



TRANSFORMING OUR BUSINESS

BLUESCOPE STEEL LIMITED

ANNUAL REPORT 2005/06
PART 1 OF 2

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SECURING OUR FUTURE.

THIS YEAR WAS A TURNING POINT FOR BLUESCOPE STEEL. WE MADE SIGNIFICANT PROGRESS IN OUR GROWTH PROGRAM TO RESHAPE AND TRANSFORM OUR COMPANY. THE PROGRAM IS NEARLY COMPLETE, AND THROUGH IT WE WILL HAVE A UNIQUE MULTI-NATIONAL FRANCHISE WITH BALANCE AND DIVERSITY IN GEOGRAPHY, PRODUCTS AND MARKETS. THE BEST IS YET TO COME.

TIANJIN, CHINA

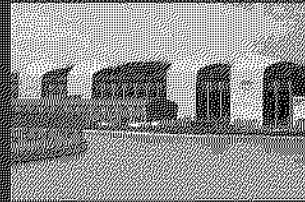
BlueScope Steel's building solutions and products are found in some of the world's best known stadiums. The Company has won contracts for Beijing 2008 sporting venues including the Tianjin Olympic Centre Stadium shown here.

Cover: ADELAIDE, SA, AUSTRALIA

The National Wine Centre of Australia, a cultural centre for the promotion and appreciation of Australian wine, is architecturally inviting. The Centre is built using GALVSPAN® purlins and clad in ZINCALUME® steel with a COLORBOND® steel roof.

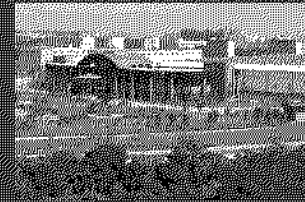
CHINA

\$280 million metallic coating and painting facility at Suzhou, opening October 2006



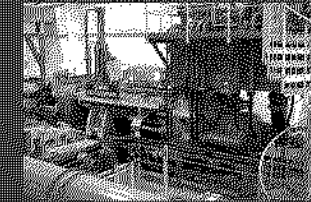
CHINA

New facility at Guangzhou, manufacturing LYSAGHT® building solutions and BUTLER® PEBs, opened May 2006



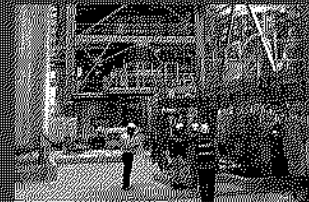
NORTH AMERICA

Expansion of the Vistawall Tennessee plant to double extrusion capacity was completed November 2005



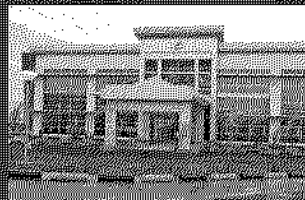
THAILAND

The second metallic coating line was completed November 2005 adding 200,000 tonnes of capacity



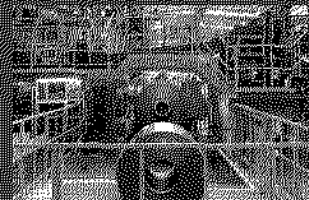
INDIA

Tata BlueScope Steel's Pune plant manufacturing BUTLER™ PEBs and LYSAGHT™ products was commissioned in April 2006



VIETNAM

The new \$136 million metallic coating and painting facility near Ho Chi Minh City started operations November 2005



AUSTRALIA

New Service Centre opened in Perth, Western Australia in November 2005



AUSTRALIA

\$100 million expansion of the Port Kembla Steelworks hot strip mill to convert an additional 400,000 tonnes of slab into hot rolled coil. To be ramped up by end of CY 2006



AUSTRALIA

\$150 million COLORBOND® steel centre in Western Sydney to be completed in 2007



NORTH AMERICA

Butler facility in Jackson, Tennessee supplying specialty parts to the Butler PEB business, in full production December 2005



INVESTING FOR GROWTH.

THIS YEAR, WITH 13 CAPITAL GROWTH PROJECTS UNDERWAY IN MANY OF THE FASTEST GROWING MARKETS IN THE WORLD, WE BROADENED OUR GEOGRAPHIC FOOTPRINT AND MOVED OUR BUSINESSES FURTHER DOWNSTREAM.

CHAIRMAN'S MESSAGE CHALLENGE AND REWARDS

OVER THE LAST FOUR YEARS, WE HAVE MADE MAJOR PROGRESS IN OUR LONG-TERM INVESTMENT STRATEGY, A STRATEGY THAT DIFFERENTIATES US AND WILL TRANSFORM BLUESCOPE STEEL AS AUSTRALIA'S GLOBAL STEEL COMPANY INTO A WORLD LEADER IN STEEL SOLUTIONS.

This year has been one of the most volatile and challenging years in the steel industry. In an environment of spiralling raw material and other input costs and lower steel prices, BlueScope Steel continues to focus on improving efficiency in its core operations while implementing its downstream investment strategy.

The Board is confident that this strategy is on track and will deliver long-term value for our shareholders.

PERFORMANCE

Severe pressure on margins saw net profit after tax decrease 66 per cent to \$338 million. This result is a reflection of higher raw material costs, particularly for iron ore, and lower pricing for slab, hot rolled coil and coated products in international markets. This, combined with start up costs for new projects in Asia and one-off restructure costs to exit loss-making businesses, placed pressure on margins.

In advance of the latest increase in raw material prices, BlueScope Steel took swift and decisive action to further reduce costs. In June, the Company announced that loss-making operations, such as the tin mill at Port Kembla and the operation in Taiwan, would be closed.

Further efficiencies were announced through the reduction of 250 staff and management positions. BlueScope Steel will continue to seek opportunities to improve efficiencies throughout the coming year.

The Company achieved 67 cents underlying earnings per share which was within the guidance provided to the market in February. After one-time restructuring charges, the earnings per share for the year was 48 cents.

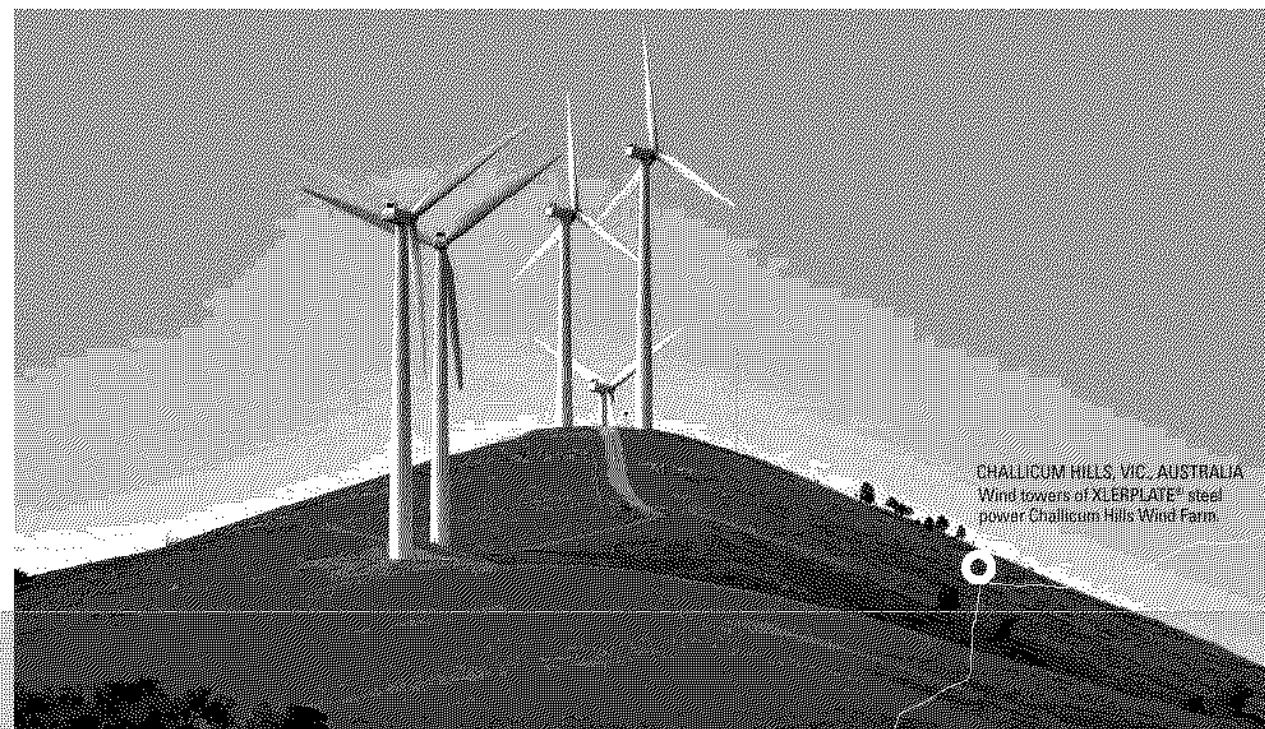
SHAREHOLDERS

Since public listing in 2002, we have been very focused on rewarding our shareholders as we grow. This commitment continues.

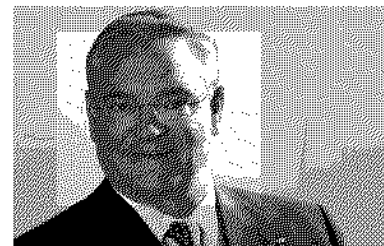
This year, we increased the dividend payment by 5 per cent, resulting in a total ordinary dividend of 44 cents per share fully franked, compared with 42 cents per share for ordinary dividends last year.

Since listing, BlueScope Steel has returned close to \$2 billion to shareholders through share buybacks and ordinary and special dividends.

A Dividend Reinvestment Plan (DRP) has been introduced for shareholders in Australia and New Zealand.



CHALICUM HILLS, VIC, AUSTRALIA
Wind towers of XLERPLATE® steel
power Challicum Hills Wind Farm.



WE HAVE INVESTED SIGNIFICANTLY IN OUR DOWNSTREAM BUSINESSES, MOVING FURTHER INTO HIGH VALUE-ADDED, BRANDED STEEL PRODUCTS, WHICH WILL GENERATE HIGHER REVENUE AND EARNINGS AND REDUCE CYCLICALITY.

This plan offers an efficient and cost-effective way to increase your investment in your Company. Shares received under a DRP rank equally with existing fully paid ordinary shares.

LONG-TERM INVESTMENT STRATEGY

Over the last four years, we have made major progress in our long-term investment strategy, a strategy that differentiates us and will transform BlueScope Steel as Australia's global steel company into a world leader in steel solutions.

We have invested significantly in our downstream businesses, moving further into high value-added, branded steel products, which will generate higher revenue and earnings and reduce cyclical risk. This investment strategy will enable us to capture profit margins that accumulate as we add greater value to our steel, and as we expand our global portfolio.

During 2005/06, seven major investment projects were completed and commissioned. These included the second metallic coating line in Thailand; the new coating and painting facility in Vietnam; in Tennessee, USA, the new Butler specialty product plant at Jackson and the expansion of the Vistawall Greenville plant; the Lysaght plant and Butler pre-engineered building (PEB) manufacturing facility and Design Centre in India; the PEB and Lysaght facilities in Guangzhou, China; and the hot strip mill expansion in Port Kembla.

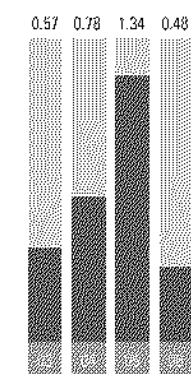
Other major investments will come on stream this coming year. In 2005/06, the capital investment program reached \$816 million, representing approximately 40 per cent of the total \$2 billion growth program.

In May, your Board, together with the Board of Tata Steel, the leading steel company in India,

approved a 50/50 joint venture arrangement to develop a steel coating and building solutions business across India and South Asia.

India has one of world's fastest growing economies with the second largest population after China.

Your Directors are confident BlueScope Steel is developing an outstanding footprint and business in the Asia region. We are very excited by the growth prospects this region offers. BlueScope Steel is the leading Australian manufacturing investor in each Asian country in which we operate, and is ideally positioned to capitalise on opportunities within this dynamic region.



EARNINGS PER SHARE (\$)

CORPORATE GOVERNANCE

BlueScope Steel complies with the ASX principles of Good Corporate Governance and Best Practice Recommendations. I believe the Board of Directors continues to provide leadership and strategic direction of a high quality. The complementary skills and experience of our members is the key to its strength.

We will continue to be guided by *Our Bond*, BlueScope Steel's values statement, which commits to rewarding shareholders, caring for our employees, valuing our relationships with our customers and respecting the communities in which we do business. We can only grow and prosper if we stay true to these principles.

Shareholders would be aware that Managing Director and CEO Kirby Adams has announced his intention to retire in October 2007, by which time he will have been CEO for more than seven years, including five years as Managing Director and CEO of BlueScope Steel as a publicly registered Company.

Over the next 12 months, he will have largely achieved the key strategic goals agreed with the Board since his appointment.

BlueScope Steel has a detailed succession planning process which is reviewed regularly by the Board. The 14 months notice provided by Mr Adams will enable a smooth succession process.

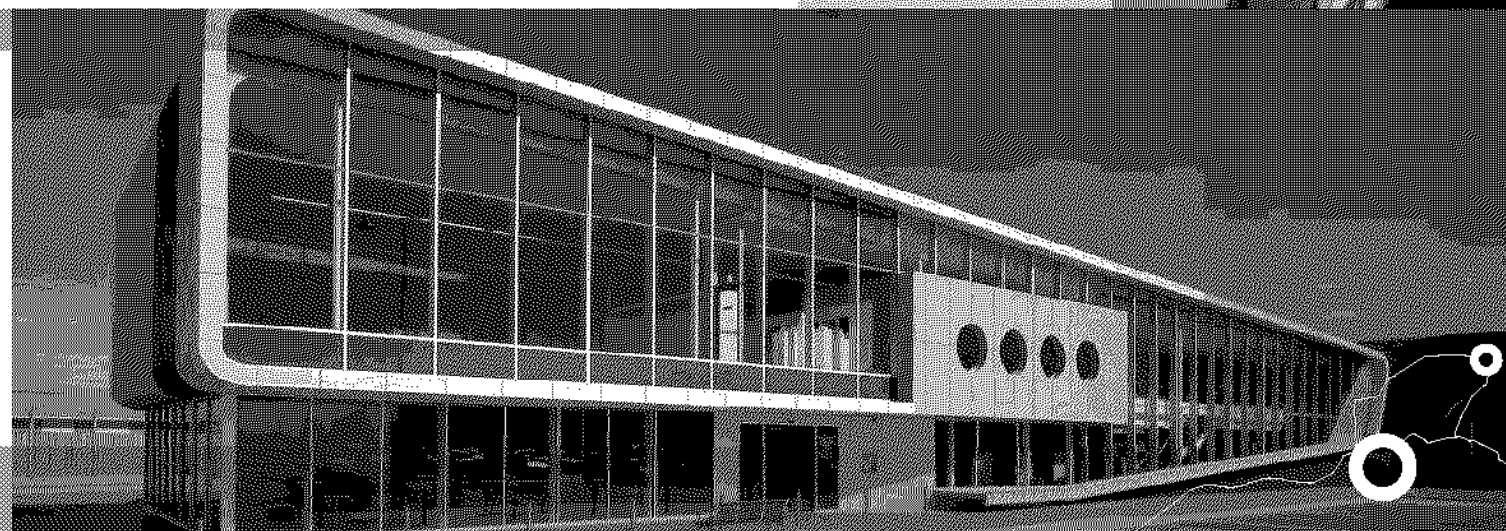
On behalf of the Board of Directors, I would like to thank Managing Director and CEO Kirby Adams, his management team and our 18,000 employees for their commitment, focus and initiative during a challenging year.

