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02/03

CONTENTS HIGHLIGHTS

- **Doubling of net profit after tax**
- **Dividend of 11.0 cents per share up from 6.5 cents**
- **Continued strong gains in OneSteel share price**
- **Full year of benefits from major restructuring**
- **Continued significant improvement in safety.**

OUR VISION

To be the safest and most profitable manufacturer and distributor of steel and other industrial products in Australasia focused on delivering value to shareholders, customers and employees.

across major cities and regional areas of Australia and New Zealand.

We have in excess of 30,000 customers ranging from large construction companies to automobile component suppliers through to small farm owners.

WHAT WE DO

OneSteel is a vertically-integrated mining, steel manufacturing, and steel and metals products distribution company. We manufacture structural steel, pipe and tube, rails, reinforcing steel, rod, bar and wire.

We are the largest steel long products producer in Australia and we hold leading market positions in each of our key product segments.

OneSteel is primarily focused on the Australasian market employing 7,000 people

OneSteel has approximately 100,000 shareholders, primarily residing in Australia, but also shareholders from around the world.

OneSteel Limited ABN 63 004 410 833

OneSteel was listed on the Australian Stock Exchange on 23 October 2000.

LIFE IN THE 21ST CENTURY WOULD BE IMPOSSIBLE WITHOUT STEEL BECAUSE IT IS USED IN EVERY ASPECT OF OUR LIVES. ONESTEEL IS SEIZING OPPORTUNITIES TO INCREASE THE SUPPLY OF STEEL FOR EVERYDAY PRODUCTS. THIS TRANSLATES TO INCREASED VALUE FOR ALL OUR STAKEHOLDERS.

10 THINGS YOU MAY NOT KNOW ABOUT STEEL

This year we hope to broaden your knowledge about world steel by presenting 10 facts you may not have been aware of.

1

There are more than 3,500 different grades of steel with varying physical, chemical and environmental properties.

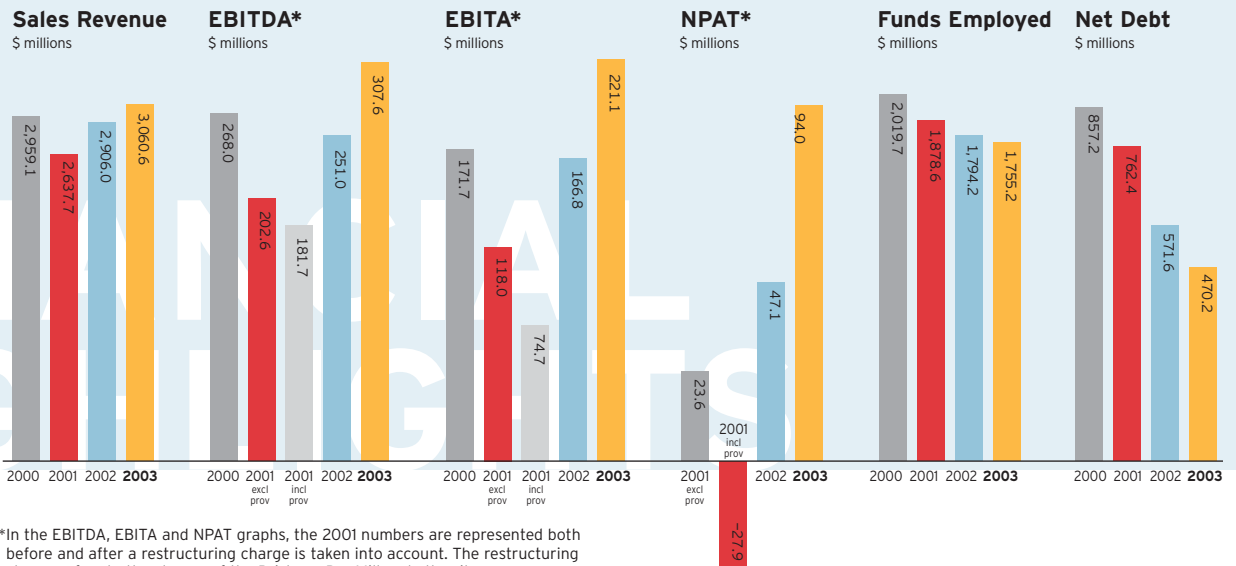
Of these grades, 75% were developed in the last 20 years.

Source: IISI



OneSteel recently supplied steel for the 12-storey Law School, part of the University of Melbourne's recent development at University Square in South Carlton. The development consists of three academic buildings and an underground carpark with space for 1,100 cars. The Law Building provides 20,000 square metres of academic and educational space for the University's Law Faculty.

FINANCIAL HIGHLIGHTS



*In the EBITDA, EBITA and NPAT graphs, the 2001 numbers are represented both before and after a restructuring charge is taken into account. The restructuring charge refers to the closure of the Brisbane Bar Mill and other items.

Pro-forma numbers are used for 1999/00 and 2000/01 and include the results of all businesses as if the assets and operations of all businesses spun out from BHP were part of the OneSteel Group from 1 July 2000 to 30 June 2001.

- Sales revenue increased 5.3% to \$3,060.6 million
- Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 22.5% to \$307.6 million
- Earnings before interest, tax and amortisation (EBITA) increased by 32.6% to \$221.1 million
- Net profit after tax and minorities doubled to \$94.0 million
- Earnings per share increased 97.7% to 17.2 cents per share, based on the number of shares at the end of the period
- Free cash flow increased to \$154.9 million from \$28.5 million
- Underlying price per tonne increased 6.1% in total, 3.5% domestically and 37% for exports
- Net debt decreased by \$101.4 million or 17.7% to \$470.2 million
- The net debt to net debt plus equity ratio decreased from 31.9% to 26.8% excluding securitisation (the ratios are 38.7% and 34.3% inclusive of securitisation)
- Operating cash flow was marginally lower than last year reflecting lower OneSteel asset sales and higher capital and investment expenditure in 2002/03
- Safety performance improved 30%
- Total tonnes dispatched increased by 2.2%, with domestic dispatches increasing 6.8% and exports dispatched decreasing by 51.4% to 3.8% of total dispatches
- Inventory stock weeks remain under 10 weeks
- Staff numbers increased by 0.9% to 7,054 due to "bolt-on" acquisitions. Underlying staff numbers declined 2.0% to 6,845
- Return on funds employed (based on EBITA) increased to 12.5% from 9.1%
- Cost reductions of \$56 million and revenue enhancements of \$51 million were achieved against inflationary and other cost increases of \$68 million
- The No. 3 Tube Mill in Newcastle was closed
- A US\$128 million private placement of debt was undertaken to pay down existing bank debt and lengthen the debt maturity profile.

ONESTEEL
ANNUAL
REVIEW
2003

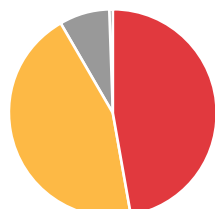
2

Revenue by Source



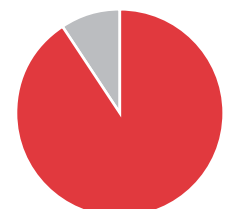
- Engineering Construction 22%
- Non-Residential Construction 22%
- Residential Construction 14%
- Other Manufacturing 14%
- Mining 12%
- Agricultural 7%
- Automotives 5%
- Export and Other 4%

Revenue by Segment



- Manufacturing \$1,753.8m
- Distribution Australia \$1,649.6m
- Distribution International \$290.8m
- Corporate \$20.4m
- Inter Segment \$(614.5)m

Revenue by Country



- Australia \$2,830.4m
- International \$290.8m
- Inter Segment \$(21.1)m

KEY FINANCIALS

12 Months Ending 30 June A\$ millions	2003	2002	% Change 03/02
Sales Revenue	3,060.6	2,906.0	5.3
Other Revenue	39.5	80.5	(50.9)
Total Revenue	3,100.1	2,986.5	3.8
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	307.6	251.0	22.5
Earnings Before Interest, Tax and Amortisation (EBITA)	221.1	166.8	32.6
Earnings Before Interest and Tax (EBIT)	201.3	147.9	36.1
Borrowing Costs	44.5	54.4	(18.2)
Profit Before Tax	156.8	93.5	67.7
Tax Expense	53.3	39.0	36.7
Net Profit After Tax and Minorities (NPAT)	94.0	47.1	99.6
Cash Flow from Operations	142.5	143.9	(1.0)
Free Cash Flow	154.9	28.5	443.5
Total Assets	2,577.0	2,582.0	(0.2)
Funds Employed	1,755.2	1,794.2	(2.2)
Liabilities	1,292.0	1,359.4	(5.0)
Net Debt	470.2	571.6	(17.7)
Capital and Investment Expenditure	130.9	70.8	84.9
Inventories	591.0	574.1	2.9
Employees	7,054	6,989	0.9
Sales per Employee '000	433.9	415.8	4.4
Net Tangible Asset Backing, \$ per share	1.77	1.69	
EBITA Margin on Sales %	7.2	5.7	
EBITA Return on Funds Employed %	12.5	9.1	
Return on Equity %	8.3	4.7	
Gearing (net debt:net debt plus equity) %	26.8	31.9	
Gearing (net debt:net debt plus equity incl securitisation) %	34.3	38.7	
Interest Cover, times	4.52	2.71	
Earnings per Share (cents) - based on no. of shares at the end of the period	17.2	8.7	97.7
Full-year Dividend per Share (cents)	11.0	6.5	
Underlying Market Growth %	5.2	4.6	
Cost Increases	68	57	
Cost Reductions	56	59	
Revenue Enhancements	51	20	
Raw Steel Tonnes Produced	1,624,399	1,576,650	3.0
Tonnes Dispatched	2,224,139	2,176,413	2.2
Export % of Tonnes Dispatched	3.8	7.9	

CALENDAR OF SIGNIFICANT EVENTS

JULY 2002

- OneSteel announces profit upgrade
- OneSteel secures supply of line pipe contract for SEAGas project
- OneSteel 2002 Safety Excellence Awards

AUGUST 2002

- OneSteel announces 125% improvement in pre-tax 2001/02 profit
- Steel & Tube NZ announces full-year financial results

SEPTEMBER 2002

- Steel & Tube NZ announces a share buy-back of up to 8.78 million ordinary shares
- OneSteel Board announces the reappointment of Managing Director and Chief Executive Officer Bob Every for a further two-year term from January 2004 to January 2006

OCTOBER 2002

- Final dividend of 3.5 cents fully franked paid on 17 October
- OneSteel's second anniversary as a publicly-listed company

NOVEMBER 2002

- OneSteel holds its second AGM in Sydney

JANUARY 2003

- OneSteel announces profit upgrade

FEBRUARY 2003

- OneSteel and Steel & Tube NZ announce interim results for six months ended 31 December 2002

MARCH 2003

- Completion of broker sales in connection with the small shareholder facility designed to reduce the number of small shareholders

APRIL 2003

- OneSteel announces a six-year contract for mining services with Henry Walker Eltin. OneSteel also announces it is undertaking a \$6 million study to investigate the feasibility of commercialising its magnetite iron ore resources
- OneSteel completes a US\$128 million private placement of seven and 12-year debt
- Steel & Tube NZ advises it has bought back 2,400 ordinary shares
- Steel & Tube NZ completes the acquisition of Hurricane Wire Products
- Closure of No. 3 Tube Mill in Newcastle
- Interim dividend of 5 cents fully franked paid on 24 April

MAY 2003

- OneSteel announces changes to non-executive directors' remuneration and tenure arrangements

JULY 2003

- OneSteel 2003 Safety Excellence Awards

AUGUST 2003

- Steel & Tube NZ announces full-year financial results
- OneSteel announces net profit after tax and minorities of \$94.0 million for 2002/03
- OneSteel and Portman announce two-year exclusive agreement whereby Portman will market OneSteel's export bulk iron ore and iron ore pellets into the Asian region
- OneSteel announces it is finalising contractual details of four projects worth approximately \$100 million in revenue terms
- Last rails dispatched for Alice Springs to Darwin rail project
- OneSteel and Smorgon Steel jointly announce the sale of Email Metering business formerly owned by Email.

Welcome to OneSteel's third Annual Review and our second full year as a separately listed steel company.

The company's performance in 2002/03 was very pleasing. Stronger market activity combined with continued management initiatives to improve the business enabled OneSteel to double profits for the second consecutive year.

After more than two years of restructuring, OneSteel is reaping the benefits of the various initiatives that have been put in place. During the year, we achieved cost reductions of \$56 million and revenue enhancements of \$51 million which more than offset inflationary and other cost increases of \$68 million. The improvements are also reflected in the continued strengthening of the balance sheet and the 30% improvement in safety performance over the year. The medical treatment injury frequency rate improved 27.7% to 15.6 and the lost time injury frequency rate improved 48.6% to 1.7. In measuring safety performance OneSteel includes safety outcomes for contractors as well as employees.

The Board and management recently undertook a comprehensive review of the company's **corporate governance** practices and guidelines. These guidelines were reviewed in light of the company's experience, the expectations of our shareholders, changes in the law and the requirements and recommendations of regulatory and other public bodies, including the ASX Corporate Governance Council. The Board Charter and the Corporate Governance Guidelines, together with other governance documents, are now published on the OneSteel website.

The Board also reviewed the remuneration of Directors and announced changes which are in line with emerging industry practices and guidelines. This review was conducted with the assistance of external advisers.

Further restructuring of the company was undertaken in 2002/03. The No. 3 Tube Mill in Newcastle was closed to lower costs and to improve margins, a number of distribution sites were consolidated and a number of "bolt-on" acquisitions in distribution were undertaken. Total restructuring/redundancy costs for the year were \$5.8 million.

On 11 August 2003, subsequent to the book close for 2002/03, the sale of the Email Metering business was completed for a total value of \$54 million of which OneSteel received 50%. This sale completes the divestment of the residual Email businesses following the joint acquisition of Email with Smorgon Steel.

We are moving into the second stage of restructuring focused on business improvement initiatives. These include a focus on operational excellence, plant reconfiguration, continued implementation of product rationalisation, systems upgrades and maintenance of tight inventory management.

THE YEAR IN REVIEW

Market activity in the segments that impact OneSteel continued to recover, rising 5.2% over the year, compared with the 4.6% increase in the previous year. The fastest growing segments were automotive at 14.2%, residential construction at 10.8%, non-residential

construction at 7.4% and engineering at 6.2%. The other manufacturing segment improved slightly, while rural and mining production declined marginally.

Sales revenue for the 12 months to 30 June 2003 grew 5.3% from \$2,906.0 million in the prior corresponding period to \$3,060.6 million. This increase reflects a pick-up in underlying market conditions and additional revenue associated with the Alice Springs to Darwin rail contract. **Total tonnes dispatched** increased by 2.2%, with the underlying price per tonne increasing by 6.1%. Domestic tonnes dispatched increased by 6.8%, with the average underlying price per tonne increasing by 3.5%. Total exports for the period were 3.8% of tonnes dispatched compared to 7.9% a year prior, with the average price per tonne increasing by 37%.

Operating earnings before interest, tax and amortisation (EBITA) increased by 32.6% recording a sales margin of 7.2%, compared with 5.7% for the prior corresponding period. On an earnings before tax basis, profit increased by 67.7% from \$93.5 million to \$156.8 million. Interest expenses were \$44.5 million, down 18.2% from \$54.4 million in the previous year.

Operating net profit after tax and minorities was \$94.0 million, almost double the \$47.1 million result a year earlier. Tax expense totalled \$53.3 million, up 36.7% from the \$39 million tax expense in the prior year, with the effective tax rate falling from 41.7% to 34%. The operating net profit equates to earnings of 17.2 cents per share (based on number of shares at year end), 97.7% higher than the prior year.

Staffing levels rose by 0.9% over the 12 months from 6,989 as at the end of June 2002, to 7,054 by the end of June 2003, as a result of "bolt-on" acquisitions, notably the acquisition of Hurricane Wire Products by Steel and Tube in New Zealand, and Purlin and Marner in Australia by Australian Distribution. Underlying staff numbers declined 2.0% to 6,845 employees.

Operating cash flow for the period was \$142.5 million. This was marginally lower than last year mainly as a consequence of approximately \$100 million less in OneSteel and Email residual business asset sales. Other significant movements were an 84.9% increase in capital and investment expenditure to \$130.9 million. This reflects the acquisition of Hurricane Wire Products in New Zealand and other "bolt-ons" for \$29.4 million, and \$19.5 million in expenditure on the upcoming blast furnace reline project. Underlying ongoing capital expenditure remained lower than depreciation at \$82 million.

There was also a significant improvement of \$94 million in cash flow from working capital. Free cash flow improved to \$154.9 million from \$28.5 million.

OneSteel's **financial gearing** on a net debt, to net debt plus equity basis, continued to improve, falling from 31.9% to 26.8% with net debt decreasing 17.7% or \$101.4 million from \$571.6 million to \$470.2 million. The reduction in debt has also been assisted by a revaluation of the US dollar debt of \$17.3 million as a result of the Australian dollar's appreciation (OneSteel's gearing ratio including \$200 million of securitisation fell from 38.7% to 34.3%).



PETER SMEDLEY
CHAIRMAN

Interest cover has improved to 4.5 times from 2.7 times. The decline in debt stems from free cash flow generated from trading and some minor divestments. In April 2003, OneSteel completed a private placement of seven and 12-year debt in the US market. The proceeds of the US\$128 million private placement were used to pay down existing bank debt. The debt issue lengthens OneSteel's debt maturity profile from under two years to over four years, more closely aligning it with the long life of its assets.

Funds employed continued to fall, declining a further 2.2% or \$39 million to \$1,755.2 million. As a result, combined with improved profit performance, the EBITA return on funds employed has increased from 9.1% to 12.5%.

Inventories increased by 2.9% to \$591.0 million, reflecting the beginning of an inventory build up of \$10.6 million in association with the blast furnace reline. However, underlying inventory continues to run under 10 stock weeks.

The **final dividend** was declared at 6.0 cents per share fully franked, bringing the total dividends declared for the year to 11.0 cents, compared with a 6.5 cent fully franked dividend paid for the 12 months to 30 June 2002. This represents a payout ratio of 63.7%.

A Dividend Reinvestment Plan exists which provides the facility for shareholders in Australia and New Zealand to reinvest their dividends in shares at a price calculated on the weighted average market price during the five trading days before and including the record date for the relevant dividend. The record date for the dividend will be Friday, 19 September 2003, with the dividend due to be paid on 16 October 2003.

FOCUS FOR THE NEXT FINANCIAL YEAR

We have a number of projects underway in 2003/04.

OneSteel's sales and distribution, and business support **information systems** are being streamlined on an SAP platform. Stage one is to be completed within the next 12 months. The new platform will enhance communication between systems across the business providing further integration benefits. During the year, several sites went live on the new platform with the remainder due to go live during 2003/04.

In line with OneSteel's strategy of maximising returns from its assets and the competitive advantage of high-quality, low-cost iron ore, OneSteel has commenced a five-year ore beneficiation project that will process an estimated nine million tonnes of lower-grade

ore accumulations that will produce around five million tonnes of usable high-grade ore.

In a similar vein, a **\$6 million feasibility study** is underway to determine the possibility of using the company's large magnetite iron ore resources as a basis for further optimising the Whyalla operations. We expect we will be able to announce the results of the study around June 2004.

