

**ANNUAL GENERAL MEETING
10.00AM, WEDNESDAY, 12 NOVEMBER 2003**

CHAIRMAN'S ADDRESS - GRAHAM KRAEHE

TOTAL SHAREHOLDER RETURN

SINCE OUR PUBLIC LISTING IN JULY LAST YEAR, YOUR COMPANY HAS BEEN SQUARELY FOCUSED ON THE CREATION OF SHAREHOLDER VALUE.

OUR COMMITMENT, AS OUTLINED IN THE COMPANY'S CHARTER – *OUR BOND* – IS TO DELIVER CONTINUING PROFITABILITY AND GROWTH IN VALUE.

I AM PLEASED TO REPORT THAT YOUR COMPANY HAS DELIVERED A VERY STRONG PERFORMANCE IN OUR FIRST YEAR. THIS PERFORMANCE REFLECTS THE UNDERLYING CALIBRE OF OUR ASSETS, THE QUALITY OF OUR MANAGEMENT TEAM AND THE EFFORTS OF OUR PEOPLE.

IN ITS FIRST YEAR, YOUR COMPANY HAS GENERATED \$1 BILLION OF ADDITIONAL VALUE FOR SHAREHOLDERS.

THIS PLACES BHP STEEL IN THE TOP FEW COMPANIES ON THE AUSTRALIAN STOCK EXCHANGE IN TERMS OF TOTAL SHAREHOLDER RETURNS (OR TSR) AND HIGHLIGHTS THE VALUE FOCUS OF THE BOARD AND MANAGEMENT.

THE CHART ON THE SCREEN SHOWS THE PERFORMANCE OF OUR SHARE PRICE SINCE PUBLIC LISTING. AS YOU CAN SEE, BHP STEEL'S SHARE PRICE HAS SIGNIFICANTLY OUTPERFORMED THE ASX 100. OUR SHARE PRICE HAS RISEN FROM \$2.90 AT LISTING TO OVER \$5.00 TODAY, AN INCREASE OF SOME 90 PER CENT.

BHP STEEL IS NOW RANKED AMONG THE TOP 40 AUSTRALIAN COMPANIES LISTED ON ASX WITH A MARKET CAPITALISATION OF OVER \$4 BILLION.

I BELIEVE THE APPRECIATION IN THE COMPANY'S SHARE PRICE REFLECTS THE STRENGTH OF OUR FINANCIAL PERFORMANCE, OUR CAPITAL MANAGEMENT PRACTICES, RECOGNITION OF OUR FOCUS ON DELIVERING VALUE FOR SHAREHOLDERS, AND SUPPORT FOR THE COMPANY'S STRATEGY.

2003 FINANCIAL YEAR PERFORMANCE

LADIES AND GENTLEMEN, THE SLIDE BEHIND ME PROVIDES A SUMMARY OF OUR FINANCIAL PERFORMANCE IN FY 2003. I WON'T COVER EVERY ITEM ON THE SLIDE – FULL DETAILS OF THE FINANCIAL PERFORMANCE ARE CONTAINED IN OUR ANNUAL REPORT – BUT I WOULD LIKE TO TALK BRIEFLY ABOUT SOME OF THE HIGHLIGHTS.

OUR INAUGURAL NET PROFIT AFTER TAX OF \$452 MILLION AND NET CASH FLOW OF \$598 MILLION REFLECTS OUR STRONG PERFORMANCE.

THE MAIN FACTORS THAT CONTRIBUTED TO THIS RESULT WERE IMPROVED INTERNATIONAL AND DOMESTIC PRICES FOR OUR PRODUCTS, HIGHER PRODUCTION AND DESPATCH LEVELS ACROSS ALL REPORTING SEGMENTS, AND FURTHER COST AND PROCESS IMPROVEMENTS.

OUR NET PROFIT WAS ACHIEVED AFTER ABSORBING A \$14 MILLION PROVISION FOR COSTS ASSOCIATED WITH THE REQUIRED COMPANY NAME CHANGE AND \$26 MILLION IN COSTS TO IMPROVE THE FINANCIAL POSITION OF THE AUSTRALIAN AND NEW ZEALAND DEFINED BENEFIT SUPERANNUATION FUNDS.