GRAHAM KRAHE AO, CHAIRMAN

MANAGING DIRECTOR AND CEO'S REPORT CREATING OUR FUTURE

IN RESPONSE TO THE CHALLENGING ENVIRONMENT AND VOLATILE MARKET CONDITIONS, WE HAVE TAKEN FURTHER STEPS ACROSS THE COMPANY TO REDUCE COSTS, IMPROVE EFFICIENCIES, AND INCREASE PERFORMANCE LEVELS.

YOUR COMPANY IS UNIQUELY POSITIONED ACROSS THE FASTEST GROWING ECONOMIES OF THE WORLD, AND WELL ESTABLISHED IN THE WORLD'S MOST POPULOUS COUNTRIES OF CHINA, INDIA, INDONESIA AND THE UNITED STATES.



CHALLENGE AND OPPORTUNITY

The 2005/06 financial year should be seen as a turning point for BlueScope Steel as a large part of activity and spending shifts from construction to production. Your Company is evolving and reshaping as we dramatically expand our midstream and downstream value added businesses.

Since the establishment of BlueScope Steel four years ago, we have repositioned the Company from being primarily an Australian steel maker and metal coater, to a leading global provider of steel building products and steel solutions.

After this period of aggressive expansion, we now operate 91 manufacturing plants in 17 countries. We have more than 18,000 employees, with over half of that number working outside Australia.

SAFETY FIRST

Every one of our employees, contractors and their families deserves our fullest commitment and vigilance in providing safe and healthy workplaces. Safety is our number one priority at BlueScope Steel and nothing less than Zero Harm is acceptable.

In the past year, our BlueScope Steel Asia facilities have continued to set new safety benchmarks. In North America, the Butler Buildings and Vistawall businesses, acquired in 2004, surpassed all previous injury free records. New Zealand Steel set a new lost time injury (LTI) free record and Port Kembla slabmaking achieved three million hours LTI free.

Regrettably, and despite this progress, there were two fatalities during the year – one in our New Zealand operation, and the second at our Suzhou construction site in China. These were tragic for us and we all continue working towards our goal of Zero Harm.

A VOLATILE YEAR

This past financial year was one of extreme volatility for BlueScope Steel and the global steel industry. Significantly higher iron ore and coal feed costs, soaring zinc and aluminium prices, lower steel prices and a strong Australian dollar all made business very tough for us, particularly in the second half.

From September 2005, a major fire closed Western Port's hot strip mill for 12 weeks, causing logistical and supply issues across our business. The impressive recovery effort to restore the mill (managed by our own Western Port employees) finished on budget and on schedule and was a credit to the entire BlueScope Steel team.



IMPORTANTLY, OUR BUSINESS STRATEGY IS ON TRACK AND HAS NOT CHANGED. IF ANYTHING, TIGHTER STEEL MAKING MARGINS REINFORCE THE NEED TO BE POSITIONED CLOSER TO THE END CUSTOMER IN VALUE-ADDED PRODUCTS.

The Company's despatches were six per cent higher overall. Exports comprised 42 per cent of our product mix, up from 31 per cent, as additional slab and hot rolled coil was sold in response to the Western Port fire and weaker domestic markets. However, lower steel commodity margins in international markets reduced earnings for the year.

Our New Zealand Steel operation, with its second best performance ever, was adversely affected by softer demand in residential markets, lower steel prices and much higher electricity costs due to drought.

In response to the challenging environment and volatile market conditions, we have taken further steps across the Company to reduce costs, improve efficiencies, and increase performance levels.

At the end of June, we announced some major cost cutting measures, including the final closure of our tin mill at Port Kembla and our manufacturing operations in Taiwan. Further, we are reducing approximately 250 management and staff positions across all operations. These are not decisions we take lightly, as they affect the lives of often long-standing employees.

Despite all these pressures, volumes grew and revenue rose to \$8.0 billion, an increase of one per cent. Post our restructuring charges, earnings before interest and tax (EBIT) was lower at \$556 million, and net profit after tax (NPAT) reduced to \$338 million.

We marked some significant achievements during the year. In North America, North Star BlueScope Steel had a record year of

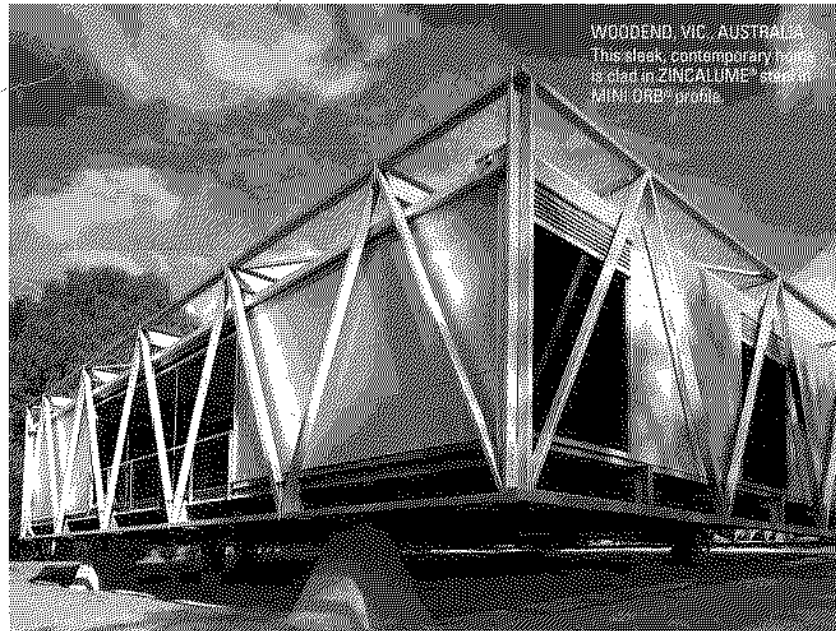
steel production and despatches, and was again voted the number one flat rolled steel supplier in the prestigious Jacobson survey. Downstream, we are delighted to see that the effort we have put into turning around the acquired Butler Buildings business is beginning to reap returns. The business reported its best financial performance since 2001.

We have established a strong footprint for growth in North America, where we have a strategic focus on increasing our downstream businesses, supported by an excellent upstream hot rolled coil business. With our Butler business, we are well on our way to achieving our vision of becoming the pre-eminent global designer and supplier of pre-engineered steel buildings (PEBs).

Port Kembla Steelworks achieved its best ever delivery performance and record production levels.

The overall performance of our Asian business was very disappointing. Higher operating and start-up costs associated with the Company's many growth projects, increased regional volatility in market demand and pricing, lower volumes, and losses in the Taiwan operations all contributed. We have taken steps to improve performance across the regions, appointed Kathryn Fagg as President of Asian Building and Manufacturing Markets, and announced the closure of the Taiwan operations. We will see a better result from our Asian businesses in FY2007 as we move into production.

THE 2005/06 FINANCIAL YEAR SHOULD BE SEEN AS A TURNING POINT FOR BLUESCOPE STEEL AS A LARGE PART OF OUR ACTIVITY AND SPENDING SHIFTS FROM CONSTRUCTION TO PRODUCTION.



INVESTMENT FOR GROWTH

We are making excellent progress with our capital investment program. In July, the first slab was rolled from our \$100 million improvement to the Port Kembla Steelworks hot strip mill, increasing capacity by 400,000 tonnes. The \$150 million development of the Western Sydney COLORBOND® steel centre is on schedule for completion by mid 2007. This COLORBOND® steel paintline facility will meet the specific needs of local customers in the building and manufacturing sectors.

In Asia, we have five major plants under construction. The largest of these, the \$280 million metal coating and painting facility in Suzhou, China, will be officially opened in October 2006. Also in China, the Guangzhou pre-engineered building (PEB) and Lysaght facilities were completed in June, on schedule and budget.

In Vietnam, near Ho Chi Minh City, a new metallic coating and painting facility commenced operations in November.

In the same month, at our Map Ta Phut plant in Thailand, a second metallic coating line opened. A PEB manufacturing facility, adjacent to the coating line, will be in operation in October 2006.

We announced the establishment of a new joint venture company in India in May. Tata BlueScope Steel will be a significant player in this fast emerging market. In Pune, India, the LYSAGHT™ rollforming plant and the BUTLER™ PEB and Design Centre was commissioned ahead of schedule and formally opened in August. Construction of the two rollforming and PEB manufacturing facilities at Chennai and New Delhi is progressing ahead of schedule, and expected to be completed by the end of 2006.

In North America, at Jackson, Tennessee, our Butler specialty plant came on stream at the start of the financial year, and the Vistawall extrusion plant expansion was completed in late November.

LEADERSHIP TEAM

During the year, we welcomed Paul O'Malley as Chief Financial Officer following the appointment of Brian Kruger to the position of President Australian Manufacturing Markets. Mike Courtnall retired in February and Kathryn Fagg was appointed President Asian Building and Manufacturing Markets.

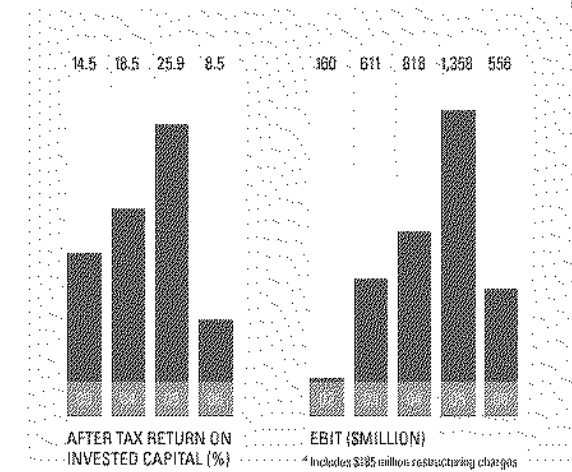
In August, I announced my intention to retire from the Company in October 2007. For some time, the Board and I have had an understanding that I would provide at least one year's notice of my retirement plans, to enable appropriate succession planning and leadership transition to occur.

In 12 months time, I look forward to reporting an improved financial result and the completion of our growth strategy to reshape BlueScope Steel for the 21st century.



Left: JACKSON, TENNESSEE, USA
Josh Anderson, at the Butler specialty plant.

WE ARE ABSOLUTELY FOCUSED ON PROFITABLY GROWING OUR BUSINESSES IN AUSTRALIA, ASIA, NEW ZEALAND AND NORTH AMERICA. THE BEST IS YET TO COME.



To date, our Company's achievements have been numerous; from the successful demerger, to international growth, to the implementation of our midstream and downstream business strategies and our world leading safety record.

Over the next year there remains much to do – delivering returns on our rapid expansion in Asia, continuing to drive home the benefits of our acquisition in North America, focusing on our goal of Zero Harm, and delivering superior and tax-effective returns to shareholders. I remain fully committed to achieving these goals for you in 2007.

OUTLOOK

The 2005/06 year was truly a challenging one. Despite the highest raw material costs ever, weaker global steel markets, tighter margins, a major fire at our second-largest facility, a persistently strong Australian dollar and our audacious growth plan with over 20 capital projects in eight countries, the Company

delivered many records. We hold a positive long-term view of the global steel industry. Your Company is uniquely positioned across the fastest growing economies of the world, and well established in the world's most populous countries of China, India, Indonesia and the United States.

The pace of business is accelerating, and the competition is tough. To stay in front, we will work hard, be innovative and ready to adapt and change. Globally the steel industry is consolidating, and in Australia we are participating in the restructure of the domestic steel industry through the acquisition of an interest in Smorgon Steel.

As high raw material costs continue to put pressure on margins, we are making tough decisions and taking strong action to ensure we meet our longer-term corporate and financial targets.

Importantly, our business strategy is on track and has not changed. If anything, tighter

steelmaking margins reinforce the need to be positioned closer to the end customer in value-added products.

In the meantime, we are absolutely focused on profitably growing our businesses in Australia, Asia, New Zealand and North America. The best is yet to come.

It is extremely gratifying to see BlueScope Steel people bringing *Our Bond* to life, through their commitment to achieve common goals, to safety, and to our customers and communities. I thank our employees for their dedication and contribution. I would also like to recognise the loyalty of our many customers and shareholders who choose to buy BlueScope Steel products and shares. Thank you.

KIRBY ADAMS, MANAGING DIRECTOR AND CEO

WOLLONGONG, NSW, AUSTRALIA
Gloria Ryall, trainee engineer at the
Port Kembla Steelworks hot strip mill



OUR BOND

WE AND OUR CUSTOMERS PROUDLY BRING
INSPIRATION, STRENGTH AND COLOUR TO
COMMUNITIES WITH BLUESCOPE STEEL.

OUR CUSTOMERS ARE OUR PARTNERS

Our success depends on our customers and suppliers choosing us. Our strength lies in working closely with them to create value and trust, together with superior products, service and ideas.

OUR PEOPLE ARE OUR STRENGTH

Our success comes from our people. We work in a safe and satisfying environment. We choose to treat each other with trust and respect and maintain a healthy balance between work and family life. Our experience, teamwork and ability to deliver steel inspired solutions are our most valued and rewarded strengths.

OUR SHAREHOLDERS ARE OUR FOUNDATIONS

Our success is made possible by the shareholders and lenders who choose to invest in us. In return, we commit to continuing profitability and growth in value, which together make us stronger.

OUR COMMUNITIES ARE OUR HOMES

Our success relies on communities supporting our business and products. In turn, we care for the environment, create wealth, respect local values and encourage involvement. Our strength is in choosing to do what is right.

STRATEGY

OUR PLATFORM FOR GROWTH

ALL OF OUR INVESTMENT PROJECTS ARE UNDERPINNED BY A CLEAR STRATEGY. THAT STRATEGY IS TO EARN HIGHER MARGINS AND MORE STABLE EARNINGS BY SELLING A GREATER PROPORTION OF MIDSTREAM AND DOWNSTREAM STEEL PRODUCTS.

OUR PLATFORM FOR GROWTH

At BlueScope Steel, we are proud of our 91 year heritage and the strong foundation it provides for our future. But we are not standing still.