A major event for the company will be the \$80 million capital expenditure and associated \$95 million inventory build for the **reline of the blast furnace** at Whyalla which is scheduled to occur for approximately 65 days over June and July 2004. A total of \$19.5 million in capital and \$10.6 million on inventory was expended in 2002/03. The remaining \$144.9 million is to be funded from internal cash generation, approximately \$110 million of which will be in 2003/04. Therefore, debt is expected to remain at 2002/03 levels.

MARKET OUTLOOK

As mentioned earlier, market conditions continued to improve over the year when compared with the previous financial year, and we expect activity to remain at robust levels. Momentum in the non-residential and engineering construction segments is expected to continue to offset forecast lower activity in the residential construction and rural sectors. The three construction segments account for 58% of OneSteel's revenue. The remaining sectors of mining, automotive and other manufacturing are expected to remain relatively stable.

Looking further ahead, 2004/05 will be a very strong cash generation year as the inventory associated with the blast furnace reline are run down coupled with the company's normal strong cash flow. This will put the company in a strong position to consider any growth opportunities that may be available.

In the meantime, as well as managing the numerous projects that we have planned, management will continue its focus on internal growth, generating cash, improving capital management, managing costs down and retiring debt to improve profitability.

I would like to thank the Board, Bob Every and the management team, and all of our 7,054 employees for the contribution that they made to this outstanding result.

Once again the company is in better shape than the previous year. However, we recognise that our challenge for this year is to continue to focus on improving OneSteel's safety, operating and long-term business performance.

Peter Smedley

Chairman



Steel is a modern product. While malleable iron products have been around for over 2,000 years, efficient steelmaking was invented less than 150 years ago. Steel is still produced using technology that was invented by Englishman Henry Bessemer in 1856. The Bessemer process involves blowing air through molten pig iron to oxidise the material and to separate impurities.

Source: IISI

WE WERE ABLE TO DOUBLE NET PROFIT AFTER TAX TO \$94 MILLION FROM \$47.1 MILLION THE YEAR BEFORE, A CONSIDERABLE IMPROVEMENT PARTICULARLY WHEN COMPARED WITH OUR FIRST YEAR OPERATING NET PROFIT AFTER TAX OF \$23.6 MILLION.

I am delighted to report to you OneSteel's results for its third year of operations as a separately listed company.

The 2002/03 year recorded a continuation of improved results in all areas of the business stemming from the benefits of the considerable restructuring that has taken place over the last three years, combined with improving market conditions since the June quarter 2001.

We were able to double net profit after tax to \$94 million from \$47.1 million the year before, a considerable improvement particularly when compared to our first year operating net profit after tax of \$23.6 million (before restructuring provisions).

A number of major restructuring initiatives contributed to the improvement including:

- Full-year impact of the closure of the Brisbane Bar Mill and shift reduction in the Newcastle Rod Mill
- Closure of the No. 3 Tube Mill at Newcastle in April 2003
- Continued rationalisation of products from 108 grade sections, down to 95 during the year
- A US\$128 million private debt raising in April 2003 that extends the maturity profile of OneSteel's debt.

These initiatives and others provided cost reductions for the year of \$56 million, which combined with price improvements and other revenue measures of \$51 million, more than offset cost increases during the year of \$68 million.

I was particularly pleased with the five-fold increase in free cash flow to \$154.9 million from the \$28.5 million achieved a year before. Since listing, OneSteel has generated over \$400 million in free cash flow, equivalent to approximately \$133 million per annum.

This strong cash flow has allowed OneSteel to repay 44%, or \$530 million of its debt since it peaked in early 2001 at almost \$1.2 billion. It means that OneSteel is in a much stronger financial position today than it was three years ago.

Another pleasing aspect of the year's result was the continued improvement in OneSteel's safety performance with the medical treatment injury frequency rate improving 27.7% to 15.6 and the loss time injury frequency rate improving 48.6% to 1.7 (refer to Figures Eighteen and Nineteen on page 24). In measuring safety

performance OneSteel includes safety outcomes for contractors as well as employees.

A summary of major achievements during the year is contained in the scorecard that appears on page 8.

TRENDS IN INTERNATIONAL STEEL

Although OneSteel is a domestically focused company, we monitor international steel trends to determine possible impacts on OneSteel. For the last three decades, the international steel market has been characterised by significant oversupply that has artificially held down the prices companies can achieve for steel on the international market.

More recently, demand for steel has begun to increase significantly, driven by the development of the Chinese economy. Industrial production in China has grown by an average of 15% per annum over the last decade, compared to annual growth rates for the rest of Asia of 6%, the United States of 4%, Europe of 2%, Japan at zero and Eastern Europe at negative 12% (refer to Figure One). Should current trends continue then demand for steel worldwide could outstrip supply over the next five to 10 years.

In the long term, this could support current price levels but there will always continue to be some short-term volatility if stock balances are not maintained.

IMPACT OF INTERNATIONAL TRENDS ON DOMESTIC STEEL MANUFACTURERS

Already, over the last 12 months international steel prices have adjusted considerably (refer to Figures Eleven and Twelve on page 12) as a result of the growing demand from China.

In terms of OneSteel, the price increases in sheet and coil, and scrap steel represent increased cost inputs. OneSteel buys these products to convert into finished product in its manufacturing facilities. Of the \$68 million in cost increases over the last 12 months that I mentioned above, \$36 million was attributable to price increases in these semi-finished products.

Although the appreciating Australian dollar assisted in offsetting some of the cost increase, OneSteel increased prices and reduced costs to recover the majority of these higher input costs. The challenge over the next 12 months is to ensure OneSteel can maintain its margins against further input cost rises should they occur. At current international steel price levels we do not believe there is much scope for further increases.



BOB EVERY
MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

THE DOMESTIC STEEL MARKET

Last year was another solid year of growth in the construction sector that drives 58% of OneSteel's revenues. We expect the current robust construction cycle to continue and peak in 2005/06. We are currently delivering steel to an extensive list of projects and there are more potential projects in the pipeline (refer to Figure Two).

Construction levels over the next 12 months will remain robust; however, we expect residential activity to abate, while growth in remaining construction sectors will offset the slowdown in residential activity.

The other major sectors that drive OneSteel growth are mining, rural, manufacturing and automotive. These segments are expected to build momentum over the next three years. The rural sector has been heavily impacted by the drought, particularly in the second half of 2002/03, and is expected to begin recovering later in 2003/04.

THE YEAR AHEAD

As mentioned in the Chairman's Review, one key event in the next 12 months is the Whyalla blast furnace reline project. The current blast furnace campaign life will be 23 years by the time it is relined in June/July 2004. This represents one of the longest running campaigns in the world. Despite this, the blast furnace has been operating efficiently over the last 12 months and is expected to continue to operate well in the run-up to the reline.

The focus for the OneSteel blast furnace reline project team will be to deliver this project on-time and on-budget. A priority for the company during this period will be to fund the project from OneSteel's strong internal cash generation to ensure our debt levels remain at 2002/03 levels by the end of the 2003/04 year.

A second major project is the \$6 million feasibility study into OneSteel's 300 million tonne magnetite resource. The study will determine the geological, commercial and logistical requirements to convert the Whyalla operations from a hematite to a magnetite iron ore-based operation.

Should the project go ahead, it will allow OneSteel to extend its sales of iron ore from one million to three million tonnes per annum and provide OneSteel with potential to sell up to 500,000 tonnes of iron pellets each year. It also has the potential benefit of lowering the cost of

ironmaking as a result of lower trace elements in the magnetite. Therefore, the magnetite iron ore opportunity has the potential to increase revenue and profit from OneSteel's existing mine reserves and resources.

Beyond these two opportunities, OneSteel will remain focused on continuing operational improvements, reducing costs, enhancing revenues and tight capital control to ensure major projects such as the blast furnace reline can be funded from cash generation.

In 2004/05, the anticipated strong cash flows generated by OneSteel will be applied to further debt reduction allowing management to consider growth opportunities.

I would like to thank everyone in the company for their contribution to achieving another year of substantial safety and profit improvement across all OneSteel businesses. The company has improved its financial position considerably over the last three years (refer to Figure Three on page 8), and management will continue to strive to improve the business performance.

Bob Every

Managing Director and
Chief Executive Officer

FIGURE ONE
Industrial Growth in the 1990's

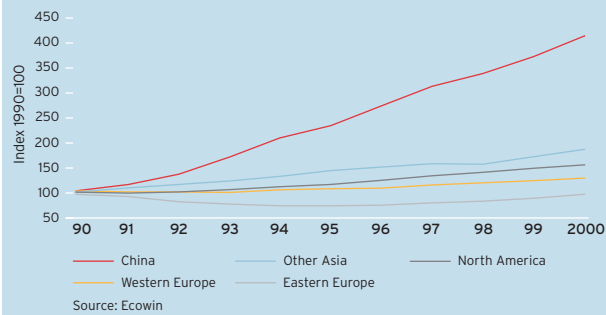


FIGURE TWO

Current Projects

- Comalco Plant - Gladstone
- Woodside 4th Train
- Queen Victoria Building - Melbourne
- Eureka Building - Melbourne
- World Square - Sydney
- Southbank Development - Melbourne
- Exhibition Street Development - Melbourne
- Regional Fast Train - Victoria
- Melbourne Cricket Ground
- Tasmanian Windtowers
- BHP Billiton Area C
- Hi-Smelt
- Latitude 2 - Sydney
- Rhodes Shopping Centre
- Kambalda to Esperance Gas Pipeline
- Gold Coast Exhibition Centre
- Telfer Gas Pipeline
- Darwin LNG
- Western Orbital - Sydney
- Enertrade Pipeline

Upcoming Projects

- Sunland - Gold Coast
- Chatswood to Epping Rail Link
- RAC Track Upgrade
- Woodside 5th Train
- SAMAG
- Aldoga Smelter
- Sydney CBD Cross-city Tunnel
- Burrup Fertiliser and Methanol Plant
- Queen Street Melbourne
- Adelaide Airport
- Spencer Street Station
- Southern Cross - Melbourne
- Aurora - Brisbane

When steel comes into contact with water and oxygen, there is a chemical reaction whereby steel begins to change to its original form - iron oxide. Modern steel can be protected against rust, enabling car companies to offer extended warranties on steel car body panels.

Source: IISI



Improving operating performance

- Net profit after tax and minorities improved 99.6%
- Net debt decreased by \$101.4 million to \$470.2 million
- Free cash flow increased five-fold to \$154.9 million
- Reduced costs by \$56 million
- Achieved revenue enhancements of \$51 million
- Return on funds employed (based on EBITA) increased to 12.5% from 9.1%
- Earnings per share increased 97.7% to 17.2 cents per share, based on the number of shares at the end of the period.

Performance has continued to improve; however, there is still room to improve overall returns.

Optimising the business portfolio

- Closed the No. 3 Tube Mill in Newcastle
- Consolidation of Distribution sites
- Two minor "bolt-on" acquisitions of Distribution businesses in Australia
- Acquisition of Hurricane Wire Products by Steel & Tube NZ for NZ\$25 million
- Subsequent to book close on 30 June 2003, the sale of Email Metering was settled. This completes the divestment of the residual Email businesses
- Product complexity was reduced by a further 12%, removing 13 grade/sections to a total of 95
- Underlying inventory stock weeks remain under 10 weeks.

The most obvious restructuring to transform OneSteel into a domestically-focused business that is aligned with the market has been undertaken. Second stage restructuring includes a focus on operational excellence, plant reconfiguration, continued product rationalisation, systems upgrades and maintenance of tight inventory management.

Being the customer's preferred supplier

- OneSteel's sales and distribution, and business support information systems are being streamlined on a SAP platform. It will enhance communication between systems across the business providing further integration benefits. During the year, several sites went live on the new platform, with the remainder due to go live during 2003/04
- The inventory build associated with the blast furnace reline at Whyalla Steelworks has commenced so that supplies to customers will continue during the 65-day shutdown in June and July 2004. As at June 30 2003, \$10.6 million of the \$95 million inventory build was complete. Inventory will peak in May 2004.

OneSteel's major areas of focus include increasing the use of steel in multi-level buildings. The Queen Victoria Building in Melbourne and the Latitude 2 Development Sydney are notable examples. However, there is still much room to improve before steel usage in Australian multi-level buildings approaches the levels of countries such as the US, UK and France.

People providing a competitive advantage

- Safety performance improved 30% during the year, with the medical treatment injury frequency rate improving 27.7% to 15.6 and the lost time injury frequency rate improving 48.6% to 1.7
- The number of employees participating in performance planning and management processes increased significantly
- Increased emphasis was placed on short-term incentives with participating employees able to earn a higher bonus if "stretch" targets were realised
- Market Mills and the Finance team have begun comparing the effectiveness and impact of their Lead Team and leadership base with world-class leadership performance, with emphasis on identifying key areas to maximise performance and business profitability. The outcomes, benefits and lessons from this exercise will be progressively applied across OneSteel.

The coming year will involve making effective performance planning and management part of OneSteel's "daily work". A key aim will be to raise the "performance bar" and more closely align employee goals with those of the company. Particular attention will be given to implementing development plans for current and future leaders; building the leadership, safety management and commercial capabilities in middle management and front line leaders; and to specifically develop people leadership skills to facilitate a greater level of employee involvement and engagement, particularly around safety goals.

Focused strategic expansion

- OneSteel has commenced a five-year ore beneficiation project that will process an estimated nine million tonnes of lower-grade ore accumulations into around five million tonnes of usable ore. The project is in line with OneSteel's strategy of maximising returns from its assets and the competitive advantage of high-quality, low-cost iron ore
- A \$6 million feasibility study is also underway to investigate the possibility of using the company's large magnetite resources as a basis for further optimising the Whyalla operations. Results of the feasibility study should be known by June 2004.

OneSteel will continue to examine growth opportunities of an organic or step-change nature. The company's strong cash flow, combined with the strengthened balance sheet, puts it in a strong position to consider any growth opportunities that may be available.



ONESTEEL LIMITED MANAGEMENT STRUCTURE

Bob Every

Managing Director & Chief Executive Officer

AUSTRALIAN OPERATIONS

Leo Selleck

Executive GM
Steelmaking & Technology

WHYALLA STEELWORKS

- Mining
- Integrated Steelworks
- Structural Rolling Mills
- Rail Products Facilities

Geoff Plummer

Executive GM Market Mills

MARKET MILLS

- Sydney Steel Mill
- Rod Mill
- Bar Mills
- Wire Mills
- Wire Ropery
- Pipe and Tube Mills
- Oil and Gas

Robin Freeman

Executive GM Distribution

DISTRIBUTION

- 103 OneSteel Distribution Sites
- 39 Reinforcing Mesh and Rebar sites
- 89 Metaland franchises

INTERNATIONAL OPERATIONS

Nick Calavrias

Chief Executive Officer (NZ)

STEEL & TUBE HOLDINGS (NZ)

- 50.3% Shareholding
- 17 Steel Distribution and Processing sites
- 14 Roofing Products and Reinforcing sites
- 4 Piping Systems sites
- 6 Fastening Systems sites

CORPORATE STAFF

Tony Reeves

Chief Financial Officer

Ray Jarman

General Counsel

Bill Gately

GM Human Resources

Mark Gell

GM Corporate Affairs & Marketing

Michael Dines

GM E-Commerce & Information Technology

John Krenich

Company Secretary

LEAD TEAM



LEO SELLECK

BSc

Executive GM Steelmaking & Technology

Age 55. Mr Selleck joined OneSteel from BHP where he served in a variety of roles since 1972. Mr Selleck has significant experience in integrated steelmaking processes and worked at the Whyalla Steelworks from 1995 to 2002, holding the positions of GM Steel Operations and GM Strategic Operations. He has been responsible for Whyalla Steelworks since May 1999. He is now back in Sydney and is also responsible for Technology and Environment.

GEOFF PLUMMER

BA (ECON)

Executive GM Market Mills

Age 47. Mr Plummer joined OneSteel from BHP after 22 years with the group. Prior to his current role, Mr Plummer was President Rod & Bar Products (BHP Steel). He has also served as Chief Executive Officer of the joint venture company Bekaert-BHP Steel Cord and held the positions of President of Australian Logistic Services and BHP Transport. Mr Plummer has also managed BHP wire operations.

ROBIN FREEMAN

BA, FCA

Executive GM Distribution

Age 50. Mr Freeman joined OneSteel in April 2001 from Email where he was Chief Financial Officer. He joined Email in 1999 from CSR where he worked in commercial and financial roles for four years. Prior to that, Mr Freeman worked in financial services with Deloitte Touche Tomatsu where he was Managing Partner for the firm's NSW operations.

A J (TONY) REEVES

BEC, MCOMM, FCPA, FTA, FEI

Chief Financial Officer

Age 48. Mr Reeves joined OneSteel in October 2001, responsible for Accounting, Risk Management, Treasury, Business Planning, Legal and Strategic Sourcing. Previous roles include finance, marketing and IT positions in Australia, UK and USA with ICI and Orica, and finance and commercial positions with Allied Mills, Vinidex and Unilever.

RAY JARMAN

BSc, LLB

General Counsel

Age 41. Mr Jarman has over 15 years corporate legal experience and joined OneSteel from BHP where he was Lead Counsel, BHP Steel. Mr Jarman joined BHP in 1995 as Legal Manager for the Port Kembla Steelworks. Prior to joining BHP, he worked as a corporate lawyer for Unilever and has also worked for several Sydney law firms including Baker & McKenzie.



BILL GATELY

BEC

GM Human Resources

Age 42. Mr Gately joined OneSteel from BHP where he had worked since 1979 in a range of human resource and employee relations positions. During that period he worked for BHP Minerals in the Northern Territory and in the Newcastle and Port Kembla Steel operations, where he played a key role in significant business improvement initiatives.

MARK GELL

BEC, GMQ, MBA

GM Corporate Affairs & Marketing

Age 42. Mr Gell joined OneSteel in January 2001 following over 20 years in the government, banking and business sectors for companies such as Citibank, ANI, TNT, Boral and Telstra. He has held senior general management positions in public policy, investor relations and corporate affairs.

MICHAEL DINES

DIP AIR ENG (AVIONICS)

GM E-Commerce & Information Technology

Age 41. Mr Dines joined OneSteel from BHP where since 1990 his career spanned many operational and management areas focusing on the IT aspects of manufacturing and distribution functions. Prior to joining BHP, Mr Dines worked for the Royal Australian Air Force (RAAF) in airborne avionics support and logistics.

JOHN KRENICH

FCIS, CPA

Company Secretary

Age 58. Mr Krenich joined OneSteel in April 2002 as Company Secretary after working in the aluminium industry for his entire career. He was Company Secretary for Alcan from 1980 and then Capral from 1995 prior to joining OneSteel.

KEY BUSINESS DRIVERS

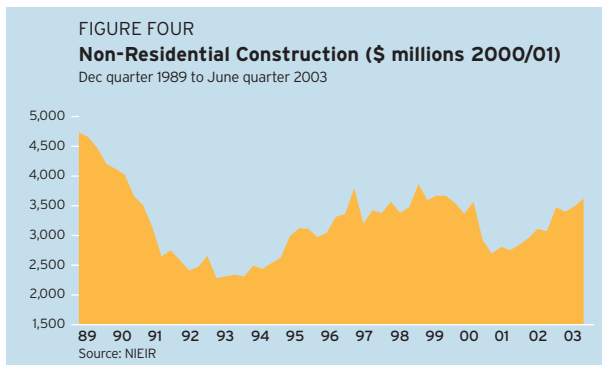
THE GRAPHS ON PAGES 10 AND 11 REPRESENT TRENDS IN THE MAJOR BUSINESS SECTOR DRIVERS OF ONESTEEL'S REVENUES WHILE THE GRAPHS ON PAGE 12 HIGHLIGHT THE TRENDS IN THE MAJOR EXTERNAL COST DRIVERS AND INTERNATIONAL AND DOMESTIC LONG STEEL PRODUCTS PRICING.

