BLUESCOPE STEEL LIMITED
A.B.N. 16 000 011 058
Level 11, 120 Collins Street
Melbourne, Victoria 3001
Ph: +61 (03) 9666 4000 Fax: +61 (03) 9666 4111
Website: www.bluescopesteel.com
ASX Code: BSL

FOR IMMEDIATE RELEASE

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(Under ASX listing rule 4.2A)

Annual Earnings Report Twelve Months Ended 30 June 2006

Note: This report is based on accounts, including the restatement of the comparative corresponding period, prepared in accordance with the Australian Equivalents to International Financial Reporting Standards (AIFRS).

Melbourne – 21 August 2006 – BlueScope Steel Limited (ASX Code: BSL) today reported its financial results for the full year ended 30 June 2006.

Important Notice: Change in reporting:

For your information, the company has decided to:

1. Separate its Hot Rolled Products segment into Australian and North American regions. Hot Rolled Products Australia includes the Port Kembla Steelworks and Hot Rolled Products North America includes the company's interest in North Star BlueScope, Castrip® and North American and European trading activities. This change was made to align the company's geographical based management structure with its reporting segments. The previous corresponding period has also been adjusted.
2. Highlight the Underlying Operational Earnings as well as the Reported Earnings for the group and each reporting segment. Underlying operational earnings have been adjusted for unusual or non-recurring events to reflect the financial performance from ongoing operations.
3. Report each country's financial performance within the Coated and Building Products Asia segment to improve transparency.

Table 1 provides a recap of headlines for FY 2006.

Table 1: FY 2006 Headlines

Headlines

Earnings performance

- FY2006 Earnings Per Share (EPS) within guidance. Please refer to Table 2b for additional information.

	FY2006 Results		29 June 2006	8 February 2006
	NPAT($M)	EPS(cps)	EPS Guideline (cps)	EPS Guideline (cps)
Reported earnings	338	0.48	-	-
June 2006 restructuring	(132)	(0.19)	(0.15 to 0.20)	-
Earnings net of June restructuring	470	0.67	0.65 to 0.67	0.65 to 0.75

Headlines continued...

- Earnings before interest, tax, depreciation and amortisation (EBITDA) was down 49% to A$850M largely due to lower sales prices and higher raw material costs.

Financial ratios for FY2006 vs FY2005

	FY2006	FY2005
Return on equity (based on net profit after tax (NPAT) attributable to shareholders)	10.4%	30.7%
Return on invested capital (based on NPAT)	8.5%	25.9%
Gearing (net debt/net debt plus equity)	38.0%	19.5%

Dividends

- Final ordinary dividend 24cps, fully franked. The total FY2006 ordinary dividend was 44cps, up 2cps or 5% on FY2005.
- Dividend reinvestment plan (DRP) introduced, with effect from and including FY2006 final ordinary dividend. The DRP will be fully underwritten in respect of the FY2006 final ordinary dividend.

Operations

- Upstream
  - Australia (PKSW) – excellent operational performance delivering record slab production but earnings down largely in the second half due to lower steel prices and higher iron ore costs.
  - New Zealand – steel production was down 3% on FY2005 due to operational issues (now resolved), whilst earnings were affected by lower steel prices. Cost benefit continues from having captive iron sands reserve.
  - North America (North Star BlueScope) – another annual steel production record in FY2006 (1.879Mt) (100%), with earnings only slightly down on FY2005.
- Mid and down-stream
  - Australia earnings lower in FY2006 largely due to higher zinc and aluminium costs, lower domestic demand, the Western Port fire (in the first half) and restructure provisions
  - New Zealand – lower earnings resulting from softer residential conditions.
  - Asia – earnings materially lower largely due to weaker demand, higher steel feed costs (mainly in the first half) and higher zinc and aluminium costs (mainly in the second half) and construction contract losses in Taiwan.
  - North America – strong earnings performance in the second half largely due to resolving the start-up problems at the Jackson, Tennessee facility in the first half, and stronger non-residential construction activity.

Capital Growth Projects

- A number of new facilities were completed during FY2006, including the new Vietnam coating line; China painting line, Guangzhou, China pre-engineered building (PEB) and rollforming facility; and Pune, India, PEB and rollforming facility. The +400,000t Hot Strip Mill expansion came into operation in July 2006 and the China Metal Coating Line is due for completion around September/October 2006. Start-up of the Indian coating facility could potentially move into CY2009 due to more complex civil engineering requirements and other matters.

Consolidated Results
Table 2a provides the FY2006 consolidated financial results and the comparable FY2005 period. Table 2b reconciles underlying operational earnings to reported earnings.

Table 2a : Financial Headlines
Twelve months ended 30/06/06 ("FY2006") and 30/06/05 ("FY 2005")

Financial Measure		FY2006	FY2005	Variance $	Variance %
Total revenue[1]	A$M	8,031	7,965	66	1
Earnings before interest, tax, depreciation and amortisation (EBITDA)[2]	A$M	850	1,655	(805)	(49)
EBIT[2]	A$M	556	1,358	(802)	(59)
Interest expense	A$M	(90)	(44)	(46)	104
NPAT attributable to BlueScope Steel shareholders	A$M	338	982	(644)	(66)
Earnings per share	¢/s	47.9	134.0	(86)	(64)
Diluted earnings per share[3]	¢/s	47.7	131.0	(83)	(64)
Final dividend	¢/s	24	24	–	–
Special dividend	¢/s	–	20	(20)	(100)
Net cash flow from operating and investing activities (pre-tax)	A$M	(130)	603	(733)	(122)
Return on invested capital[4]	%	8.5%	25.9%		
Return on equity[5]	%	10.4%	30.7%		
Gearing (net debt / net debt plus equity)	%	38.0%	19.5%		
Net tangible assets per share	$/s	4.02	4.26		

(1) Excludes the company's 50% share of North Star BlueScope Steel revenue of $714M in FY2006 ($763M in FY2005). Includes revenue other than sales revenue of $18M ($24M in FY2005).
(2) Includes 50% share of net profit from North Star BlueScope Steel of $169M in FY2006 ($194M in FY2005).
(3) Earnings per share is diluted for executive share right awards that are likely to vest based on current TSR performance.
(4) Return on invested capital is defined as net profit after tax over average monthly capital employed.
(5) Return on equity is defined as net profit after tax attributable to shareholders over average monthly shareholders' equity.

Variance Analysis (FY2006 vs FY2005)

- Total revenue

  The $66M (1%) increase principally reflects:
  - Higher Australian domestic prices across most markets.
  - Higher export slab and hot rolled coil sales volumes from the Port Kembla Steelworks.
  - Higher coated and building product sales volumes in North America, Thailand and Vietnam partly offset by lower sales volumes in Malaysia and China.

  Largely offset by:
  - Lower international slab, hot rolled coil and coated steel prices.
  - Lower Australian domestic demand in the pipe and tube, packaging, manufacturing and distribution markets for hot rolled coil, galvanised and tinplate products.

- EBIT

The $802M (59%) decrease principally reflects:

Raw material costs ($261M unfavourable)
- Higher USD iron ore and coking coal purchase prices at the Port Kembla Steelworks mitigated partly by lower priced material in stock at the start of the current period.
- Higher zinc and aluminium coating metal costs.

Partly offset by:
- Lower purchased scrap costs at Port Kembla Steelworks.
- Lower prices paid for purchased steel feed by the mid and downstream Asian and North American coating and building operations.

Prices ($391M unfavourable)
- Lower slab, hot rolled coil and metallic coated prices attained in international markets.
- Lower prices in the Asian coating and building operations

Partly offset by:
- Higher Australian domestic prices across most markets.

Sales volumes and product mix ($56M favourable)
- Higher export slab sales volumes from Port Kembla Steelworks arising from record raw steel production and reduced inventories.
- Higher sales volumes in the North American Buildings and Vistawall business units, together with sales volumes from the commencement of the Vietnam and Thailand metal coating line developments.

Partly offset by:
- Unfavourable Australian domestic/export mix as a result of lower Australian domestic demand in the pipe and tube, packaging, manufacturing and distribution markets mainly for hot rolled coil galvanised and tinplate products, together with the impact of the Western Port fire on export mix. This was offset by a favourable mix of Australian domestic value-added Zincalume® and painted product for the construction market.
- Lower New Zealand domestic demand due to softer residential market conditions, together with lower export volumes from New Zealand due to maintenance downtime.
- Lower domestic demand in Malaysia and China.

North Star BlueScope Steel ($25M unfavourable)
- Lower earnings contribution due to hot rolled coil prices in North America declining more than reductions in the price of scrap feed. This decline in spread was partly offset by a 6% increase in sales volumes.

Exchange rates ($23M favourable)
- Favourable movement in the AUD:USD and NZ:USD relative to the previous comparative period.

Costs ($77M unfavourable) comprising the following components;

Cost improvement initiatives ($96M favourable)
- Cost reductions primarily at Port Kembla Steelworks, Coated and Building Products Australia, and Coated and Building Products North America reflecting the effect on unit costs of initiatives to improve yield, labour productivity and other costs.

Cost escalation ($104M unfavourable)
- Escalation of employment, utilities and other costs. In particular, electricity costs in New Zealand, which increased 82% due to prolonged dry periods and power station maintenance outages.

One-off and discretionary costs ($38M unfavourable)
- Lower maintenance costs mainly at the Port Kembla Steelworks.
- Higher unit costs at Western Port and Springhill due to lower production volumes arising from the fire at Western Port which closed the Hot Strip Mill for 12 weeks and lower domestic demand for galvanised and tinplate product. These were partly offset by higher unit costs in the previous comparative period associated with an industrial dispute at Western Port.