Since our public listing, we have been building on our strengths while changing who we are. In four years, we have worked to reposition the Company from being primarily a steelmaker, to a global provider of steel solutions.

BlueScope Steel is investing over \$2 billion to build new plants and grow our markets. Countries such as China and India are among the world's fastest growing economies. As they grow, demand for steel products is growing too.

We are also investing closer to home, to capitalise on growing Australian markets and to feed our growth in Asia.

All of our investment projects are underpinned by a clear strategy. That strategy is to earn higher margins and more stable earnings by selling a greater proportion of midstream and downstream steel products. This applies domestically in Australia and across our global footprint.

UPSTREAM, MIDSTREAM AND DOWNSTREAM – WHAT DO WE MEAN?

Upstream steel products include steel slab, hot rolled coil and plate. For many steel companies, upstream steel products comprise the majority of their sales. At BlueScope Steel, only about half the upstream products we make are sold to external customers.

The other half is further processed into midstream and downstream products.

Midstream steel products include coated and painted steels, such as ZINCALUME® steel and COLORBOND® steel.

Downstream products include LYSAGHT® steel building products, BUTLER® pre-engineered steel buildings (PEBs), SURELINE® power distribution solutions, and rainwater harvesting solutions such as the THINKTANK® system.

BUTLER® is the market-leading brand of PEBs in North America and China, and was acquired by BlueScope Steel in 2004. Butler designs, manufactures and installs complete steel buildings for a wide range of applications – from warehouses and factories, to office buildings, restaurants and car showrooms.

SURELINE® is an integrated, long-life power distribution solution. Developed in conjunction with the electricity industry, the SURELINE® solution is designed to optimise the performance of steel poles, cross arms and fittings. The range includes SURELINE® steel power poles, which are lightweight and resistant to corrosion and pests.

Our BlueScope Water business provides steel rainwater harvesting, irrigation and stormwater products. The basis for this business is the Company's many years of experience supplying steel products for the manufacture of rainwater tanks. Today, BlueScope Water designs, manufactures and installs WATERPOINT® rainwater tanks made from corrugated

AQUAPLATE® steel, with a food grade polymer liner to provide healthy and clean-tasting water.

BlueScope Water also provides the HYDRORIB® pipe system – a unique ribbed profile pipe made from a steel composite material. HYDRORIB® is lightweight, strong and easy to install. The steel composite material increases resistance to corrosion and abrasion, and offers outstanding performance over a long service life.

These and other steel products are supplied to customers across Australia and around the globe.

REBALANCING OUR PORTFOLIO

Historically, the steel industry has been cyclical. Prices for steel products – especially upstream commodity steel products – have fluctuated according to changing market conditions, often quite rapidly. Accordingly, the profitability of many steel companies has also been volatile.

Margins on value-added midstream and downstream steel products are typically less volatile than those on upstream steel products. BlueScope Steel's investment strategy is designed to help insulate the Company from sharp peaks and troughs in steel prices. Reducing the effects of this volatility should provide greater stability in earnings and growth, and consistent long-term performance for our shareholders. We are confident we can deliver on our strategy. It's our platform for profitable growth into the future and our foundation to keep delivering for you, our shareholders.



MILES, QUEENSLAND, AUSTRALIA
Bottle trees sculpted from
XLERPLATE® steel, Dogwood
Crossing @ Miles art
and community centre.

THE BLUESCOPE STEEL STORY

BlueScope Steel listed on the Australian Stock Exchange (ASX) in July 2002 following our demerger from BHP Billiton. While BlueScope Steel is a young company, we embody many years of skill and experience in the steel industry.

We have evolved from the coming together of three pioneer companies in the Australian steel industry: The Broken Hill Pty Company Limited, John Lysaght (Australia) Pty Ltd and Australian Iron and Steel Limited, and more recently, New Zealand Steel and Butler Manufacturing Company.

We are the leading steel company in Australia and New Zealand, and supply the majority of flat steel products sold in these markets. Our steel building products feature in many applications, including landmark buildings and cutting edge architecture.

We operate three first rate steelmaking facilities: Port Kembla Steelworks in Australia; New Zealand Steel near Auckland; and in Ohio, USA, through our joint venture with Cargill Inc, North Star BlueScope Steel.

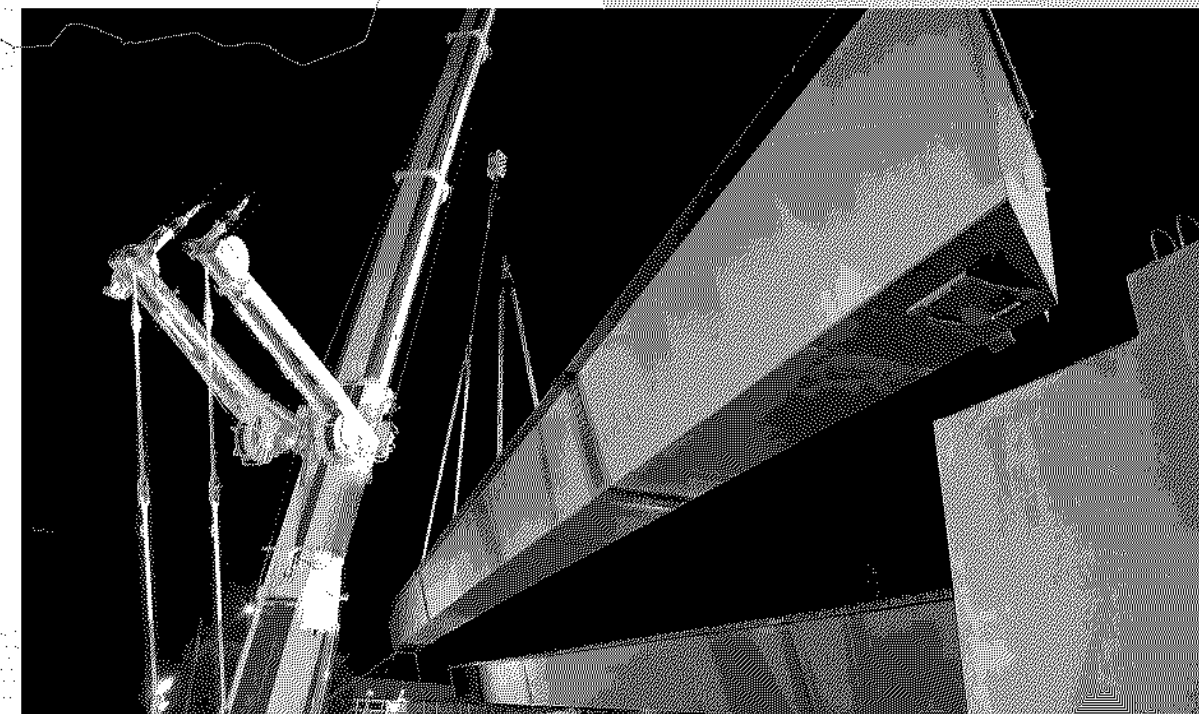
Our Asian and Australasian network of rollforming, metallic coating and painting facilities is unmatched by any other steel company.

In addition to this unrivalled network, BlueScope Steel is a longstanding leader in metallic coating and painting technologies and has developed a number of strong brands including COLORBOND® steel, ZINCALUME® steel, XLERPLATE® steel and the LYSAGHT® range of steel building products.

Our acquisition of the Butler Manufacturing Company in April 2004 has made us the leader in pre-engineered buildings (PEBs) in North America and China, and number one in downstream steel solutions in Asia. We supply customers in Australia, New Zealand, Asia, the US, Europe, the Middle East, the Pacific and elsewhere with purpose-designed products, backed by comprehensive after-sales service and technical support.

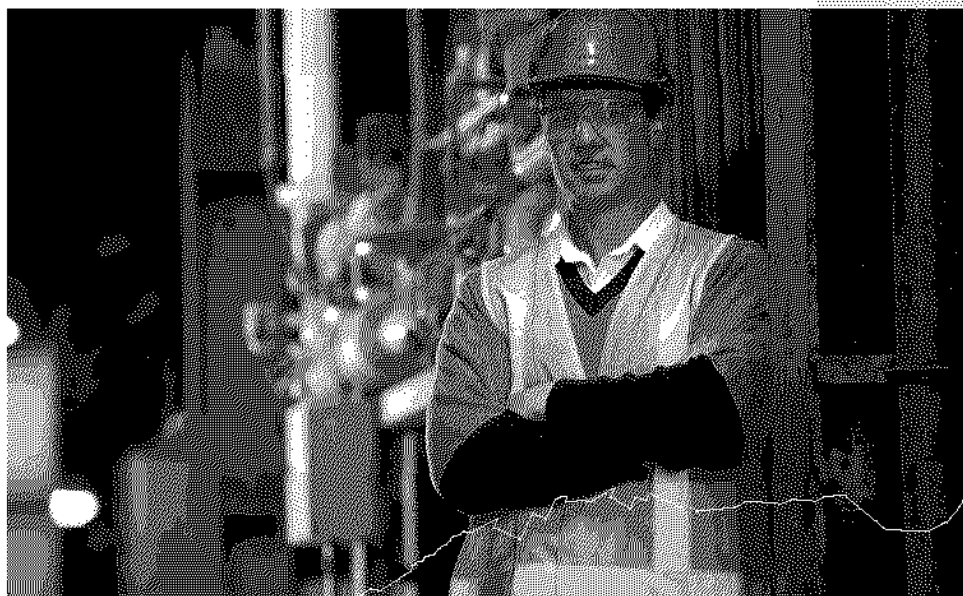
MELBOURNE, VIC., AUSTRALIA

EastLink, a 45 kilometre freeway-standard road connecting Melbourne's south-eastern suburbs and Australia's largest urban infrastructure project, uses XLERPLATE® steel in bridge girders.



HEALTH AND SAFETY PEOPLE FIRST

THE COMPANY'S SAFETY PERFORMANCE REMAINS AT WORLD BEST STANDARDS WITH A LOST TIME INJURY FREQUENCY RATE (LTIFR) OF LESS THAN ONE LOST TIME INJURY PER MILLION HOURS WORKED FOR THE SECOND YEAR RUNNING.



Safety is our number one priority at BlueScope Steel, and we believe nothing less than Zero Harm is acceptable. During the past year, our employees continued to work hard to improve the safety of all our people.

The Company's safety performance remains at world best standards with a Lost Time Injury Frequency Rate (LTIFR) of less than one lost time injury per million hours worked for the second year running. This compares to the International Iron and Steel Institute average LTIFR of around 10.0. The Medically Treated Injury Frequency Rate (MTIFR) also continues to improve, with 30 per cent fewer medically treated injuries reported for the year.

In North America, all businesses continued to show a major improvement in safety. Butler Buildings achieved over five million hours lost time injury free and Vistawall's Terrell site achieved over two million hours lost time injury free, both surpassing previous injury free records. We are very proud of the safety improvements shown by the Butler business as it has worked to adapt BlueScope Steel's safety culture, principles and practices.

Our facilities in Asia continue to set new safety benchmarks. During the year, the Map Ta Phut site in Thailand reached over 17 million hours lost time injury free, and our operations in Indonesia finished the year with a zero LTIFR.

New Zealand Steel set a new lost time injury free record and Port Kembla slabmaking achieved three million hours lost time injury free. Also in Australia, our Logistics business was awarded a National Excellence Award from the Australian Steel Institute for its work on safety at heights. Self Insurance status was maintained in all eligible Australian states.

During the year, 93 per cent of employees in all our global sites participated in 183,700 monthly safety audits. In addition, 24,500 near misses were reported. These measures are a strong indication that our people are focused on staying safe, and on watching out for each other every day.

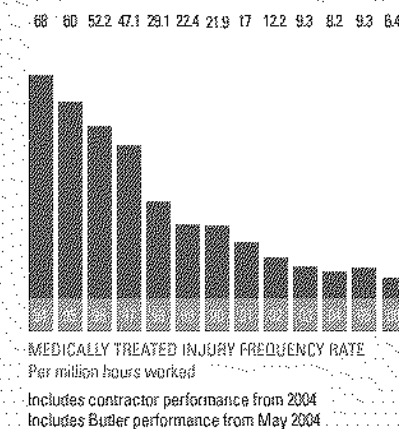
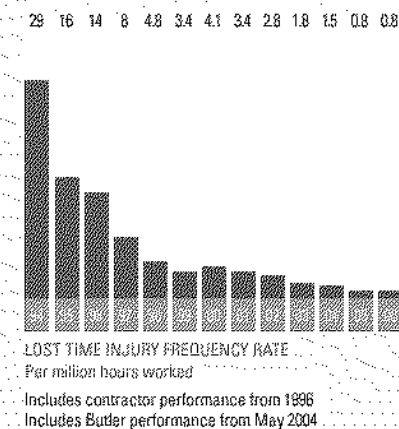


Nothing less than Zero Harm for BlueScope Steel. Steven van der Peet of Western Port Steelworks (left), Tom La Bine, of North Star BlueScope Steel (above left), metallic coating line in Vietnam (above right).



Despite this progress, regrettably there were two fatalities during the year – in our New Zealand operation and at our Suzhou construction site in China. Our goal is zero, and anything else is simply unacceptable. The Company and all its sites have a clear strategy to work towards Zero Harm and, in particular, to manage critical risks.

We continue our efforts in earnest to learn from all safety incidents and to prevent any recurrence. Our strategy of engaging all our people in these endeavours is imperative. We will never let up. Employees, contractors and their families deserve our commitment and vigilance in providing a safe and healthy workplace.



EXECUTIVE LEADERSHIP TEAM

Left to right: Kathryn Fagg, Ian Cummin, Kirby Adams, Paul O'Malley, Noel Cornish, Brian Kruger, Lance Hockridge.



Kathryn Fagg has held the position of President of Asian Building and Manufacturing Markets since March 2006. She is also responsible for BlueScope Steel's Australian building products and solutions businesses, including BlueScope Lysaght. Previously, she was President Australian Building and Logistics Solutions.

Ian Cummin is responsible for People and Performance. This role includes Human Resources, Safety and Corporate Affairs.

Kirby Adams is Managing Director and Chief Executive Officer of BlueScope Steel. Mr Adams was appointed to the Board on 10 May 2002, having been Chief Executive Officer of BHP Steel since March 2000.

Paul O'Malley joined BlueScope Steel as Chief Financial Officer in December 2005. He is responsible for leading BlueScope Steel's finance function and has responsibility for Information Services. Mr O'Malley was formerly the CEO of a leading energy company based in the US.

Noel Cornish is President of Australian and New Zealand Industrial Markets, with responsibility for the Port Kembla Steelworks, New Zealand and Pacific Steel Products businesses, and the Company's Logistics operations. For the previous three years he was President of our Coated Products business in Australia.