The following graphs represent the major business sector drivers of OneSteel revenues. Overall, all market segments improved by 5.2%, continuing to build on the 4.6% increase in activity in the previous year. The construction sector, which accounts for 58% of OneSteel's revenue, improved 7.8%. The softening in residential construction that we anticipated last year did not materialise. This sector, which accounts for 14% of OneSteel's revenue, rose 10.8%.

The other construction sector segments, non-residential and engineering construction, which together account for 44% of OneSteel's revenue, both improved markedly, with 7.4% and 6.2% increases respectively. The strength of these two segments is evident by the number of major projects on which we are currently working or bidding (refer to Figure Two on page 7).

Two other market segments, automotive and other manufacturing, also improved during 2002/03, while the remaining two segments, agricultural and mining, contracted slightly.

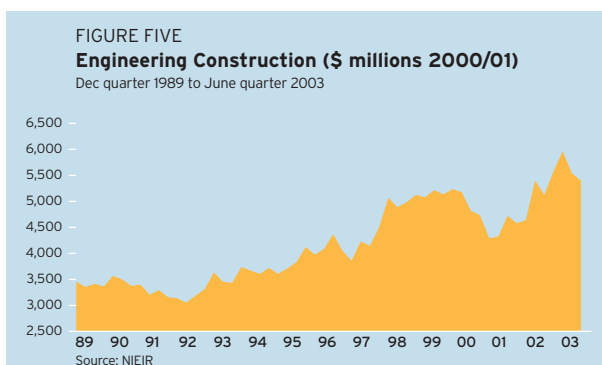
Momentum in the non-residential and engineering construction segments is expected to continue to offset forecast lower activity in the residential and rural sectors. The remaining sectors are expected to remain relatively stable.



NON-RESIDENTIAL CONSTRUCTION

The non-residential construction sector represents the value of work done in building and altering hotels, offices, shopping centres, factories, education, health and other social facilities.

This sector contributes approximately 22% of OneSteel's revenues. As Figure Four indicates, the value of activity in this sector increased by 7.4% when comparing 2002/03 with the prior year. In 2001/02 the sector was up 4.8%.



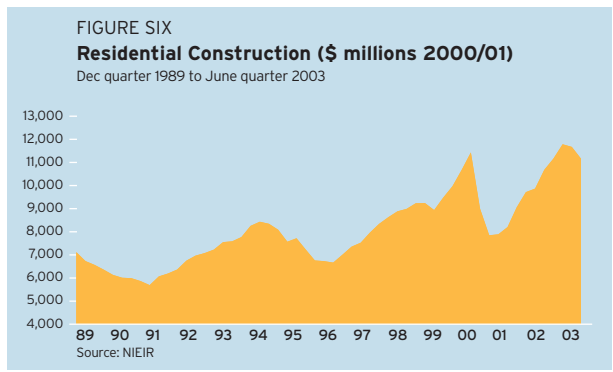
ENGINEERING CONSTRUCTION

Engineering construction encompasses the value of building or upgrading major infrastructure such as roads, bridges, railways, highways, pipelines, telecommunications, harbour and marine facilities, water and sewerage, and electricity.

This sector also provides approximately 22% of OneSteel's revenues, and as Figure Five indicates, activity in this sector increased by 6.2% when comparing 2002/03 with the prior year. In the previous period this segment increased by 1.7%.

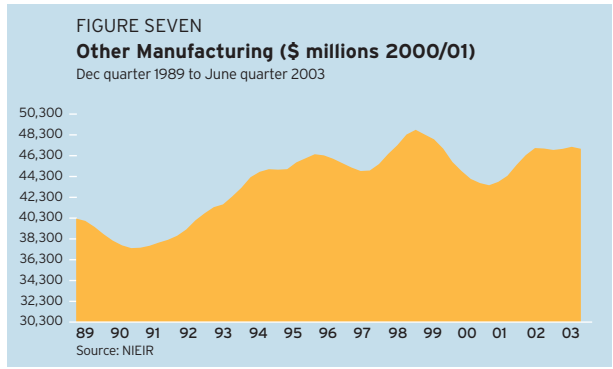
RESIDENTIAL CONSTRUCTION

Residential construction includes investment for the building and altering of private and public units and houses. OneSteel derives 14% of its revenues from this segment. As can be seen from Figure Six, the long anticipated slowdown in residential construction failed to materialise, with activity increasing a further 10.8%, building on the 17.2% gain of the previous year.



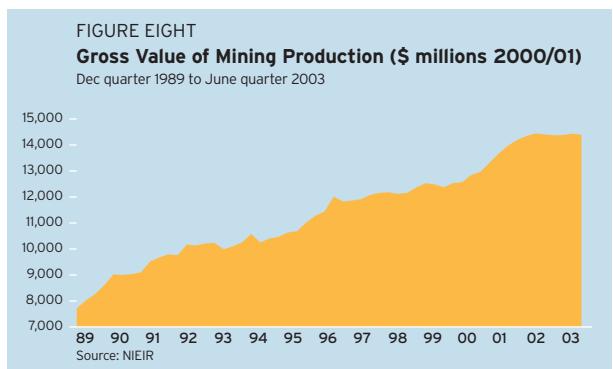
OTHER MANUFACTURING

Other manufacturing represents all manufacturing with the exception of automotive products. This sector represents 14% of OneSteel revenues and improved 1.5% over the year, as outlined in Figure Seven.



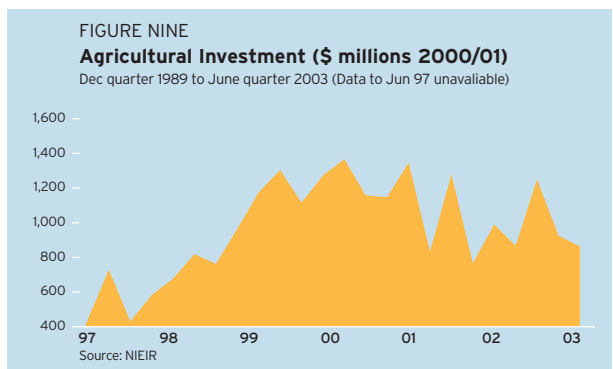
MINING OUTPUT

Mining output encompasses production from mining activities and represents approximately 12% of OneSteel revenues. Activity in this sector fell 0.9% (refer to Figure Eight) over 2002/03 compared to the prior year.



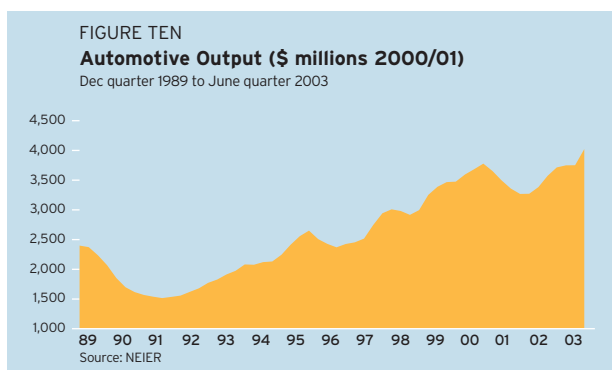
AGRICULTURAL INVESTMENT

Agricultural investment encompasses expenditure in the rural sector. It represents 7% of OneSteel revenues and declined by 1.6% compared to the prior year (refer to Figure Nine).

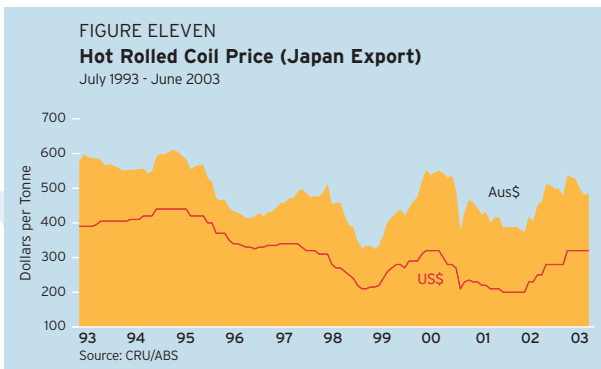


AUTOMOTIVE OUTPUT

Automotive output includes production for domestic automotive manufacturers including component part manufacturers. This sector represents 5% of OneSteel's revenues and activity increased 14.2% compared to the prior year (refer to Figure Ten).

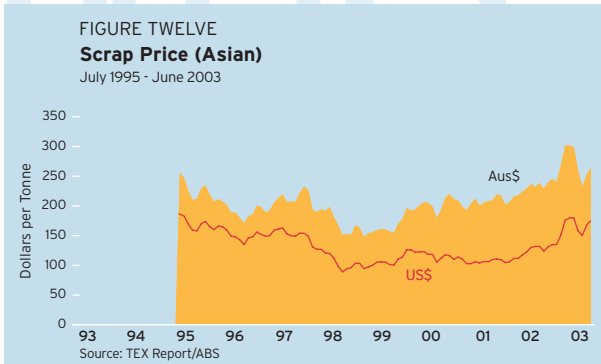


KEY DRIVERS



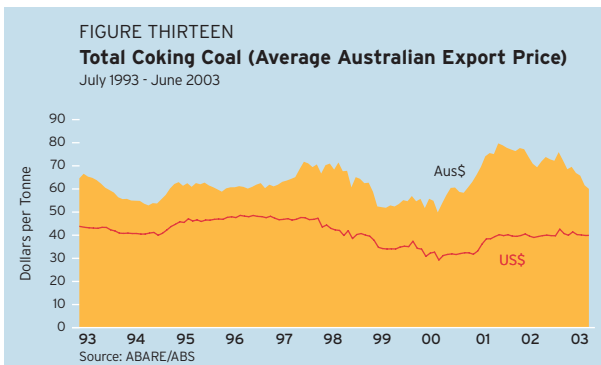
HOT ROLLED COIL (HRC) PRICE

This graph represents the trend in price in both US and Australian dollars for HRC, a major semi-finished steel flat product that is used primarily by OneSteel in the manufacture of pipe and tube. In any given year OneSteel purchases between 400,000 and 450,000 tonnes of HRC. As Figure Eleven highlights, the price for HRC has escalated significantly over the last 12 months. OneSteel responded to the cost increases by increasing the prices for its pipe and tube products.



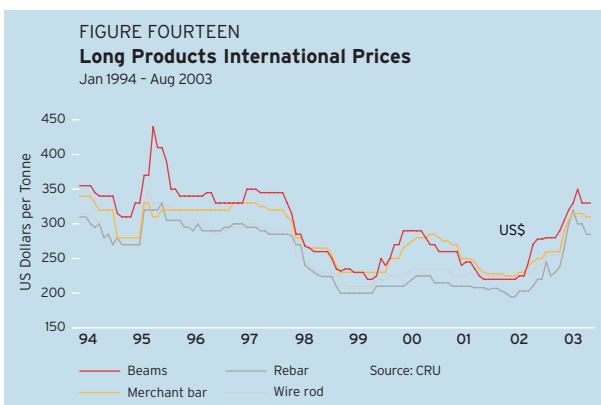
SCRAP PRICE

This graph represents the trend prices for scrap steel. The graph is in both US and Australian dollars. OneSteel uses approximately 500,000 tonnes per annum of scrap feed for its Sydney Steel Mill operation. The other 1.2 million tonnes of steel produced by OneSteel is predominantly converted from iron ore at Whyalla Steelworks. As Figure Twelve shows, scrap prices increased sharply during the year to a peak of approximately A\$300 per tonne. OneSteel adjusted its prices to reflect the cost increases.



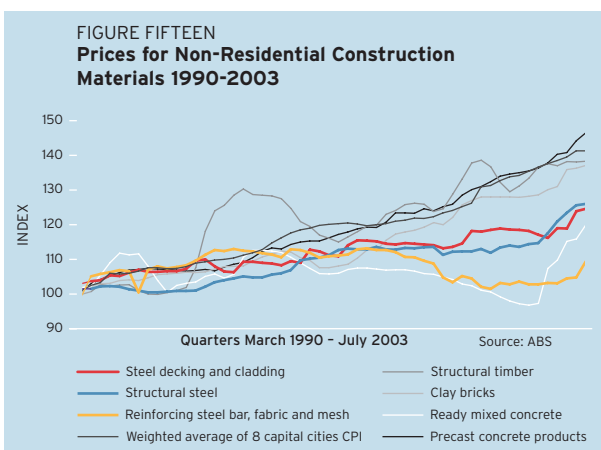
COKING COAL PRICE

Figure Thirteen represents the international movement in coking coal prices in both US and Australian dollars. This product is used by Whyalla in the manufacturing process to make iron. OneSteel purchases approximately 900,000 tonnes of coking coal per annum. As Figure Thirteen indicates, the coking coal price in US dollar terms remained stable for the year. However, in Australian dollar terms the price declined reflecting the appreciation of the Australian dollar against the US dollar.



INTERNATIONAL PRICES FOR LONG PRODUCTS

This graph represents the international prices for long products such as structural beams used for construction, merchant bar which is used in a wide range of applications including machinery and manufacturing equipment, rebar which is used as reinforcing for concrete, and lastly wire which is used for everything from springs to fencing. The graph is in US dollars. As Figure Fourteen illustrates, international long product prices have increased significantly over the last 12 months as a result of higher input costs combined with stronger demand from China.



PRICES FOR NON-RESIDENTIAL CONSTRUCTION MATERIALS

This graph represents prices for building materials used in Australian non-residential construction as measured against an index. OneSteel produces structural steel and reinforcing products. The graph depicts the increase in pricing in structural steel and reinforcing over the last 12 months. OneSteel has increased prices to offset increases in input costs. As part of the product complexity program OneSteel has also ensured that products are priced correctly. However, prices for steel products going into this segment are still below the long-term consumer price index as can be seen in the graph.

FIGURE SIXTEEN
Vertical Integration of OneSteel's Australasian Operations

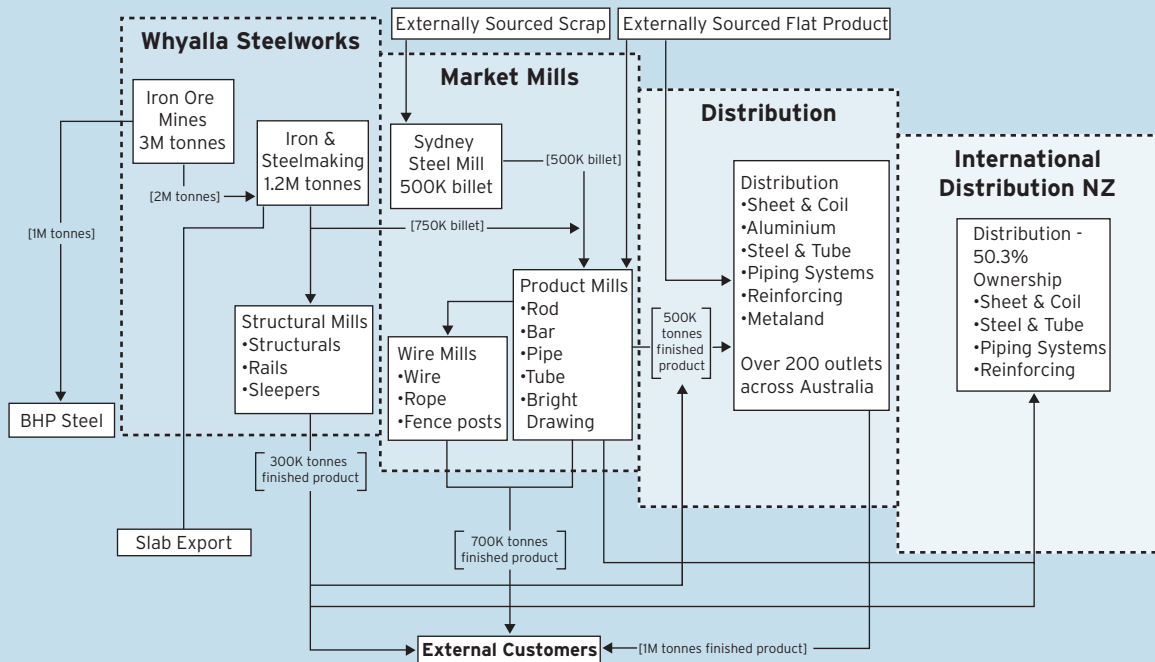


FIGURE SEVENTEEN
Map of Operations

OneSteel has well over 200 operating locations throughout Australia and New Zealand servicing many large regional communities. Major manufacturing facilities are located in Whyalla, Newcastle and Western Sydney in Australia, with the remaining smaller manufacturing and distribution facilities located throughout Australia and New Zealand.



WHILE A LARGE PORTION OF ONESTEEL'S BUSINESS COMES FROM STEEL USED FOR HEAVY INDUSTRIES, CONSTRUCTION AND INFRASTRUCTURE, THE USE OF STEEL IS MUCH MORE PERVASIVE THAN THAT. ONESTEEL PRODUCTS CAN BE FOUND IN AN AMAZING RANGE OF DIVERSE ITEMS AND USES, MAKING STEEL AN ESSENTIAL COMPONENT OF EVERYDAY LIFE.

OPPORTUNITY

COAT HANGER

OneSteel produces a wide range of products from large structural beams and rail through to fine wires used for fencing and the tread in steel radial tyres. Other companies also use OneSteel product to make their own products, such as coat hangers, a basic product, but one you would probably find in every household in Australia. It is the sort of product most people cannot do without, yet it is often taken for granted. Simple in form, but essential in function.



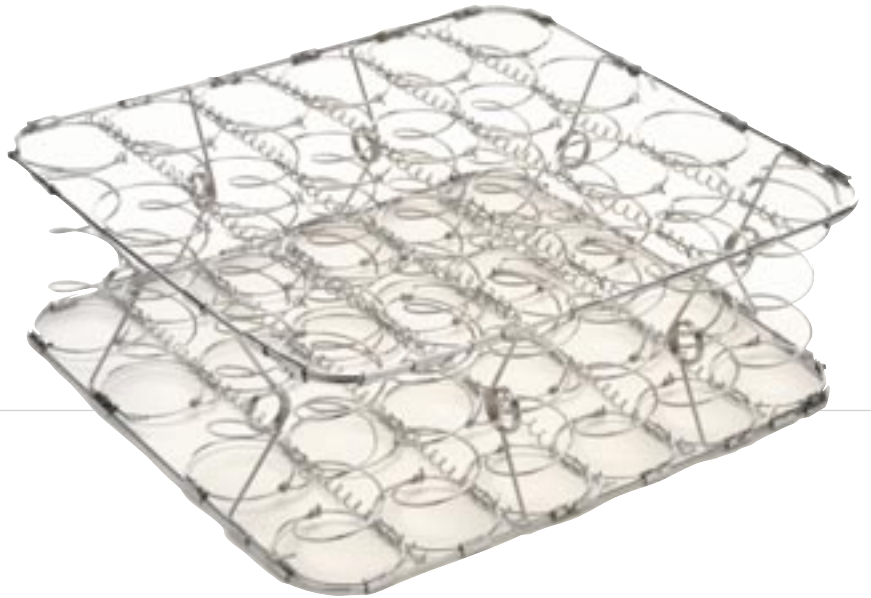
SPRING

When you drive along a bumpy road in an Australian vehicle, chances are your ride is being smoothed by suspension systems which incorporate springs manufactured from OneSteel product. The steel that goes into suspension systems needs to be specialised and exacting to stand the tolerances required to handle Australia's vast rugged road network.



