expanded plant is operating at full capacity.
- Indonesian metal coating capacity was increased from 90,000t to 100,000t.
- In Malaysia, strong annual domestic sales volumes increased markedly over FY2003, supported by the development of new applications.
- Continued strong growth in steel roof trusses. Construction of a Smartruss™ factory was completed in Vietnam in June 2004.
- Full year profitable operations of new Lysaght business in Langfang and Chengdu in China.

- Continued strong growth in pre-engineered building sales in South East Asia. The acquisition of Butler has also given BlueScope immediate size in pre-engineered building sales in China where good progress is being made on the business integration.
- Major growth initiatives approved by the Board during FY2004 are progressing as planned:
 - Vietnam (Metal Coating and Paint Line facility) (A\$160m)
 - Construction on schedule for start up in early CY2006;
 - Initial earthworks completed; and
 - Steel fabrication, erection and cladding of the main plant buildings progressing.
 - Thailand (Second Metal Coating Line) (A\$80m)
 - Project is on schedule for start up mid-CY2005; and
 - Building construction and equipment contracts are in place and steel fabrication and erection progressing.
 - China (Metal Coating and Paint Line Facility) (A\$280m)
 - Project is on schedule for start up mid-CY2006; and
 - Preliminary site works continuing.

Note: The abovementioned capital costs reflect a basket of foreign currencies converted to AUD's at the forecast exchange rate current at the time approved.

Coated and Building Products North America (new business segment)

This segment comprises the North American businesses of the newly acquired Butler Manufacturing Limited for a two month period:

- Butler Buildings; and
- Vistawall architectural products.

(i) Financial Performance

	12 MTHS TO 30 JUNE		VARIANCE	
	2004 ⁽¹⁾	2003		
	\$m	\$m	\$m	%
Sales Revenue	191	-	191	-
EBITDA	(5)	-	(5)	-
EBIT	(9)	-	(9)	-
Capital Expenditure	2	-	2	-
Net Operating Assets (pre tax)	232	-	232	-
Return on Net Assets (pre tax) ⁽²⁾	(17.5%)	-		

(1) Butler Manufacturing Company was acquired on 27 April 2004. This report covers the period 27 April – 30 June 2004.

(2) Return on Net Assets is defined as annualised EBIT / average monthly Net Operating Assets.

The (\$9)m EBIT contribution reflected:

- High steel costs and tight availability of steel feed in the Buildings division; and
- Costs associated with the integration of Butler Manufacturing's North American businesses into BlueScope Steel.

(ii) Integration and Operations Report

- A new management structure for the North American businesses was established immediately following the acquisition. In addition, a BlueScope Steel

integration team is in place and good progress is being made on the business integration and transformation.

- On 29 June, the Company reaffirmed its decision to close the Galesburg, Illinois manufacturing facility. Capacity previously provided by Galesburg has, or will be, integrated within the Company's remaining plants, apart from the speciality parts business where the Company is reviewing various sites for an alternative manufacturing facility. Closure of Galesburg is scheduled for mid-CY2005.
- The sale of Lester Buildings (Butler's timber framing business) was completed on 30 July 2004.
- In February 2004, Butler was awarded damages from Louisiana-Pacific Corporation arising out of the supply of defective inner-seal products by Louisiana-Pacific Corporation. Butler received a cash payment of US\$21 million in May 2004, with an additional US\$11.2 million currently subject to appeal. The US\$21m was accounted for as a receivable in the acquisition balance sheet of Butler Manufacturing Co.
- The Buildings Group despatches in May and June 2004 increased strongly over the same period in 2003. This is largely due to an increase in non-residential building activity in the U.S.A.
- Record high steel prices and steel sourcing difficulties continue to adversely effect the operations and profitability of the Butler Buildings business. The latter has been partly alleviated through broader sourcing of product, including from North Star BlueScope Steel.
- Vistawall shipments in May and June 2004 were 7% higher than the same period in 2003, but margins were adversely affected by increased aluminium feed stock prices.

OTHER INFORMATION

Logistics

- From 2005 onwards, BlueScope Steel will experience higher marine freight rates reflecting the global increase in marine costs. BlueScope Steel is partially insulated from spot price movements due to long-term contractual arrangements. During FY2004 these arrangements largely insulated the Company from the significant increases in marine freight rates.

Capital Management

- The on-market buyback program was concluded on 13 March 2004, with 60,679,153 shares purchased (representing 76.5% of the total program) at an average cost before brokerage and GST of \$4.70 per share.