TOTAL REVENUE FOR THE YEAR WAS \$5.3 BILLION, AN INCREASE OF 15 PER CENT ON THE PREVIOUS YEAR AND THE FIRST TIME THE REVENUE OF THIS BUSINESS HAS EXCEEDED \$5 BILLION.

THIS NEXT SLIDE SHOWS THE EARNINGS BEFORE INTEREST AND TAX CONTRIBUTED BY EACH OF OUR MAIN BUSINESSES DURING FY 2003, COMPARED TO THE PREVIOUS YEAR, FY 2002.

AS YOU CAN SEE, EACH OF OUR BUSINESSES MADE A SOLID AND IMPROVED CONTRIBUTION TO THE COMPANY'S TOTAL EARNINGS BEFORE INTEREST AND TAX OF \$611 MILLION, WHICH WAS A 282 PER CENT INCREASE ON THE PREVIOUS YEAR AND \$268 MILLION (OR 80%) ABOVE THE EBIT FORECAST IN THE DEMERGER SCHEME BOOKLET.

HOT ROLLED PRODUCTS

THE HOT ROLLED PRODUCTS SEGMENT – THAT IS OUR PORT KEMBLA STEELWORKS AND OUR SHARE OF NORTH STAR BHP STEEL AND CASTRIP IN THE UNITED STATES – ACHIEVED A SIGNIFICANT LIFT IN EARNINGS BEFORE INTEREST AND TAX.

EBIT INCREASED FROM \$97 MILLION IN FY 2002 - A YEAR THAT SAW UNUSUALLY LOW PRICES IN THE GLOBAL STEEL MARKET - TO \$471 MILLION IN FY 2003.

PORT KEMBLA STEELWORKS ACHIEVED A RECORD SLAB PRODUCTION FOR THE YEAR OF 5.05 MILLION TONNES AND RECORD ON TIME DELIVERY PERFORMANCE.

FOR THE SECOND YEAR RUNNING, NORTH STAR BHP STEEL HAS BEEN VOTED THE UNITED STATES' NUMBER ONE FLAT ROLLED STEEL SUPPLIER IN THE PRESTIGIOUS ANNUAL JACOBSEN & ASSOCIATES SURVEY. US CUSTOMERS VOTED NORTH STAR BHP STEEL NUMBER ONE ON OVERALL SATISFACTION, QUALITY AND DELIVERY – AGAINST DOZENS OF LARGER AND MORE ESTABLISHED STEEL COMPANIES IN NORTH AMERICA.

NORTH STAR BHP STEEL'S PERFORMANCE IN THE SECOND HALF OF THE YEAR WAS AFFECTED BY A DECLINE IN THE SPREAD BETWEEN PRICES FOR SCRAP FEEDSTOCK AND ITS FINISHED PRODUCT, HOT ROLLED COIL.

NEW ZEALAND STEEL

NEW ZEALAND STEEL INCREASED ITS EARNINGS BEFORE INTEREST AND TAX, FROM \$12 MILLION IN FY 2002 TO \$44 MILLION IN FY 2003.

THE NEW ZEALAND DOMESTIC ECONOMY WAS STRONGER DURING THE YEAR, PARTICULARLY IN THE DISTRIBUTION, ROOFING AND CLADDING SECTORS, AND EXPORT DEMAND WAS ALSO STRONGER.

NEW ZEALAND STEEL ACHIEVED AN ANNUAL SLAB PRODUCTION RECORD – 620,000 TONNES – FOLLOWING THE SUCCESSFUL MELTER REBUILD IN 2002.

AND A PROJECT IS NOW UNDERWAY TO INCREASE THE CAPACITY OF THE NEW ZEALAND METAL COATING LINE BY 24,000 TONNES.