RAIL

Looking to take a holiday? Australia has some of the best scenery in the world, a lot of which can be seen from the comfort of air-conditioned rail carriages which travel on rails that have more than likely been manufactured by OneSteel. The most recent rail project OneSteel was involved in is the new Alice Springs to Darwin rail line that connects the south of Australia with the north. So now people can go from east to west and north to south in their rail journeys.



CHAIR

Steel is being used for creative modern design. A simple chair can be given a lightweight look and feel by using the strength and functionality of steel. The ability for steel products to be shaped and moulded into many different forms and looks adds to the overall versatility and practicality of the product.

BEDSPRINGS

Have a good night's sleep? It could be that you are sleeping on a mattress supported by springs manufactured from OneSteel wire. In the case of mattresses, you can't see what is providing the support, but again the strength and versatility of steel will ensure you will get a good night's sleep over many years.



ADELAIDE HOSPITAL CAR PARK

Adelaide Hospital Car Park looks like any other building. This ten-storey, 32,000 square metre structure is supported by the simplicity of composite steel construction. It provides spaces for 1,400 vehicles with a decorative pattern on the east face against the garden foreground.



SEGMENT SUMMARY



The Varsity College School Complex on Queensland's Gold Coast takes a whole new approach to the design of education buildings, supported by the freedom of OneSteel's products.

ONESTEEL

ANNUAL

REVIEW

2003

16

AUSTRALIAN DISTRIBUTION

	2003 \$m	2002 \$m	%
Revenue	1,649.6	1,531.8	7.7
EBITDA	101.4	94.5	7.3
EBITA	84.7	77.7	9.0
Assets	998.0	999.0	(0.1)
Employees	2,501	2,446	2.2
Sales Margin	5.1%	5.1%	
Funds Employed	755.2	795.1	(5.0)
Return on Funds Employed	10.9%	10.3%	5.8

Market Conditions

Market conditions in Distribution continued to build momentum particularly in the construction sector. The drought impacted trade in the second half of the year.

Performance

Improved performance was driven by underlying market conditions, combined with a full year of integration benefits from the Email business that was acquired in 2001. For most products, there were a number of price increases from suppliers which were difficult to recover from customers. Also, imported product was more competitive with the stronger Australian dollar. Despite these pressures, the sales margin was the same as the previous year.

Steel and Tube market demand improved marginally while performance improved from pricing initiatives and operational efficiencies. There was some increased pressure from imports particularly in the area of hollow sections.

Reinforcing sales improved during the year on the back of strong construction activity and some price increases. Project activity in this sector is robust and the residential sector remained solid throughout the year.

Sheet, Coil and Aluminium performed well with gains made in the stainless steel and aluminium markets. The Adelaide Steel Processors acquisition and the opening of a new branch in Perth also contributed to an improved performance.

Metaland operations were affected by the drought with the most pronounced impact in Queensland and Victoria. Despite this, Metaland was able to improve sales and margins.

Piping Systems sales were lower with fewer major projects in Australia than the previous year. Performance improved through margin growth by managing costs down and increasing prices.

Initiatives

A number of service centres in New South Wales introduced the SAP platform in May and to date the system has performed to plan. The rollout of the system will continue in 2003/04, with the Steel and Tube business converted to the new system since year end.

Outlook

Strong demand is expected to continue in the construction sector from project activity, offsetting expected lower residential and rural demand. Relatively stable conditions are expected in other sectors.

AUSTRALIAN MANUFACTURING

	2003	2002	%
	\$m	\$m	
Revenue	1,753.8	1,727.9	1.5
EBITDA	193.0	148.8	29.7
EBITA	128.5	86.3	48.9
Assets	1,519.6	1,498.3	1.4
Employees	3,604	3,760	(4.1)
Sales Margin	7.3%	5.0%	
Funds Employed	1,090.6	1,094.0	(0.3)
Return on Funds Employed	11.8%	7.7%	53.2

Market Conditions

A strong order book coming into the year from projects such as the Alice Springs to Darwin rail line, combined with increased project activity during the year, provided a good platform to build improved performance.

Performance

With a full year of benefits of the major restructuring undertaken in 2001/02, combined with a further reduction in costs of almost \$40 million and revenue enhancements of \$25 million, overall performance improved significantly.

All major operations at the **Whyalla Steelworks** performed well with production records achieved at various facilities. Safety performance improved by 34% in the medical treatment injury frequency rate whilst the lost time injury frequency rate remains stable at a low level of 1.7.

The **Sydney Steel Mill** operated close to capacity for the year, with an increase in scrap prices, particularly in the second half of the year, adding some increased costs to billet manufacture. A significant proportion of these costs were offset.

Rail and Structural sales increased with rail dispatches up 50% from the prior year reflecting deliveries for the Alice Springs to Darwin rail project which was 97% complete by year end. Structural sales were also higher for the year on the back of the stronger market conditions.

Rod and Bar sales activity was marginally lower, primarily as a result of exiting exports. Overall throughput increased significantly during the year due to operational efficiencies.

Pipe and Tube completed the rationalisation of structural pipe mill capacity with the closure of the No. 3 Mill at Newcastle. Productivity gains were achieved during the year.

Wire volumes were down 9% as a result of lower rural activity. Despite this, wire performed well during the year.

Initiatives

Main focus for the coming 12 months is to continue to improve operational efficiency and throughput of the operations. OneSteel is investigating the viability of commercialising its magnetite iron ore resource.

Outlook

Market conditions are expected to remain at similar levels to last year with current higher imports expected to remain. In June/July 2004, the Whyalla blast furnace is due to be relined at a total capital cost of \$80 million.

INTERNATIONAL DISTRIBUTION

	2003	2002	%
	\$m	\$m	
Revenue	290.8	289.2	0.6
EBITDA	36.6	30.7	19.2
EBITA	32.0	26.1	22.6
Assets	156.1	133.1	17.3
Employees	765	620	23.4
Sales Margin	11.0%	9.0%	
Funds Employed	129.5	107.6	20.4
Return on Funds Employed	27.0%	20.5%	31.7

Market Conditions

Market conditions in New Zealand were stronger during the year as a result of strong demand in consumer spending and construction of new residential dwellings. The rural sector was resilient to an appreciating dollar.

Performance

Performance of International Distribution was very good. Underlying sales in New Zealand dollars improved 9% while EBITA profit improved by over 20% (calculated by backing out revenues from AJ Forsyth which was sold in October 2001).

Steel Distribution and Processing performed well despite lower sales stemming from the stronger New Zealand currency pushing down pricing in the second half of the year. Volumes increased and with the addition of piping systems in the results, overall profit improved.

Roofing Products benefited from the strongest new housing market in over 25 years, posting a record profit for the year. Market demand was fuelled by higher net migration rates, combined with some of the lowest interest rates in years.

The **Reinforcing** division produced a substantially improved result during the year despite the construction market remaining flat. This was achieved as a result of a favourable mix of contracts.

Hurricane Wire Products was acquired during the second half of the year. The integration process is well underway and activity for this business was solid, stemming from high rural activity.

Initiatives

The main focus will be on continuing to extract synergy benefits from the Hurricane Wire Products acquisition and to examine other potential growth opportunities.

Outlook

Economic forecasters are predicting growth prospects for the New Zealand economy will continue to be affected by a weak export sector as a consequence of the appreciation of the NZ dollar and lower international commodity prices.

Steel is an alloy of iron and carbon that contains less than 2% carbon. It is produced in more than 80 countries worldwide and on every continent except Antarctica.

Source: IISI



THE DEVELOPMENT OF OUR STRATEGIC
CUSTOMER ACCOUNT PROGRAM RESULTED
IN CLOSER RELATIONSHIPS WITH OUR
LARGE CUSTOMERS.

AUSTRALIAN DISTRIBUTION



ROBIN FREEMAN
EXECUTIVE GENERAL MANAGER,
DISTRIBUTION

Market activity continued to improve during the year. Residential, non-residential and engineering construction were all stronger than the previous year. In contrast, the rural sector, affected by the drought, was weaker, reducing sales in regional Australia.

Two external factors had an impact on business results. The cost of many of the products we distribute increased substantially in line with movements in international steel prices. In response, we increased selling prices, but it was a challenge to realise these price increases in the market. Additionally, in the second half of the year as the Australian dollar strengthened, import competition increased, particularly for hollow sections.

In this changing environment, we achieved our business priorities.

Benefits from the Email merger were realised as planned. This was the first full year of these benefits.

The development of our strategic customer account program resulted in closer relationships with our large customers. We also secured new business with many of Australia's major new projects.

The introduction of new information systems is on plan. We now have a new systems platform in the Reinforcing and Steel & Tube businesses and the implementation of an SAP system will be completed in the remaining three businesses during 2004. Benefits from doing business more efficiently will be progressively realised.

Sales growth was achieved from small business acquisitions and from a program aimed at market development for particular products.

AUSTRALIAN DISTRIBUTION	2003 \$m	2002 \$m	2001 \$m	%
Revenue	1,649.6	1,531.8	1,245.0	7.7
EBITDA	101.4	94.5	70.7	7.3
EBITA	84.7	77.7	54.6	9.0
Assets	998.0	999.0	926.4	(0.1)
Employees	2,501	2,446	2,531	2.2
Sales Margin	5.1%	5.1%	4.4%	
Funds Employed	755.2	795.1	718.1	(5.0)
Return on Average Funds Employed	10.9%	10.3%	7.6%	5.8
Steel Dispatches - tonnes	1,121,051	1,050,608	903,491	6.7

THE BUSINESS

STEEL AND TUBE

Steel and Tube operates from 15 warehouses in metropolitan centres providing a range of products including structural steel, plate, hollow sections and merchant bar. Extensive processing capabilities provide a competitive market offer. The major markets serviced are engineering construction, non-residential construction, automotive and manufacturing.

REINFORCING

Reinforcing steel is used for concrete reinforcement, mining strata control, agricultural and industrial mesh products and reinforcing steel fibres. Reinforcing has 39 centres located throughout Australia, manufacturing wire and mesh, processing bar and selling related accessories. Customers include large and small builders, concreters, pool builders, formworkers, precasters and mining companies.

SHEET, COIL AND ALUMINIUM

A processor and distributor of steel sheet and coil and selected aluminium products from dedicated metropolitan facilities. Product is sourced from major Australian and offshore manufacturers and used to service customers in the construction and manufacturing sectors. Major markets are metal roofing and accessories, steel building sections, automotive, road and marine transport, metal cabinets and whitegoods.

METALAND

Metaland services customers in regional markets of Australia. The network comprises 46 outlets complemented by an extensive franchise network throughout Australia. Local managers are empowered to provide a full range of metal products and solutions relevant to their local market conditions.

PIPING SYSTEMS

OneSteel Piping Systems supplies steel pressure pipes, fittings and valves for liquid and gas conveyance. It has facilities in metropolitan centres and strategic regional locations. Customers include construction companies involved in major infrastructure work, mining companies and mechanical contractors and export customers principally in the Pacific Rim. The division also services the fire prevention market through specialist businesses in metropolitan centres.

THE MARKET

Market demand increased marginally on the previous year with Queensland contributing most of the growth. We enjoyed success in the high-rise market with significant placements of structural steel to the Queen Victoria Building in Melbourne and the Latitude development in Sydney. Another major order was the Comalco Project in Gladstone. The manufacturing segment weakened.

The market improved following good growth in the previous year. The major markets of housing, non-residential construction and engineering construction all increased demand. Major projects included World Square in Sydney; Brisbane's Lang Park Stadium and the Queen Victoria development in Melbourne. Niche markets in industrial and mining were strong while weakness was experienced in the rural segment.

Market conditions were strong particularly in the automotive and transport manufacturing segments. The housing market remained firm.

Construction activity remains very strong, particularly in coastal regions of Australia. Drought conditions impacted heavily in New South Wales, Victoria and southeast Queensland particularly in the latter half of the year. Mining activity remains satisfactory.

The market was quieter with major project activity less than expected. Major projects for which orders were received included Woodside Train 4, the Comalco project, WMC at Olympic Dam and HDS upgrades at Shell and Caltex. The building services market, which includes fire protection, mechanical services and general plumbing, has been relatively strong.

PERFORMANCE

Financial performance improved, driven by a more favourable market, pricing initiatives and operational efficiencies. Revenue increased by 8% with a major boost from structural and plate sales. Margins held in the face of strong pricing pressure from imported product particularly hollow sections. Strategies to grow processing revenues were successful.

Financial performance improved with better market conditions and with the continuing effect of initiatives in price, cost and services. Sales increased 10% but margins were under pressure from the increased cost of steel. Prices improved as a result of two price rises during the year.

Earnings improved on strong market growth. Increased focus on stainless steel and aluminium resulted in good market penetration. The business benefited from acquisition of Adelaide Steel Processors and the opening of the new service centre in Perth.

Sales and margins continued to improve, particularly in the first half. Increased competition in the hollow section range has affected gross margins in some regions. Market share remains satisfactory although the emergence of new competitors continues to maintain pressure.

While volume was flat in the year, improvement in profit was achieved by margin growth and by the full year benefit of cost synergies arising from the Email merger.

DEVELOPMENTS

The major initiative for the year was the preparation for the rollout of the new system platform that commenced in May and that was completed in September. This has placed demands on the business but is a requirement for improved customer service and results. New skills were added during the year to accelerate the drive for operational excellence. A new purpose-built warehouse at Scoresby in Melbourne is under construction following the sale of the Port Melbourne site.

New products and services continue to be developed with the ONESLAB™ housing package and STUDEMESH™ and HAUNCHMESH™. A further MINEMESH™ patent was also secured. The South Australian operations expanded with the acquisition of Marner Steel & Mesh.

A service centre is under construction in Adelaide including the installation of a new slitter. This investment will provide improved service to our direct and processing customers. Investment in processing to increase productivity and improve our customer service offer will continue during the current year.

Plans have been implemented which will improve productivity, support non-traditional product growth and maintain ongoing commitment to our safety principles. Initiatives to support the development of a broader range of metal and industrial product sales have been introduced.

During the year, the Perth business relocated from North Fremantle to Spearwood. This was achieved within budget and without safety incident. In the coming year, the division will relocate Melbourne businesses to a single site that will complete the site rationalisation program. In addition, the division will move to OneSteel's SAP platform by March 2004. These steps in the coming year will finalise the divisional footprint and IT synergies available following the merger with Email Metals.



There are two main ways of making steel.

Steel can be made from raw materials including iron ore, limestone and coke, along with recycled steel, by blast furnace and basic oxygen furnace.

Steel is also made from recycled steel using electric arc furnaces.

Source: IISI

THE COMING PERIOD WILL SEE A CONTINUED
FOCUS ON REDUCING COSTS AND FUNDS
EMPLOYED BY IMPLEMENTATION OF
INITIATIVES TO FURTHER IMPROVE
MANUFACTURING CAPABILITY.

AUSTRALIAN MANUFACTURING



LEO SELLECK
EXECUTIVE GENERAL MANAGER,
STEELMAKING & TECHNOLOGY

Whyalla Steelworks

The 2003 financial year was a successful one for the Whyalla Steelworks. At a sales level, the market was strong in key Whyalla product ranges, with domestic hot rolled structural products recording increased dispatch tonnages of 12% and rail dispatches increasing by 50%. The latter was driven by a full year of rail dispatches to the Alice Springs to Darwin rail project. At the end of the financial year, 97% of this project order had been dispatched to schedule, with completion occurring in August 2003.

Operationally all major units of the Steelworks performed well. The pellet plant ran at record levels for fluxed pellet production, increasing output by 13% over the previous year, raw steel production was up by 5.5% and the Structural Mill increased output by 13%.

Major Steelworks' development activities were also addressed. The OneSteel Board approved \$80 million in capital expenditure for the blast furnace reline to take place in June/July 2004

and planning is now well developed for this project. The mining operations also undertook two development initiatives in the period. A six-year mining services contract was awarded to Henry Walker Eltin. This contract included a five-year beneficiation project to process an estimated nine million tonnes of lower-grade ore to produce approximately five million tonnes of high-grade ore. In a separate development, a \$6 million feasibility study was commenced on magnetite resources in the South Middleback Ranges area to assess the economic viability of developing this resource to feed the Steelworks in place of the hematite ore currently used.

Safety, as a core value of OneSteel, continued to receive a strong focus at the Whyalla Steelworks. The medical treatment injury frequency rate per million worked hours for Whyalla improved by 34% to a level of 12.8, whilst lost time injury frequency rate per million worked hours remained at a low level of 1.7.



GEOFF PLUMMER
EXECUTIVE GENERAL MANAGER,
MARKET MILLS

Market Mills

The 2002/03 year delivered continued improvement in all key areas in Market Mills. The continued focus on margin improvement has been effective with further improvement in margins compared with last year.

This improvement was assisted by both cost and market initiatives. Price increases were achieved for key products and markets, and cost reductions more than offset cost increases during the year. Key initiatives included continued reconfiguration to match our operations to our key markets by flexing shift levels and manning and reducing the number of under utilised mills in our pipe business. The investment made in improving our systems capability has delivered benefits in inventory management and pricing.

The coming period will see a continued focus on reducing costs and funds employed by

implementation of initiatives to further improve manufacturing capability and reliability as well as investment in systems. Market segmentation work continues to ensure our product and service offers are developed to achieve the optimum balance between meeting our customers' needs and reducing our cost to make and serve. Significant progress has been made in improving our performance against our promise to customers on delivery and quality in an increasingly demanding market.

Safety results for the year were excellent with improvement in key processes being achieved. The extent of the improvement is reflected in the reduction in the medical treatment injury frequency rate of 36%. The lost time injury frequency rate per million hours worked reduced by 74% to 1.9 which compares favourably with Australian industry.

AUSTRALIAN MANUFACTURING	2003 \$m	2002 \$m	2001 \$m	%
Revenue	1,753.8	1,727.9	1,555.8	1.5
EBITDA	193.0	148.8	108.9	29.7
EBITA	128.5	86.3	1.9	48.9
Assets	1,519.6	1,498.3	1,575.9	1.4
Employees	3,604	3,760	4,066	(4.1)
Sales Margin	7.3%	5.0%	4.2%	
Funds Employed	1,090.6	1,094.0	1,160.9	(0.3)
Return on Average Funds Employed	11.8%	7.7%	5.6%	53.2
Steel Dispatches - external tonnes	1,103,088	1,125,805	1,221,582	(2.0)
Steel Dispatches - internal tonnes	711,370	707,328	572,515	0.6
Tonnes Produced	1,624,399	1,576,650	1,438,770	3.0

WHYALLA STEELWORKS

Whyalla Steelworks is located in Whyalla, South Australia. It is an integrated steelworks producing up to 1.2 million tonnes of steel per annum from iron ore sourced from OneSteel's mines. Besides producing billet for OneSteel's Market Mills operations, it also manufactures rail products, structural steel and slab for external re-rolling.