Brian Kruger is President of Australian Manufacturing Markets. This unit comprises our Hawarra Coated Products business, including the Springhill facility, our Western Port operation and our Service Centre network. Mr Kruger succeeded Mr Cornish in this role in July 2005, having previously been BlueScope Steel's Chief Financial Officer.

Lance Hockridge is President of our North American business, which comprises North Star BlueScope Steel, Butler Buildings, Vistawall and Castrip LLC. Mr Hockridge has held this position since April 2005. He was previously President of Industrial Markets, a position he held since 2000.

BRANDS THE POWER OF OUR BRANDS

MELBOURNE, VIC., AUSTRALIA
The whimsical Victorian College of the Arts building showcases contrasting COLORBOND® steels.



BLUESCOPE STEEL'S VALUE-ADDED BRANDS DIFFERENTIATE THE COMPANY'S MARKET OFFER AND ARE IMPORTANT ASSETS TO OUR BUSINESS.

In Australia, our core brands – COLORBOND®, ZINCALUME® and XLERPLATE® steels and the LYSAGHT® range – are well recognised as market leaders in the building, construction, and manufacturing industries.

We are extending the reach of our brands as our business enters new markets. Our LYSAGHT® brand is expanding across our footprint, and regional brands, such as Clean COLORBOND® steel in Asia, build our reputation as a provider of solutions for demanding conditions.

The BlueScope Butler business has brought the BUTLER® brand of pre-engineered buildings and the VISTAWALL® range of architectural products into the portfolio. BlueScope Water has added brands such as HYDRORIB® drainage pipes, WATERPOINT® rainwater tanks, AGRIRIB® low-pressure irrigation pipe, and GALAXY® water tanks.

Our customer partnership program – 'Steel By' – builds on the value of the BlueScope Steel brand to give our partners a competitive edge.

CELEBRATING 40 YEARS OF COLORBOND® STEEL

In 2006, COLORBOND® steel turned 40. Around six million tonnes of COLORBOND® steel have been produced since 1966, such that it has developed a unique position in Australia's built environment. COLORBOND® steel is a national iconic brand in Australia that stands for trust, beauty, quality, innovation and long life.

The 20 colours of COLORBOND® steel which range from Woodland Grey®, Manor Red® and Deep Ocean® to Pale Eucalypt® and Windspray®, provide living colour and inspiration for any home or building. Today, nearly half the new homes in Australia have a COLORBOND® steel roof. Flexible and lightweight, COLORBOND® steel roofing regularly features in architectural award winning residential and commercial designs. Come rain, hail or sunshine, it is tough, resilient and designed to withstand the harsh Australian conditions – yet still beautiful. That's why it's so well loved.



LYSAGHT Colorbond Colorbond Zincalume

Xlercoil Xlerplate Galvabond color STEEL PrimaMaju PrimaDesa



PERFORMANCE OVERVIEW

BLUESCOPE STEEL BUSINESS SEGMENTS



AUSTRALIA HOT ROLLED PRODUCTS

KEY CUSTOMERS – Engineering, construction, mining and manufacturing industries and export customers who re-roll our steel.

PERFORMANCE OVERVIEW

Higher raw material prices, lower international prices for slab and hot rolled coil, and unfavourable domestic/export mix led to reduced revenue and earnings

Achieved record annual production for raw steel (5.283 mt) and hot rolled coil (2.558 mt)
400,000 tonne hot strip mill expansion completed on schedule

World-class operational efficiency maintained, with increased sales volumes and despatches, best-ever delivery performance, reduced inventories and lower unit costs



AUSTRALIA COATED AND BUILDING PRODUCTS

KEY CUSTOMERS – General manufacturers, building, construction, automotive and packaging industries.

PERFORMANCE OVERVIEW

Reduced domestic demand, lower export prices, higher zinc and aluminium coating metal costs and the Western Port fire contributed to a difficult year

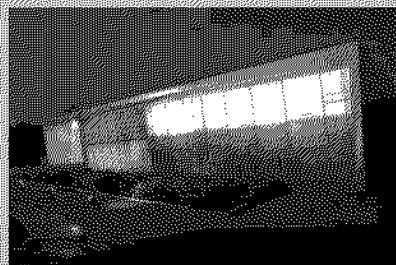
Export volumes were lower due to the effect of the Western Port fire on production volumes

Announced decision to close tin mill operations due to continued lower demand for tinplate packaging products

New paint line and metal coating line production levels set at Illawarra Coated Products

Western Port achieved highest levels of domestic and export despatches since 1996 in the last quarter

BlueScope Lysaght opened new Sunshine Coast Service Centre and purlin mill in Brisbane



NEW ZEALAND AND PACIFIC ISLANDS NEW ZEALAND AND PACIFIC STEEL PRODUCTS

KEY CUSTOMERS – Building and construction industry, rollformers and manufacturing industries.

PERFORMANCE OVERVIEW

Weaker demand in domestic residential market, reduced export volumes, lower prices in international markets and higher electricity costs and higher coal and coating metal costs led to weaker financial performance

Second-best year ever, despite lower sales and earnings

Production affected by coal supply shortage, extended kiln shutdowns for maintenance and one-off power failure

Achieved record export revenues of Taharoa iron sands



ASIA COATED AND BUILDING PRODUCTS

KEY CUSTOMERS – Building and construction industry and general manufacturers.

PERFORMANCE OVERVIEW

Disappointing financial performance, due to a number of short-term factors

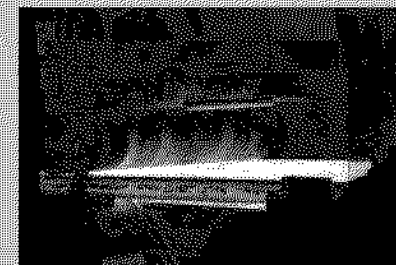
Increased sales revenue was the result of higher sales volumes from the Vietnam and Thailand metal coating developments

Lower domestic demand in Malaysia and China, higher zinc and aluminium coating metal costs, higher unit costs, lower domestic and export prices contributed to the fall in revenue

Signed 50/50 joint venture with Tata Steel in India, and created Tata BlueScope Steel

Second metallic coating line at Map Ta Phut in Thailand commenced operations, increasing capacity by 200,000 tonnes

First combined BUTLER™ PEB and LYSAGHT™ facility was completed in Guangzhou, China



NORTH AMERICA HOT ROLLED PRODUCTS

KEY CUSTOMERS – Coil processors, cold roll strip producers, original equipment manufacturers, steel pipe and tube industry and steel service centres.

PERFORMANCE OVERVIEW

Increased sales revenue was derived from higher inter-segment export sales from Australia to North America and Europe, although lower prices affected the result

Lower earnings contribution from North Star BlueScope Steel was the result of declining hot rolled coil to scrap price spread in North America

North Star BlueScope Steel achieved record annual raw steel production of 1.92 million tonnes

North Star BlueScope Steel voted number one flat rolled steel supplier in North America for the fourth consecutive year in Jacobson survey of steel customers

Castrip LLC Crawfordsville plant now operating 24/7 with significantly improved quality and productivity



NORTH AMERICA COATED AND BUILDING PRODUCTS

KEY CUSTOMERS – Consumers of pre-engineered buildings (PEB) and aluminium and glass architectural products.

PERFORMANCE OVERVIEW

Higher volumes, improved margins and higher prices contributed to increased earnings and revenue

Strongest shipment and profit performance since 2001

Butler Buildings attracted new customers, was awarded major contracts, and made significant improvements in manufacturing capability including completing the new specialty product plant at Jackson, Tennessee.

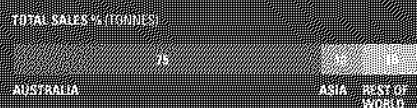
Vistawall increased extrusion capacity with completion of Tennessee plant expansion

New Vistawall Service Centre opened in Charlotte, North Carolina

	FY 05/06	FY 04/05
EXTERNAL DESPATCHES ('000s of tonnes)		
Domestic	626	1,051
Export	2,142	1,376
REVENUE	\$3,472 m	\$3,731 m
EBIT	\$456 m	\$1,149 m
NET OPERATING ASSETS (pre-tax)	\$1,837 m	\$1,770 m
RETURN ON NET ASSETS (pre-tax)	24%	67%



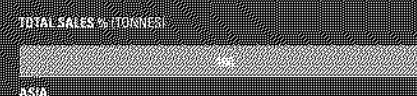
	FY 05/06	FY 04/05
EXTERNAL DESPATCHES ('000s of tonnes)		
Domestic	1,549	1,915
Export	650	477
REVENUE	\$3,064 m	\$3,190 m
EBIT	(\$198 m)	(\$183 m)
NET OPERATING ASSETS (pre-tax)	\$1,340 m	\$1,255 m
RETURN ON NET ASSETS (pre-tax)	(15%)	(15%)



	FY 05/06	FY 04/05
EXTERNAL DESPATCHES ('000s of tonnes)		
Domestic	278	315
Export	300	276
REVENUE	\$709 m	\$745 m
EBIT	\$105 m	\$189 m
NET OPERATING ASSETS (pre-tax)	\$342 m	\$306 m
RETURN ON NET ASSETS (pre-tax)	32%	58%



	FY 05/06	FY 04/05
EXTERNAL DESPATCHES ('000s of tonnes)		
Domestic	636	600
Export	77	73
REVENUE	\$1,075 m	\$1,024 m
EBIT	(\$1 m)	\$83 m
NET OPERATING ASSETS (pre-tax)	\$1,215 m	\$879 m
RETURN ON NET ASSETS (pre-tax)	0%	12%



	FY 05/06	FY 04/05
EXTERNAL DESPATCHES ('000s of tonnes)		
Domestic	928	893
Export	15	6
REVENUE	\$500 m	\$377 m
EBIT	\$188 m	\$199 m
NET OPERATING ASSETS (pre-tax)	\$258 m	\$261 m
RETURN ON NET ASSETS (pre-tax)	68%	69%

* excludes 50% share of North Star BlueScope Steel sales revenue

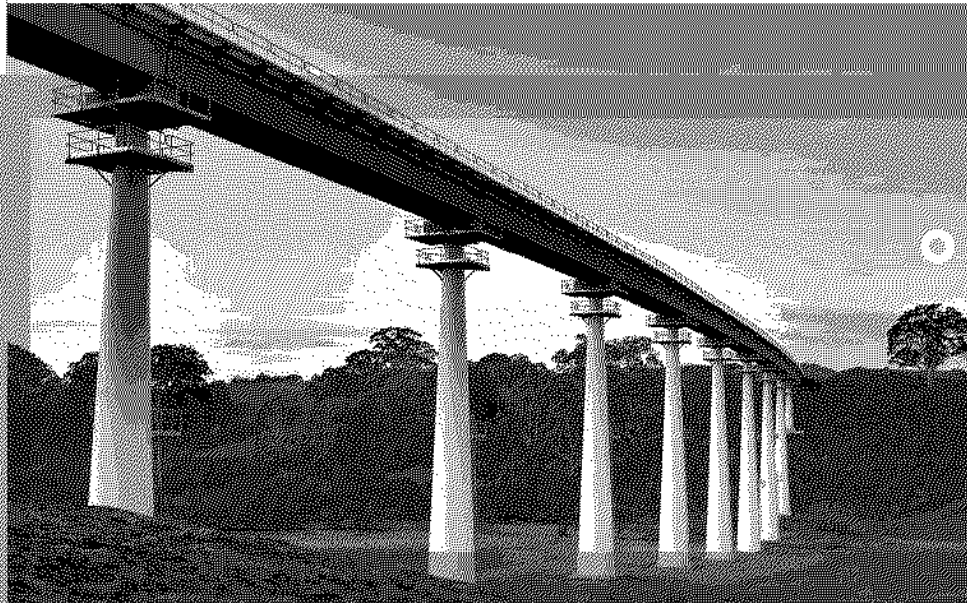


	FY 05/06	FY 04/05
EXTERNAL DESPATCHES ('000s of tonnes)		
Domestic	183	177
Export	11	10
REVENUE	\$1,213 m	\$1,134 m
EBIT	\$27 m	(\$18 m)
NET OPERATING ASSETS (pre-tax)	\$231 m	\$196 m
RETURN ON NET ASSETS (pre-tax)	12%	(8%)



AUSTRALIA HOT ROLLED PRODUCTS

HIGH QUALITY, BRANDED PRODUCTS MADE AT THE STEELWORKS CONTINUE TO DIFFERENTIATE US FROM OUR COMPETITION AND GROW OUR BUSINESS AND REPUTATION WITH CUSTOMERS.



MOORABOOL, VIC., AUSTRALIA
XLERPLATE® pylons used in the bridge over Lal Lal Creek near Ballarat, for the Regional Fast Rail project.

WORLD CLASS IN TOUGHER TIMES

Port Kembla Steelworks, on the coast of New South Wales south of Sydney, is a fully integrated operation – turning the raw materials iron ore and coking coal into iron, then into steel slab and hot rolled coil – all at the one site.

Slab and coil are the primary feedstock for our metal coating, painting, and rollforming operations used in making steel roofing and walling, fencing, house framing, water tanks, fully engineered sheds, warehouses and distribution centres.

The Port Kembla Steelworks is one of the world's lowest cost producers of hot rolled coil, due to its high level of automation and the dedication of its 3,500 employees to manufacturing excellence.

During 2005/06, Port Kembla Steelworks achieved record raw steel production of 5.283 million tonnes, and hot rolled coil production of 2.556 million tonnes. These results, together with increased sales volumes and despatches, best-ever delivery performance, reduced inventories, lower unit costs and other cost savings again demonstrate the plant's world-class operational efficiency.

Despite this excellent performance, dramatically higher raw material costs and lower international prices for slab and hot rolled coil led to lower sales revenue, down seven per cent, and EBIT which fell by 60 per cent on the previous year.

The Steelworks continues to improve the value it generates for the Company.