COATED PRODUCTS AUSTRALIA

THE COATED PRODUCTS AUSTRALIA BUSINESS – WHICH INCLUDES THE SPRINGHILL WORKS, AND OUR PACKAGING OPERATIONS AT PT KEMBLA, WESTERN PORT OPERATIONS HERE IN VICTORIA, 17 LYSAGHT OPERATING SITES, AND SEVEN SERVICE CENTRES - DOUBLED ITS EBIT FROM \$57 MILLION IN FY 2002 TO \$119 MILLION IN 2003. THIS WAS ACHIEVED DESPITE HIGHER PRICES FOR ITS PRINCIPAL FEEDSTOCK – HOT ROLLED COIL.

HIGHLIGHTS OF THE YEAR INCLUDED ANNUAL PRODUCTION RECORDS AT SPRINGHILL, IMPROVED DELIVERY RELIABILITY AT WESTERN PORT, THE OPENING OF THREE NEW LYSAGHT CENTRES, AND RECORD THROUGHPUT AND EXCELLENT DELIVERY PERFORMANCE AT PACKAGING PRODUCTS.

COATED PRODUCTS ASIA

FINALLY, THE COATED PRODUCTS ASIA BUSINESS LIFTED ITS EBIT FROM \$71 MILLION IN FY 2002 TO \$84 MILLION IN FY 2003, DESPITE HIGHER PRICES FOR PURCHASED HOT ROLLED COIL. THIS IS THE FIFTH CONSECUTIVE YEAR IN WHICH THE EBIT OF THIS GROUP OF BUSINESSES HAS GROWN AND ASIA NOW ACCOUNTS FOR APPROXIMATELY 15 PER CENT OF TOTAL COMPANY EBIT.

HIGHLIGHTS FOR THIS BUSINESS INCLUDED NEW ANNUAL COATING PRODUCTION RECORDS IN THAILAND, MALAYSIA AND INDONESIA, NEW PRODUCT OFFERS BY LYSAGHT ASIA AND THE OPENING OF TWO NEW LYSAGHT ROLLFORMING PLANTS IN CHINA.

SO ALL FOUR REPORTING SEGMENTS HAD A VERY GOOD YEAR, IMPROVING THEIR FINANCIAL PERFORMANCE YEAR-ON-YEAR AND ACHIEVING A NUMBER OF RECORDS FOR OUTPUT AND DELIVERY PERFORMANCE.

DIVIDENDS

THE STRONG FINANCIAL PERFORMANCE ENABLED US TO DELIVER FULLY FRANKED DIVIDENDS FOR SHAREHOLDERS IN EXCESS OF THE FORECAST IN THE DEMERGER SCHEME BOOKLET.

THE FORECAST WAS FOR AN INTERIM DIVIDEND OF 9 CENTS PER SHARE IN APRIL AND A FINAL DIVIDEND OF 11 CENTS PER SHARE IN OCTOBER– A TOTAL OF 20 CENTS PER SHARE, AT AN AVERAGE FRANKING OF ABOUT 20 PER CENT.

AS A RESULT OF THE VERY GOOD PERFORMANCE I HAVE OUTLINED, AND DRIVEN BY OUR FOCUS ON SHAREHOLDER VALUE, WE HAVE IN FACT PAID ORDINARY DIVIDENDS TOTALLING 22 CENTS PER SHARE FULLY FRANKED. IN ADDITION, WE PAID A SPECIAL DIVIDEND OF 7 CENTS PER SHARE, ALSO FULLY FRANKED.

IN SUMMARY, SINCE PUBLIC LISTING IN JULY LAST YEAR SHAREHOLDERS WILL HAVE RECEIVED A TOTAL OF 29 CENTS PER SHARE IN FULLY FRANKED DIVIDENDS. BASED ON THE SHARE PRICE AT LISTING OF \$2.90, THIS REPRESENTS A 10 PER CENT FULLY FRANKED YIELD. IN ADDITION, WITH THE CURRENT SHARE PRICE AT OVER \$5.00, SHAREHOLDERS HAVE ALSO ENJOYED A SHARE PRICE APPRECIATION OF ABOUT 90 PER CENT SINCE LISTING.