A strong level of domestic construction actively contributed to increased domestic structural steel sales with dispatches 12% above the previous financial year. The Alice Springs to Darwin rail project caused rail dispatches to increase by 50% over the corresponding period. At the end of the financial year, 97% of this project had been dispatched with all of this material being dispatched on schedule. The opportunity was also taken to supply the buoyant export slab market with 5% of raw steel output servicing this market.

Strong performances were recorded by all the major operational units with a number of production record performances being achieved. Compared with 2001/02, iron pellet output increased by 13%, raw steel output increased by 5.5% and rolling mill output was up 13%. Cost and cash initiatives continued to be an integral part of operations. Inventory stock week levels were reduced by 12% compared with the previous period and delivered cost of billets to Newcastle was again lower than the previous year.

In the coming year, there will be a strong focus on completing preparations and starting the reline of the Whyalla blast furnace in June 2004. This will include substantial stock build utilising existing production capabilities. We will also be progressing the development activities to optimise our iron ore reserves by bringing on line the beneficiation plant to process lower-grade hematite stockpiles and by progressing the feasibility study on our magnetite resources.

Steel is the world's most recycled material.

In 2001, more than 435 million tonnes of steel were recycled.

More than 25% of a steel can contains recycled material.

65% of new steel comes from recycled steel.

Steel from six recycled cars can frame a house that would require timber from 40 trees.

Source: IISI

ROD AND BAR

Produces up to 500,000 tonnes per annum of commercial grade billets at the Sydney Steel Mill (scrap-fed electric arc furnace and billet caster). Together with approximately 650,000 tonnes supplied by Whyalla Steelworks, these billets are rolled into a wide range of selected rod and bar products in the Newcastle Rod Mill and Bar Mill, and Sydney Bar Mill, for supply to downstream OneSteel businesses and to external domestic and export customers.

An improved non-residential and engineering construction sector with projects such as the Alice Springs to Darwin rail line, and continued strong growth in the residential sector maintained the market at solid levels. Sales in rural and regional Australia were adversely affected by the drought.

Sales were marginally lower than last year, reflecting the removal of a production shift in April 2002 that previously related to exports. Sales to the construction sector were strong while there were lower sales into mining markets. Sydney Steel Mill operated at close to capacity for most of the year and significant increases in scrap prices occurred in the second half of the year. The Rod and Bar Mills significantly improved productivity compared with previous years.

The Sydney Steel Mill will produce approximately 10% more steel billet over the next 12 months to contribute to the required stock build to cater for the Whyalla blast furnace reline. The Rod and Bar Mills will continue implementing a series of initiatives to improve productivity throughout the year.

PIPE AND TUBE

Manufactures pipe and tube for the construction, mining and manufacturing segments for application in oil and gas pipelines, reticulation pipe, buildings, fencing, machinery, furniture, shop fittings, automotive production, agricultural implements and outdoor and material handling equipment.

The pipe and tube market grew in line with underlying growth in construction activity. Projects such as the SEAGas pipeline from Victoria to South Australia helped underpin a solid year in the oil and gas business. Over the year there was some increase in import activity.

Overall, sales were down slightly on the previous year. During the year, a rationalisation of structural pipe mill capacity was completed which allowed one mill to be closed, improving utilisation and costs on other mills. Other initiatives continued to improve costs and productivity by improving yield and labour utilisation.

There will be continued focus on building manufacturing capacity to deliver improvements in cost and funds employed by increasing throughput and reliability of key facilities. Initiatives have commenced in customer and market segmentation to improve competitiveness and manage margins. Import activity is expected to continue.

WIRE

Manufactures wire for use in the construction, manufacturing, mining and agricultural industries with products including springs, concrete reinforcing, strand and wire, industrial fine mesh, fence and trellis posts, netting, mining rope, and wire for fasteners, nails, shop fittings and shopping trolleys.

From its record year last year, the rural sector was impacted heavily by the drought, particularly in the second half of the year. As a result, wire sales to this sector were down significantly. Wire sales to the general manufacturing sector improved in line with better activity over the year in that sector.

Wire performed well despite the adverse effect of the drought which was the key factor in overall volumes being down by 9%. Rationalisation of galvanising capacity and shift levels and other initiatives lowered cost levels and price improvements were achieved for key products.

Development continues on extending the product range, particularly in products such as coloured wire and MarineMesh™. Marketing campaigns have been initiated with the new products to build their market share over the coming 12 months. It is expected there will be some improvement in the rural sector over the next 12 months.

STEEL & TUBE WILL CONTINUE TO IMPROVE ITS SALES MIX AND ITS SERVICES, WHILE LOOKING FOR FURTHER OPPORTUNITIES FOR EXPANSION.

INTERNATIONAL DISTRIBUTION



NICK CALAVRIAS
CHIEF EXECUTIVE OFFICER,
STEEL & TUBE HOLDINGS (NZ)

Market conditions

In the 12 months ending June 2003, New Zealand was one of the fastest growing economies in the OECD with GDP growth of about 4.3%.

Economic growth was led by consumer spending and residential construction, which was boosted by low interest rates and the population growth from net migration.

Performance

Net profit after tax of NZ\$21.52 million is an improvement of 18%, or NZ\$3.23 million, when compared with the previous result.

Earnings per share also increased by 18%, to 24.5 cents, while the dividend per share increased by 21% to 23 cents.

The New Zealand operations increased net profit by NZ\$3.04 million or 17%, on sales revenue growth of NZ\$26.63 million or 9% compared with last year. Approximately NZ\$12 million of the sales revenue increase was attributable to Hurricane Wire Products, which was acquired in April 2003.

Total Group sales revenue however, at NZ\$327.95 million, was NZ\$2.60 million less than last year due to the divestment of the Canadian Steel Distribution business, A J Forsyth & Company, in October 2001.

Operations

Steel Distribution and Processing

This business, aided by the inclusion of a full year's trading of the Piping Systems operation acquired in May 2002, increased the total tonnes sold and its profitability due to steady demand for its goods and services from most sectors of the economy.

The rural sector proved more resilient than expected, remaining at similar levels to last year.

As the year progressed, demand in the construction sector gathered momentum, particularly in the Auckland region.

The manufacturing sector on the other hand struggled for most of the year due to the strong appreciation of the currency. The affect on this

sector was considerable as exports became less competitive and as the domestic market experienced cheaper imports.

Roofing Operations

This operation benefited from the growth in net migrants and low interest rates, fuelling the strongest demand for new residential housing since 1977. A buoyant re-roofing market and steady demand for storage and farm buildings also assisted this division to post substantially improved results.

Reinforcing and Fabrication

Although the commercial construction sector remained flat, this business was able to improve its financial result substantially when compared with last year due to obtaining a more favourable mix of construction projects.

Hurricane Wire Products

This business was acquired effective 1 April 2003, and it is the largest manufacturer of basic wire products in New Zealand. Its core products include rural fencing, farm gates, reinforcing mesh and nails. The profit result from this operation was positive and in line with expectations after allowing for interest and amortisation of goodwill.

Outlook

The growth in net migrants coupled with low interest rates is expected to continue to drive the economy. The demand for new housing is expected to remain steady for some time, while infrastructure projects are likely to boost the commercial construction sector over the next few years. There are signs, however, that the rural and manufacturing sectors are beginning to soften.

INTERNATIONAL DISTRIBUTION	2003 \$m	2002 \$m	2001 \$m	%
Revenue	290.8	289.2	312.2	0.6
EBITDA	36.6	30.7	29.3	19.2
EBITA	32.0	26.1	23.8	22.6
Assets	156.1	133.1	174.0	17.3
Employees	765	620	700	23.4
Sales Margin	11.0%	9.0%	7.6%	
Funds Employed	129.5	107.6	146.8	20.4
Return on Average Funds Employed	27.0%	20.5%	16.2%	31.7

Human Resources' focus over 2002/03 has been on increasing the effectiveness and impact of key leadership and performance management initiatives.

With prime emphasis on supporting business leaders to deliver against business goals, the "people" strategies for the period have again been in the areas of:

- ensuring a performance culture across OneSteel
- further developing leadership and other key organisational capabilities
- supporting the implementation of business improvement initiatives, and
- improving delivery of a range of human resource services.

DEVELOPING A PERFORMANCE CULTURE

Over the last 12 months, performance planning and management initiatives were more extensively applied across the company. For example:

- one-on-one coaching programs to increase the effectiveness of this process were introduced to many leaders
- in the setting of their own key job goals and targets for the year, leaders and other professional staff were required to identify their priority areas and pursue "stretch" outcomes
- all parts of the business used performance management as a platform to identify key development areas and establish succession plans
- the actual number of employees participating in performance planning and management processes significantly increased.

These performance management processes were again supported by targeted remuneration practices with an increasing proportion of total remuneration in the form of incentives.

Employees were also provided with the opportunity to salary sacrifice their income into OneSteel shares. Currently, 83% of employees hold OneSteel shares.

The coming year will involve making effective performance planning and management part of OneSteel's "daily work". A key aim will be to more closely align employee goals with those of the business.

DEVELOPING LEADERSHIP AND OTHER ORGANISATIONAL CAPABILITIES

Building on the work of previous years, which involved re-engineering the OneSteel and various business Lead Teams to broaden the experience and skill base, emphasis is now placed on developing leadership and other key organisational capabilities.

OneSteel Market Mills, for example, has embarked on an exercise aimed at increasing the effectiveness and impact of its Lead Team and leadership base. This involved comparing this group's capabilities against that of world-class leadership performance, with emphasis on identifying key areas to maximise performance (and business profitability). The subsequent assessment and evaluation of commercial and leadership skills resulted in targeted development programs being established for each leader. The outcomes, benefits and

learnings of this exercise will be progressively applied across the company. The Finance Lead Team has already commenced a similar program.

Programs designed to build capabilities in targeted areas are also being pursued. These cover sales and marketing, front line leaders and commercial skills for business leaders.

During 2003/04, particular attention will be given to:

- implementing development plans for both current and future leaders
- building the leadership, safety management and commercial capabilities in middle management and front line leaders
- specifically developing people leadership skills, to facilitate a greater level of employee involvement and engagement, particularly around safety goals.

SUPPORTING BUSINESS IMPROVEMENT INITIATIVES

A primary drive for the Human Resources division has also been providing support to business leaders to identify and implement significant business improvement and initiatives. Examples of initiatives delivering operational excellence are:

- work arrangements and procedures that have delivered highly efficient and reliable operations
- ongoing reduction in workforce levels and more flexible staffing arrangements to match our geographic footprint and market demands
- implementation of information systems and business improvement initiatives across Distribution.

Enterprise agreements and awards for most businesses will be reviewed and re-established between July and November 2003. The objective will again be ensuring a sustainable platform for ongoing business improvement.

IMPROVING HUMAN RESOURCES SERVICE DELIVERY

The Human Resources division has continued to extend its delivery of recruitment and selection, remuneration and related services across the organisation. Over the last year, this has involved:

- increasing resources dedicated to supporting recruitment and selection activities across Distribution
- introduction of a web-based recruitment process providing for internal and external applicants to apply on-line through a newly developed "people and employment" section of the OneSteel website
- development and implementation of a remuneration benefits database system and associated processes to more effectively manage and administer salaries.



A steel fence that keeps dingoes from sheep runs for 5,530 kilometres from South Australia to Queensland.

Source: IISI

HEALTH AND SAFETY

Safety is a core value of OneSteel as exemplified in the company's vision to be the safest and most profitable manufacturer and distributor of steel and other industrial products in Australasia, focused on delivering value to shareholders, customers and employees. As such, safety underpins all of OneSteel's activities.

OneSteel's Occupational Health and Safety (OHS) Policy sets the foundation for our approach and commitment to Occupational Health and Safety.

To put the policy into action, OneSteel's approach to safety focuses on three key areas:

- management commitment and leadership
- systems and standards
- involvement of people.

MANAGEMENT COMMITMENT AND LEADERSHIP

A cascading structure for managing OHS throughout the company from Board level to the operations is in place. Key features of this structure include:

- OneSteel Board Occupational Health, Safety and Environment Committee
- OneSteel Lead Team Central Safety Committee
- OneSteel Safety Network - across all OneSteel businesses
- individual business safety committee structures.

Safety has been a key focus with the integration of the businesses acquired by OneSteel. DuPont Safety and Environmental Management Services has provided ongoing evaluation and safety leadership training to key personnel. Significant improvements have been achieved. For example, OneSteel Martin Bright Steels has reduced its medical treatment injury frequency rate by 60% and it achieved 12 months lost time injury free in 2002/03.

To assist in developing the next steps of the safety journey, the OneSteel Lead Team commissioned a safety benchmarking exercise.

During March 2003, a group of OneSteel personnel visited a number of DuPont's North American sites accompanied by two senior DuPont consultants. Two of DuPont's safety resources customer sites were also visited. The objectives of the visit included:

- appreciation of what "The Goal is Zero" means at DuPont
- appreciation of the passion and intensity with which DuPont manages safety
- overall understanding of how DuPont's business leadership leads and manages safety across a diverse organisation
- understanding of how DuPont's Process Safety Management system links the behavioural aspects of safety management with the manufacturing process aspects (technology and facilities) into an integrated approach to safety management.

As a result of this benchmarking exercise, a range of initiatives is being implemented across OneSteel.

SYSTEMS AND STANDARDS

OneSteel's OHS management system is designed to cater for business units of varying size, from an integrated steelworks to a small distribution centre.

The OneSteel Safety Network, in consultation with the Lead Team, developed a framework based on Australian Standard 4801. This allows each business unit to have systems and procedures in place that take into account the complexity of their operation.

An important ingredient in maintaining the integrity of OneSteel's OHS management system is the use of external assessment to monitor progress against defined goals. During this financial year, independent OHS evaluations were carried out by DuPont Safety and Environmental Management Services and State Workcover

FIGURE EIGHTEEN
Lost Time Injury Frequency Rate
Per Million Hours Worked

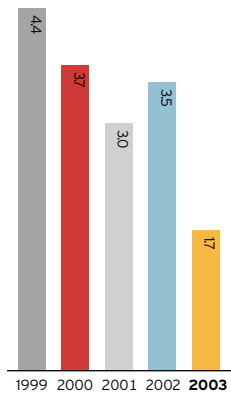
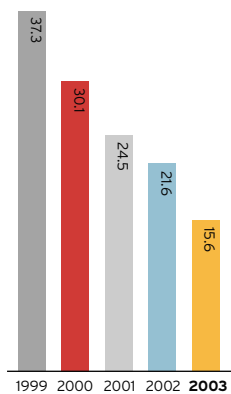


FIGURE NINETEEN
Medical Treatment Injury Frequency Rate
Per Million Hours Worked



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OCCUPATIONAL HEALTH AND SAFETY POLICY

OneSteel is committed to achieving the highest performance in occupational health and safety with the aim of creating and maintaining a safe and healthy working environment throughout its businesses.

Consistent with this the Company will:

- seek continuous improvement in its occupational health and safety performance taking into account evolving community expectations, management practices, scientific knowledge and technology;
- comply with all applicable laws, regulations and standards and where adequate laws do not exist, adopt and apply standards that reflect the Company's commitment to health and safety;
- involve employees and contractors in the improvement of occupational health and safety performance;
- train and hold individual employees accountable for their area of responsibility;
- manage risk by implementing management systems to identify, assess, monitor and control hazards and by reviewing performance;
- ensure that OneSteel employees, contractors and visitors are informed of and understand their obligations in respect of this policy;
- communicate openly with employees, government and the community on occupational health and safety issues; and contribute to the development of relevant occupational health and safety policy, legislation and regulations; and support relevant occupational health and safety research.

authorities in New South Wales, Victoria, South Australia and Queensland.

OneSteel currently has self-insurance status for workers compensation in all States where it is eligible: New South Wales, Victoria, South Australia, Queensland and Western Australia.

OCCUPATIONAL HEALTH AND SAFETY OUTCOMES FOR THE YEAR

OneSteel achieved a combined employee and contractor lost time injury frequency rate of 1.7, a 49% reduction from the previous year. Given the relatively low rate of lost time injuries, medical treatment injuries have been given a strong focus. In 2002/03 the combined employee and contractor medical treatment injury frequency rate has declined by 28% to 15.6.

INVOLVEMENT OF PEOPLE

OneSteel recognises the importance of involving everyone as it strives to constantly improve its safety performance. This includes employees, contractors, suppliers, customers and the communities in which it operates.

A key safety initiative in the past year has been the James Wood "Choices" program. This is a behaviour-based initiative focused on ensuring our employees and contractors think about the safety choices they make in their daily work activity. The program was conducted across the whole organisation in 2002/03.

ONESTEEL SAFETY EXCELLENCE AWARDS

To recognise the involvement and contribution of employees and contractors, and to build on a platform of sharing good practices across sites, the OneSteel Safety Award Program has become an annual event. The award categories, finalists and winners are shown below.

Safety Employee of the Year

- Duncan Hislop (Winner)
- Jeff Ganter
- Mark Jones
- Rodney Newton

Safety Leader of the Year

- Peter Jones (Winner)
- Stuart Callender
- Russell Chataway
- Mark Parry

Supplier / Contractor of the Year

- Henry Walker Eltin (Winner)
- C&B Safe (James Wood)
- Key Group (Mark Bowman)
- Hunter Civil and Hire

Safety Workplace Initiative of the Year

- OneStop (Sheet & Coil Perth)(Winner)
- Crane Safety (Pipe & Tube Newcastle)
- Auditing and NCI Simulator (Rolling Mills Whyalla)
- Workplace Watch Manual Handling (Ropes OHS Committee)



Picture 1 - Employee Category

Gordon Bashford (Presenter), Duncan Hislop (Winner), Mark Jones, Rodney Newton, Jeff Ganter (not present), Bob Every



Picture 2 - Leader Category

Russell Chataway, Stuart Callender, Peter Jones (Winner), Mark Parry, Bob Every



Picture 3 - Contractor Category

Mark Reichelt (Presenter), James Wood, Mark Bowman, Ben Hiatt (Winner), Barry Urquhart, Bob Every



Picture 4 - Workplace Initiative Category

Geoff Plummer (Presenter), Bill Dunn (representing John Creagh), Grantley Crawford (representing Darrell Barnes), Aravindhan Rajaratnam (Winner), Andrew Dickson, Bob Every

The world's largest vault door, at the National Park Bank in New York, is made from steel. It is 4.25 metres in diameter, 0.75 metres thick and weighs in at 80 tonnes.

Source: IISI



FIGURE TWENTY

Workers Compensation Outstanding Claims Provision	2003	2002	2001
	\$m	\$m	\$m
New South Wales	18.2	19.3	20.7
Queensland	2.4	4.5	5.5
Victoria	4.2	3.2	2.8
South Australia	4.2	4.2	4.1
Western Australia	0.7	0.9	0.7
Total - Self-insurance Workers Compensation Provision	29.7	32.1	33.8



OneSteel's vision for the environment is to achieve a high standard of environmental care by complying with current legislation and seeking continuous improvement in performance by taking account of evolving scientific knowledge and community expectations.

ENVIRONMENTAL POLICY

OneSteel undertook its two-yearly review of its Environmental Policy, which examined the current and future relevance of the policy. It was determined that it should remain unchanged, and was re-endorsed by the OneSteel CEO & MD in January 2003. The policy is available on OneSteel's website at www.onesteel.com.