- Higher unit costs as a result of the commissioning and ramp-up of production volumes at the new Vietnam and Thailand metal coating lines, together with the Buildings North America Jackson plant.
- Higher pre-production and business development costs.

Other costs ($31M unfavourable)
- Higher freight costs primarily due to higher export volumes and destination mix.
- Lower prices received for vanadium slag, a by-product in the New Zealand steelmaking process, which increased steel making costs.

Other items ($127M unfavourable)
- Asset impairment and closure provisions related to tinplate manufacturing, Lysaght Taiwan and the Chullora solid block paint line. Partly offset by the impairment write down of Packaging Products and export tinplate withdrawal in the previous comparative period.
- Contract losses on Lysaght Taiwan construction projects.
- Redundancy cost provisions associated with executive, staff and other internal restructuring.
- Expensing of the general employee share plan award in the current year.

Partly offset by:
- Profit on the sale of properties in Western Australia and Galesburg, Illinois.

- <u>Funding</u>

Financing costs for the 12 months ended 30 June 2006 were $90M ($44M in 2005). The increase in costs reflects an increase in borrowings to $1,952M ($876M in 2005) and an average interest rate of 6.0% (5.8% on 2005).

- <u>Tax</u>

The effective tax rate for the 12 months ended 30 June 2006 was 26.8% (25.4% in the previous corresponding period). The tax rate differs from the Australian tax rate of 30% primarily due to the utilisation of unbooked tax losses in New Zealand, together with the utilisation of tax exemptions in our Thailand Coating operation. These were partly offset by North American operations being taxed at approximately 39% (35% US tax rate plus state taxes).

The full tax exemptions on the Thailand metal coating line (MCL1) expired in September 2005, however the company continues to benefit from a reduced (15%) tax rate on earnings from this line until 2010 and has full tax exemption on MCL2 earnings until 2013. New Zealand Steel has booked all outstanding tax losses and commenced expensing tax on its taxable earnings from January 2006.

Table 2b: Reconciliation of Underlying Operational Earnings to Reported Earnings
FY2006 vs. FY2005; $ millions
Underlying Operational Earnings have been adjusted for unusual or non-recurring events to reflect the underlying financial performance from ongoing operations.

	EBIT		NPAT		EPS	
Factors	**FY2006**	**FY2005**	**FY2006**	**FY2005**	**FY2006**	**FY2005**
Reported earnings	556	1,358	338	982	0.48	1.34
June 2006 restructuring						
- Asset impairment (1)	(62)	-	(44)	-	(0.06)	-
- Restructuring and redundancy (2)	(125)	-	(88)	-	(0.13)	-
Earnings prior to June restructuring	743	1,358	470	982	0.67	1.34
Other unusual or non-recurring events:						
Significant production disruptions (3)	(38)	(26)	(27)	(18)	(0.04)	(0.02)
Business development and pre-operating costs (4)	(40)	(36)	(37)	(32)	(0.04)	(0.05)
Asset impairment (5)	-	(82)	-	(57)	-	(0.08)
Restructure and redundancy costs (6)	-	(21)	-	(15)	-	(0.02)
Losses from businesses to be discontinued(7)	(49)	(36)	(40)	(25)	(0.06)	(0.03)
Asset sales (8)	14	-	9	-	0.01	-
Underlying Operational Earnings	856	1,559	565	1,129	0.80	1.54

(1) Impairment of Packaging Products and Chullora, New South Wales solid block paint line assets.
(2) Cost provisions recognised for the closure of tinplate manufacturing, Lysaght Taiwan and Chullora solid block paint line, together with redundancy costs for staff, executives and other internal restructuring.
(3) Western Port fire in 2006; Western Port industrial dispute in 2005.
(4) Business development and pre-operating costs in Asia, North America and corporate.
(5) Packaging Products assets.
(6) Cost provisions for the withdrawal from export tinplate and other internal restructuring.
(7) Losses incurred in Packaging Products and Lysaght Taiwan businesses that are to be closed during 2007. Note: Packaging Products comprise operating losses reported in Coated and Building Products Australia partly offset by the margin earned by Hot Rolled Products Australia on inter-segment sales to Packaging Products.
(8) Sale of property in Western Australia and Galesburg, Illinois in 2006.

Equity, Financial Flexibility and Cash Flow

Table 3 below provides a summary of consolidated equity and return measures at 30 June 2006 and 2005.

Table 3: Consolidated – Return Statistics
FY2006 and FY2005; mixed measures

Return Statistics	**FY2006**	**FY2005**	**%**
Shares outstanding – end of period (million)	698.9	707.9	(1)
Average shares – for the period (million)	704.1	733.0	(4)
Return on equity – based on NPAT attributable to shareholders (%)	10.4%	30.7%	(66)
Return on equity – based on underlying operational NPAT earnings (%)	17.3%	35.4%	(51)
Return on invested capital – based on NPAT (%)	8.5%	25.9%	(67)
Return on invested capital – based on underlying operational NPAT earnings (%)	13.2%	29.8%	(56)

Table 4 below provides a summary of key financial flexibility metrics based on underlying operational performance.

Table 4: Consolidated – Financial Flexibility Measures
FY2006 and FY2005; mixed measures

Financial Flexibility Measures		FY2006	FY2005	Variance $M	Variance %
Underlying Operational EBITDA	$M	1,150	1,856	(706)	(38)
Interest expense	$M	90	44	46	104
Borrowings	$M	1,952	876	1,076	123
Underlying Operational EBITDA / interest	%	13	42	(29)	(69)
Debt / Underlying Operational EBITDA	%	1.7	0.5	1.2	240

Table 5 below provides a summary of consolidated operating and investing cashflows.

Table 5: Consolidated Cash Flow
FY2006 and FY2005; $ millions

Factors	FY2006	FY2005	Variance $M	Variance %
EBITDA (1)	850	1,655	(805)	(49)
Add back non cash items				
- Share of profits from associates and joint venture partnership not received as dividends	(1)	(73)	72	99
- Impaired assets	65	84	(19)	(23)
- Net (gain) loss on sale of assets	(20)	(2)	(18)	(900)
- Expensing of share-based employee benefits	9	7	2	29
Cash EBITDA	903	1,671	(768)	(46)
Changes in working capital (2)	(100)	(432)	332	71
Net cash from operating activities	803	1,239	(436)	(35)
Net cash from investing activities (3)	(793)	(622)	(171)	(27)
Cash from operating and investing (pre-tax)	10	617	(607)	(98)
Sale of receivables (4)	(140)	(12)	(128)	(1067)
Interest paid	(76)	(23)	(53)	(230)
Tax paid	(356)	(312)	(44)	(14)
Cash from operating and investing (post-tax) (as per statutory cash flow)	(562)	267	(829)	(310)

(1) Refer EBIT Variance Analysis for major changes in EBITDA.
(2) The improvement in working capital primarily reflects:
- Inventories: a smaller increase in inventory in the current period than the previous comparative period mainly reflecting higher inventory volumes and steel feed volumes at the end of the previous comparative period (30 June 2005);
- Provisions: an increase in restructure and redundancy provisions in the current period.

(3) The increase in investing activities reflects higher capital expenditure associated with the China coating and painting facility, West Sydney paint line, Port Kembla Hot Strip Mill and India developments. These were partly offset by lower expenditure on the Vietnam coating and painting facility, second Thailand coating line and Lysaght Australia acquisitions in the previous comparative period.
(4) On conversion to AIFRS, sale of receivables were reclassified to borrowings from 1 July 2005 resulting in an unfavourable operating cash flow variance in FY2006 which is offset by proceeds from borrowings (cash flow from financing activities).

Group Review
In commenting on the full year results, the Managing Director & Chief Executive Officer of BlueScope Steel, Mr Kirby Adams, said:

"Over the past 12 months, the steel industry has been extremely volatile with significantly higher iron ore and coal costs, soaring costs for zinc and aluminium coating metals, lower commodity steel pricing in the second half and a strong Australian dollar. Within this challenging environment, your Company was also in the midst of a major growth and expansion program in 2006 with over 13 capital growth projects underway in 6 countries and a record capital spending program of $816 million.

"Given these factors, the Company's full year results are understandable, but unsatisfactory. They are in line with updated guidance to the market in February and more recently in June. Obviously, the result is a significant shift from the record performance produced in 2004/05 where a number of extraordinary factors all lined up for a record result.

"Heading into FY2007, we have taken steps across the Company to reduce costs, improve efficiencies, and increase performance levels. At the end of June, we advised the market of our decision to close the loss making tin mill operation at Port Kembla and our Taiwan facility. The Company will reduce 250 staff and management positions across our operations in Australian and New Zealand.

"We have increased vigour in our operations while continuing to focus on our longer-term growth strategy.

Key Fundamentals
"The Company's revenue for the year was $8.0 billion, an increase of 1% from the prior year. Net profit after tax (NPAT) decreased $644 million (66%) to $338 million. EBIT was lower for the 2005/06 year by $802 million or 59% to $556 million. This reduction was primarily due to lower slab, hot rolled coil and coated steel prices in international markets, higher raw material costs (principally iron ore and secondly, coal, zinc and aluminium costs) and higher unusual and one-off costs. These negative factors were slightly offset by higher sales volumes and higher Australian domestic prices. The increase in unusual and one-off items principally reflected impairment write-downs and closure provisions for the Australian tinmill and Taiwan facilities, together with staff and management restructuring initiatives.