I HOPE YOU AGREE THAT THIS IS A GREAT OUTCOME FOR SHAREHOLDERS.

DEBT AND GEARING

OUR STRONG FINANCIAL PERFORMANCE ALSO ALLOWED US TO REDUCE BANK DEBT BY \$540 MILLION, OR ABOUT 70 CENTS PER SHARE.

THAT MEANS AT THE END OF THE FINANCIAL YEAR THE COMPANY HAD A GEARING RATIO OF 2.4 PER CENT ON A NET DEBT TO NET DEBT PLUS EQUITY BASIS.

THAT IS ONE OF THE LOWEST GEARING RATIOS IN THE GLOBAL STEEL INDUSTRY AND MEANS YOUR COMPANY HAS A STRONG BALANCE SHEET AND A SOLID FOUNDATION FOR GROWTH, THE ABILITY TO WEATHER ANY UNEXPECTED STORMS, AND THE FLEXIBILITY TO CONSIDER GROWTH OPPORTUNITIES AS THEY BECOME AVAILABLE.

SAFETY

THE STRONG FINANCIAL PERFORMANCE WAS MATCHED BY AN

OUTSTANDING SAFETY PERFORMANCE.

OUR LOST TIME INJURY FREQUENCY RATE FOR THE YEAR WAS 1.8.

THAT MEANS THERE WERE ONLY 1.8 INJURIES THAT RESULTED IN TIME OFF WORK FOR EVERY MILLION HOURS WORKED.

THIS IS A WORLD-CLASS PERFORMANCE AND REFLECTS THE UNRELENTING FOCUS OF THE CEO AND HIS MANAGEMENT TEAM ON SAFETY AND OUR GOAL OF ZERO HARM.

THE CEO WILL ELABORATE ON OUR SAFETY PERFORMANCE SHORTLY.

I WOULD NOW LIKE TO HIGHLIGHT SOME FURTHER FEATURES OF THE PAST YEAR, WHICH ILLUSTRATE OUR COMMITMENT TO SHAREHOLDER VALUE IN ALL THAT WE DO.

CHANGE IN SHAREHOLDER BASE

WE COMMENCED LIFE AS AN INDEPENDENT COMPANY WITH A SHAREHOLDER BASE COMPRISED OF SHAREHOLDERS WHO HAD BEEN ALLOCATED BHP STEEL SHARES IN THE DEMERGER BASED ON THEIR SHAREHOLDING IN BHP BILLITON.

WE HAVE BEEN VERY ACTIVE DURING THE YEAR ON A VARIETY OF FRONTS TO DO OUR BEST TO BUILD SHAREHOLDER COMMITMENT TO THE COMPANY.

MORE THAN 60% ON THE REGISTER AT THE TIME OF LISTING HAVE CHOSEN TO REMAIN ON THE REGISTER.

IN ADDITION MANY NEW SHAREHOLDERS HAVE REPLACED SHAREHOLDERS WHO CAME ACROSS FROM BHP BILLITON.

THIS TIME LAST YEAR WE OFFERED A FACILITY TO OUR SMALL SHAREHOLDERS TO SELL OR TOP UP THEIR HOLDINGS. THE RESULT WAS A REDUCTION IN THE TOTAL NUMBER OF SHAREHOLDERS BY MORE THAN 73,000 (27%).

THIS REDUCTION PROVIDES THE COMPANY WITH SIGNIFICANT COST SAVINGS.

DURING THE YEAR WE ALSO INITIATED AN ON-MARKET SHARE BUY BACK PROGRAMME THAT DEMONSTRATES THE COMPANY'S FOCUS ON CAPITAL MANAGEMENT AND SHAREHOLDER VALUE.

WE HAVE SO FAR SPENT JUST OVER \$170 MILLION TO BUY BACK NEARLY 40 MILLION SHARES AT AN AVERAGE PRICE OF \$4.38.

BHP STEEL RECENTLY INTRODUCED AN EMPLOYEE SHARE OWNERSHIP PLAN.