ENVIRONMENTAL MANAGEMENT SYSTEMS

The primary focus for the management of OneSteel's environmental systems and performance is at a site level. Site environmental management systems are supported by business level systems, which are further supported by OneSteel corporate level systems. The auditing of both systems and performance at sites is primarily undertaken through environmental audit programs managed at the business group level of OneSteel - ie OneSteel Whyalla Steelworks, OneSteel Market Mills and OneSteel Distribution.

OneSteel assesses its performance against various legislation, codes, guidelines and internal OneSteel requirements. In assessing the integrity of the company's environmental management systems, OneSteel benchmarks itself against the international environmental management system standard ISO14001.

In 2002/03, the Traklok operations and the Sydney Steel Mill sought and received certification, following on from Whyalla Steelworks and the Altona tube processing plant becoming certified in the previous year.

Following on from a 2002 review, the OneSteel corporate office again commissioned SAI-Global Assurance Services to review and update OneSteel's position against ISO14001 in 2003, and to examine the integrity and effectiveness of OneSteel's internal audit protocols for environmental systems. The representative group of sites reviewed demonstrated that OneSteel is in a sound position with respect to environmental management systems.

OneSteel's environmental system auditing protocols were also determined to be sound, with some important opportunities identified.

OneSteel has in place a key business risk identification, rating and management process based on the risk management Standard AS4360-1999. This process is for various types of business risk, not just environmental risk.

ENVIRONMENTAL PERFORMANCE

Against the conditions of OneSteel's EPA licences that require specified monitoring, 12 minor non-compliances were recorded in 2002/03. Actions have been progressed to address and prevent recurrence of these non-compliances. Although this is a reduction compared with 17 in the previous year, OneSteel's goal remains zero. OneSteel also has its own internal systems to identify and record incidents outside of licence monitoring requirements down to the level of

recording, for example, certain spills of oil to the ground from heavy forklift hydraulic hose leaks. The majority of incidents are very minor in nature and do not necessitate reporting to regulatory authorities. During 2002/03, the main types of incidents were small chemical spills and oil leaks from plant equipment that were contained on-site and easily addressed.

There were two higher level incidents concerning fires within a small baghouse at a Pipe & Tube Mill in Newcastle and work has been undertaken to understand the cause and prevent a recurrence.

No fines or prosecutions have been incurred.

At the Whyalla Steelworks, an Environment Protection Authority (EPA) order was received to address a small oil leak identified during an EPA audit and a further order requiring completion of five improvement activities undertaken in ore processing. These matters were resolved.

OneSteel also responds to community complaints that may be lodged directly, or through the regulatory authorities.

The majority of complaints received were in regard to:

- dust at Whyalla - the Steelworks continues to work on dust reduction through its Environment Continuous Improvement Plan. A range of capital improvements has been carried out in 2002/03 which follow on from initiatives in prior years
- diesel locomotive smoke at Whyalla - OneSteel's rail contractor, ASR, is progressing improvement works in liaison with the EPA in response to complaints
- vibration complaints regarding OneSteel's Wire Ropery in Newcastle - a vibration monitoring system is in place to maintain an assessment of the vibration derived from the site and to manage site operations to maintain levels below guidelines. OneSteel continues to liaise with residents, report monthly to the local council and act in response to complaints.

SIGNIFICANT ENVIRONMENTAL ACTIVITIES

At Whyalla Steelworks, the commissioning in March 2002 of a waste water treatment plant for blast furnace scrubber water has seen the site meet EPA licence targets for zinc mass emission reduction. Zinc discharges to the marine environment have been reduced by over 99% exceeding the target of 95%. OneSteel has also agreed to achieve mass load reductions of ammonia, free cyanide and phenol in the coke ovens excess ammonia liquor discharges. A 48% interim load reduction target for each species by March 2003 has been met.

Apart from continuing to progress dust reduction projects at the Whyalla Steelworks, the site also undertook a study at the request of the South Australian EPA to determine if any localised community health implications existed with fine dust emission levels. The consultant employed by OneSteel concluded that whilst there is no scientifically valid method to rule out the potential health risk, based on all available evidence it is unlikely that fine dust emissions from the Steelworks are adversely affecting health. OneSteel continues to work with the EPA to manage the dust impact in the vicinity of the Steelworks boundary. Ongoing monitoring will be



The Ardrossan Dolomite Operations are members of an organisation called "Trees for Life". As members of this organisation, Ardrossan receive native seeds and advice on rearing the species, which are then later used for site rehabilitation. The seed collected is local to the Ardrossan area. Plants currently being raised at Ardrossan include a mixture of Acacias, Eucalypts and Melaleucas.

Pictured: Greg Smith and Steve Keating with seedlings, and certificate of membership. Seedlings also planted in the background.

used to provide more information about the main sources of windblown dust, which will be used to update the Whyalla Steelworks dust reduction program.

OneSteel has completed two years of site contamination investigations on land occupied by the Rod and Bar Mills in Newcastle that were previously declared an "investigation area" under the New South Wales Contaminated Land Management Act. Consultant reports, verified by a New South Wales EPA Accredited Auditor, have been submitted to the EPA and they conclude that no significant risk of harm exists for the current land use and management for the land. A very small localised area of benzene-contaminated groundwater and clay layer requires a further 12 months of monitoring to confirm results that indicate that it does not represent a significant risk of harm under the Act. OneSteel, in its licence agreement with the EPA, has continued to seek and achieve a reduction in the dioxin level emitted from the baghouse stack at its Sydney Steel Mill electric arc furnace. Currently the proposed license limit is 0.13 ngm/m³. However, the EPA is requesting that the site further aims to meet the "world's best practice" of 0.1 nanograms per cubic metre. In response, OneSteel is undertaking a program of works on a different baghouse filter material to further reduce dioxin emissions. The EPA, the local council and the community forum are being informed on progress.

The various EPA jurisdictions specify certain projects for completion through site EPA licences or through notices under Environmental Acts. These represent only a small proportion of the environmental projects being undertaken by OneSteel as part of its ongoing management commitment. EPA specified projects due to be completed during 2002/03 have been completed either in accordance with the initial designated date, or for a few projects a time extension was sought and granted from the EPA.

GREENHOUSE GAS EMISSIONS

The annual greenhouse gas emissions inventory estimated that OneSteel's 2002/03 greenhouse emissions were 3.2 million tonnes of CO₂ equivalent greenhouse gases, including accounting for purchased electricity.

Based on our 2001/02 inventory, this represents about 0.6% of Australia's national emissions. The integrated Whyalla Steelworks, with coke ovens and iron ore preparation, account for approximately 79%, and the Sydney Steel Mill scrap steel-fed electric arc furnace operation accounts for approximately 10% of OneSteel's greenhouse emissions.

ENVIRONMENTAL EXPENDITURE

During 2002/03 just over \$3 million was authorised for specific environment-related capital expenditure projects. Of this, \$2.5 million was authorised at the Whyalla Steelworks on such items as lime kiln effluent management, various dust control projects, a new dust monitoring station and planting of trees in a buffer zone.

Since 1996 the Whyalla Steelworks has spent \$4 million upgrading or replacing equipment to remove ozone depleting substances, with three

remaining pieces of equipment to be addressed in 2003/04.

OneSteel also has made financial provisions for potential environmental costs, mainly related to certain site contamination management and mine site rehabilitation in accordance with provisioning guidelines.

COMMUNITY

OneSteel helped establish the Whyalla Environment Consultation Group, which consists of EPA and OneSteel environment staff, council members, local residents and business and education sector people. The group has been established to communicate more broadly with the community about dust issues and environmental issues in general. Newsletters to keep the people of Whyalla informed about the work of the group are prepared and published from time to time. A freecall project information line also exists for feedback about the effectiveness of the group.

OneSteel also continues to be involved in a community forum at the Sydney Steel Mill on dioxin emission reduction and resident liaison activity on the Newcastle Wire Rope works in regard to vibration issues. These are valuable forums to discuss community concerns.

The oil pipeline that runs from the Caspian Sea to the oil port of Novorossiisk in North Russia is a steel pipe 1.6 metres in diameter. It runs for 1,500 kilometres.

Source: IISI



ENVIRONMENTAL POLICY

It is OneSteel's policy to achieve a high standard of environmental care by complying with current legislation and seeking continuous improvement in performance by taking account of evolving scientific knowledge and community expectations.

Specifically, it is OneSteel's policy to:

- comply with all applicable laws, regulations and standards; uphold the spirit of the law; and where laws do not adequately protect the environment, apply standards that minimise any adverse environmental impacts resulting from its operations, products and services;
- communicate with government and the community on environmental issues, and contribute to the development of policies, legislation and regulations that may affect OneSteel;
- ensure that its employees and suppliers of goods and services are informed about this policy and aware of their environmental responsibilities in relation to OneSteel's business;
- ensure that it has management systems to identify, control and monitor environmental risks arising from its operations.

Over the last year there has been a range of development activities from end product to the beginning of the value chain at the iron ore mines. As a result, claimable expenditure under the Australian Government's Research and Development Tax Scheme is expected to exceed \$16 million for the period.

PROCESS DEVELOPMENT

During the period, the OneSteel Board approved \$80 million in capital expenditure to reline the Whyalla blast furnace. Extensive planning is underway with the reline to take place in June/July 2004. As part of this project, the opportunity will be taken to introduce current international practice with respect to key components of the reline. This includes the system for delivering raw materials to the blast furnace top (which has the added benefit of reducing gas emissions) and cast iron and copper cooling panels for the blast furnace shaft.

A series of process initiatives has also been undertaken with respect to iron ore. The CSIRO has been engaged for a range of process evaluations with respect to iron ore textural variables and pellet plant processing. This work has contributed to the excellent increase in pellet plant productivity (13% improvement from the previous year).

An agreement has also been entered with Henry Walker Eltin to install a beneficiation plant at the iron ore mines. This plant will be commissioned late in 2003/04 and will be used to progressively process nine million tonnes of lower-grade iron ore stockpiles to produce approximately five million tonnes of high-grade hematite.

A continued focus has also been applied to "operational excellence" across the business. This has led to a range of quality and yield improvements from the raw steel production to mill product manufacturing processes.

PRODUCT DEVELOPMENT

The OneSteel rope works currently supplies a significant quantity of rope for the mining industry. During the period, \$14 million in capital expenditure was approved for the equipment required to supply eight-strand mining rope. This will enable the supply of such rope to the latest generation of drag lines in the mining industry which require wire rope up to a diameter of 143 mm. This equipment will come on-line in approximately February 2004.

A new state-of-the-art electrogalvanising line has been installed to replace the existing tar coated fence post with a galvanised fence post. This plant is due to come on-line in September 2003.

For both pipe and tube and wire products, developments in application and control technologies for both metal coatings and organic finishes have provided both improved performance and product differentiation.

OneSteel Reinforcing continued to expand its ranges of innovative solutions for the construction and mining markets. The successful MINEMESH™ range of strata control straps and modules for coal mines were awarded two Australian Patents during the year, and the unique BAMTEC® system of reinforcing bar carpets continued to save time and costs for OneSteel customers' reinforced concrete projects.

IT SYSTEMS

Considerable development is being undertaken with OneSteel's IT systems. The major project is a rollout of an SAP system.

Implementation of the OneSteel SAP system is underway, with the conversion program in OneSteel Distribution's Steel and Tube businesses and the OneSteel SAP payroll completed. Phase one of the rollout of the OneSteel SAP system to the remainder of Distribution and the majority of Market Mills businesses is scheduled for completion by the end of calendar year 2004.

Delivery of benefits associated with the OneSteel SAP system and the business change program continue to be areas of focus for management. Key benefits include the provision of a systems platform that enables the sharing of systems and services across the OneSteel business whilst replacing aging (legacy) systems in critical business areas.



MARINEMESH™

In June 2003, The Stehr Group became the first South Australian company to trial a revolutionary steel net as an enclosure for the Finfish industry in Arno Bay, South Australia. OneSteel's MarineMesh™ net, is being trialled over the next three months with a view to implementing a further 10 MarineMesh™ nets. It will eventually house around 12,000 Yellow Tail Kingfish.

MarineMesh™ is a revolutionary anti-predator system made from steel-wire mesh. The system has been designed to reduce losses from predator attacks and to minimise the labour costs associated with net changing and repairs.

The wire used to manufacture MarineMesh™ has a protective layer of zinc that is approximately 12 times thicker than normal galvanised wire allowing it to exist in harsh marine environments.

The nets are attracting interest internationally with OneSteel currently installing nets in Scotland for the salmon industry and in negotiations with companies in the Middle East and Canada.

At the time OneSteel was launched in October 2000, one of our goals was to implement a program whereby OneSteel would become an active participant in community-based support programs in areas that support our operations. The sense of being connected with the community is encapsulated in the name OneSteel and represents one of the core values that guides OneSteel.

Over the last three years, with its large regional presence, OneSteel has played a significant role in local communities by way of supporting local charities and community-based activities around Australia.

For OneSteel, community represents the lifeblood that underpins its operations. The community supports our people, providing services that we all use in our daily lives. Without the support of the community and its people, we do not have a business. With steel playing such a significant role in our everyday lives and the Australian economy, it is important for OneSteel to be actively involved in community support programs.

In recognition of the strong community support OneSteel receives in the areas where we operate, and our keen desire to continue our support amongst the community, OneSteel is in the process of implementing an initiative called the OneCommunity Giving Program.

The OneCommunity Giving Program provides a way for OneSteel to give something back to the community and in a way in which all employees can participate. The program has been developed by OneSteel staff selecting those causes and associated charities which they believe are significant contributors to their local community. The company will match employee contributions up to \$250,000.

The top social causes and issues requested by employees resulted in the following charities being selected to receive assistance:-

- The Smith Family
- The Salvation Army
- CARE Australia
- The Royal Flying Doctor Service
- The Australian Cancer Council
- Alzheimer's Australia
- Hunter Medical Research Institute
- RSPCA
- Landcare
- Lifeline
- Westpac Rescue Helicopter
- Guide Dogs Australia.

This program is aimed at collectively having a huge impact on the worthwhile charities OneSteel has chosen to support.

One of OneSteel's major community success stories this year, was the company's involvement in assisting the fundraising efforts needed for the drought relief assistance program.

OneSteel's support to the "Send It Down Hughie" fund-raising concert held in Orange this year, and subsequent CD sales, netted over \$80,000. A further \$8,000 was generated from internal sales to OneSteel employees.

Donations and support OneSteel has participated in over the last year are detailed in Figure Twenty One below.



At the other end of the spectrum, the stainless steel surgical knives used for keyhole and ophthalmic operations are only 4mm long and 0.09mm thick, less than the thickness of a human hair.

Source: IISI

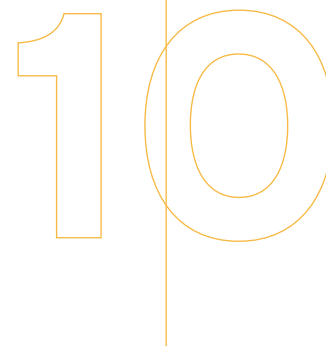


FIGURE TWENTY ONE

Donations and Support

Hunter Region	<ul style="list-style-type: none"> • Lifeline Newcastle-Hunter - Financial Counselling Service - funding to expand service for 2003 calendar year 	<ul style="list-style-type: none"> • Hunter Valley Research Foundation • Hunter Medical Research Institute • Young Achievement Australia 	<ul style="list-style-type: none"> • WorldSkills Australia National Skills competition conducted in Newcastle in October 2002 • Salvation Army 	<ul style="list-style-type: none"> • The Macquarie Scorpions Rugby League Football Club • Landcare • "Send It Down Hughie" Drought Relief Program
Whyalla	<ul style="list-style-type: none"> • Spina Bifida and Hydrocephalus Association • Mission Australia (Whyalla) • Whyalla Show Society • Greening Australia • Country Arts SA (OneSteel Young SA Artists Awards) • Chris Nagel Memorial Christmas Appeal (on behalf of The Salvation Army) • LifeFM Christmas Party for Special Children • OneSteel Academic Excellence Awards 	<ul style="list-style-type: none"> • Elouera House (Whyalla Women's and Children's Shelter) • Kiwanis Club of Whyalla annual Christmas Toy Wrap for disadvantaged children • Apex Clubs of SA/NT Apex/OneSteel Secondary Schools Public Speaking and Debating Competition • Faces of Youth Arts Inc • OneSteel Matriculation Prize • Crippled Children's Association Outback Odyssey 	<ul style="list-style-type: none"> • Whyalla Emergency Services Centre • Rotary Club of Whyalla • Life Education SA Inc Drug and Alcohol Education Program for Whyalla Schools • Whyalla Road Safety and Bicycle Education Centre • Disabled People (Whyalla) Inc • Centacare Community House/Drop In Centre • The Smith Family • Terry Fox Event (on behalf of Whyalla Area Cancer Support and Services) 	<ul style="list-style-type: none"> • University of SA Whyalla Campus OneSteel Prize • Centacare Winter Blanket Appeal • Fred Hollows Foundation • Whyalla Art Group • Blind Sporting Council • Young Achievement Australia Business Skills Development Program • Whyalla Indigenous Peoples Support
Regional Australia	<ul style="list-style-type: none"> • Casuarina Crocs • NT Pony Club • Speedway Recovery Vehicles • Rotary Club of Darwin • Special Children's Xmas Party 	<ul style="list-style-type: none"> • Blind Sporting Council • NT Rugby Union • Ardrossan Golf, Bowling and Football Club • Ardrossan Area School 	<ul style="list-style-type: none"> • Royal Port Pirie Yacht Club • OneSteel Academic Excellence Awards • Country Arts SA - OneSteel Young SA Artists 	<ul style="list-style-type: none"> • District Council of Yorke Peninsula - Ardrossan Art Exhibition • Country Arts SA
Safety Award Winners	<ul style="list-style-type: none"> • Whyalla Hospital (for purchase of equipment) 	<ul style="list-style-type: none"> • Whyalla Area Cancer Support Services 	<ul style="list-style-type: none"> • Children's Leukaemia & Cancer Research Foundation 	<ul style="list-style-type: none"> • Westpac Rescue Helicopter
Other	<ul style="list-style-type: none"> • CARE Australia • Commonwealth Games • Apex Clubs of SA and NT 	<ul style="list-style-type: none"> • Monash University - Australian Student Mineral Venture • Greening Australia Limited 	<ul style="list-style-type: none"> • OneSteel Secondary Schools Public Speaking and Debating Competition 	<ul style="list-style-type: none"> • Young Achievement Australia

BOARD OF DIRECTORS



P J (PETER) SMEDLEY

BCom, MBA, FAICD

Chairman

Independent Non-Executive Director

Age 60. Appointed a director and Chairman in October 2000 and is a member of the Governance & Nominations Committee and the Remuneration Committee. He is a director of CARE Australia Limited and the Colonial Foundation. His previous roles included Managing Director and Chief Executive Officer of Mayne Group Limited, Managing Director & Chief Executive Officer of the Colonial Group, Chairman of the State Bank of New South Wales, Executive Director, Downstream Oil and Chemicals and Executive Director, Coal and Metals for Shell Australia Limited, Deputy Chairman of Newcrest Mining Limited and director of Austen Butta Limited.