Dividends
"Our objective of rewarding shareholders as we grow continues and despite lower earnings, we have retained the final ordinary dividend at 24 cents per share, resulting in a total ordinary dividend fully franked, of 44 cents per share, a 5% increase on FY2005. This year marks our fourth anniversary during which time we have returned just under A$2.0 billion to our shareholders through dividends (including the FY2006 final dividend to be paid) and share buy-backs. We are also pleased today to announce a Dividend Reinvestment Plan. Details of this Plan will be mailed to shareholders and available on our website, at www.bluescopesteel.com, shortly.

Key Management Actions
"Results for Asia Coated and Building Products were very disappointing and totally unacceptable. Earnings decreased, down $84 million compared to the previous year and produced a loss of $1 million. We have taken steps to achieve a material improvement in performance, a number of which were discussed with the market during a presentation we made on 29 June 2006.

"In May, we finalised our joint venture arrangements with Tata Steel and announced the new joint venture company, Tata BlueScope Steel. Through this powerful partnership, we will bring our premium quality branded products across the South Asia Area of Regional Co-operation (SAARC).

"Earnings for Coated and Building Products Australia were lower compared to last year as a result of the Hot Strip Mill fire at Western Port, higher zinc and aluminium costs, increased exports, shrinking manufacturing and tinplate markets and significant restructuring costs. As part of our action plan to improve performance, we will close the tinmill at Port Kembla. A final date for closure is to be determined following discussions with employees and customers. We are expecting a strong earnings recovery in FY2007 and we are very pleased to finish FY2006 on a strong note with record sales despatches in the last quarter.

"This year, Coated and Building Products North America showed an encouraging improvement. Operational improvements are now beginning to take hold as we experience stronger markets and pricing. Our long-term strategy for this business is consistent to what it was at the time of its acquisition in April 2004 -- to increase our proportion of high value-added products. We are pleased to see the start of this turnaround and expect to see further improvement over the coming year.

"Unfortunately, our February 2006 expectations for the Hot Rolled Products Australian segment came to fruition with a far smaller EBIT contribution in the second half largely driven by lower steel prices and higher raw material costs. While the higher iron ore prices are unfortunate, we have started FY2007 with an improved steel price environment.

Safety

"Safety is a priority at BlueScope Steel where nothing less than Zero Harm is acceptable. During this year, our employees worked diligently to further improve our safety performance and there were a number of highlights. Our Asia facilities continue to set new safety benchmarks. In North America, the Butler Buildings and Vistawall businesses surpassed all previous injury free records. New Zealand Steel set a new lost time injury (LTI) free record and Port Kembla Slabmaking achieved 3 million hours LTI free. Even with this progress, we had two fatal incidents during the year, one in New Zealand, and one with a construction company contractor working at our Suzhou, China construction site.

"We will never let up on our goal of Zero Harm. Employees, contractors and their families deserve our commitment and vigilance in providing a safe and healthy workplace.

Outlook

"Our long-term view of the global steel industry remains positive. We expect continuing growth in the emerging economies of China, India, Brazil and Russia to drive steel consumption growth to levels similar to the 1950 – 1980 period of economic expansion experienced by the USA, Europe, Japan and Korea.

"Consolidation continues within the steel industry globally and BlueScope Steel is focused on pursuing its own growth strategy in Australia, New Zealand, Asia and North America.

"High raw materials costs continue to be inflationary for all consumers and reduced our margins in FY2006. With further raw material cost increases in FY 2007 we have taken decisive and strong action to reduce costs and close poorly performing businesses to ensure the Company meets its longer term corporate and financial targets.

"The recent increase in interest rates will add to the volatility in the steel market and may further soften Australia's building market in FY2007. As usual, we provide major sensitivities in our Annual Results Presentation including the effect of price changes in HRC and raw materials on our financial performance. During FY2006 we experienced increased volatility in global steel markets and rapid escalation in commodity input costs which had an unfavourable effect on our margin. Although we are off to a good start in FY2007, given current market volatility it is premature to provide specific earning guidance for FY2007. We will provide a further update at our Annual General Meeting in November.

"This has been a year in which we have steadfastly pursued our strategy and continued our midstream and downstream investments, particularly in Asia. These investments are now coming on line and will contribute to improved performance in these businesses. We also continue to be encouraged by the turnaround in our acquired Butler business in North America. We expect our strategies will lead to increased shareholder value through FY2007 and beyond.

"We would like to thank our shareholders and our customers for their support and our employees for their dedication and efforts during a challenging year."

BUSINESS UNIT REVIEWS

Table 6a: Sales Revenue
FY2006 and FY2005; 2H2006 and 2H2005; $ millions

Segment	FY2006	FY2005	2H2006	2H2005
Hot Rolled Products Australia	3,472	3,731	1,656	1,990
Coated and Building Products Australia	3,064	3,190	1,635	1,682
Inter-segment(1)	(1,499)	(1,795)	(665)	(896)
Sub-total Australia	5,037	5,126	2,626	2,776
New Zealand and Pacific Steel Products	709	745	350	354
Coated and Building Products Asia	1,075	1,024	590	504
Hot Rolled Products North America(2)	500	377	312	160
Coated and Building Products North America	1,213	1,134	606	505
Inter-segment(1)	(1)	(1)	(1)	(1)
Sub-total North America	1,712	1,510	917	664
Corporate and Group(3)	420	364	231	188
Inter-segment(1)	(940)	(828)	(584)	(418)
Total BLUESCOPE STEEL	**8,013**	**7,941**	**4,131**	**4,069**

Table 6b: EBIT
FY2006 and FY2005; 2H2006 and 2H2005; $ millions

Segment	FY2006	FY2005	2H2006	2H2005
Hot Rolled Products Australia	456	1,149	46	559
Coated and Building Products Australia	(198)	(183)	(168)	(99)
Inter-segment(1)	57	(5)	77	34
Sub-total Australia	315	961	(45)	494
New Zealand and Pacific Steel Products	105	189	39	96
Coated and Building Products Asia	(1)	83	4	38
Hot Rolled Products North America	188	199	121	92
Coated and Building Products North America	27	(18)	25	(19)
Inter-segment(1)	0	0	0	0
Sub-total North America	215	181	146	73
Corporate and Group(3)	(78)	(53)	(35)	(37)
Inter-segment(1)	0	(3)	(2)	(2)
Total BLUESCOPE STEEL	**556**	**1,358**	**107**	**662**

(1) 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.
(2) Excludes the company's 50% share of North Star BlueScope Steel's sales revenue of A$712M in FY2006 (A$763M in FY2005) and A$388M in 2H2006 (A$361M in 2H2005).
(3) Corporate and Group reflects logistics and corporate office activities. The increase in FY2006 primarily reflects expensing of the general employee share plan award provided to employees in September 2005 (AIFRS accounting requirement).

BLUESCOPE STEEL AUSTRALIA

Hot Rolled Products Australia

This segment comprises:

- Port Kembla Steelworks, NSW, Australia (coke, iron, slab, plate and hot rolled coil production);

(i) Financial Performance (Refer to Attachment 4 for the revised historical Hot Rolled Products Australia financial performance (FY2002-2004) to reflect the segment changes)

Table 7a: Financial Performance
FY2006 and FY2005; $ millions

Financial Measure	FY2006	FY2005	Variance $	Variance %
Sales revenue	3,472	3,731	(259)	(7)
EBITDA	589	1,281	(692)	(54)
EBIT	456	1,149	(693)	(60)
Underlying operational EBIT(1)	465	1,123	(658)	(59)
Capital and investment expenditure(2)	202	138	64	46
Net operating assets (pre tax)(3)	1,837	1,770	67	4
Return on net assets (pre tax)(4)	24%	67%		

Table 7b: Financial Performance
2H-FY2006 vs. 2H-FY2005 and 1H FY2006; $ millions

Financial Measure	2H FY2006	2H FY2005	Variance	1H FY2006
Sales revenue	1,656	1,990	(17%)	1,816
EBITDA	114	627	(82%)	475
EBIT	46	559	(92%)	410
Underlying operational EBIT(1)	64	538	(88%)	401
Capital and investment expenditure(2)	128	94	36%	74
Net operating assets (pre tax)(3)	1,837	1,770	4%	1,925
Return on net assets (pre tax)(4)	2%	32%		22%

(1) 2006 EBIT has been adjusted for redundancy costs for staff, executives and other internal restructuring partly offset by domestic transfer pricing margins earned from the tinplate operations to be closed.
(2) Increased capital expenditure reflects expenditure on the Hot Strip Mill upgrade.
(3) Increased net operating assets primarily reflects an increase in capital expenditure.
(4) Return on net assets is defined as EBIT (annualised in case of half year comparison) / average monthly net operating assets.

(ii) Variance Analysis (FY2006 vs. FY2005)

The $259M decrease in sales revenue is primarily due to lower international slab and hot rolled coil prices, together with the related effect on inter-segment prices to Coated and Building Products Australia. These were partly offset by an increase in sales volumes primarily for export slab and higher Australian domestic prices.

The $693M EBIT decrease was largely due to:

- Lower slab and hot rolled coil prices attained in international markets (principally in the second half) and related effect on inter-segment prices to Coated and Building Products Australia.
- Higher USD coking coal and iron ore purchase prices, mitigated partly by the consumption of lower priced material in stock at the start of the current period.
- Unfavourable domestic/export mix primarily due to lower domestic demand from the pipe and tube market and inter-segment sales to Coated and Building Products Australia. The lower pipe and tube demand was largely due to reduced consumption in the structural segment and higher than usual hot rolled coil imports.
- Higher restructure and redundancy cost provisions.

These were partly offset by:

- Increased sales volumes, arising from record raw steel production and reduced inventories.
- Lower unit costs primarily due to higher production volumes, lower repairs and maintenance and cost saving initiatives more than offsetting cost escalation.
- Lower purchased scrap costs.