- During the period, the Company borrowed an additional \$425m. Total debt outstanding at 30 June 2004 was \$593m, resulting in a gearing ratio of 12.9% (net debt / net debt plus equity). These borrowings, together with operating cash flow of \$893m were primarily applied to funding the acquisition of Butler Manufacturing Limited (\$277m), the share buyback (\$259m), dividends (\$244m), capital expenditure (\$290m) and tax payments (\$119m).
- North Star BlueScope Steel repaid US\$59m of its debt, reducing its total outstanding external debt to US\$70m (100% basis) at 30 June 2004. In addition, North Star BlueScope Steel had sold US\$56m of its trade receivables under its receivables securitisation program at 30 June 2004. This represents a US\$17m increase from 30 June 2003.
- BlueScope Steel has received \$152m in cash for trade receivables sold under its receivables securitisation program. This represents a \$25m decrease from 30 June 2003.
- On 1 July 2004, BlueScope Steel raised US\$300m from the US Private Placement market in two tranches of US\$100m maturing 2011 and US\$200m maturing 2014. The funds were used to refinance borrowings outstanding as at 30 June 2004.
- The Company intends to buyback approximately 16m shares on-market in order to offset the earnings per share dilution effect of shares expected to be issued in October 2004 under the Company's executive share rights plans as disclosed in the Scheme Document.

Safety, Environment & Health

- Safety
 - BlueScope Steel's industry leading safety record and improving performance was marred by a fatality at our Brisbane Logistics Terminal on 29 June 2004, when a contracted logistics operator was killed.
 - The Company continued to achieve record low injury rates with a 26% reduction in Lost Time Injury Frequency Rate (LTIFR) and 36% reduction in Medically Treated Injuries compared to FY2003.
 - A number of operations achieved noteworthy results:
 - New Zealand Steel – achieved 2m hours worked without a lost time injury;
 - Coated and Building Products Asia – achieved 2.5m hours worked without a lost time injury; and
 - Hot Rolled Products – achieved over 2m hours for the first time.
- Environment
 - BlueScope Steel's Australia, New Zealand and Asia businesses have all now achieved ISO14001 certification.
 - BlueScope Steel products have been featured in Melbourne's first HIA GreenSmart Display Village – a pioneering, environmental sustainable housing development. The energy efficient house included in the estate features Colorbond® fencing and roofing and Aquaplate® rainwater tanks.
 - The Western Port operation has won the Victorian South East region award for the Tidy Towns Commercial/ Industrial Site category. Judging criteria focused on a range of factors, including environmental work undertaken within the site and community, promoting environmental awareness to staff and programmes to reduce energy and water emissions.

- A new water conservation initiative will be implemented at the Springhill operations. It is expected to save over 500,000 litres per day.

Employee Share Plan

- The Company has offered 150 BlueScope Steel Limited shares at nil cost to approximately 16,000 eligible employees (approximately 2.4m shares). The objective of this discretionary offer by the Board is to recognise and reward employee contribution to BlueScope Steel's financial performance and provide them with the opportunity to build a long term shareholding in the Company. The value of this offer is approximately A\$16m and the Company intends to buy-back an equivalent number of shares in order to offset the earnings per share dilution effect.

Final Dividend Schedule

- Record date – 5 October 2004.
- Payment date – 18 October 2004.

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ATTACHMENT 1

STEEL PRODUCTION AND DESPATCH REPORT

	6 MTHS ENDED			12 MTHS ENDED JUNE		VARIANCE
	June 2004	Dec 2003	June 2003	2004	2003	
RAW STEEL PRODUCTION (*000t)						
Port Kembla	2,577	2,568	2,467	5,145	5,049	2%
New Zealand Steel	302	309	315	611	620	(1%)
Sub-total	2,879	2,877	2,782	5,756	5,669	2%
North Star (1)	439	416	397	855	825	4%
Total	3,318	3,293	3,179	6,611	6,494	2%
EXTERNAL DESPATCHES (*000t)						
Hot Rolled Products						
- Domestic	529	452	418	981	877	12%
- Export	828	676	806	1,504	1,567	(4%)
Coated & Building Products						
Australia						
- Domestic	905	950	883	1,855	1,833	1%
- Export	362	257	392	619	683	(9%)
New Zealand Steel						
- Domestic	126	135	126	261	256	2%
- Export	179	146	175	325	342	(5%)
Coated & Building Products						
Asia						
- Domestic ⁽²⁾	262	176	169	438	328	34%
- Export	43	48	37	91	63	44%
Coated & Building Products						
North America ⁽³⁾						
- Domestic	28	-	-	28	-	
- Export	1	-	-	1	-	
Total						
- Domestic	1,850	1,713	1,596	3,563	3,294	8%
- Export	1,413	1,127	1,410	2,540	2,655	(4%)
Sub-total	3,263	2,840	3,006	6,103	5,949	3%
North Star ⁽¹⁾	431	401	399	832	805	3%
Total	3,694	3,241	3,405	6,935	6,754	3%

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

(2) Includes 28,000 tonnes steel despatches from Butler Manufacturing Company's China operations acquired on 27 April 2004.

(3) Reflects steel despatches from Butler Manufacturing Company's North American operations acquired on 27 April 2004.