WE ARE DELIGHTED THAT MORE THAN 11,000 EMPLOYEES ELECTED TO PARTICIPATE IN THE SCHEME, WHICH WILL HELP TO ALIGN THE INTERESTS OF EMPLOYEES AND SHAREHOLDERS.

AS A RESULT OF THESE VARIOUS SHAREHOLDER INITIATIVES:

- THE NUMBER OF SHARES ON ISSUE HAS REDUCED BY 40 MILLION.
- THE NUMBER OF SHAREHOLDERS HAS REDUCED BY 76,000
- EMPLOYEE SHAREHOLDER PARTICIPATION HAS INCREASED TO MORE THAN 99 PER CENT.

THIS MANAGEMENT OF THE SHAREHOLDER AND CAPITAL BASE, PLUS THE MARKETS' UNDERSTANDING OF OUR FOCUS ON SHAREHOLDER VALUE, HAS CONTRIBUTED TO THE SHARE PRICE INCREASING FROM \$2.90 TO OVER \$5.00.

WE ARE PLEASED THAT THE LAST YEAR HAS SEEN A REWARDING INVESTMENT PERFORMANCE FOR THOSE SHAREHOLDERS AND EMPLOYEES WHO ELECTED TO STAY WITH US OR BECOME NEW INVESTORS.

BOARD PROGRAMME

OUR FIRST YEAR AS A NEW PUBLIC COMPANY HAS BEEN A VERY BUSY ONE FOR THE BOARD AS WELL AS MANAGEMENT. YOUR BOARD IS VERY CONSCIOUS OF ITS RESPONSIBILITIES FOR GOVERNING AND LEADING YOUR COMPANY AND HAS DONE A GREAT DEAL OF WORK TO ENSURE THAT BHP STEEL HAS A GOVERNANCE STRUCTURE THAT MEETS SHAREHOLDER REQUIREMENTS.

THE FULL BOARD HELD 11 MEETINGS FOR ALL DIRECTORS TO REVIEW MATTERS SUCH AS THE FINANCIAL PERFORMANCE, CURRENT TRADING, KEY BUSINESS INITIATIVES, BUDGETS AND BUSINESS PLANS.

IN ADDITION, VARIOUS BOARD COMMITTEES MET A TOTAL OF 31 TIMES TO CONSIDER AUDIT, RISK MANAGEMENT, REMUNERATION, HEALTH, SAFETY AND ENVIRONMENT AND PUBLIC LISTING MATTERS AND TO REVIEW BOARD COMPOSITION AND PERFORMANCE.

IN ADDITION, THE BOARD PROGRAMME SINCE THE AGM LAST YEAR HAS INVOLVED VISITS TO MAJOR OPERATING SITES SUCH AS PORT KEMBLA AND WESTERN PORT. VISITS WERE ALSO MADE TO OTHER FACILITIES SUCH AS THE NEW LYSAGHT PLANT AT LYNDBURST IN MELBOURNE'S EAST.

THE BOARD HAS RECENTLY VISITED CHINA, THAILAND AND MALAYSIA WHERE THE COMPANY HAS BUSINESS OPERATIONS.

NEXT YEAR WE PLAN TO MEET AT NEW ZEALAND STEEL AND AGAIN IN ASIA WHERE A NUMBER OF GROWTH INITIATIVES ARE UNDER REVIEW.

APART FROM ITS REGULAR MEETINGS, THE BOARD HAS MET TWICE SPECIFICALLY TO CONSIDER BHP STEEL'S STRATEGY.

THE CEO WILL TALK TO YOU ABOUT STRATEGY SHORTLY.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CONTINUES TO BE A TOPIC OF VITAL INTEREST TO SHAREHOLDERS AND ONE ON WHICH YOUR BOARD PLACES GREAT IMPORTANCE. AS EXPLAINED IN OUR FIRST CORPORATE GOVERNANCE STATEMENT, PUBLISHED IN LAST YEAR'S ANNUAL REPORT, THE BOARD IS COMMITTED TO IMPLEMENTING A SET OF CORPORATE GOVERNANCE POLICIES IN LINE WITH BEST PRACTICE.