(iii) Operations Report

- Iron & Slab
  - Record annual ironmaking production of 5.21 million tonnes (Mt) (vs. previous record of 5.02Mt in FY2004 and 4.85Mt in FY2005), due to good blast furnace availability (low unplanned interruptions) and improved operating stability despite the age of blast furnace No. 5 (BF5).
  - Record annual slab production of 5.28Mt (vs. previous record of 5.15Mt in FY2004 and 5.12Mt in FY2005). This was achieved due to record hot metal (iron) production and improvements in process scheduling, which resulted in reduced losses (lower dumping of hot metal).
  - As at 30 June 2006 BF5 achieved a campaign to date production of 36.43Mt (5,500 days). Previous campaign was 25.19Mt (4,452 days).
  - BF5 reline planning is progressing, with a final decision on the scope and timing of work expected later this calendar year. BF5, which currently produces about 2.6 Mtpa of hot metal was built in 1972 and the last reline took place in 1991. The scope of work being considered would:
    - extend to the replacement and/or upgrade of associated items of equipment that were not included in the scope of the 1991 reline;
    - maintain existing capacity;
    - include environmental and efficiency benefits;
    - support a further 15 year campaign; and
    - capital cost of around A$300M.
  - Record annual export slab despatches of 1.44Mt (vs. previous record of 1.21Mt in FY2001 and 1.06Mt in FY2005), largely due to record slabmake and the sale of slab that was originally destined for the company's Western Port operations but diverted to external market, in 1H due to the hot strip mill electrical fire in late August 2005.

- Hot Strip Mill (HSM)
  - Record annual hot rolled coil production of 2.56Mt compared to the previous best of 2.52Mt for FY2005, largely due to further consolidating productivity initiatives including work on reducing slab cycle time in the HSM reheat furnace and focus on reducing the rate of mill yield losses.
  - Work on the A$100M HSM 400,000t expansion was completed on schedule, with the first slab heated and rolled in July 2006. Currently expected that ramp-up to 400,000t will be achieved by end CY2006. Most of the product will be exported with customer expressions of interest already very strong.
  - Supplied hot rolled coil to the company's Western Port plant for a period of 16 weeks following their control room fire. There were some short-term operational difficulties due to changes in the order book, but ultimately the mill was able to cover both internal requirements and over 90% of the external order book during the period.
  - Market awareness of SURELINE® (steel power pole) is increasing with power poles in the distribution sector reaching commercial volumes and power poles in the sub transmission sector gaining acceptance from the industry.

- Plate Mill
  - Another year of strong finished plate production at 368,190t (vs. 373,858t in FY2005). This year included a major maintenance outage.

Coated and Building Products Australia

This segment comprises:

- Illawarra Coated Products at Port Kembla, NSW (comprising Springhill Coated Products and Packaging Products);
- Western Port at Hastings, Victoria;
- Service Centres, with 7 sites across Australia;
- BlueScope Lysaght, with 34 operating sites throughout Australia;
- BlueScope Water; and
- Western Sydney Colorbond® Steel Centre development.

(i) **Financial Performance** (Refer to Attachment 5 for the financial performance tables for Packaging Products and Coated and Building Products Australia excluding Packaging Products. Packaging Products includes the tinplate manufacturing assets which will be closed, and the pickle line cold mill which will continue to operate while a study continues into the viability of utilising these assets)

Table 8a: Financial Performance
FY2006 and FY2005; $ millions

Financial Measure	FY2006	FY2005	Variance $	Variance %
Sales revenue	3,064	3,190	(126)	(4)
EBITDA	(122)	(91)	(31)	(34)
EBIT	(198)	(183)	(15)	(8)
Underlying operational EBIT(1)	29	11	18	164
Capital and investment expenditure(2)	246	192	54	28
Net operating assets (pre tax)(3)	1,340	1,255	85	7
Return on net assets (pre tax)(4)	(15%)	(15%)		

Table 8b: Financial Performance
2H FY2006 vs. 2H FY2005 and 1H FY2006; $ millions

Financial Measure	2H FY2006	2H FY2005	Variance	1H FY2006
Sales revenue	1,635	1,682	(3%)	1,429
EBITDA	(131)	(47)	(179%)	9
EBIT	(168)	(99)	(70%)	(30)
Underlying operational EBIT(1)	9	30	(70%)	20
Capital and investment expenditure(2)	155	101	53%	90
Net operating assets (pre tax)(3)	1,340	1,255	7%	1,371
Return on net assets (pre tax)(4)	(12%)	(8%)		(2%)

(1) 2006 EBIT has been adjusted for the Western Port fire, Packaging Products and Chullora solid block paint line asset impairment and closure costs, staff redundancy costs and operating losses for the tinplate business to be closed partly offset by profit on the sale of property in Western Australia. 2005 EBIT has been adjusted for Western Port industrial dispute, Packaging Products asset impairment, costs associated with the withdrawal from export tinplate and operating losses from the tinplate business to be closed.
(2) Capital and investment expenditure increase is primarily due to the West Sydney Colorbond® development.
(3) Increase in net operating assets reflects an increase in net fixed assets.
(4) Return on net assets is defined as EBIT (annualised in case of half year comparison)/average monthly net operating assets.

(ii) Variance Analysis (FY2006 vs. FY2005)

The $126M decrease in sales revenue is primarily due to lower domestic demand in the packaging, manufacturing and distribution markets for galvanised and tinplate products and lower export volumes due to the effect on production volumes of the fire at Western Port. These were partly offset by higher domestic coated product prices.

The $15M EBIT decrease was largely due to:

- Higher zinc and aluminium coating metal costs.
- Lower export prices.
- Lower domestic demand in the packaging, manufacturing and distribution markets for galvanised and tinplate products. The lower tinplate demand, due to imports and intermaterial substitution, has not recovered and contributed to the decision to close this business. The reduction in commodity grade galvanised product sales, principally in the distribution market, became evident mid-CY2005 when international prices dropped significantly. This resulted in a substantial increase in imports and inventory levels in the second half of CY2005 which were not drawn down to more typical levels until April 2006.
- Asset impairment and closure provisions associated with the planned closure of tinplate manufacturing, the Chullora solid block paint line and other internal restructuring. These were partly offset by Packaging Products impairment write-offs in the previous comparative period.
- Western Port fire in the current period, partly offset by Western Port industrial dispute in the previous comparative period.

These were partly offset by:

- Higher domestic coated product prices.
- Favourable mix of domestic value-added Zincalume ® and painted product.
- Full period earnings contribution from acquired Lysaght and BlueScope Water businesses.
- Lower steel feed costs from Hot Rolled Products Australia.

(iii) Operations Report

Illawarra Coated Products (Springhill Coated Products and Packaging Products)

- Coated
  - Springhill paint line production was up 15% to a record 182,000t for FY2006 (vs 158,000t for FY2005) largely due to improved operating time and increased line speed achieved via the oven extension project.
  - Completion of the metal coated line No 1 furnace upgrade in August 2005 provided the opportunity to produce an additional 20,000t annualised of Zincalume®. The second half production off this line was 125,000t vs 104,000t in the first half.
  - Another annual production record was achieved on the dual metal coated line no. 3 of 229,355t. Previous record was 216,400t in FY2003.

- Packaging
  - BSL announced in June 2006 the decision to close its tinplating and finishing business as it is no longer profitable nor viable given the reduced size of the Australian domestic market and the increases in raw materials costs, inter-material displacement and imports of canned food. Timing of the closure will be confirmed following discussion with customers and alliance partners.
  - The Packaging Products pickle line and cold mill will continue to operate and a study continues into the viability of utilising this cold mill to produce cold rolled full hard feed for BlueScope Steel's metal coating lines and external customers.

Western Port

- In the first half, performance was materially affected by the Hot Strip Mill (HSM) fire in August 2005. The mill recommenced operations in November 2005 and very quickly ramped up to capacity.
- Last quarter (domestic and export) despatches achieved their highest levels since 1996.
- Metal coating line (MCL) no. 4 completed brownfields capacity work and successfully completed trials operating at 200 metres per minute. This will increase total metal coating capacity by up to 30,000t from FY2007.

Service Centres

- Record annual production of 93,300 tonnes in FY2006 from the Acacia Ridge (Brisbane) paint line following process improvements to speed up the line.
- The new Service Centre, at Forrestfield Western Australia, commenced operations in July 2005.
- Completed the new Wingfield warehouse in SA (operational in May 2006)
- Western Sydney Colorbond® Steel Centre (A$130M)
  - project is on schedule for completion by mid-CY2007
  - construction of buildings and delivery of process line equipment is substantially progressed
  - mechanical equipment installation has commenced

BlueScope Lysaght

- Lysaght is facing strong competition from competitors who are using imported feed product. However, Lysaght's market offer, including reliability of service, product quality and customer support is ensuring high customer satisfaction, enabling Lysaght to maintain its market position.
- During 2H-FY2006, Lysaght further strengthened its manufacturing, sales and distribution capabilities through a number of initiatives, including:
  - Opening of the Sunshine Coast Service Centre to take advantage of the growing Queensland market
  - Opening of the new purlin mill in Brisbane to assist in the growing Queensland building and construction market
  - Relocation of major equipment from Chullora and commencement of operations at Arndell Park in western Sydney to be closer to the residential market in the expanding Sydney building corridors. A major portion of the leased Chullora site will be returned to the landlord with Lysaght continuing its remaining operations on the balance of the land.
  - Expansion of the current manufacturing facilities in Gillman, Adelaide (due for completion by December 2006)
- Lysaght Home Improvements are now operating in Sydney, Melbourne and Brisbane whilst also developing a distributor network in the non-capital cities areas.
- Other acquisitions undertaken over the last two years are performing at or above expectations.
- Lysaght's strategy is to maintain its market position even if there is a softening in market conditions.