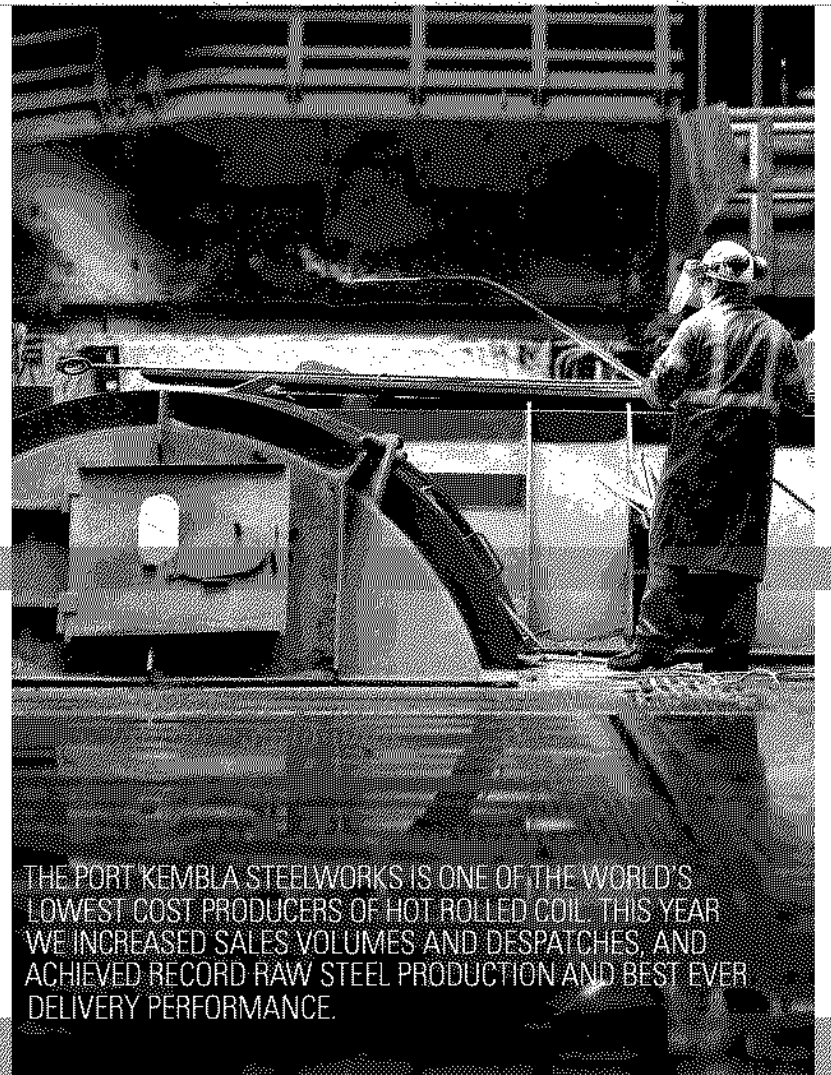
The \$100 million expansion of the hot strip mill was completed on schedule. Once production is fully ramped up, it will convert an additional 400,000 tonnes of slab into hot rolled coil.

Port Kembla's No. 5 and No. 6 blast furnaces, which turn raw material into iron ready for steelmaking, both set production records. No. 6 Blast Furnace marked its 10th year of operation. Plans are in progress to refine the No. 5 Blast Furnace to deliver environmental and efficiency improvements and extend its life by a further 15 years.

High quality, branded products made at the Steelworks continue to differentiate us from our competition and grow our business and reputation with customers.



WOLLONGONG, NSW, AUSTRALIA
Blast furnace at Port Kembla Steelworks.

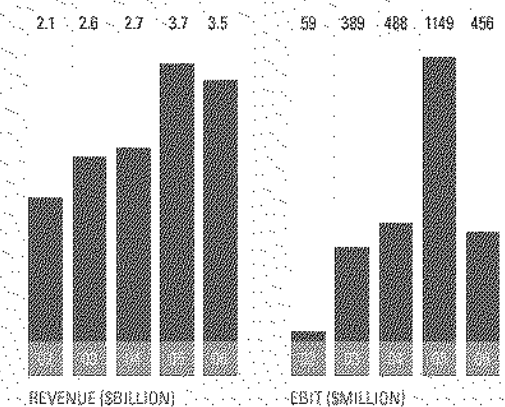


THE PORT KEMBLA STEELWORKS IS ONE OF THE WORLD'S LOWEST COST PRODUCERS OF HOT ROLLED COIL. THIS YEAR WE INCREASED SALES VOLUMES AND DESPATCHES, AND ACHIEVED RECORD RAW STEEL PRODUCTION AND BEST EVER DELIVERY PERFORMANCE.

XLERPLATE® and XLERCOIL® are premium brands and are used in making barbecue hotplates, farm machinery, mining equipment, trucks – and other industrial products requiring high quality hot rolled plate and coil steel.

Our SURELINE® power poles, developed in conjunction with the electricity industry, are proving a viable alternative, being lightweight, easy to transport and long-lasting.

Our employees continue to work towards our goal of Zero Harm in the workplace and it was pleasing to note that Port Kembla's slabmaking operation achieved three million hours free of lost time injuries.



AUSTRALIA COATED AND BUILDING PRODUCTS

EARNINGS WERE LOWER FOR THE YEAR BUT THE BUSINESS FINISHED FY2006 ON A STRONG NOTE WITH RECORD SALES DESPATCHES IN THE LAST QUARTER. WE CONTINUE TO IMPROVE OUR MARKET OFFER, INTRODUCING NEW PRODUCTS LIKE COLORBOND® PERMAGUARD® AND TRUECORE® STEEL.



TODAY NEARLY HALF THE NEW HOMES IN AUSTRALIA BOAST A COLORBOND® STEEL ROOF, AND NINE OUT OF TEN NEW HOMES FEATURE PRODUCTS MADE FROM COLORBOND® STEEL.

NUNAWADING, VIC., AUSTRALIA
Danielle Timerton, BlueScope Steel Account Manager, in front of the Nunawading Toyota showroom, built from COLORBOND® steel. Toyota's new Camry features BlueScope Steel products.

A CHALLENGING YEAR

Australian Manufacturing Markets' business takes slab and hot rolled coil from the Port Kembla Steelworks to manufacture and supply innovative steel products to the building and construction, manufacturing and automotive industries.

We are Australia's largest supplier of metallic coated and painted steel. Our business is renowned for its strong product portfolio and brand names. COLORBOND® and ZINCALUME® steels remain market leaders in Australia, well known for their wide range of applications across various market segments.

In 2006 we celebrate the 40th birthday of COLORBOND® steel. The brand has built an enviable reputation. Today, nearly half the new homes in Australia boast a COLORBOND® steel roof, and nine out of ten new homes feature products made from COLORBOND® steel.

We continue to improve our market offer, with initiatives such as the introduction of COLORBOND® Permagard® steel offering biological protection to food cool rooms, and TRUECORE® steel – our blue steel product – for residential building frames and trusses.

In 2005/06, a number of factors led to a difficult year for this business. Reduced domestic demand in the packaging, manufacturing and distribution markets, lower export prices, higher zinc and aluminium coating metal costs and the fire at Western Port early in the financial year, all contributed to lower revenue and earnings.

In June, the Company announced its decision to close the tin mill at Port Kembla. Market forces over recent years – the combined effect of low-cost imports, skyrocketing raw material costs, increasing use of alternative packaging and consumer trends away from canned food – have worked against the tinsplate operations such that the business is no longer profitable.

WESTERN PORT

Western Port has an important role in BlueScope Steel's manufacturing, automotive and building industry supply chain in the southern part of Australia. The facility converts steel slab into hot and cold rolled coil and metallic coated and painted steel products including ZINCALUME®, TRUECORE® and COLORBOND® steels.

A fire in the electrical control room of the hot strip mill at the Western Port facility early in the financial year disrupted production for 12 weeks, and contributed to lower earnings. Thanks to employees' determination and effort, the repair work was completed as scheduled, with capacity restored by November, and minimal disruption to our customers.

Domestic and export despatches in the last quarter of the year achieved their highest levels since 1996.

Work to increase the capacity of the No. 4 metal coating line was completed and successfully trialled. Total metal coating capacity will increase by up to 30,000 tonnes in early 2007.

ILLAWARRA COATED PRODUCTS

The Illawarra Coated Products facility, adjacent to the Port Kembla Steelworks, includes a cold rolling mill, metallic coating and painting lines, finishing processes and Packaging Products.

In 2005/06, a number of new production records were set. Paint line production was up 15 per cent to a record 182,000 tonnes for the year, following the completion of the oven extension project which improved operating time and increased line speed. The No.1 metal coating line furnace upgrade also led to a 20,000 tonne increase in ZINCALUME® steel production, and the No. 3 metal coating line achieved its best annual production level since 2003.

Work has begun to ensure the orderly closure of the tin mill operation. Good progress is being made, in consultation with employees, customers and suppliers. The Packaging Products pickle line and cold mill operations will remain open and supply feedstock to BlueScope Steel's metal coating lines in Australia and Asia, as well as to external customers.

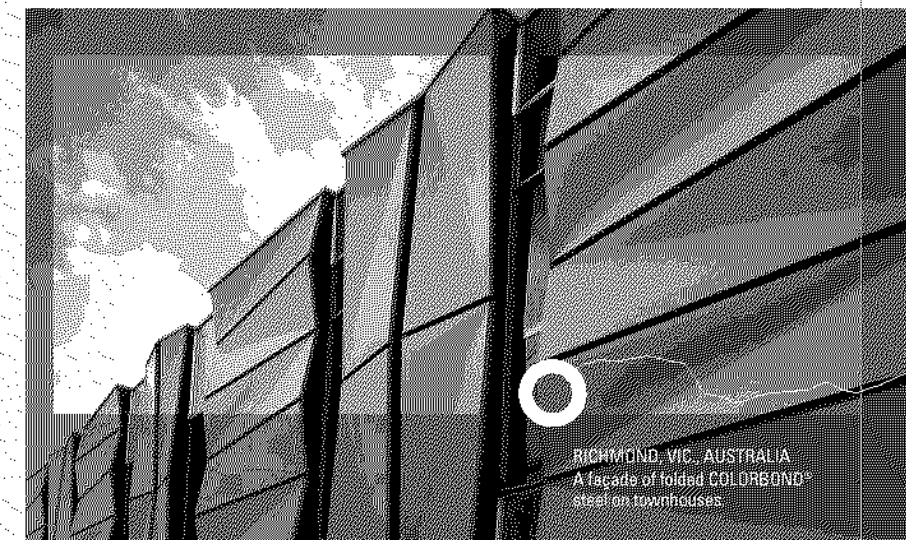
SERVICE CENTRE NETWORK

A large proportion of Australian sales of coated and painted products are channelled through BlueScope Steel's network of seven Service Centres. The Service Centres process flat steel products for the building and construction, automotive, whitegoods and rural sectors. Two Service Centres also operate paint lines.

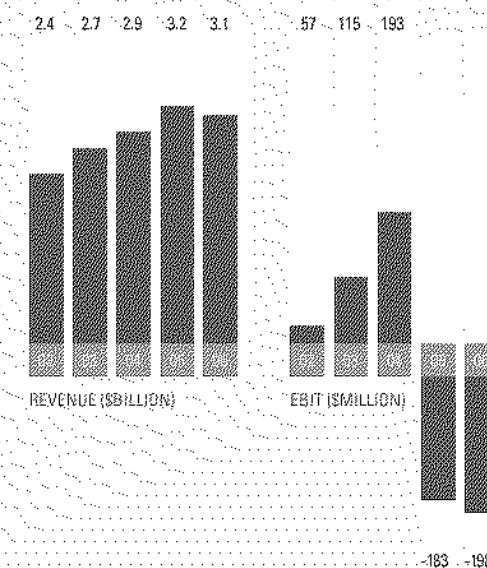
Brisbane's Acacia Ridge Service Centre delivered a record annual production of 93,000 tonnes of COLORBOND® steel following the implementation of process improvements to improve the efficiency of its paint line.

The WA Service Centre in the Perth suburb of Forrestfield was officially opened in November 2005. This represents a significant investment by the Company in Western Australia, in recognition of the opportunities offered by favourable economic conditions, low unemployment and strong growth forecasts. A new warehouse was opened at Wingfield, South Australia in May to allow us to more efficiently serve our customers in that market.

The construction of the \$150 million COLORBOND® steel centre in Western Sydney is on schedule for completion mid-way through 2007. This facility will have a production capacity of 120,000 tonnes per annum, placing the Company in a strong position to meet market demand in one of the fastest growing regions in Australia.



RICHMOND, VIC., AUSTRALIA
A facade of folded COLORBOND® steel on townhouses.



SYDNEY, NSW, AUSTRALIA
Document management company
Recall's landmark barcode building
is clad in 21,000 square metres of
LYSAGHT INTEGRITY® 520.

BLUESCOPE LYSAGHT

The downstream BlueScope Lysaght business distributes and manufactures an extensive range of steel building and home improvement products. These include roof and wall cladding, rainwater goods, steel house framing, fencing, and structural products manufactured primarily from COLORBOND®, ZINCALUME®, DECKFORM® and GALVSPAN® steels. LYSAGHT® branded products are marketed to the building and construction sector through a network of BlueScope Lysaght sites across Australia.

BlueScope Lysaght has developed a strong reputation for reliable service, product quality and a focus on customer support. Working closely with customers, BlueScope Lysaght offers individually designed and installed building solutions through its design and construction capability.

During the year, BlueScope Lysaght maintained its market position, despite strong competition, which included suppliers using imported feed product.

A number of initiatives have been introduced to further strengthen and complement BlueScope Lysaght's manufacturing, sales and distribution capabilities.

The LYSAGHT® Design Test Centre and the roll-to-roof capabilities of the mobile rollformer support architects and builders to use LYSAGHT® products in innovative ways. BlueScope Lysaght encourages design innovation, and these new facilities allow customers to push the boundaries – without the risk.

In Queensland, we have experienced strong growth in demand for LYSAGHT® branded products, and have opened the new Sunshine Coast Service Centre and a new purlin mill in Brisbane to respond to the state's expanding building and construction market.

Acquisitions made over the last two years continue to perform well. The Ranbuild shed and garage business is seeing growth from improved product designs and an expanding reseller base. In Western Australia, Trustek Australia is benefiting from the state's strong economy as it flows on to the building and construction industries.

BLUESCOPE LYSAGHT HAS DEVELOPED A STRONG REPUTATION FOR RELIABLE SERVICE, PRODUCT QUALITY AND A FOCUS ON CUSTOMER SUPPORT. BLUESCOPE WATER IS ESTABLISHING NEW MARKETS AND PROVIDING ADVICE ON WATER SAVING INITIATIVES TO MAJOR RESIDENTIAL PROJECTS.

Trustek, a steel roofing specialist, uses its specifically designed and patented TrussGEN® software program to create individual roof designs. Lysaght Home Improvements has opened new display sites in Sydney and Melbourne. It is soon to expand to Brisbane, and a distributor network is being developed in regional centres, offering customised design and installation of a variety of home additions.

BLUESCOPE WATER

The BlueScope Water business was established in 2004 in response to the increasing demand in domestic and commercial markets for innovative products to manage water storage. A number of market and product development initiatives have further consolidated BlueScope Water's position as a supplier of premium rainwater harvesting products and storm water, culvert and irrigation infrastructure systems.