R L (BOB) EVERY

BSc, PhD, FTSE, FIE Aust, CP Eng

Managing Director and Chief Executive Officer

Age 58. Appointed a director in July 2000. Managing Director and Chief Executive Officer of OneSteel Limited and Chairman of Steel & Tube Holdings Limited. He is also a director of the International Iron and Steel Institute, member of the Business Council of Australia, the Australian Institute Company Directors, the President's Council of the Art Gallery of New South Wales and a Fellow of the Institute of Engineers and Australian Academy of Technological Sciences and Engineering. He is a director of CARE Australia Limited and Chairman of the CARE Australia Corporate Council. His previous roles included President of BHP Steel, Managing Director of Tubemakers of Australia Limited and Chief Executive Officer of Steel & Tube Holdings Limited.



E J (EILEEN) DOYLE

BMath, MMath, PhD, FAICD

Independent Non-Executive Director

Age 48. Appointed a director in October 2000 and is a member of the Audit & Compliance Committee and Occupational Health, Safety & Environment Committee as well as Chairman of OneSteel's Superannuation Policy Committee. She is also Chairman of Port Waratah Coal Services and Hunter Valley Research Foundation, a director of Austrade, State Super Financial Services and the Australian Mathematics Trust and Conjoint Professor, Graduate School of Business, University of Newcastle. Her previous roles include senior management positions with CSR Timber Products, BHP Steel and Hunter Water Corporation.



C R (COLIN) GALBRAITH AM

LLB (Hons), LLM (Univ of Melbourne)

Independent Non-Executive Director

Age 55. Appointed a director in October 2000 and is Chairman of the Governance & Nominations Committee and a member of the Audit & Compliance Committee. He is a partner at law firm Allens Arthur Robinson specialising in commercial law. He is a director of Commonwealth Bank of Australia and GasNet Australia Limited, Chairman BHP Billiton Community Trust, Trustee of Royal Melbourne Hospital Neuroscience Foundation, Deputy Chairman of the Executive Committee of CARE Australia Corporate Council, Honourary Secretary of Legal Education (Victoria). Previously, he was a director of Colonial Group and Azon Limited.



D E (DAVID) MEIKLEJOHN

BCom, DipEd, FCPA, FAIM, FAICD

Independent Non-Executive Director

Age 61. Appointed a director in October 2000 and is Chairman of the Audit & Compliance Committee and a member of the Remuneration Committee. He is also Chairman of PaperlinX Limited and SPC Ardmona Limited, Deputy Chairman of GasNet Australia Limited and a director of WMC Resources Limited. Previous roles include an Executive Director and Chief Financial Officer of Amcor Limited, Chairman of Kimberly-Clark Australia Limited and a director of Colonial Group and Treasury Corporation of Victoria.



D A (DEAN) PRITCHARD

BE, FIE Aust, CP Eng, FAICD

Independent Non-Executive Director

Age 58. Appointed a director in October 2000 and is Chairman of the Occupational, Health, Safety & Environment Committee and a Member of the Audit & Compliance Committee. He is also Chairman of ICS Global Limited and a director of Eraring Energy and Rail Infrastructure Corporation. Previously, he was Chief Executive Officer of Baulderstone Hornbrook.



N J (NEVILLE) ROACH AO

BA (Hons), DSc (HC), FACS

Independent Non-Executive Director

Age 64. Appointed a director in October 2000 and is Chairman of the Remuneration Committee and a member of the Occupational Health, Safety & Environment Committee. He is also Chairman of Fujitsu Australia Limited, Smart Internet Cooperative Research Centre, National ICT Centre for Excellence, Intelligent Island Board and Australia India Business Council, Deputy Chairman of SBS, director of Fujitsu Asia, TAFE Global, Australian Academic and Research Network, UNSW Foundation. Previously, Chief Executive Officer of Fujitsu Australia Limited, Chairman of Council for Multicultural Australia, Business (Migration) Advisory Panel, Australian Information Industry Association and President Asian Oceania Computing Industry Organisation.

OneSteel Limited listed on the Australian Stock Exchange on 23 October 2000. This statement outlines the corporate governance practices adopted by the Board which were in place throughout the financial year and at the date of this report.

ROLE OF BOARD OF DIRECTORS

The primary role of the Board is the protection and enhancement of shareholder value. The Board has the responsibility for corporate governance of the company. It oversees the business and affairs of the company, establishes the strategies and financial objectives with management and monitors the performance of management directly and through Board committees.

The Board has established a framework for the management of the consolidated entity, including a system of internal control and business risk management and appropriate ethical standards.

The agenda for Board meetings is prepared in conjunction with the Chairman and the Managing Director and submissions are circulated in advance. The Board reviews the company's performance and considers other important matters such as strategic issues, plans, major investment decisions, human resources matters, governance and compliance, and significant management presentations. Executives are regularly involved in Board discussion and directors have other opportunities, including visits to operations, for contact with a wider group of employees.

BOARD CHARTER AND CORPORATE GOVERNANCE GUIDELINES

The Board has established a Board Charter and Corporate Governance Guidelines. These constitute a reference point for directors, employees and investors in understanding OneSteel's approach to the processes, performance measures, values and ethical standards which govern directors and employees. They are designed to facilitate an evaluation of the company's framework and procedures in the context of ensuring accountability and transparency.

The Guidelines are reviewed at least annually by the Governance and Nominations Committee and then the Board, in the light of the company's experience, the expectations of its shareholders, changes in the law and the requirements and recommendations of regulatory and other public bodies, including the ASX Corporate Governance Council. The Board Charter and Corporate Governance Guidelines, together with other governance documents, are published on the OneSteel website at www.onesteel.com.

CODE OF CONDUCT

The directors embrace the need for and continued maintenance of the highest standards of ethical conduct by all directors and employees of the consolidated entity. The Board has adopted a code of business conduct which formalises the obligation of individuals to act within the law and act honestly and ethically in all business activities. This code of conduct is reviewed by the Governance and Nominations Committee and is distributed to all business units to ensure staff are familiar with its contents.

INDEPENDENCE

The Board regularly assesses the independence of each director. For this purpose, an independent director is a non-executive director whom the Board considers to be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement.

In addition to being required to conduct themselves in accordance with the principles for directors' conduct and responsibilities of directors outlined in the Board Charter and Corporate Governance Guidelines, directors must be meticulous in their disclosure of any material contract or relationship in accordance with the Corporations Act 2001. The disclosure also includes interests of family companies, spouses, etc. Directors must strictly adhere to the constraints on their participation and voting in relation to matters in which they may have an interest in accordance with the Corporations Act 2001 and OneSteel policies.

Each director (or interests associated with each director) is a shareholder in the company. Each director may be involved with other companies or professional firms which may from time to time have dealings with OneSteel. Where there are such dealings, they are set out in notes (recording related party dealings) to the company's accounts as required by law.

The Board has assessed that each of the non-executive directors of the company is an independent director. In reaching that determination, in addition to the matters referred to above, the Board has taken into account:

- the specific disclosures made by each director as referred to above
- where applicable, the related party dealings with each director, noting that those dealings are not material under accounting standards
- no director is, or is associated directly with, a substantial shareholder of the company
- no non-executive director has ever been employed by OneSteel or any of its subsidiaries
- no director is, or is associated with, a supplier, professional adviser, consultant to or customer of OneSteel which is material under accounting standards.

Whilst each of the directors only took office in 2000, the Board does not consider that term of service should be considered as a factor affecting the question of independence.

The Board has established a policy limiting directors' tenures to ensure that skill sets remain appropriate in a changing environment. The Board has adopted a policy that after non-executive directors have been in office for nine years they should stand for election on an annual basis. The Board has a policy that the maximum term for a non-executive director is 11 years.

COMPOSITION OF THE BOARD AND ITS COMMITTEES

The Board consists of seven directors. Membership of the Board and its Committees is set out below:

DIRECTOR	BOARD MEMBERSHIP	COMMITTEE MEMBERSHIP			
		Governance & Nominations	Audit & Compliance	Occupational Health, Safety & Environment	Remuneration
P J Smedley	Non-executive	<i>Chairman</i>	Member		Member
R L Every	Executive	<i>Managing Director</i>			
E J Doyle	Non-executive			Member	Member
C R Galbraith	Non-executive		Chairman	Member	
D E Meiklejohn	Non-executive			Chairman	Member
D A Pritchard	Non-executive			Member	Chairman
N J Roach	Non-executive				Member

BOARD EVALUATION

Each year the directors conduct a formal review to evaluate their performance in meeting shareholder and stakeholder expectations. It is considered that this matter is appropriately reviewed by the whole Board under the direction of the Chairman and not by a Board committee alone. The Chairman discusses individual director contributions with each director face-to-face annually.

BOARD COMMITTEES

The Board committees are:

- Governance and Nominations
- Audit and Compliance
- Occupational Health, Safety and Environment
- Remuneration.

During the year, the duties of the former Governance and Remuneration Committee were split through the formation of two separate committees, namely the Governance and Nominations Committee and the Remuneration Committee.

Ad hoc committees are established from time to time to deal with matters arising. All committees have clear mandates and operating procedures, which are reviewed on a regular basis. The committees operate principally in a review or advisory capacity, except in cases where particular powers are specifically conferred on a committee by the Board.

The Board committees meet as required, although the Audit and Compliance Committee and the Occupational Health, Safety and Environment Committee have regular quarterly meetings. The matters dealt with by the committees are set out below.

GOVERNANCE AND NOMINATIONS COMMITTEE

The role of the Governance and Nominations Committee is set out in a charter which has been approved by the Board. The responsibilities of the Committee are to:

- review the corporate governance procedures of the company and any statement on corporate governance and recommend changes to the Board as appropriate
- assess the necessary and desirable competencies of Board members
- review the Board succession plans
- ensure there is a process for evaluation of the Board
- recommend new nominees for membership of the Board.

The Managing Director and relevant senior staff are invited to Governance and Nominations Committee meetings at the discretion of the Committee.

AUDIT AND COMPLIANCE COMMITTEE

The role of the Audit and Compliance Committee is set out in a charter which has been approved by the Board. The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and compliance reporting for the management of the company. The responsibilities of the Committee are to:

- review and report to the Board on half-yearly and yearly financial statements prior to their external release
- review all significant accounting policy changes and, where appropriate, recommend them to the Board
- monitor and report to the Board on the framework, adequacy and security of internal control and accounting and management information systems
- monitor the working relationship between the internal and external audit functions
- ensure adequate audit coverage for all major financial risks of the business and report to the Board on any issues arising from this coverage
- review internal and external audit reports to ensure that, where significant deficiencies in controls or procedures have been identified, management takes prompt remedial action and reports to the Board as appropriate
- review the annual and half-yearly accounts with the external auditors, review whether audits have been conducted effectively and report thereon to the Board as appropriate
- provide an open communication channel between internal and external auditors and the Board
- review, and in the case of external audit, agree fees and recommend to the Board on the appointment or replacement of the auditors. For internal audit recommend to the Board the appointment of internal auditors
- monitor the engagement of the external auditors to undertake non-audit services where the company will accept the auditor's performance of the engagement in accordance with OneSteel's policy on Audit Independence and Non-Audit Services
- assess the performance and independence of external auditors and whether the Committee

is satisfied that independence of this function has been maintained having regard to the provision of non-audit services

- assess the performance and, where appropriate, the independence of internal auditors
- monitor and report to the Board on relevant tax matters (including tax compliance procedures)
- review major capital project post audits
- monitor funding commitments and availability
- assess and review the business risk process including major customer contracts
- review major non-financial regulatory matters through the use of a compliance monitoring reporting regime which covers the following areas of exposure
 - asset protection (including insurance)
 - trade practices
 - conflict of interest
 - discrimination and harassment
 - ethical standards
- approve the internal audit risk assessment and related audit plan.

The Managing Director, relevant senior staff and the internal and external auditors are invited to Audit and Compliance Committee meetings at the discretion of the Committee.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

The role of the Occupational Health, Safety and Environment Committee is set out in a charter which has been approved by the Board. The responsibilities of the Committee, which relate to occupational health, safety and environment, are to:

- review all significant policies and changes thereto and, where appropriate, recommend them to the Board
- monitor and report to the Board as appropriate on adequacy of management systems
- monitor and report to the Board as appropriate on the adequacy of performance and compliance
- ensure adequate internal and external audit coverage for all major risks and report to the Board on any issues arising from this coverage, in particular the management of environmental risks and post-divestment liabilities
- report to the Board as appropriate on any other significant health, safety and environment issues.

The Managing Director and relevant senior staff are invited to Committee meetings at the discretion of the Committee.

REMUNERATION COMMITTEE

The role of the Remuneration Committee is set out in a charter which has been approved by the Board. The responsibilities of the Committee are to:

- review the remuneration of non-executive directors and recommend any changes to the Board

- advise the Board on remuneration policies and practices relating to employees
- make specific recommendations to the Board on remuneration packages, policies and procedures applicable to senior management, including recruitment, retention and termination
- advise the Board in relation to share plans, incentive performance packages and succession planning
- review processes relating to the identification and development of key high-potential employees
- ensure adequate succession planning is in place
- review and recommend superannuation arrangements.

Remuneration levels are set competitively to attract the most qualified and experienced senior executives. The Committee also considers independent advice on appropriate remuneration packages.

The Managing Director and the General Manager Human Resources are invited to Remuneration Committee meetings at the discretion of the Committee.

RISK MANAGEMENT

OneSteel is committed to managing risk to protect our people, the environment, company assets and our reputation as well as realise opportunities. This risk-based system of internal control helps us to operate effectively and efficiently, achieve business objectives, ensure reliable reporting and comply with applicable laws and regulations.

The Board implements this policy by overseeing the establishment and implementation of the risk management system, reviewing the effectiveness of the company's implementation of that system and ensuring investors are informed of material changes to the company's risk profile.

The Audit and Compliance Committee provides advice to the Board and reports on the status of business risks to the consolidated entity through integrated risk management programs aimed at ensuring risks are identified, assessed and appropriately managed. Major business risks arise from such matters as actions by competitors, technological developments, litigation or potential litigation, government policy changes, interest rate movements, the impact of exchange rate movements on the price of raw materials and sales, difficulties in sourcing raw materials, and the purchase, development and use of information systems.

The consolidated entity's risk management policies and procedures cover areas such as the environment, occupational health and safety, property, financial reporting and internal controls. Except for financial reporting and treasury risks which are handled centrally, each business operational unit is responsible and accountable for implementing and managing the standards required by the risk management programs.

Comprehensive practices are established such that:

- management systems are monitored and reviewed to achieve high standards of performance and compliance in areas such as the environment and occupational health and safety
- capital expenditure and revenue commitments above a certain size obtain prior Board approval
- financial exposures are controlled, including the use of derivatives
- business transactions are properly authorised and executed.

The internal audit function is outsourced to KPMG. The internal audit program is aimed at identifying key strategic operational and financial high risk areas. Priority areas for review are decided on the basis of this information.

EXTERNAL AUDIT

The external audit of OneSteel is governed by the following principles:

- the external auditors must clearly demonstrate their independence
- the external auditors must not provide services which are in conflict with the role of an auditor unless Audit and Compliance Committee approval is obtained for the service
- the quality of the audit is reviewed annually
- the lead audit partner is to be rotated at the end of a period no longer than seven years
- the appropriateness of putting the audit to tender is reviewed at the end of a period no longer than seven years
- the services and fees provided by the external auditors are fully disclosed.

DEALING IN COMPANY SHARES

Current shareholdings of directors are shown on page 38. Directors and senior management are precluded from trading in OneSteel shares at any time if they are aware of price sensitive information that has not been made public. Subject to that overriding rule, company policy permits directors and senior management to deal in company shares in the four-week periods from the:

- date of the company's annual general meeting
- release of the half-yearly announcement to the Australian Stock Exchange (ASX)
- release of the yearly announcement to ASX
- release of a disclosure document offering equity securities in the company.

Directors and senior management are cautioned of the ruling regarding buying or selling OneSteel shares at any time if they are aware of price sensitive information that has not been made public.

Directors and senior management may also acquire shares on the market under company share plans. The amount to be invested must be specified at least six months ahead. The amount is invested in equal monthly instalments with payment being made by way of deduction from the participant's remuneration. The plans are administered by an independent trustee.

Executive directors have entitlements to shares and options under the Executive Directors' Long-Term Incentive Plan, subject to performance hurdles being met.

ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

For the purposes of the proper performance of their duties relating to the company, directors are entitled to obtain independent professional advice at the company's expense following approval by the Chairman. The advice is treated as advice to the Board.

COMMUNICATIONS TO SHAREHOLDERS

The Board aims to ensure that shareholders are informed of all major developments affecting the consolidated entity's state of affairs. Information is provided to shareholders through formal disclosures to the ASX, as well as through the annual report.

The company maintains an internet site at **www.onesteel.com** which has copies of statements to the ASX and the annual report, as well as general information on the company and its activities. Key presentations given by company personnel to investors and institutions are also lodged concurrently, or beforehand, with the ASX. The company's website has a Corporate Governance section where Board and committee charters are published as well as other company policies that are likely to be of interest to shareholders and potential investors.

The annual general meeting provides an important opportunity for shareholders to express views and respond to Board proposals.

Your directors submit their report for the year ended 30 June 2003.

DIRECTORS

The following persons were directors of OneSteel Limited during the whole of the financial year and up to the date of this report:

P J Smedley
R L Every
E J Doyle
C R Galbraith
D E Meiklejohn
D A Pritchard
N J Roach

Details of the qualifications, experience and responsibilities of directors are set out on page 30 of the Annual Review.

PRINCIPAL ACTIVITIES

The principal activities of the OneSteel Group are mining, steel manufacture, and steel and metal products distribution. Further details are set out on pages 1 to 29 of the Annual Review. There were no significant changes in the nature of the principal activities of the OneSteel Group during the year under review.

REVIEW OF OPERATIONS

A review of the operations of the OneSteel Group during the financial year and the results of those operations is contained in pages 1 to 29 of the Annual Review.

Net profit after income tax attributable to members of the parent entity, for the financial year was \$94.0 million (2002: \$47.1 million) with earnings per share of 17.3 cents (2002: 9.3 cents - based on the average number of shares).

DIVIDENDS

Dividends paid or declared by the company since the end of the previous financial year were:

	\$m
Final dividend	
3.5 cents per share paid on 17 October 2002, fully franked at a 30% tax rate on fully paid shares	18.9
Interim dividend	
5.0 cents per share paid on 24 April 2003, fully franked at a 30% tax rate on fully paid shares	27.1
Final dividend	
6.0 cents per share payable on 16 October 2003, fully franked at a 30% tax rate on fully paid shares	32.8

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the OneSteel Group that occurred during the financial year ended 30 June 2003.

Commentary on the overall state of affairs of the OneSteel Group is set out on pages 1 to 29 of the Annual Review.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The OneSteel Group is subject to significant environmental regulation in respect of its mining and manufacturing activities. Environmental performance obligations are monitored by management and the Board of directors ("the Board") and subjected, periodically, to internal, independent external and government agency audits and site inspections. The environment report is set out on pages 26 and 27 of the Annual Review.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The sale of the Email Metering business was completed on 11 August 2003 for a total value of \$54 million. This sale completes the divestment of the residual Email businesses following the joint acquisition of Email with Smorgon Steel. Since 30 June 2003 and to the date of this report, no other matter or circumstance has arisen that has significantly affected or may significantly affect:

- OneSteel Group's operations in future financial years; or
- the results of those operations in future years; or
- OneSteel Group's state of affairs in future financial years.