BlueScope Water

- Pioneer Water Tanks has met expectations since being acquired in May 2005. It continues to exploit opportunities in the growing commercial market in Australia and in export markets whilst maintaining its strong position in the buoyant rural tank market.
- Urban water has consolidated its presence in Queensland, New South Wales and Victorian markets for rainwater harvesting solutions.

Other

- The company has implemented a hedging program in respect of its zinc price exposure for its Australian branded metal coating and painted products competing with other building materials. The current Board approval covers the period out to end of FY2007.

BLUESCOPE STEEL NEW ZEALAND

New Zealand and Pacific Steel Products

This segment comprises:

- New Zealand Steel; and
- Lysaght Pacific.

(i) Financial Performance

Table 9a: Financial Performance
FY2006 and FY2005; $ millions

Financial Measure	FY2006	FY2005	Variance $	Variance %
Sales revenue	709	745	(36)	(5)
EBITDA	132	217	(85)	(39)
EBIT	105	189	(84)	(44)
Underlying operational EBIT(1)	107	188	(81)	(43)
Capital and investment expenditure(2)	55	36	19	53
Net operating assets (pre tax)(3)	342	306	36	12
Return on net assets (pre tax)(4)	32%	58%		

Table 9b: Financial Performance
2H2006 vs. 2H2005 and 1H FY2006; $ millions

Financial Measure	2H FY2006	2H FY2005	Variance	1H FY2006
Sales revenue	350	354	(1%)	359
EBITDA	52	110	(53%)	80
EBIT	39	96	(59%)	66
Underlying operational EBIT(1)	41	95	(57%)	66
Capital and investment expenditure(2)	46	26	77%	10
Net operating assets (pre tax)(3)	342	306	12%	354
Return on net assets (pre tax)(4)	11%	31%		21%

(1) EBIT has been adjusted for internal restructuring/redundancy costs.
(2) Increase in capital expenditure reflects a range of maintenance and process improvement capital initiatives.
(3) Increase in net operating assets mainly reflects lower provision for defined benefit superannuation.
(4) Return on net assets is defined as EBIT (annualised in case of half year comparison)/average monthly net operating assets.

(ii) Variance Analysis (FY2006 vs. FY2005)

The $36M decrease in sales revenue is primarily due to softer New Zealand residential market conditions and lower export volumes resulting from extended kiln shuts and other front end reliability issues.

The $84M EBIT decrease was largely due to:
- Softer domestic residential market conditions.
- Lower prices attained in international markets.
- Higher electricity costs due to higher spot prices arising from prolonged dry periods and power station maintenance outages.
- Unfavourable contribution from vanadium slag sales due to lower average prices.
- Higher coal and coating metal costs.

These were partly offset by:
- Favourable movement in the NZ:USD relative to the previous comparative period.

(iii) Operations Report

- Slab production was down 3% on FY2005, largely due to:
  - industrial action by the domestic coal supplier in July 2005 which temporarily reduced production rates; and

- reliability issues, including:
  - extended kiln shuts resulting from more extensive repairs than anticipated at the melter
  - a transformer power failure (a one off unusual event)
- Metal coating line production was down 3% on FY2005 due to plant reliability issues including:
  - strip breaks caused by poor tracking. This has now been overcome.
  - hearth roll seizures in the furnace increased as a result of higher temperatures in the new furnace. The rolls carry the strip through the furnace and are now being replaced more regularly.
- Paint line production was up 10% to 57kt
- FY2006 Taharoa iron sands sales revenue to overseas markets reached a new record of A$47M (previous record A$41M in FY05). Sales volumes in FY2006 were 942kt vs. 995kt in FY2005
- The following optimisation studies continue:
  - increased vanadium extraction
  - front end steel making expansion

BLUESCOPE STEEL ASIA

Coated and Building Products Asia

This segment comprises:

- Metal coating and paint line operations in Thailand, Indonesia, Malaysia, Vietnam and under construction in China;
- Butler PEB and Lysaght businesses across Asia (use product from these coating lines).
- Joint venture in India with Tata Steel Limited covering the development and construction of a metal coating line, paint line, Butler PEB and 3 Lysaght rollforming facilities.

(i) Financial Performance (Refer to Attachment 2 for a breakdown of financial data by country)

Table 10a: Financial Performance
FY2006 and FY2005; $ millions

Financial Measure	FY2006	FY2005	Variance $	Variance %
Sales revenue [1]	1,075	1,024	51	5
EBITDA	36	107	(71)	(66)
EBIT [1]	(1)	83	(84)	(101)
Underlying operational EBIT[2]	50	105	(55)	(52)
Capital and investment expenditure[3]	286	342	(56)	(16)
Net operating assets (pre tax)[4]	1,215	879	336	38
Return on net assets (pre tax)[5]	0%	12%		

Table 10b: Financial Performance
2H FY2006 vs. 2H FY2005 and 1H FY2006; $ millions

Financial Measure	2H FY2006	2H FY2005	Variance	1H FY2006
Sales revenue (1)	590	504	17%	485
EBITDA	25	50	(50%)	11
EBIT (1)	4	38	(89%)	(4)
Underlying operational EBIT(2)	31	54	(43%)	19
Capital and investment expenditure(3)	144	211	(32%)	142
Net operating assets (pre tax)(4)	1,215	879	38%	1,081
Return on net assets (pre tax)(5)	0%	5%		0%

(1) Includes BlueScope Butler China sales revenue of $227M FY2006 (FY2005 $254M) and $109M in 2H FY2006 ($117m 2H FY2005) and EBIT of $10M FY2006 (FY2005 $16M) and $5M in 2H FY2006 ($8m in 2H FY2005).
(2) 2006 EBIT has been adjusted for business development and pre-operating costs, together with contract losses and closure costs for Lysaght Taiwan. 2005 EBIT has been adjusted for business development and pre-operating costs.
(3) Capital expenditure decrease largely reflects lower expenditure in Vietnam and Thailand partly offset by higher expenditure in China and India.
(4) Increase in net operating assets was largely due to capital expenditure in the current year and higher net working capital associated with the new projects.
(5) Return on net assets is defined as EBIT (annualised in case of half-year comparison) /average monthly net operating assets.

(ii) Variance Analysis (FY2006 vs. FY2005)

The $51M increase in sales revenue is primarily due to higher sales volumes from the Vietnam and Thailand metal coating developments, partly offset by lower demand in Malaysia and China, together with lower domestic and export prices.

The $84M EBIT decrease is largely due to:
- Lower domestic demand in Malaysia and China.
- Higher zinc and aluminum coating metal costs.
- Higher unit costs mainly as a result of the commissioning and ramp-up of production volumes at the new Vietnam and Thailand metal coating lines.
- Lower domestic and export prices.
- Construction contract losses and closure costs at Lysaght Taiwan.

Partly offset by:
- Lower steel feed costs.
- Higher sales volumes from the commencement of the Vietnam and Thailand metal coating line developments.

(iii) Operations Report (For additional information, please refer to the "BlueScope Steel Asia Day" presentations (dated 29 June 2006) which are available on the company's website under "Investors")

- **Thailand**
  - Current Operations
    - High cost inventory in the first half has been fully utilised.
    - Metal coating line no. 1, paint line and truss plants continued to operate strongly
    - De-bottlenecking initiatives, at the cold mill, to improve throughput created minor issues in the first half resulting in increased non-prime output. There was a marked improvement in the last quarter of FY06 and expect this to continue through FY2007
    - Technical difficulties commissioning metal coating line no. 2 led to high yield loss and levels of non-prime product. However, strong progress has been made in the resolution of these issues.
    - Uncertain GDP growth in the short-term due to the political stalemate.
    - A substantial improvement in operational performance is expected from 1H-FY2007.

- Capital growth project status
  - Pre-engineered building manufacturing facility (A$18M).
    - Remains on schedule to be completed in 1H-FY2007.

- **Vietnam**
  - Current Operations
    - Metal coated and paint lines started operations in November 2005 on time and under budget
    - First facility in Asia to commercially prove "in-line" painting on the metal coating line.
    - Exceeding operational ramp-up targets and despatches.
    - Channels to market have been established and growing.
    - First EBIT profit delivered in May 2006.

- **Indonesia**
  - Current Operations
    - Metal coating line no. 1 and paint line no. 1 are operating at full capacity, with the focus now being on producing thin gauge material. Product is also being imported from other BlueScope Asian operations to meet increased demand.
    - Continued strong demand from the residential segment, in particular the Aceh reconstruction where orders have been received equating to over 7,000t of product.
    - Initiatives taken to improve performance:
      - shortened lead times to customers
      - geographic expansion to improve market share

  - Capital growth project status
    - Second metal coating and paint lines at Cilegon (A$145M).
      - project deferred in April 2006. Will be reviewed again in 3Q FY2007.
      - building and equipment design complete.
      - approximately A$10M had been spent / committed to April 2006.

- **Malaysia**
  - Current Operations (excellent performance)
    - A story of two halves. In the first half:
      - selling prices dropped 20% in mid-2005 at the time the business was holding 50ktonnes of higher priced cold rolled coil stock
      - paint line fire in July 2005
      - low overall activity in the construction sector (six quarters of negative growth) following the earlier change of Prime Minister who exercised restraint in government spending
      - increased competition
    - A number of initiatives have seen a marked turnaround in performance in the second half with further upside expected from FY2007:
      - leadership, including:
        - transitioned new team (60% change)
      - internal efficiency, including:
        - yield improvement and greater focus on supply chain management
      - improved margins, including:
        - cleared higher priced feed, new feed sourcing strategy and restructured market offers
      - domestic growth range of initiatives, including new product development
    - Identified increased opportunities to export to South Africa.