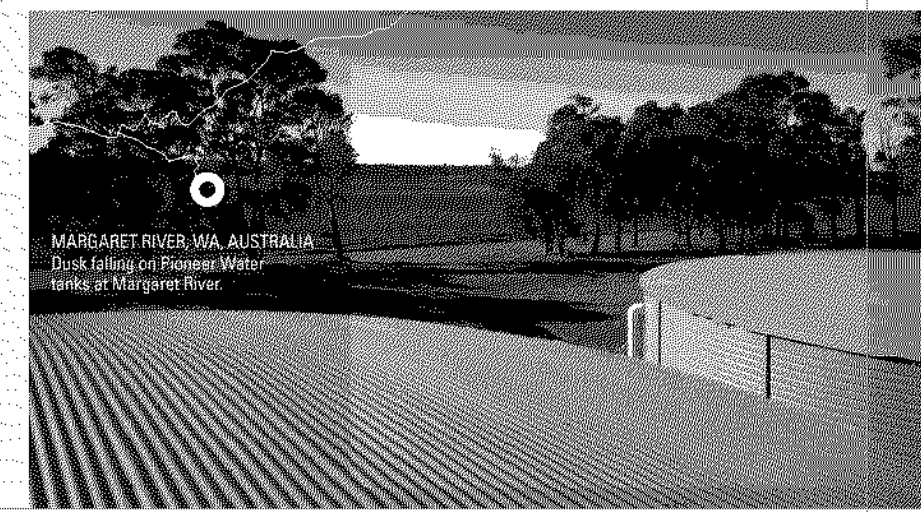
Perth based Pioneer Water Tanks, acquired in May 2005, is a leading supplier of water tanks in the rural, commercial and industrial market sectors. During the year, the business entered new domestic and export markets and enjoyed strong growth in sales revenue.

The Urban Water business has consolidated its presence as a supplier of rainwater harvesting solutions in Queensland, New South Wales and Victoria and expanded its retail presence with the opening of two additional retail outlets.

New construction activity has developed well, albeit with different legislative environments in the three states. The business experienced continued strong growth with sales revenue almost doubling in FY2006.

BlueScope Water is establishing new markets and providing advice on water saving initiatives to major residential projects. Partnerships have been established with a number of property developers to supply rainwater harvesting systems for new housing estates in the eastern states of Australia. These systems offer homeowners the potential to significantly reduce household mains water consumption.

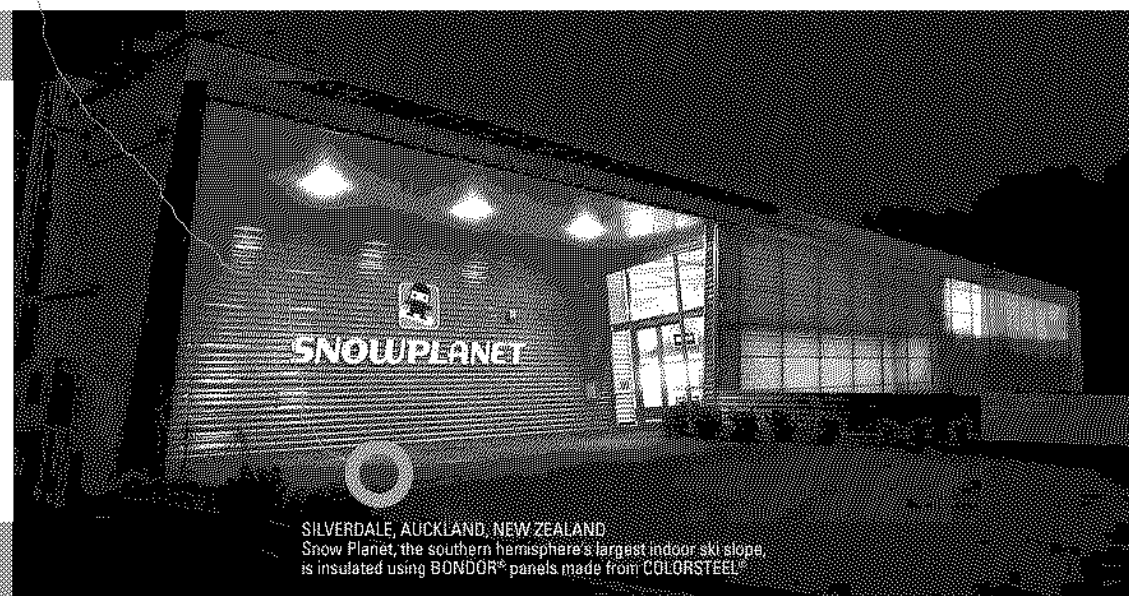
New products have been launched including the WaterPoint® Inground System which is designed for underground water storage in residential and industrial applications. The AGRIRIB® pipe product was also launched during the year to meet the emerging market for piped irrigation channels.



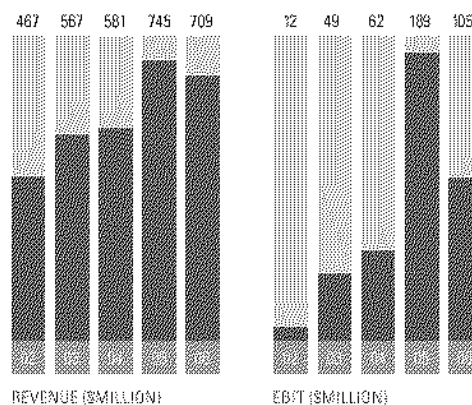
MARGARET RIVER, WA, AUSTRALIA
Dusk falling on Pioneer Water tanks at Margaret River.

NEW ZEALAND AND PACIFIC ISLANDS NEW ZEALAND AND PACIFIC STEEL PRODUCTS

OVER 1,200 PEOPLE WORK AT OUR FULLY INTEGRATED STEEL MILL AT GLENBROOK, ABOUT 60 KILOMETRES SOUTH OF AUCKLAND, AND IT IS THE COUNTRY'S SOLE PRODUCER OF FLAT ROLLED STEEL PRODUCTS.



SILVERDALE, AUCKLAND, NEW ZEALAND
Snow Planet, the southern hemisphere's largest indoor ski slope, is insulated using BONDOR® panels made from COLORSTEEL®.



STEELMAKING WITH A DIFFERENCE

New Zealand Steel produces a range of products for both domestic and export markets, including the well known coated product brands COLORSTEEL®, GALVSTEEL™ and ZINCALUME®. Our principal customers are in the building, construction, manufacturing and agricultural industries.

Over 1,200 people work at our fully integrated steel mill at Glenbrook, about 60 kilometres south of Auckland, and it is the country's sole producer of flat rolled steel products.

New Zealand Steel is unique among world steelmakers, covering the full spectrum of the steel supply chain. Rich black sands, found on the west coast of the North Island at the Company's Waikato North Head and Taharua Mine sites, are electrically melted at our Steelworks to produce iron.



SILVERDALE, AUCKLAND, NEW ZEALAND
Snow boarders resting at the top of the 200 metre long slope inside Snow Planet.

Our iron is converted into steel using a swelting or basic oxygen converting process, then cast into slabs, and manufactured into flat rolled coil. Further work is added to the coil through cold rolling, metallic coating, painting, pickling, welder beam and pipe making operations. Demand in the domestic residential market was weaker during the year. In addition, reduced export volumes, lower prices in international markets and higher electricity costs all contributed to a decrease in earnings. Weaker prices were also received for sales

of flat steelmaking by product variations along, although export revenues of Taranaki iron sands reached a record level.

Sales revenue was 10.2 per cent lower at \$709 million, with an EBIT of \$105 million. Although lower than the previous year, the past financial year was New Zealand Steel's second best year ever. Slab production was down four per cent as industrial activity, a domestic coal supply resulted in a coal supply shortage, which had priority affected operations early in 2016/17.

Extended tin shipments for maintenance, and a short gas outage also affected production.

New Zealand Steel has undertaken a number of initiatives to boost performance in the current year. These include productivity improvement measures at the steelmaking and coating plants, developing new revenue streams from new products, and increasing domestic sales and market share of coated and pipe and tube products.



BOTANY DOWNS, AUCKLAND, NEW ZEALAND
Classrooms at Santa Maria College are clad in ZINCALUME® steel panels in a thatched pattern.

ASIA COATED AND BUILDING PRODUCTS

WE ARE BUILDING OUR ASIAN BUSINESS ON STRONG, ESTABLISHED FOUNDATIONS AND ARE WELL POSITIONED TO CAPITALISE ON GROWTH IN THIS DYNAMIC REGION. WE HAVE HAD A HISTORY OF GOOD RETURNS AND ARE TAKING STEPS TO IMPROVE PERFORMANCE.

WE HAVE AN UNRIVALLED NETWORK OF MANUFACTURING FACILITIES AND PROPRIETARY COATING AND PAINTING TECHNOLOGIES IN ASIA.



CREATING OUR FUTURE

Demand for steel, and its use in exciting architecture, continued to grow in Asia in 2005/06. BlueScope Steel is ideally positioned with operations in nine countries – Thailand, Singapore, Indonesia, Brunei, Malaysia, Vietnam, China, India and Sri Lanka – where the Company sells a range of high quality value added products.

The Company has had a strong and growing presence in the region for more than 40 years since opening our first in-country manufacturing facility in Singapore in 1965. Our major capital investment program of more than \$650 million over the last three years has expanded our operations significantly in a number of the world's most populous and fastest growing economies. We now have more than 4,000 employees working within our Asian businesses.

We have an unrivalled network of manufacturing facilities and proprietary coating and painting technologies in Asia. BlueScope Steel is pre-eminent in manufacturing pre-engineered buildings (PEBs) and rollformed products for the construction market.

Through our network, we produce and distribute the high quality BUTLER® brand of building products, pre-engineered building systems, and the LYSAGHT® brand of steel rollformed products and accessories using our premium coated ZINCALUME® steel and Clean COLORBOND® steel. With on-the-ground operations, our customers benefit from shorter lead times, better technical support and delivery performance and specific local market knowledge.

Our steel building solutions feature in many of the most noteworthy buildings in Asia including the Petronas Twin Towers in Malaysia, the Tianjin Olympic stadium for the 2008 Beijing Olympics, and the Shanghai World Financial Centre building that is to become the world's tallest building.

During this financial year, the Asian business performance was very disappointing, producing a \$1 million loss, \$84 million lower than the previous year. The earnings decrease was due to a number of short-term factors including the sharp decline in steel prices in the first quarter which resulted in a margin squeeze. Domestic and export prices were lower while zinc and aluminium coating metal costs were higher. Domestic demand in Malaysia and China was lower. The commissioning of the new Vietnam and Thailand metal coating lines and ramping up of production led to higher unit costs.

We have had a history of good returns from our Asian operations and are taking steps to improve the performance of this business. At the end of the year, we announced the decision to close our unprofitable Taiwan operation. We are undertaking a review of pricing and non-steel materials that go into making our products.



Guangzhou, TIANJIN, CHINA
Almost 10,000 square metres of LYSAGHT® rollform using ZINCALUME® steel was formed in the Olympic stadium for the 2008 Olympic Games stadium.

Leti, SULAWESI, INDONESIA
The strong and impressive modern building and painting facility in Surabaya – Australia's largest manufacturing investment in China and BlueScope Steel's largest project investment in Asia.

In 2005/06, we completed and commissioned a number of our investment projects. These projects aim to build our position in the value-added markets.

One of this year's highlights was the signing of a 50/50 joint venture with Tata Steel in India and the creation of the joint venture company, Tata BlueScope Steel. This powerful partnership capitalises on our joint strengths in steel production and the marketing of premium quality branded products.

We continue to seek ways to further link and leverage our capabilities across BlueScope Steel. By linking our portfolio of products of COLORBOND® and ZINCALUME® steels to the BUTLER® brand, we intend to create state-of-the-art pre-engineered buildings featuring beautiful and colourful steel solutions.

We are building our Asian business on strong, established foundations and we are well positioned to capitalise on the growth in this dynamic region.

INDIA

India is one of the fastest growing economies in the world. Demand for coated and pre-painted steel, particularly for industrial and commercial buildings, is growing as the benefits of premium products are becoming

better known in this market. Coated and pre-painted steel, which is long-lasting, flexible, fast and easy to use and architecturally striking, is an ideal building material for the South Asia region.

The joint venture company, Tata BlueScope Steel, is building a new business platform across India and South Asia that will manufacture zinc/aluminium metallic coated steel, painted steel and rollformed steel products, and deliver PEBs and other building products.

In Pune, the headquarters of Tata BlueScope Steel, a LYSAGHT™ and BUTLER™ design and manufacturing centre was commissioned in April ahead of schedule, with the first product despatched a month later. Two rollforming facilities are under construction at Chennai and New Delhi, with both facilities ahead of schedule and expected to be completed by the end of CY2006.

A new metallic coating and painting facility is to be built at Jamshedpur. Site development work has commenced.

INDONESIA

BlueScope Steel is Australia's largest manufacturing investor in Indonesia and the country's only local manufacturer of zinc/aluminium metallic coated and pre-painted steel.

Apart from COLORBOND® and ZINCALUME® steels, we produce and market a number of tailor-made brands including PELANGI™ steel, ABADI™ steel, and GEMILANG™ steel. Our products are sold to customers for commercial and residential construction and other manufacturing applications.

The Company has a metallic coating and painting facility at Cilegon and three BlueScope Lysaght rollforming facilities at Cibitung, Medan and Surabaya.

With the world's fourth largest population, Indonesia is experiencing strong growth in the residential and commercial building sectors. Our metallic coating and painting lines are operating at full capacity with a focus on producing thin gauge material used primarily in residential construction.

Demand is also high for quality downstream products such as painted steel roof tiles and steel framing. New products, such as TEXTURA™ steel used in feature panels for walling and a range of blue tinted metal tiles for roofing, have increased our midstream production range. Across BlueScope Steel's Asian operations, our Indonesian operation markets the largest volume of SMARTTRUSS® roof trusses.



KOTA DAMANSARA, MALAYSIA
Pahang International School
This is the first purpose-built
school in the country and features
COLORBOND® steel and a LYSAGHT
KLIPLOK® frame.

MALAYSIA

BlueScope Steel Malaysia is the only local manufacturer of both ZINCALUME® and Clean COLORBOND® pre-painted steels, serving customers in Malaysia, Singapore, Brunei and selected export markets. The business is a joint venture with PNB Equity Resource Corporation Sdn Bhd, a large local equity fund.

We operate a metallic coating and painting facility at Kapar, Selangor, and four BlueScope Lysaght rollforming plants in Shah Alam, Kota Kinabalu, Kuching and Bintulu. In addition, BlueScope Lysaght operates in Singapore and Brunei.

The Malaysian business experienced a difficult start to the financial year with lower selling prices, a softer construction market and reduced government spending. A number of initiatives, including a new feed sourcing strategy, new product development and increased export opportunities, were implemented to improve performance and led to a marked improvement in the second half of the year.

VIETNAM

BlueScope Steel has been operating in Vietnam for more than a decade. From its rollforming facilities in Hanoi and Ho Chi Minh City, BlueScope Buildings Vietnam provides premium quality LYSAGHT® building solutions including SMARTRUSS®, KLIPLOK® and BONDEK® to the rapidly growing Vietnamese building and construction industries.