SINCE THEN THE BOARD HAS CONTINUED TO REVIEW AND DEVELOP THE CORPORATE GOVERNANCE POLICIES OF THE COMPANY. THE LAST YEAR HAS SEEN THE RELEASE OF THE ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE AND BEST PRACTICE RECOMMENDATIONS. WE HAVE MADE SOME MODIFICATIONS AND BELIEVE THAT WE COMPLY WITH THE ASX GUIDELINES.

AS YOU CAN SEE FROM OUR ANNUAL REPORTS LAST YEAR AND THIS YEAR, WE HAVE MADE A VERY FULL DISCLOSURE OF OUR CORPORATE GOVERNANCE POLICIES AND PROCEDURES AND RELATED ARRANGEMENTS SUCH AS EXECUTIVE REMUNERATION. OUR WEBSITE CONTAINS EXTENSIVE BACKGROUND INFORMATION ABOUT THE WAY THE COMPANY IS GOVERNED. I BELIEVE WE ARE AMONGST THE LEADERS IN MAKING FULL DISCLOSURE IN THESE IMPORTANT AREAS.

SINCE THE PUBLICATION OF OUR ANNUAL REPORT THE FEDERAL GOVERNMENT HAS RELEASED THE DRAFT CLERP 9 LEGISLATION. WE ARE ASSESSING THE STEPS WE NEED TO TAKE BUT IN MOST AREAS OUR EXISTING PRACTICE IS CONSISTENT WITH THE PROPOSED NEW REQUIREMENTS.

THE BOARD HAS ADOPTED PROTOCOLS WHICH REQUIRE REGULAR REVIEW OF THE PERFORMANCE OF THE BOARD, BOARD COMMITTEES AND INDIVIDUAL DIRECTORS, INCLUDING THE CHAIRMAN.

THE BOARD HAS APPOINTED MR TAN FOLLOWING A RECOMMENDATION FROM THE NOMINATION COMMITTEE THAT HE WOULD BRING TO THE BOARD EXTENSIVE KNOWLEDGE OF ASIAN MARKETS, AN AREA OF STRATEGIC IMPORTANCE TO THE COMPANY.

PRIOR TO RECOMMENDING TO SHAREHOLDERS THE RE-ELECTION OF MR MCCANN AND MR RIZZO, THEIR FELLOW DIRECTORS HAVE FORMALLY ASSESSED THEIR PERFORMANCE AS MEMBERS OF THE BOARD.

REMUNERATION STRATEGY

THE BOARD IS AWARE THAT REMUNERATION IS A SENSITIVE MATTER FOR SHAREHOLDERS. DURING THE YEAR, THE REMUNERATION COMMITTEE HAS OVERSEEN A MAJOR REVIEW OF THE EXECUTIVE REMUNERATION STRATEGY.

THE BOARD INHERITED FROM BHP BILLITON A REMUNERATION STRUCTURE AND CONTRACTUAL ARRANGEMENTS WITH SOME KEY EXECUTIVES.

THE OBJECTIVE OF THE REMUNERATION COMMITTEE WAS TO MOVE THE COMPANY TOWARDS A REMUNERATION STRATEGY THAT:

- REFLECTS BEST PRACTICE;
- ALIGNS EXECUTIVE EXPERIENCE WITH SHAREHOLDER EXPERIENCE AS FAR AS POSSIBLE; AND
- PAYS FOR PERFORMANCE

THIS REVIEW HAS INVOLVED THE ENGAGEMENT OF AN EXTERNAL CONSULTANT TO DIRECTLY ASSIST THE REMUNERATION COMMITTEE IN ADDRESSING THE APPROPRIATENESS OF THE REMUNERATION STRUCTURE AND THE VALUE OF EXECUTIVE PACKAGES.

CURRENT TRADING AND OUTLOOK

I WOULD NOW LIKE TO MAKE SOME BRIEF COMMENTS ABOUT CURRENT TRADING CONDITIONS AND THE OUTLOOK FOR THE 2003/04 FINANCIAL YEAR.