- **China**
  - Current Operations
    - Higher priced inventory fully utilised in the first half. Started to source local CRC feed in the second half for the new coating lines.
    - Insulated panels facility in Langfang was completed in 2H-FY2006 and will be ramped up in FY2007.
    - Secured a number of significant building projects for the 2008 Olympics and also seeing rapid growth in the power station segment

- BlueScope Buildings pre-engineered buildings order book has been reduced by increased domestic competition and project delays due to continued tighter credit conditions

- Capital growth project status

  - Metal Coating and Paint Lines (A$280M)
    - Paint line commenced operations in late January 2006 ahead of schedule
      - current prime yield 80% +
      - full product range manufactured
    - Start-up of metal coating line remains on the revised schedule for metal on strip in September 2006.
    - Metal coating activities:
      - coil tracking started in June 2006
      - equipment is undergoing commissioning

  - Guangzhou PEB and Lysaght facilities (A$40M)
    - Project was completed on schedule and within budget in June 2006
      - This will enable increased geographic spread of the company's PEB capability, in this case in southern China

- **India**
  - Current Operations
    - All agreements required to formalise the joint venture with Tata Steel were finalised on 29 May 2006
    - The joint venture company name is Tata BlueScope Steel
    - The new downstream rollforming facilities are starting to come into operation (refer below) and the market reaction (demand) is exceeding our expectations
    - Market seeding of metal coated and painted products is accelerating to keep up with domestic demand

  - Capital growth project status

    The joint venture with Tata Steel (50:50) includes the following developments:

    - Metal Coating and Paint Lines (A$265m) (100%) (BSL's share $132.5M)
      - Project start-up date is currently under review and could potentially move from the fourth quarter CY2008 to CY2009 due to more complex civil construction requirements, plus procurement issues and local approvals.

    - Lysaght and PEB facilities (capital cost of A$86M, noting previously advised A$100M but A$14M relates to pre-operating and other non-capital costs) (BSL's share A$46m).
      - Projects remain on schedule:
        - Pune – Lysaght plant and Butler PEB and Design Centre were commissioned in April 2006 ahead of schedule, with the first order being despatched in May. This plant was officially opened on 7 August 2006.
        - Chennai Lysaght sales and rollforming facility is ahead of schedule for completion in 4Q CY2006. The secondary framing is complete and roofing and walling underway
        - Bhiwadi (New Delhi) Lysaght sales and rollforming facility is also ahead of schedule for completion in 4Q CY2006. Civil, electrical, mechanical and structural activities have been completed whilst over 10% of the equipment has been installed and commissioned.

BLUESCOPE STEEL NORTH AMERICA

Hot Rolled Products North America

- BlueScope Steel's 50% interest in North Star BlueScope Steel, USA (hot rolled coil production).
- BlueScope Steel's 47.5% interest in Castrip LLC, USA (thin strip casting technology), in joint venture with Nucor and Ishikawajima-Harima Heavy Industries.
- North American and European export trading activities.

(i) **Financial Performance** (Refer to Attachment 4 for the revised historical Hot Rolled Products North America financial performance (FY2002 – FY2004) to reflect the segment changes).

Table 11a: Financial Performance
FY2006 and FY2005; $ millions

Financial Measure	FY2006	FY2005	Variance $	Variance %
Sales revenue[1]	500	377	123	33
EBITDA[2]	188	200	(12)	(6)
EBIT[2]	188	199	(11)	(6)
Underlying operational EBIT[3]	188	199	(11)	(6)
Capital and investment expenditure	2	2	0	0
Net operating assets (pre tax)	258	261	(3)	(1)
Return on net assets (pre tax)[4]	68%	69%		

Table 11b: Financial Performance
2H FY2006 vs. 2H FY2005 and 1H FY2006; $ millions

Financial Measure	2H FY2006	2H FY2005	Variance	1H FY2006
Sales revenue[1]	312	160	95%	188
EBITDA[2]	121	92	32%	67
EBIT[2]	121	92	32%	67
Underlying operational EBIT[3]	121	92	32%	67
Capital and investment expenditure	1	1	-	1
Net operating assets (pre tax)	258	261	(1%)	293
Return on net assets (pre tax)[4]	44%	31%		24%

(1) Excludes the company's 50% share of North Star BlueScope Steel's sales revenue being A$712M in FY2006 (A$763M FY2005) and A$388M in 2H FY2006 (A$361M in 2H FY2005)
(2) Includes 50% share of net profit from North Star BlueScope Steel of A$169M in FY2006 (A$194M FY2005) and A$107M in 2HFY2006 (A$90M in 2H FY2005).
(3) There were no unusual or one-off EBIT adjustments.
(4) Return on net assets is defined as EBIT (annualised in case of half year comparison) /average monthly net operating assets.

(ii) Variance Analysis (FY2006 vs. FY2005)

The $123M increase in sales revenue is primarily due to higher inter-segment export sales from Australia to North America and Europe partly offset by lower prices.

The $11M EBIT decrease was largely due to:

- Lower earnings contribution from North Star BlueScope Steel with hot rolled coil prices in North America declining more than reductions in the price of scrap feed. This decline in spread was largely experienced in the first half and was partly offset by a 6% increase in sales volumes.

Partly offset by:

- Higher commissions earned on imports to North America mainly due to higher export volumes from Hot Rolled Products Australia.

(iii) Operations Report

- **North Star BlueScope Steel (BlueScope Steel has a 50% interest)**
  - Achieved record annual marketable steel production of 1,879,645t (100%) (vs. 1,777,995t in FY2005) and record annual despatches of 1,883,296t (100%). These records were largely due to the slab caster consistently operating at its new optimal thickness of 100mm following the initial ramp-up period.
  - Voted No. 1 flat rolled steel supplier to the service centre segment in North America in the latest Jacobson Survey of steel customers for the third year in a row.
  - BlueScope Steel received A$168 million in dividends from North Star BlueScope during FY2006 (vs. A$123M in FY2005).

- **Castrip LLC**
  - Strip casting involves the direct casting of molten steel into final shape and thickness without further rolling. The process allows lower investment, reduced energy consumption and smaller scale plants than can be economically built with current technology. The process also reduces the overall environmental impact of producing steel by generating significantly lower emissions.
  - BlueScope Steel's US based partner in Castrip LLC, Nucor, continues to make significant progress with the revolutionary strip casting technology, Castrip®. Nucor's Castrip® plant at Crawfordsville, is now operating 24hrs per day 7 days per week and has significantly improved quality and productivity over the last 6 months. Castrip® product is enjoying good market acceptance in a range of applications and development is well advanced to produce both high and low strength products.
  - Nucor has announced an intention to build a second Castrip® plant at Blytheville, AK.
  - Castrip LLC, a joint venture between BlueScope Steel (47.5%); Nucor (47.5%) and IHI of Japan (5%), owns the Castrip® intellectual property. A new President was recently appointed to oversee the next exciting stage of the Castrip® development.
  - While licensing discussions continue with various international steel companies, no agreements were finalised in FY2006.

- **North American and European exporting trading**
  - Traded 1.7Mt of product, largely from Australia and New Zealand.

Coated and Building Products North America

This segment comprises:

- Butler Buildings; and
- Vistawall architectural products.
- Developing businesses

(i) Financial Performance and Operating Report

Table 12a: Financial Performance
FY2006 and FY2005; $ millions

Financial Measure	FY2006	FY2005	Variance $	Variance %
Sales revenue	1,213	1,134	79	7
EBITDA	47	2	45	2,250
EBIT	27	(18)	45	250
Underlying operational EBIT(1)	31	(8)	39	488
Capital and investment expenditure(2)	29	42	(13)	(31)
Net operating assets (pre tax)(3)	231	196	35	18
Return on net assets (pre tax)(4)	12%	(8%)		

Table 12b: Financial Performance
2H FY2006 vs. 2H FY2005 and 1H FY2006; $ millions

Financial Measure	2H FY2006	2H FY2005	Variance	1H FY2006
Sales revenue	606	505	20%	607
EBITDA	36	(9)	500%	11
EBIT	25	(19)	232%	2
Underlying operational EBIT(1)	31	(13)	338%	0
Capital and investment expenditure (2)	15	24	(38%)	14
Net operating assets (pre tax) (3)	231	196	18%	234
Return on net assets (pre tax)(4)	11%	(8%)		1%

(1) 2006 EBIT has been adjusted for business development costs, partly offset by profit on the sale of the Galesburg, Illinois facility. 2005 EBIT has been adjusted for restructure business development and integration costs.
(2) Decrease in capital expenditure reflects the commissioning of the Jackson, Tennessee speciality plant.
(3) Increase in net operating assets mainly reflects lower defined benefit superannuation provision.
(4) Return on net assets is defined as EBIT (annualised in case of half year comparison) / average monthly net operating assets.

(ii) Variance Analysis (FY2005 vs. FY2006)

The $79M increase in sales revenue is primarily due to higher volumes and prices.

The $45M EBIT improvement was largely due to:

- Improved margins from both the Buildings and Vistawall business units.
- Higher sales volumes from both the Buildings and Vistawall business units.

Partly offsetting these were:

- Higher aluminium costs in the Vistawall business unit.