The new \$136 million metallic coating and painting facility at Phu My, Ba Ria-Vung Tau, near Ho Chi Minh City, started operations in November, ahead of schedule and on budget.

It is already exceeding operational ramp-up targets and despatches with medium-term growth expected to remain strong. During the year the business attained its first profit.

THAILAND

BlueScope Steel (Thailand) Limited is a joint venture between BlueScope Steel Limited and Loxley Public Company Limited, one of Thailand's leading trading companies. BlueScope Steel (Thailand) Limited, operates a cold rolling, metallic coating and painting facility at Map Ta Phut manufacturing ZINCALUME®, Clean COLORBOND® and TRUZINC® zinc coated steels for local and export markets.

BlueScope Lysaght Thailand operates rollforming facilities at Rangsit, Khon Kaen and Map Ta Phut specialising in the manufacture

and supply of coated steel building products such as steel roofing, wall cladding, structural floor decking, high strength purlins and other steel building products.

Despite short-term uncertainty in the Thai market due to political change, higher steel demand and prices are expected in 2007 with stronger growth in the industrial and commercial construction segment.

The second metallic coating line at Map Ta Phut, increasing capacity by 200,000 tonnes, commenced operations in November 2005. Technical difficulties in the commissioning phase early in the financial year have been overcome but delayed our ability to reach full production during the year.

The next stage in our growth strategy will be the completion of a PEB manufacturing facility at Map Ta Phut, adjacent to our metallic coating and painting facility, which will be operational by October 2006.

CHINA

BlueScope Steel continued to expand its unique downstream businesses in China with the completion of a new facility at Guangzhou and the expansion of the Langfang facility during the 2006 financial year. We experienced demand growth in the power station segment and secured signature projects for decking and more landmark building contracts for the 2008 Beijing Olympics.

Our focus is to capitalise on the growing China steel construction industry as urbanisation over the next 20 years fuels growth, and building quality improves with more steel used in commercial and residential construction. BlueScope Steel has developed an important niche in this energised market.

The Company's first combined BUTLER® PEB and LYSAGHT® facility, located in Guangzhou, was completed on schedule and on budget. This will expand the geographic spread of our PEB capability in southern China.

The new metallic coating and painting facility at Suzhou is being commissioned. This striking and impressive facility, 80 kilometres west of Shanghai, is Australia's largest manufacturing investment in China and BlueScope Steel's largest single investment in Asia.

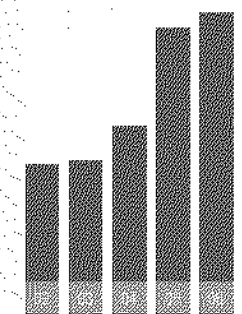
The expansion of our Langfang facility, near Beijing, to manufacture architectural and sandwich panels for premium façade applications, was completed with operations ramping up in 2007.

BlueScope Steel began operations in China in 1995, and now has nearly 2,000 employees, 55 sales offices and eight manufacturing plants across the country. We have the most widely recognised premium coated steel brands in China. Of all our coated steel products, ZINCALUME® steel is our number one brand.

BlueScope Buildings China is the market leader in pre-engineered steel buildings. The market conditions for BlueScope Buildings in 2005/06 were more challenging with delays in project approvals as a result of tighter credit conditions in China.

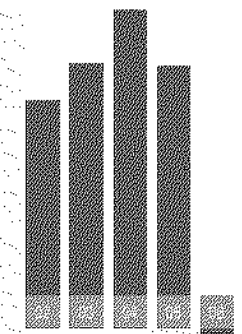
Notwithstanding this, the business has been awarded contracts for two more 2008 Beijing Olympic projects, following its successful bid for the Tianjin Olympic Centre Stadium which will host the Olympic soccer games. The business will provide roofing products for the Olympic fencing training centre and swimming training centre.

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REVENUE (\$MILLION)

71 84 102 83 -1



EBIT (\$MILLION)

NORTH AMERICA HOT ROLLED PRODUCTS



NORTH AMERICA – SHOWING STRENGTH

In North America, our strategic focus is on further building our downstream businesses – the Butler Buildings and Vistawall groups – and supporting our joint venture interests in North Star BlueScope Steel and Castrip LLC. The Company is now well placed to benefit from the strength of the North American economy.

The acquisition of Butler Manufacturing Company in 2004 significantly accelerated our global downstream strategy, initially in North America and Asia, and more recently in Thailand and India where we are developing FEB Design Centres of Excellence. In just 26 months, we have turned Butler around from a loss-making business by cutting costs, improving safety, investing in new manufacturing facilities, and investing in our people.

Hot Rolled Products North America achieved a record year of steel production and despatches. This business comprises our 50 per cent interest in the North Star BlueScope Steel mini mill at Delta, Ohio, our joint venture interest in Castrip LLC, which is commercialising revolutionary steel technology, and our North American and European export trading activities.

We have made great progress towards our vision of being the leading supplier of flat steel building solutions in North America. The United States is now our largest export destination and, after Australia, our second-largest domestic market.

HOT ROLLED PRODUCTS

NORTH STAR BLUESCOPE STEEL

North Star BlueScope Steel uses leading-edge steelmaking technologies and processes to produce steel from scrap metal. Record annual raw steel production of 1.92 million tonnes was well matched by record annual despatches of 1.883 million tonnes.

These results are largely due to the ongoing improvement in operating efficiencies and have contributed \$168 million in dividends to BlueScope Steel for 2005/06, up by \$45 million dollars. The business is positioning itself to take advantage of continuing strong demand in the general manufacturing and construction sectors in the US.

Despite these gains, overall EBIT for the business group decreased by \$11 million to \$188 million, mainly as a result of reduced margins with hot rolled coil prices declining more than the price of scrap feedstock.



Left: DELTA, OHIO, USA
Dave Carroll of North Star BlueScope Steel in the casting operations pulpit, the nerve centre that controls the casting of steel into slab.

Opposite: JACKSON, TENNESSEE, USA
Operators Jenny Holland, Antoine Mathews and Shane Kirby (clockwise) with BUTLER® wall panels.

For the fourth consecutive year, the highly regarded Jacobson Survey of steel customers voted North Star BlueScope Steel the number one flat rolled steel supplier to the service centre segment in North America. This survey reviews over 30 steel mills on quality, service, on-time delivery and overall customer satisfaction.

CASTRIP LLC

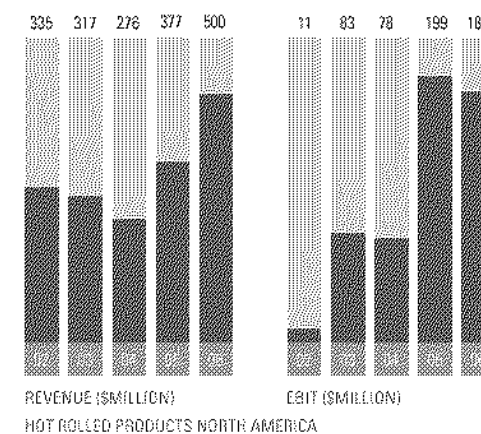
The joint venture company Castrip LLC was formed to develop, market and licence a breakthrough technology, pioneered by Port Kembla Steelworks, to directly cast molten steel into thin hot rolled coil.

The Castrip process provides an opportunity for lower investment, reduced energy consumption and smaller scale plants.

Our partners in the business are Nucor (47.5%) and IHI of Japan (5%). Castrip continues to move closer to commercialising the strip casting technology. Nucor's Crawfordsville, Indiana plant uses the Castrip® process and has significantly improved its quality and productivity over the last six months. During the year, Nucor announced its intention to build a second Castrip® plant in Arkansas.

SALES OFFICES

Our dedicated sales teams in North America and Europe continue to build and expand strong customer relationships. During the year, they made an outstanding contribution in being able to sell the markedly increased tonnages of exports from Australia, New Zealand and Asia.



NORTH AMERICA COATED AND BUILDING PRODUCTS

NASHVILLE, TENNESSEE, USA
Winston Hickman is one of more than 1,100 Butler Builders[®] across North America, the largest network of construction professionals in the world. They are trained on every detail of BUTLER[®] pre-engineering buildings.



TURNAROUND UNDERWAY

Comprising the Butler Buildings and Vistawall architectural products businesses, this group showed an encouraging improvement for the year, achieving the strongest shipment and profit performance since 2001.

Higher sales volumes and despatches for both Butler and Vistawall contributed to the \$79 million increase in sales revenue to \$1.2 billion. Overall EBIT of \$27 million, which was a \$45 million turnaround on last year's \$18 million loss, was largely due to the higher volumes and improved margins for both businesses.

BUTLER BUILDINGS

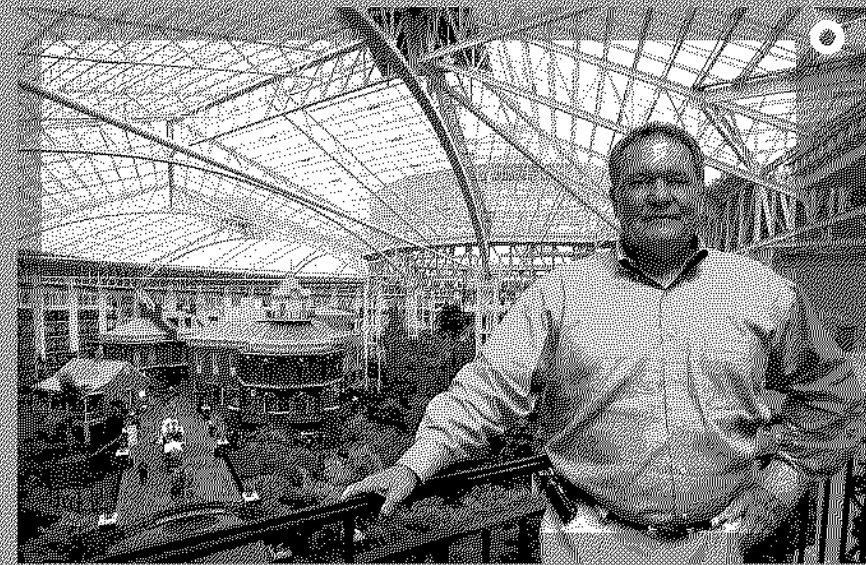
BUTLER[®] is the world's premier brand in pre-engineered steel building systems. Butler Buildings manufactures and supplies PEBs for a diverse range of building applications from rural buildings, churches and warehouses to aircraft hangars, retail, schools and stadiums. It is the market leader in non-residential PEBs in North America and is supported by a sales network of 1,100 Butler Builders[®].

We are delighted to see Butler's business turning around as we experience stronger markets and pricing, and expect to see further improvement over the coming year.

At the start of the 2005/06 financial year, our Butler specialty plant in Jackson, Tennessee, came on stream. As well as a four per cent increase in despatches, delivery performance improved to 93 per cent in the second half of the year. We are seeing major benefits from our initiatives such as the change to a regional, customer-based organisational structure, improved systems and more efficient manufacturing.

Our market share rose, and we attracted a range of new customers. We also introduced new products, such as acrylic coated purlins, which have been well received by our customers.

WE ARE DELIGHTED TO SEE BUTLER'S BUSINESS TURNING AROUND AS WE EXPERIENCE STRONGER MARKETS AND PRICING, AND EXPECT TO SEE FURTHER IMPROVEMENT OVER THE COMING YEAR.



NASHVILLE, TENNESSEE, USA
Barrie Spence, Vistawall Tennessee sales representative, under a spandrel of glass at the plant that, like Butler glass, takes front-facing aluminium double system extrusion to the next design.

VISTAWALL

Vistawall, which manufactures and markets windows, skylights, and extruded aluminium store-fronts for use in non-residential building and construction applications, continues to expand its portfolio of attractive aluminium and glass architectural products.

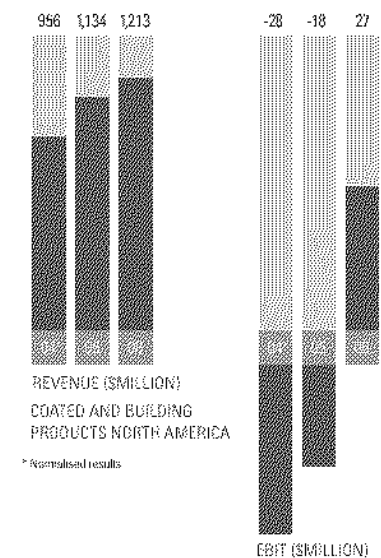
The Tennessee extrusion plant expansion, completed in late November 2005, added 22 million pounds of extrusion capacity. This expansion allowed Vistawall to service a rapid growth in orders during the second half of 2006.

The new specially designed Terra Swing terrace door has successfully provided an entry into the residential high-rise market.

Demand for terrace doors and window products, supplied through the Moduline brand, has been strong.

Aluminium despatches increased by four per cent on last year. The weekly order intake rose 30 per cent, and revenues were 12 per cent higher.

In December 2005, Vistawall was awarded a significant order for the Gaylord National Resort in Washington, DC. A new Service Centre opened in Charlotte, North Carolina, expanding Vistawall's geographic coverage in the southeast region of the United States.



COMMUNITY THE WORLD WE LIVE IN



Above: INNISFAIR, QUEENSLAND, AUSTRALIA
Steel building materials donated to Innisfail's farming community to aid building recovery from tropical Cyclone Larry.

Left: WOLLONGONG, NSW, AUSTRALIA
State Emergency Service's (SES) new regional headquarters for Illawarra/Southern NSW constructed with BlueScope Steel's assistance using COLORBOND® steel.

At BlueScope Steel our communities are very much an important part of who we are. Our communities are our homes. We take pride in supporting the communities in the 17 countries where we operate. *Our Bond* guides our activities in caring for our communities, for the environment, respecting local values, encouraging involvement and creating wealth.

Once again, our people demonstrated their commitment to our community in responding to calls for emergency relief. After Cyclone Larry struck the coast of northern Queensland in

March, employees donated to the relief effort through our workplace giving program, and BlueScope Lysaght supplied products to help rebuild local schools and farms.

In Indonesia, employees raised funds and collected food and clothes for victims of the earthquake in May on the island of Java.