THE FIRST POINT I WOULD MAKE IS THAT WE ARE CONTINUING TO WORK VERY HARD ON THOSE FACTORS THAT ARE WITHIN OUR CONTROL AND THAT THE MOMENTUM BUILT UP IN OUR FIRST YEAR ON THESE FACTORS IS BEING MAINTAINED. THIS INCLUDES FURTHER INCREMENTAL CAPACITY INCREASES, DE-BOTTLENECKING TO MEET CONTINUING STRONG ACCEPTANCE OF OUR PRODUCT AND MARKET OFFERS, FURTHER PROCESS IMPROVEMENTS ACROSS OUR BUSINESSES, AND A CONTINUING FOCUS ON REDUCTION IN COSTS AND MARGIN IMPROVEMENT.

THERE ARE, HOWEVER, A NUMBER OF FACTORS THAT WILL CONTINUE TO INFLUENCE OUR PERFORMANCE THAT ARE NOT WITHIN OUR CONTROL. THESE INCLUDE EXCHANGE RATES, AND PARTICULARLY THE RISING VALUE OF THE AUSTRALIAN AND NEW ZEALAND DOLLARS RELATIVE TO THE US DOLLAR WHICH ARE OF REAL CONCERN. RISING SCRAP COSTS ARE ALSO PLACING PRESSURE ON THE PROFITABILITY OF OUR NORTH STAR BHP STEEL JOINT VENTURE WITH THE CONSEQUENCE THAT ITS FIRST 6 MONTHS EARNINGS ARE EXPECTED TO BE SUBSTANTIALLY LOWER THAN THE SAME PERIOD LAST YEAR.

ON THE OTHER HAND, WORLD STEEL DEMAND CONTINUES TO BE STRONG, DRIVEN LARGELY BY DEMAND IN CHINA. WE BELIEVE THAT DEMAND IN CHINA IS LIKELY TO REMAIN STRONG IN THE SHORT TO MEDIUM TERM, BARRING ANY UNFORESEEN EVENTS. U.S. DOLLAR PRICES FOR HOT ROLLED COIL IN THE ASIAN REGION REMAIN ATTRACTIVE.

TAKING THESE FACTORS INTO ACCOUNT AND WITH FOUR MONTHS TRADING IN THE CURRENT FINANCIAL YEAR BEHIND US, YOUR DIRECTORS EXPECT ANOTHER GOOD YEAR FOR THE COMPANY.

THIS, OF COURSE, ASSUMES CONTINUATION OF CURRENT OPERATING PERFORMANCE, NO MAJOR DOWNTURN IN OUR PRINCIPAL MARKETS, NOR A FURTHER STRENGTHING OF THE A\$.

AT OUR FEBRUARY 2004 HALF YEAR PROFIT ANNOUNCEMENT, WE EXPECT TO HAVE AN UPDATED VIEW OF TRADING CONDITIONS AND FULL YEAR OUTLOOK.

STAFF

IN CONCLUSION, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK MY BOARD COLLEAGUES, THE CEO MR KIRBY ADAMS AND HIS SENIOR MANAGEMENT TEAM, AND OUR EMPLOYEES FOR THEIR OUTSTANDING CONTRIBUTIONS TO THE YEAR.

CEO

BEFORE ASKING MR ADAMS TO COME FORWARD AND SPEAK TO YOU ABOUT THE FACTORS UNDERPINNING OUR PERFORMANCE, AND YOUR COMPANY'S STRATEGY FOR GROWTH GOING FORWARD, I SHOULD REMIND YOU THAT MR ADAMS HAS RECENTLY BEEN ELECTED CHAIRMAN OF THE INTERNATIONAL IRON & STEEL INSTITUTE – A PRESTIGIOUS POSITION WHICH HAS ONLY ONCE BEFORE BEEN OCCUPIED BY AN AUSTRALIAN EXECUTIVE. THIS APPOINTMENT REFLECTS VERY POSITIVELY ON THE COMPANY AND ON MR ADAMS' STANDING IN THE WORLD STEEL INDUSTRY.