(iii) Operations Report

- **Butler Buildings**
  - Total despatches for FY2006 were up 4% to 194,383 tonnes vs. FY2005
  - Total despatches in the second half were up 19% on the previous corresponding period, largely due to resolving the start-up problems at the speciality parts Jackson, Tennessee, facility in 1H FY2006, milder winter weather and strengthening of the US non-residential construction activity. Second half FY2006 despatches were flat on first half.
  - Industry despatches as reported by the Metal Building Manufacturers Association increased 4% over the same comparative period last year.
  - North American non-residential construction market continued to improve with good order bookings leading to a strong backlog
  - Commenced work in the Middle East in conjunction with the company's 30% owned affiliate, Saudi Building Systems.
  - Expanded the offshore engineering capability in conjunction with BlueScope Steel's China operations and in Egypt
  - Continued to expand steel supply from the North Star BlueScope JV in Delta, Ohio and other BlueScope operations
  - Introduced Easy Build product, a 100% cold formed building system
  - Awarded an initial project associated with the US Army Transformation Program and has now been selected as one of 5 contractors to compete on two contracts totalling a maximum of US$315M over three years. The US Army plans to spend as much as US$20B over the next 5-years to accommodate the Transformation Program ie. a restructuring / refurbishing of military bases across the USA.
  - Have also taken a number of business improvement initiatives in our North American coated business, including the restructure of the Koreteck business, new product development and the sale or restructure of real estate business.

- **Vistawall**
  - The Tennessee extrusion plant expansion, completed in late November 2005, added an additional 22 million lbs of extrusion capacity which has allowed Vistawall to service the rapid growth in orders during the second half of FY2006.
  - In 2H-FY2006 aluminium despatches (in pounds) had improved by 8% over the first half. In FY2006 aluminium despatches (in pounds) were up 4% to 50 million lbs vs. FY2005.
  - Weekly order intake ($ terms) was up 30%, revenues were up 12% and order backlogs are up 53% compared to FY2005. A significant order of US $9.1 million was awarded to Vistawall for the Gaylord National Resort in Washington DC in December 2005.
  - A new Service Centre was opened in Charlotte, North Carolina expanding Vistawall's geographic coverage in the Southeast US.
  - The new product, Terra Swing terrace door was successfully introduced and has allowed strong penetration into the residential high-rise market. Demand for terrace doors and window products supplied through the Moduline brand has been strong, and as a result, Moduline's order backlog increased 133% by year end.

OTHER INFORMATION

Capital Management

- **Facilities**

In October 2005, BlueScope Steel signed a $300M 364 day working capital facility.

In December 2005, the company completed the refinancing of its syndicated Loan Note Facility. The company's $600M facility was refinanced and increased to $1,200M, which consists of a $100M 364 day tranche, a $550M three year tranche and a $550M five year tranche. There was no change to the pricing or the general terms and conditions.

- **Share buy-back**

  On 11 November 2005, the company announced an on-market share buy-back program. Under this program, the company bought back a total of 13.5M of the possible 25M shares at an average cost before brokerage and GST of $7.01 per share. The last purchase was in January 2006 and this program will not be completed.

- **Dividend reinvestment program (DRP)**

  The company has introduced a DRP effective from and including the FY2006 final ordinary dividend. The DRP will only be available to shareholders with an Australian or New Zealand registry address, and an initial discount of 2.5% will apply in respect of the reinvestment of the FY2006 final ordinary dividend. The Company intends to fully underwrite the DRP in respect of the FY2006 final ordinary dividend.

- **Net debt**

  During the period, the Company's borrowings increased by $1,076M, to $1,952M resulting in a gearing ratio of 38% (net debt/(net debt plus equity). Of this movement, $140M (or 2.7% additional gearing) relates to an adjustment under AIFRS to recognise the opening balance of the company's sale of receivables program. The balance of the movement in borrowings ($936M), together with the operating cash flow of $728M (before income taxes paid) were primarily applied to funding capital expenditure and investments ($813M), dividends ($453M), tax payments ($356M) and the share buyback ($95M).

Safety, Environment & Health

- Safety
  - The company's injury levels remain at world best standards with the Lost Time Injury Frequency Rate remaining below 1.0 for the second year running. The Medically Treated Injury Frequency Rate also continues to significantly improve with 30% fewer Medically Treated injuries than FY2005.

    Some of the noteworthy safety achievements in the period include:
    - North America Butler Buildings business achieved over 5 million hour lost time injury free and the North America Vistawall's Terrell site achieved over 2 million hours lost time injury free – both of these units have substantially surpassed previous injury free records;
    - BlueScope Asia facilities continue to set new safety benchmark levels. Some of the achievements include: India operations over 3 million hours lost time injury free; Map Ta Phut site in Thailand over 17 million hours lost time injury free; Phu My site in Vietnam over 4 million hours lost time injury free; Indonesia operations finishing the year with remarkable injury levels of zero Lost Time Injury Frequency Rate and a Medically Treated Injury Frequency Rate of less than one (per million hours worked).
    - Australia and New Zealand achievements included: Port Kembla Steelworks slabmaking team achieved 2 years / 3 million hours lost time injury free; our logistics team were awarded a National Excellence Award from the Australian Steel Institute for its work on height safety; New Zealand Steel set a new Lost Time Injury Free record and 'Self Insurance' status was maintained in all eligible Australian states.

    Even with this progress, we had two fatal incidents during the year, one in New Zealand and one with a construction company contractor working at our Suzhou, China construction site.

    We continue our drive towards zero harm.

- Environment
  - BlueScope Steel's environmental compliance system is continuing to be enhanced. The system defines each operation's environmental compliance obligations in terms of specific actions required. Line management signs off on their defined obligations on a monthly basis.
  - Second party environmental reviews continue to be conducted across the group. The reviews are a formal assessment of environmental performance. As of 30 June 2006, 70 operational reviews have been undertaken.

- The internal environmental reporting system was revised and commissioned in June 2005. Explicit routine reporting requirements were incorporated to facilitate further refinement of internal and external environmental reporting.
- A Greenhouse Gas and Energy Policy focusing on greenhouse gas reduction and improved energy efficiency is being implemented at the Port Kembla and New Zealand Steelworks.

Final Dividend Schedule

- Record date – 4 October 2006
- Payment date – 24 October 2006

For further information:

- **Media - Sandi Harwood, Manager - External Affairs**
  Tel: +61 3 9666 4039   +61 (0)411 027 006

- **Investor Relations - John Knowles, Vice President Investor Relations**
  Tel: +61 3 9666 4150   +61 (0)419 893 491

ATTACHMENT 1
PRODUCTION AND DESPATCH REPORT

OOO Tonnes	FY2006	FY2005	Variance	2H-FY2005	1H-FY2006	2H-FY2006
AUSTRALIA						
Raw Steel Production (1)	**5,283**	**5,123**	**3%**	**2,566**	**2,689**	**2,594**
External Despatches						
Port Kembla Steelworks						
- Domestic	826	1,051	(21%)	512	410	416
- Export	2,142	1,376	56%	847	1,070	1,072
Sub-total	2,968	2,427	22%	1,359	1,480	1,488
Coated & Building Products Australia						
- Domestic	1,549	1,915	(19%)	934	766	783
- Export	650	477	36%	279	148	502
Sub-total	2,199	2,392	(8%)	1,213	914	1,285
Total Australian Despatches						
- Domestic	2,375	2,965	(20%)	1,446	1,176	1,199
- Export	2,792	1,854	51%	1,126	1,218	1,575
Total	**5,167**	**4,819**	**7%**	**2,572**	**2,394**	**2,774**
NEW ZEALAND / PACIFIC (2)						
Raw Steel Production	**589**	**610**	**(3%)**	**274**	**305**	**284**
External Despatches						
- Domestic	278	315	(12%)	147	134	144
- Export	300	276	9%	122	146	154
Total	**578**	**591**	**(2%)**	**269**	**280**	**298**
ASIA (Coated & Building Products)						
Raw Steel Production (3)	-	-	-	-	-	-
External Despatches (4)						
- Domestic	636	600	6%	288	271	365
- Export (5)	77	73	5%	32	37	40
Total	**713**	**673**	**6%**	**320**	**308**	**405**
NORTH AMERICA						
Raw Steel Production (6)	**961**	**912**	**5%**	**464**	**482**	**479**
External Despatches						
North Star BlueScope Steel						
- Domestic	926	883	5%	453	461	465
- Export	15	6	157%	6	5	11
Coated & Building Products North America (7)						
- Domestic	183	177	3%	76	91	92
- Export	11	10	10%	6	6	5
Total	**1,135**	**1,076**	**6%**	**541**	**563**	**572**
GROUP						
Raw Steel Production	**6,833**	**6,645**	**3%**	**3,304**	**3,476**	**3,357**
External Despatches						
- Domestic	4,398	4,940	(11%)	2,410	2,133	2,265
- Export	3,195	2,219	44%	1,292	1,411	1,784
Total	**7,593**	**7,159**	**6%**	**3,702**	**3,544**	**4,049**

Notes:

(1) Port Kembla Steelworks.
(2) Includes New Zealand Steel and Pacific Island operations
(3) BlueScope Steel does not make steel in Asia. The Asian businesses typically source steel from local suppliers, many of whom source slab or HRC from BlueScope Steel's Port Kembla or New Zealand operations.
(4) FY2006 includes 141,000 tonnes of despatches from BlueScope Butler China's operations versus 164,000 tonnes in FY2005.
(5) Reflects despatches from the Asian country of production to external customers in other countries within Asia and the Pacific Islands.
(6) Reflects BlueScope Steel's 50% share from North Star BlueScope Steel.
(7) Reflects despatches from the buildings business. Does not include Vistawall's aluminium despatches.