Thanks to employee contributions to Surf Life Saving Australia, one of the Company's workplace giving program partners, we have been able to provide defibrillators to surf life saving clubs in New South Wales. We are

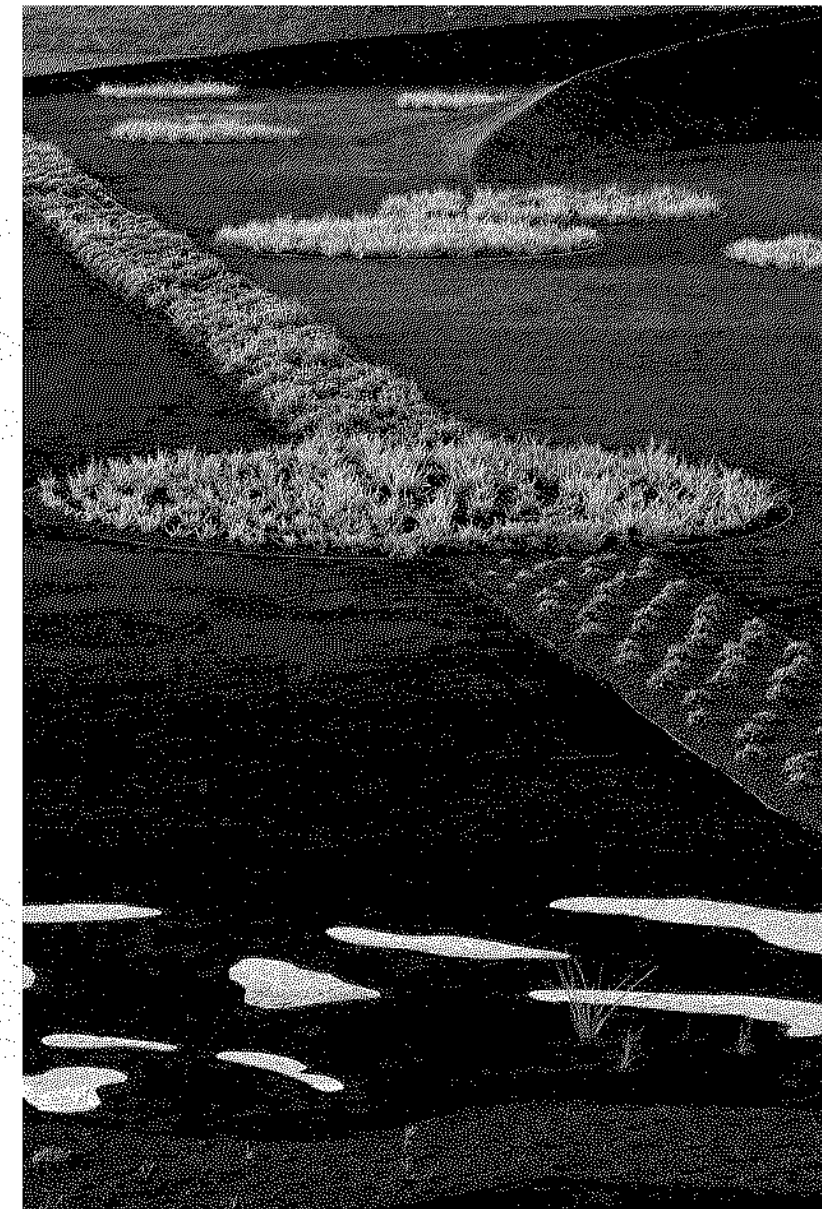
also proud to have been recognised as a major partner of the Australian Red Cross for our support of emergency relief efforts.

BlueScope Steel has a long-term commitment to the environment and education. Our sponsorship of the new Australian Garden, opened in May at the Royal Botanic Gardens in Cranbourne, Victoria, helps raise awareness of water conservation issues.

CRANBOURNE, VIC., AUSTRALIA
The Red Sand Garden at Royal Botanic Gardens, Cranbourne where BlueScope Water's sponsorship supports water conservation.

WE TAKE PRIDE IN
SUPPORTING THE
COMMUNITIES IN THE
17 COUNTRIES WHERE
WE OPERATE.

In the Illawarra, BlueScope Steel's community partnerships support the arts, culture and young people. In August, the Company was honoured to receive the Orchestras Australia 2006 Enlightened Support Award in recognition of our 20-year sponsorship of the BlueScope Steel Youth Orchestra. The Company has a long-standing relationship with the State Emergency Service (SES) in the region, and we were delighted to support the development and construction of the new Illawarra/Southern NSW regional headquarters which opened this year.



COMMUNITY, SAFETY AND ENVIRONMENT REPORT This Report will be available December 2006. Shareholders wishing to register and receive a copy of the Report can do so by visiting our website www.bluescopesteel.com or by contacting BlueScope Steel Direct in Australia on 1800 800 789.

BLUESCOPE STEEL BOARD OF DIRECTORS

GRAHAM KRAEHE AO

Chairman (Independent),
Age 63, BEc
Director since: May 2002

Extensive background in manufacturing and was Managing Director and Chief Executive Officer of Southcorp Limited from 1994 to February 2001. A board member of Brambles Industries Limited since December 2005, Djerriwarth Investments Limited since July 2002, the Innovation Economy Advisory Board for Victoria since December 2002 and a member of the Chairman's Panel of the Business Council of Australia. Mr Kraehe was a Non-Executive Director of National Australia Bank Limited from August 1997 to September 2005, including as Chairman from February 2004 to September 2005, and a Non-Executive Director of News Corporation Limited from January 2001 until April 2004 and Brambles Industries Limited from December 2000 until March 2004. He brings skills and experience in manufacturing management and in companies with substantial and geographically diverse industrial operations. Mr Kraehe's experience with a wide range of organisations is relevant to his role as Chairman of the Board.

RON McNEILLY

Deputy Chairman (Independent),
Age 62, BCom, MBA, FCPA
Director since: May 2002

Deputy Chairman of the Board with over 30 years' experience in the steel industry. He joined BHP in 1962, and until December 2001 held various positions with the BHP (now BHP Billiton) Group, including Executive Director and President BHP Minerals, Chief Operating Officer, Executive General Manager and was Chief Executive Officer BHP Steel until 1997. The latter role developed his knowledge of many of the businesses comprising BlueScope Steel today.

He is Chairman of Melbourne Business School Limited, Chairman of Worley Parsons Limited and a Director since October 2002, and a Director of Alumina Ltd since December 2002. Vice President of the Australia Japan Business Cooperation Committee and a member of the Council on Australia Latin America Relations. A Director of Ausmelt Limited from September 2002 until November 2004.

KIRBY ADAMS

Managing Director
and Chief Executive Officer,
Age 50, BSc (Industrial Eng), MBA
Director since: May 2002.

Appointed Managing Director and Chief Executive Officer of BlueScope Steel Limited in July 2002. Joined the BHP Group in 1995 and held various positions including President BHP Services, Group General Manager and Chief Executive Officer BHP Service Companies, Corporate General Manager Planning and Development and President BHP Steel since February 2000.

A Director and previous Chairman of the International Iron and Steel Institute and a member of the Business Council of Australia.

PAUL RIZZO

Non-Executive Director
(Independent),
Age 61, BCom, MBA
Director since: May 2002.

A Director of National Australia Bank Limited since September 2004, member of the Advisory Board of Mallesons Stephen Jaques, Chairman of Foundation for Very Special Kids and Director of Villa Maria. Formerly Chief Executive Officer and Dean, Director and Professorial Fellow of the Melbourne Business School. Held positions as Group Managing Director – Finance and Administration of Telstra Corporation Limited and senior executive positions at Commonwealth Bank of Australia Limited, State Bank of Victoria Limited and Australia and New Zealand Banking Group Limited. Formerly a Director of Seven Network Limited and N M Rothschild & Sons (Australia) Pty Limited, and Chairman of the Financial Reporting Council. His extensive financial and commercial experience is valuable to the Board and in his role as Chairman of the Audit and Risk Committee.

TAN YAM PIN

Non-Executive Director
(Independent),
Age 65, BEc (Hons), MBA, CA
Director since: May 2003.

A chartered accountant by profession, formerly Managing Director of Fraser and Neave Group, one of South-East Asia's leading public companies, and Chief Executive Officer of its subsidiary company, Asia Pacific Breweries Limited. A Member of the Public Service Commission of Singapore since 1990. Chairman of PowerSereya Limited (Singapore) and is also a member of the Supervisory Board of Keppel Land Limited (Singapore), Singapore Post Limited, Great Eastern Holdings Limited, CISC Security Pte. Ltd, and International Enterprise Singapore. He resigned as Director of The East Asiatic Company Limited A/S (Denmark) in April 2006.

Mr Tan resides in Singapore. He brings extensive knowledge of Asian markets, an area of strategic importance to BlueScope Steel. His financial and leadership skills complement the skills on the Board.

DIANE GRADY

Non-Executive Director (Independent),
Age 58, BA (Hons), MA (Chinese Studies), MBA
Director since: May 2002.

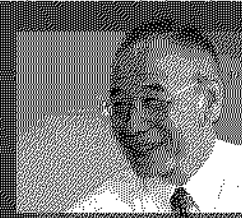
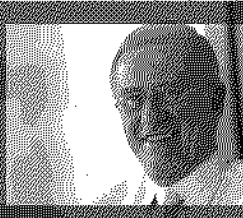
Director of Woolworths Ltd since July 1996, Wattyl Ltd since December 1994, Member of ASIC Business Consultative Panel and Senior Advisor to McKinsey & Co. Has served on the Board of a number of public and not-for-profit organisations including Lend Lease Corporation, MLC, Greengrocer.com (Chair), Sydney Opera House and as President of Chief Executive Women. Formerly a partner of McKinsey & Co. serving clients in a wide range of industries on strategic growth and change initiatives.

A highly experienced Director who brings valuable strategic and business expertise to the Board and to her role as Chair of the Remuneration and Organisation Committee.

KEVIN McCANN AM

Non-Executive Director
(Independent),
Age 64, BA LLB (Hons), LL.M
Director since: May 2002

Chairman of Healthscope Limited since March 1994, Origin Energy Limited since February 2000, Triako Resources Limited since April 1999, and the Sydney Harbour Federation Trust. Lead Independent Director of Macquarie Bank Limited and appointed as Director in December 1996, member of the Defence Procurement Advisory Board and has served on the Boards of Pioneer International Limited, Ampol Limited and the State Rail Authority of New South Wales. A member of the Takeovers Panel and the Council of the National Library of Australia. Until the end of 2004, he was a non-Partner Chairman of Partners of Allens Arthur Robinson, a national law firm. A partner of the firm from 1970 until June 2004, specialising in mergers and acquisitions, mineral and resources law and capital markets transactions. Brings extensive legal expertise, commercial experience as a director of a number of major listed companies and experience in corporate governance to the Board.



BLUESCOPE STEEL OPERATIONS AROUND THE WORLD

THAILAND
Map Ta Phut, Rayong
BlueScope Steel Thailand
BLUESCOPE LYSAGHT THAILAND
Bangkok
Khon Kaen

MALAYSIA
Kapar, Selangor
BlueScope Steel Malaysia
BLUESCOPE LYSAGHT MALAYSIA
Shah Alam, Selangor
Kota Kinabalu, Sabah
Kuching, Sarawak
Bintulu, Sarawak

INDONESIA
Cilegon, Java
BlueScope Steel Indonesia
BLUESCOPE LYSAGHT INDONESIA
Cibitung, Java
Medan, Sumatra
Surabaya, Java

VIETNAM
Ba Ria-Vung Tau Province,
BlueScope Steel Vietnam
BLUESCOPE BUILDINGS VIETNAM
Ho Chi Minh City
Hanoi

CHINA
Suzhou Province,
BlueScope Steel Suzhou
(operational 2006)

BLUESCOPE BUILDINGS CHINA
Shanghai
Tianjin
Langfang
Guangzhou
Chengdu

INDIA
TATA BLUESCOPE STEEL
Pune (operational 2006)
Chennai (operational 2007)
New Delhi (operational 2007)
Jamshedpur

OTHER BLUESCOPE LYSAGHT
ASIA PACIFIC
SINGAPORE
Jurong

BRUNEI
Bandar Seri Begawan

SRI LANKA
Colombo

NEW CALEDONIA
Noumea

VANUATU
Port Vila

FIJI
Suva
Lautoka

AUSTRALIA
STEEL PRODUCTION, ROLLING,
COATING AND PAINTING FACILITIES

Port Kembla, NSW
Chullora, NSW
Hastings, VIC
Acacia Ridge, QLD

CORPORATE OFFICE
Melbourne, VIC

SERVICE CENTRES
Acacia Ridge, QLD
Port Kembla, NSW
Chullora, NSW
Braeside, VIC
Sunshine, VIC
Wingfield, SA
Forrestfield, WA

BLUESCOPE LYSAGHT
Archerfield, QLD
Cairns, QLD
Carole Park, QLD
Coolumb, QLD
Gold Coast, QLD
Mackay, QLD
Rockhampton, QLD
Rocklea, QLD
Toowoomba, QLD
Townsville, QLD
Albury, NSW
Arndell Park, NSW
Cardiff, NSW
Chinderah, NSW
Chullora, NSW
Coffs Harbour, NSW
Dubbo, NSW
Emu Plains, NSW
Minchinbury, NSW
Smeaton Grange, NSW
Smithfield, NSW
Tamworth, NSW
Queanbeyan, ACT
Campbellfield, VIC
Dandenong, VIC
Geelong, VIC
Lynnhurst, VIC
Devonport, TAS
Hobart, TAS
Launceston, TAS
Gulman, SA
Darwin, NT
Forrestfield, WA

BLUESCOPE WATER
Keysborough, VIC
Surrey Hills, VIC
St Marys, NSW
Unanderra, NSW
Beenleigh, QLD

NEW ZEALAND
Glenbrook – New Zealand Steel
Waikato North Head – Ironsands Mine
Taharoa – Ironsands Mine

USA

CORPORATE OFFICE
Dallas, TX –
Regional Headquarters

BUILDINGS GROUP
MANUFACTURING PLANTS
Anville, PA

Jackson, TN
Selmer, TN
Laurinburg, NC
San Marcos, TX
Visalia, CA

BUILDINGS GROUP
ADMINISTRATION AND
ENGINEERING
Kansas City, MO
Birmingham, AL
Peoria, IL
Memphis, TN
Mason, OH

KORETECK
Staunton, VA

VISTAWALL
MANUFACTURING PLANTS
Terrell, TX
Greeneville, TN

**VISTAWALL SERVICE/
DISTRIBUTION CENTRES**
Charlotte, NC
Seattle, WA
Sacramento, CA
San Francisco, CA
Los Angeles, CA
Modesto, CA
Denver, CO

Dallas, TX
Houston, TX
Minneapolis, MN
Wausau, WI
St Louis, MO

Chicago, IL
Detroit, MI
Cincinnati, OH
Cleveland, OH
Warwick, RI
Washington, DC
Tucker, GA
Newnan, GA
Tampa, FL
Bloomburg, PA
Bristol, PA

JOINT VENTURE OPERATING SITES
Delta, OH – North Star BlueScope Steel
Crawfordsville, IN – Castrip LLC

CANADA
BUILDINGS GROUP SALES OFFICE
Burlington, Ontario
Edmonton, Alberta

MEXICO
BUTLER GROUP
MANUFACTURING PLANT
Monterrey, Nuevo Leon



BLUESCOPE STEEL LIMITED
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