ATTACHMENT 2
COATED AND BUILDING PRODUCTS ASIA - COUNTRY FINANCIAL DETAILS

FY2006 and FY2005; 2H2006 and 2H2005 tonnes $ millions

Financial Measure	FY2006	FY2005	$M Change	2H FY2006	2H FY2005	$M Change
External despatches (tonnes)						
- Thailand	240	203	37	146	100	46
- Indonesia	98	101	(3)	54	48	6
- Malaysia	138	156	(18)	74	68	6
- Vietnam	56	7	49	43	3	40
- China(1)	177	203	(26)	84	98	(14)
- Other	4	3	1	4	3	1
- Total	713	673	40	405	320	85
Sales revenue ($M)						
- Thailand	340	312	28	191	159	32
- Indonesia	161	152	9	89	74	15
- Malaysia	210	240	(30)	113	117	(4)
- Vietnam	74	24	50	53	12	41
- China(1)	342	398	(56)	156	190	(34)
- Other	(52)	(102)	50	(12)	(48)	36
- Total	1,075	1,024	51	590	504	86
EBIT ($M)						
- Thailand	30	46	(16)	16	24	(8)
- Indonesia	19	17	2	11	8	3
- Malaysia	3	9	(6)	8	0	8
- Vietnam	(10)	(7)	(3)	(4)	(6)	2
- China(2)	(32)	16	(48)	(22)	7	(29)
- Other	(11)	2	(13)	(5)	5	(10)
- Total	(1)	83	(84)	4	38	(34)
Net operating assets (pre-tax) ($M)						
- Thailand	332	243	89	332	243	89
- Indonesia	134	95	39	134	95	39
- Malaysia	142	155	(13)	142	155	(13)
- Vietnam	164	118	46	164	118	46
- China	379	226	153	379	226	153
- Other	64	42	22	64	42	22
- Total	1,215	879	336	1,215	879	336

(1) Includes BlueScope Butler China sales revenue of $227M FY2006 (FY2005 $254M) and $109M in 2H FY2006 ($117M 2H FY2005).
(2) Includes BlueScope Butler China EBIT of $10M FY2006 (FY2005 $16M) and $5M in 2H FY2006 ($8M 2H FY2005). Coating facilities will come into operation and ramp up from FY2007.
(3) 2006 EBIT has been adjusted for business development and pre-operating costs, together with contract losses and closure costs for Lysaght Taiwan (China) and restructuring provisions. 2005 EBIT has been adjusted for business development and pre-operating costs.

ATTACHMENT 3
AUSTRALIAN FINANCIAL REPORTING STANDARDS

1. Restatement of FY2005 Earnings

	EBIT							NPAT
	HRP Australia	C&BP Australia	NZS	C&BP Asia	HRP North America	C&BP North America	Other	
Reported AGAAP	1,136	(116)	183	82	199	(20)	(76)	1,007
(1) Impairment of Assets	-	(77)	-	-	-	-	-	(54)
(2) Defined benefit funds	6	6	7	-	-	-	1	16
(3) Foreign currency translation	-	-	-	-	-	-	22	16
(4) Other	7	4	(1)	1	-	2	(8)	(3)
Reported AIFRS	**1,149**	**(183)**	**189**	**83**	**199**	**(18)**	**(61)**	**982**

(1) Impairment write-down of Packaging Products. The operational assets are fully written down at 30 June 2005 under AIFRS.
(2) Lower superannuation expense as the unfunded liability is now fully recognised on the balance sheet. This reduces ongoing superannuation expense.
(3) Exchange gains on loans that do not qualify as a hedge of a net foreign investment under AIFRS. The company has taken steps from 1 July 2005 to mitigate this exposure.
(4) "Other" mainly comprises expensing the fair value of share-based payments, offset by ceasing amortisation of goodwill.

AUSTRALIAN FINANCIAL REPORTING STANDARDS (continued)

2. Restatement of June 2005 Balance Sheet

	AGAAP	Asset Imp[1]	Software[2]	NZ tax[3]	DB Super[4]	EFA[5]	Leave Prov[6]	Other	AIFRS
Current assets	2,329								2,329
PP&E	3,629	(180)	(75)						3,374
Intangibles	112		75					13	200
Other non-current	393			86				3	482
Current liabilities	1,358						167		1,525
Non-current liabilities	730	(54)			194		(167)	22	725
Debt (current and non-current)	875								875
Net Assets	*3,500*	*(126)*	*-*	*86*	*(194)*	*-*	*-*	*(6)*	*3,260*
Retained profits	1,841	(126)		86	(194)	(78)		6	1,535
Reserves	(131)					78		(12)	(65)
Other equity	1,790								1,790
Total Equity	**3,500**	**(126)**	**-**	**86**	**(194)**	**-**	**-**	**(6)**	**3,260**

(1) Impairment of Packaging Products cash generating unit.
(2) Reclassification of IT software.
(3) Recognition of additional tax assets due to change in recognition test from "virtually certain" to probable. Note: NZS will commence recognise tax expenses on earnings from January 2006.
(4) Recognition of constructive obligation for funding shortfalls on defined benefit pension plans.
(5) Transfer of 1 July 2004 Exchange Fluctuation Reserve.
(6) Reclassification of annual leave and long service leave from non-current to current.

Note: In addition, the Group's sale of receivables program does not meet the recognition requirements and ceased to be recognised from 1 July 2005. It was not a requirement under the AIFRS to restate the FY2005 balance sheet but if this change were made the June 2005 balance sheet would reflect a $140M increase in receivables and current interest bearing liabilities (debt).

ATTACHMENT 4
REVISED HISTORICAL HOT ROLLED PRODUCTS AUSTRALIA AND HOT ROLLED PRODUCTS NORTH AMERICA TO REFLECT THE CHANGES TO THESE SEGMENTS

	FISCAL YEARS				
$ Millions unless otherwise noted	FY2002	FY2003	FY2004	FY2005	FY2006
Hot Rolled Products Australia					
Sales revenue	2,122	2,626	2,731	3,731	3,472
EBITDA	169	509	616	1,281	589
EBIT	59	389	488	1,149	456
Capital and investment expenditure	390	83	65	138	202
Net operating assets (pre tax)	1,689	1,678	1,613	1,770	1,837
Return on net assets (pre tax)	4%	24%	29%	67%	24%
Hot Rolled Products North America					
Sales revenue	335	317	276	377	500
EBITDA	12	83	78	200	188
EBIT	11	83	78	199	188
Capital and investment expenditure	0	0	2	2	2
Net operating assets (pre tax)	163	172	242	261	258
Return on net assets (pre tax)	7%	45%	44%	69%	68%
Hot Rolled Products (Previously Reported)					
Sales revenue	2,122	2,626	2,839	3,940	
EBITDA	207	591	692	1,470	
EBIT	97	471	564	1,338	
Capital and investment expenditure	390	83	65	140	
Net operating assets (pre tax)	1,850	1,840	1,859	2,030	
Return on net assets (pre tax)	5%	26%	30%	66%	

Notes
Differences between separate segments and previously reported combined segment are due to intercompany sales and profit in stock eliminations (previously eliminated within the combined segment, but now eliminated at Group level)

ATTACHMENT 5

COATED AND BUILDING PRODUCTS AUSTRALIA ("C&BPA") – FINANCIAL PERFORMANCE OF PACKAGING PRODUCTS AND SEPARATELY C&BPA EXCLUDING PACKAGING PRODUCTS

1. Packaging Products

Financial Performance
FY2006 and FY2005; $ millions

Financial Measure	FY2006	FY2005	Variance $	Variance %
Sales revenue	298	460	(162)	(35)
EBITDA	(194)	(161)	(33)	(20)
EBIT	(195)	(185)	(10)	(5)
Underlying operational EBIT(1)	(75)	(88)	13	15
Capital and investment expenditure	32	8	24	300
Net operating assets (pre tax)	(41)	57	(98)	(172)
Return on net assets (pre tax)	(272%)	(141%)		

Financial Performance
2H-FY2006 vs. 2H-FY2005 and 1H-FY2006; $ millions

Financial Measure	2H-FY2006	2H-FY2005	Variance	1H-FY2006
Sales revenue	160	247	(35%)	137
EBITDA	(175)	(121)	(45%)	(19)
EBIT	(176)	(138)	(28%)	(19)
Underlying operational EBIT(1)	(56)	(41)	(37%)	(19)
Capital and investment expenditure	21	5	320%	11
Net operating assets (pre tax)	(41)	57	(172%)	94
Return on net assets (pre tax)	(238%)	(111%)		(26%)

2. Coated & Building Products Australia excluding Packaging Products

Financial Performance
FY2006 and FY2005; $ millions

Financial Measure	FY2006	FY2005	Variance $	Variance %
Sales revenue	2,766	2,730	36	1
EBITDA	72	70	2	3
EBIT	(3)	2	(5)	(250)
Underlying operational EBIT	104	99	5	5
Capital and investment expenditure	214	184	30	16
Net operating assets (pre tax)	1,381	1,198	183	15
Return on net assets (pre tax)	(0%)	0%		

Financial Performance
2H-FY2006 vs. 2H-FY2005 and 1H-FY2006; $ millions

Financial Measure	2H-FY2006	2H-FY2005	Variance	1H-FY2006
Sales revenue	1,475	1,435	3%	1,292
EBITDA	44	74	(41%)	28
EBIT	8	39	(79%)	(11)
Underlying operational EBIT	65	71	(8%)	39
Capital and investment expenditure	134	96	40%	79
Net operating assets (pre tax)	1,381	1,198	15%	1,276
Return on net assets (pre tax)	1%	3%		(1%)

(1) 2006 EBIT has been adjusted for the impairment of Packaging Products assets and closure cost provisions. 2005 EBIT has been adjusted for the impairment write-down of assets and costs associated with the withdrawal of export tinplate.