FUTURE DEVELOPMENTS

Certain likely developments in the operations of the OneSteel Group known to the date of this report have been covered generally within the Annual Review. In the opinion of the directors, any further disclosure of information would be likely to result in unreasonable prejudice to the OneSteel Group.

DIRECTORS' MEETINGS

The number of directors' meetings held including meetings of committees of directors and number of meetings attended by each of the directors of the company during the financial year are listed at the bottom of the page.

The Governance and Remuneration Committee was replaced during the year by the newly formed Governance and Nominations Committee and the Remuneration Committee.

The roles and membership details of each of the committees are described on pages 32 and 33 of the Annual Review.

TABLE - DIRECTORS' MEETINGS

	Board of Directors	Governance & Remuneration Committee	Audit & Compliance Committee	Occupational Health, Safety & Environment Committee	Remuneration Committee	Governance & Nominations Committee
Number of meetings held	11	2	4	4	2	1
Number of meetings attended						
P J Smedley	11	2			2	1
R L Every	11					
E J Doyle	11		4	4		
C R Galbraith	11	2	4			1
D E Meiklejohn	11	2	4		2	
D A Pritchard	11		3	4		
N J Roach	11	2		3	2	

DIRECTORS AND SENIOR EXECUTIVES' REMUNERATION

The Board's Remuneration Committee is responsible for reviewing remuneration policies and practices, including compensation and arrangements for executive directors and senior management, the company's superannuation arrangements and, within the aggregate amount approved by shareholders, the fees for non-executive members of the Board. This role also includes responsibility for the company's share and option plans. Executive and senior management performance reviews and succession planning are matters referred to and considered by the Committee. The Committee has access to independent advice and comparative studies on the appropriateness of remuneration arrangements.

NON-EXECUTIVE DIRECTORS

The company announced new remuneration arrangements for non-executive directors on 20 May 2003. The changes are in line with emerging industry practices and guidelines and they affirm the commitment of the company to the principles of good corporate governance.

CURRENT NON-EXECUTIVE DIRECTOR ENTITLEMENTS

Under the current arrangements, non-executive directors of the company are entitled to:

- (a) The payment of directors' fees in cash (including statutory superannuation contributions). The total amount of the directors' fees paid must be within the limit (currently \$1 million per annum) imposed by Article 9.8 of the Constitution of the company and ASX Listing Rule 10.17.
- (b) A cash benefit of an amount determined by the length of service of the non-executive director which is to be paid upon the retirement of the director from the Board ("retirement benefit") under the terms of a Retirement Benefit Deed entered into with each non-executive director. The retirement benefit was approved as an additional and separate arrangement to the payment of directors' fees by shareholders as part of the process for public listing of the company in 2000. However, under the Constitution and the ASX Listing Rules, the amount of the retirement benefit that is to be paid is excluded from the calculation of directors' remuneration to which the \$1 million maximum annual limit applies.

CHANGES TO NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS

The Board decided that it should implement new and more appropriate non-executive director remuneration arrangements which are more consistent with emerging market practice and guidelines by discontinuing the ongoing accrual of benefits under the existing retirement benefits arrangements and replacing this ongoing accrual with a new long-term component to the payment of directors' remuneration.

This new long-term component of a non-executive director's fees will be shown as an increase to the total amount of annually declared directors' remuneration. This increase will not be paid directly to the director but applied (excluding any mandatory statutory superannuation contributions) to the on-market purchase of shares in the company. The shares purchased will then be held on behalf of each respective director under the terms of the company's existing non-executive director share plan until the retirement from the Board of the director.

Thus, the value of the entitlements under the long-term component of non-executive director fees (to be received by a non-executive director upon retirement) is tied directly to the market performance of the company.

The cost of acquiring shares will be expensed at the time of purchase in the accounts of the company. This will ensure the cost of providing the long-term component impacts the company's accounts annually rather than at the time of the retirement of the non-executive director.

In summary, the new long-term component of fees for non-executive directors replaces the ongoing accrual of benefits under the existing retirement benefits arrangements. The proposed level of benefit has been set at 45% of fee base which is slightly below the annual average at which retirement allowances accumulate under the current 10 year retirement scheme.

EFFECTIVE DATE AND TRANSITION ARRANGEMENTS

It is intended that these new arrangements will apply to all non-executive directors immediately following the next annual general meeting of the company on 17 November 2003. The transition to the new arrangements will involve the amount of the retirement benefit accrued by each non-executive director being fixed by reference to length of service up to this date and those directors foregoing the balance of their benefits under that scheme in return for participation in the new arrangements. Any new non-executive director that is subsequently appointed will not receive any entitlements under the existing retirement benefits arrangements and will only receive entitlements under the new arrangements.

DIRECTORS' REMUNERATION DETAILS

Details of remuneration paid to directors for the year ended 30 June 2003 are set out in the table at the bottom of the page. The table assigns an annualised value to options and share rights allocated to the Managing Director under the long-term incentive plan (LTIP) over the three years since listing. The basis of remuneration of the Managing Director is in the following note.

TABLE - DIRECTORS' REMUNERATION DETAILS

	Directors	Fees/ Salary	Other Benefits	Retirement Benefit/ Superannuation	Incentives	Options Value	Share Rights Value	Total 2002/03	Total 2001/02
		\$	\$	\$	\$	\$	\$	\$	\$
ONESTEEL									
ANNUAL									
REVIEW	P J Smedley	250,000	-	250,000	-	-	-	500,000	500,000
2003	R L Every	1,200,000	32,352	156,000	1,250,000	131,346	795,456	3,565,154	3,326,111
	E J Doyle	82,333	-	82,333	-	-	-	164,666	160,000
	C R Galbraith	82,333	-	82,333	-	-	-	164,666	160,000
	D E Meiklejohn	82,333	-	82,333	-	-	-	164,666	160,000
	D A Pritchard	82,333	-	82,333	-	-	-	164,666	160,000
	N J Roach	82,333	-	82,333	-	-	-	164,666	160,000
	Total	1,861,665	32,352	817,665	1,250,000	131,346	795,456	4,888,484	4,626,111

Notes: (1) Options have been valued, at grant date, using the Black-Scholes option pricing model. The value of the options has been apportioned over the three-year vesting period.

(2) Shares rights have been valued based on the market price of the shares at issue date or where purchased on market, the actual purchase price. This value has been apportioned over the three-year vesting period.

(3) The total accrual for the retirement benefit of the non-executive directors as at 30 June 2003 is \$1.8 million. This amount has been expensed in the accounts over the three years since listing. The retirement benefit is payable to the non-executive directors on retirement in accordance with a Retirement Benefit Deed between the company and each non-executive director.

(4) Total remuneration for the 2001/02 year is on a comparable basis with the 2002/03 year.

MANAGING DIRECTOR

The Managing Director's remuneration comprises a base salary, other benefits, superannuation, a short-term incentive plan payment (STIP) and participation in the LTIP which allocates options and share rights from time to time. During the year ended 30 June 2003, arrangements were made to extend the Managing Director's contract of employment. This included provision for the company to make a grant of performance-dependent rights to shares under the LTIP. Shareholders approved the on-market acquisition and allocation of 260,773 shares to the Managing Director at the annual general meeting held on 18 November 2002.

SENIOR EXECUTIVES

The company's remuneration policy for senior executives aims to:

- attract, develop and retain executives with the capabilities required to lead the company in the achievement of business objectives
- have a significant proportion of executives pay at risk to ensure a focus on delivering annual financial, safety and business objectives
- reward executives for maintaining sustained returns to shareholders

Remuneration packages for executives therefore comprise:

- a fixed annual reward which includes a base salary and other benefits (including fringe benefits tax and superannuation)
- a variable component. This involves both a STIP that rewards delivery of annual business goals and a LTIP which allocates options and share rights.

Executives participate in an annual performance review process that assesses performance against key accountabilities and job goals. Performance against these goals impacts directly on short-term incentive payments and salary movements.

SENIOR EXECUTIVES' REMUNERATION DETAILS

Details of fixed annual reward payments and short-term incentive payments made to the most senior executives for the year ended 30 June 2003 are set out in the table at the bottom of the page. This table also assigns an annualised value to options and share rights allocated under the LTIP.

SHARES AND OPTIONS - LONG-TERM INCENTIVE PLAN

The company granted performance dependent rights to ordinary shares to certain senior executives during the year ended 30 June 2003. Details of the grants made to the most senior executives are:

Senior Executives	Share Rights Granted
R W Freeman	68,998
G J Plummer	68,998
A J Reeves	68,998
L J Selleck	56,453

The rights to shares were granted in accordance with the rules of the company's LTIP. One ordinary share in the company may be obtained for each right to shares after a qualifying period of three years. These shares are held in trust during this period and vesting is subject to the company achieving specific performance hurdles at the end of this period. All or some of these shares may vest to an individual executive on termination when special circumstances apply.

The performance hurdles relate to two comparative groups (the Australian Consumer Price Index plus 5% and the S&P/ASX 200 Index excluding banks, media and telecommunications companies) that are measured against OneSteel's performance in terms of Total Shareholder Return. OneSteel's ranking against these measures will determine whether a participant may draw rights to shares.

The issue price for each right to shares was calculated in a like manner. Their respective prices were calculated based on the weighted average price of OneSteel shares traded on the ASX over a prescribed period of five days applying just prior to the grant of the respective shares.

In previous years, right to options have been issued under the LTIP.

At the date of this report, potential rights to options over ordinary shares of the company are:

Expiry Date	Exercise Price	Number of Shares
15 December 2009	\$0.9258	3,736,478
9 April 2010	\$0.8848	241,298
2 September 2010	\$1.0350	35,749
23 September 2010	\$0.9143	29,531
30 September 2010	\$0.9087	233,300
21 December 2010	\$1.0434	765,000

The options do not entitle the holder to participate in any share issue of the company.

TABLE - SENIOR EXECUTIVES' REMUNERATION DETAILS

Senior Executives	Fees/Salary \$	Other Benefits \$	Superannuation contributions \$	Incentives \$	Options Value \$	Share Rights Value \$	Total 2002/03 \$	Total 2001/02 \$
R W Freeman	440,543	11,823	39,649	214,000	17,261	98,742	822,018	719,148
G J Plummer	361,146	31,234	46,970	290,000	13,489	78,304	821,143	746,432
A J Reeves	420,143	51,916	39,396	219,000	11,665	72,732	814,852	488,486
L J Selleck	299,570	118,409	38,960	242,000	11,625	65,764	776,328	655,220
N Calavrias	373,418	8,849	28,316	185,824	-	-	596,407	529,565
Total	1,894,820	222,231	193,291	1,150,824	54,040	315,542	3,830,748	3,138,851

Notes: (1) All officers were employed by subsidiaries of OneSteel Limited for the full year.

(2) Options have been valued, at grant date, using the Black-Scholes option pricing model. The value of the options has been apportioned over the three-year vesting period.

(3) Shares rights have been valued based on the market price of the shares at issue date and this value has been apportioned over the three-year vesting period.

(4) Total remuneration for the 2001/02 year is on a comparable basis to the 2002/03 year.

(5) Mr A J Reeves joined OneSteel on 1 October 2001.

During, or since the end of, the financial year, the company has issued shares as a result of the exercise of options as follows:

Number of Shares	Amount Paid on Each Share	Market Value of Shares on Date of Exercise
83,734	\$0.9258	\$1.50 to \$1.65
28,000	\$1.0434	\$1.50 to \$1.65

There are no amounts unpaid on the shares issued. Shares held in trust under the LTIP carry voting rights.

SHARE-BASED REMUNERATION

During the year, shares were issued under the company's Employee Share Plan and rights to shares were granted under the LTIP. An amount of \$1.8 million has been charged to the Statement of Financial Performance in respect of these rights to shares granted under the LTIP.

DIRECTORS' INTERESTS

During the financial year, ordinary shares in the company were acquired, either directly or indirectly, at market prices by directors as follows:

Ordinary Shares	
E J Doyle	22,080
C R Galbraith	15,000
N J Roach	44,161

No director, either directly or indirectly, disposed of any ordinary shares, exercised an option over ordinary shares or was granted rights to further shares and options during the financial year other than Dr Every who was granted rights to 260,773 shares.

The relevant interest of each director in the shares, share rights and options or other instruments of the company and related bodies corporate are:

	OneSteel Limited		
	Shares	Share Rights(1)	Options(1)
P J Smedley	100,000		
R L Every	102,793	2,107,825	2,462,735
E J Doyle	79,144		
C R Galbraith	59,440		
D E Meiklejohn	10,000		
D A Pritchard	50,000		
N J Roach	165,390		

(1) Refer details of rights to shares and options above.

Dr Every also holds 6,000 shares in Steel & Tube Holdings Limited.

INTERESTS OF NON-EXECUTIVE DIRECTORS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

Directors of OneSteel Limited have declared their interests in contracts or proposed contracts that may result from their directorships of other corporations, as listed in their personal profiles set out on page 30 of the Annual Review.

Members of the OneSteel Group had normal business transactions with directors (or director-related entities) of the parent entity and its controlled entities during the year, including payments to Allens Arthur Robinson, solicitors, of which firm Mr C R Galbraith is a partner, in respect of legal costs and advice amounting to \$282,356 exclusive of GST of which \$168,467 amount was outstanding at 30 June 2003. Mr Galbraith was not personally involved in the provision of these services.

INDEMNIFICATION AND INSURANCE OF OFFICERS

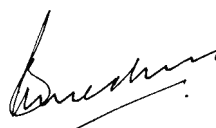
The company has agreements with each of the directors of the company in office at the date of this report, and certain former directors, indemnifying these officers against liabilities to any person other than the company or a related body corporate that may arise from their acting as officers of the company notwithstanding that they may have ceased to hold office, except where the liability arises out of conduct involving a lack of good faith.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

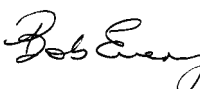
ROUNDING OF AMOUNTS

The company is of the kind referred to in the ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest one hundred thousand dollars or, where the amount is \$50,000 or less, zero, unless specifically stated to be otherwise.

Signed in Sydney this 19th day of August 2003 in accordance with a resolution of directors:



Peter Smedley
Chairman



Robert Every
Managing Director

CONCISE FINANCIAL REPORT

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The 2003 Concise Financial Report has been derived from OneSteel Limited's 2003 Full Financial Report. The financial statements included in the Concise Financial Report cannot be expected to provide as full an understanding of OneSteel Limited's performance, financial position and financing and investing activities as the 2003 Full Financial Report.

2003 FULL FINANCIAL REPORT

A copy of OneSteel Limited's 2003 Full Financial Report, together with the Independent Audit Report, is available to all shareholders, and will be sent to shareholders without charge upon request. The financial statements can be requested by telephone, by internet or by email (refer to contact details in the Corporate Directory on the inside back cover).

DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

The discussion and analysis is provided to assist readers in understanding the Concise Financial Report.

The Concise Financial Report has been derived from the Full Financial Report of OneSteel Limited.

The OneSteel Limited consolidated entity ("OneSteel Group") consists of OneSteel Limited and its controlled entities.

The principal activities of the OneSteel Group during the financial year comprised:

- Mining of iron ore
- Production of steel
- Manufacture and distribution of steel products

OneSteel Limited ("the company") prepares its consolidated financial statements on the basis of historical cost, applying generally accepted accounting principles. The accounting policies adopted are consistent with those of the previous year except for the changes set out in Note 1 of the notes to the Concise Financial Statements.

STATEMENT OF FINANCIAL PERFORMANCE

OneSteel Limited consolidated profit from ordinary activities after income tax attributable to members of the parent entity for the financial year was \$94.0 million against a profit of \$47.1 million in the previous year.

Sales revenue increased 5.3% to \$3,060.6 million reflecting continued recovery in OneSteel's major markets, particularly the construction sector which accounts for 58% of OneSteel's revenues and which more than offset weaker conditions in the rural sector. The long-anticipated slowdown in residential construction is apparent but activity remains relatively strong.

Earnings increased across all the three main businesses. The improved performance in the Manufacturing business stems from very good operational performance at Whyalla, further restructuring in Market Mills, a continued focus on operational excellence and price movements. The Australian Distribution business continued to post improved earnings while the International Distribution business again produced outstanding results.

STATEMENT OF FINANCIAL POSITION

Total assets decreased by 0.2% to \$2,577.0 million, with reductions in deferred tax assets and the loan to Smorgon Distribution Limited for the purchase of Email Limited offset by increases in receivables and inventories. These working capital increases were due to increased turnover and the commencement of the inventory build associated with the blast furnace reline.

Total liabilities reduced by 5% to \$1,292.0 million, with a \$93.3 million reduction in borrowings, due to high positive cash flow, offsetting higher creditors.

Contributed equity increased by \$13.0 million, as a result of the Dividend Reinvestment Plan.

STATEMENT OF CASH FLOWS

Net cash flow from operating activities improved by \$165.1 million to \$257.7 million, reflecting the improved profitability in 2002/03 and a significant improvement in cash flow from working capital.

Net cash outflow from investing activities of \$115.2 million was \$166.5 million adverse to 2001/02 as a result of higher capital expenditure (including \$19.5 million for the blast furnace) and the acquisition of Hurricane Wire Products in New Zealand and other bolt-on acquisitions in Australia. Asset sales were also lower in 2002/03.

The net cash outflow from financing activities of \$134.4 million in 2002/03 reflects the net debt repayments made in that year and higher dividend payments.

CURRENCY IMPACTS

OneSteel is exposed to movements in exchange rates of a number of currencies against the Australian Dollar through its export sales, the competition it faces in the Australian market from imports and the purchase of coal, cold ferrous feed, various operating materials and capital equipment where the purchase price is denominated in, or related to, foreign currencies.

Over the last year, the Australian dollar has appreciated strongly against the US dollar and more mildly against other currencies such as the Thai Baht, the South African Rand, the South Korean Won and the Malaysian Ringgit. This has had the impact of lowering the cost of some key inputs into OneSteel's production processes such as coal, hot rolled coil and scrap steel. It also has the impact of making imports into Australia of steel and steel-related products cheaper and as a result there has been some increased import activity over the last 12 months.

DIVIDENDS

The directors have recommended and declared a final fully franked dividend for 2002/03 of 6.0 cents per share payable on 16 October 2003.

STATEMENT OF
FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE

CONSOLIDATED

	Note	2003 \$m	2002 \$m
Sales revenue	2	3,060.6	2,906.0
Cost of sales		(2,434.4)	(2,377.6)
Gross profit		626.2	528.4
Other revenues from ordinary activities		39.5	80.5
Operating expenses excluding borrowing costs		(464.4)	(461.0)
Borrowing costs		(44.5)	(54.4)
Profit from ordinary activities before income tax expense		156.8	93.5
Income tax expense relating to ordinary activities		(53.3)	(39.0)
Net profit from ordinary activities after related income tax		103.5	54.5
Net profit attributable to outside equity interests		(9.5)	(7.4)
Net profit attributable to members of the parent entity		94.0	47.1
Net exchange difference on translation of financial statements of self-sustaining foreign operations		0.5	2.8
Decrease in retained profits on adoption of revised accounting standard: AASB 1028 "Employee Benefits"		(0.7)	-
Total revenues and expenses attributable to members of the parent entity and recognised directly in equity		(0.2)	2.8
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of OneSteel Limited		93.8	49.9
Basic earnings per share (cents per share)		17.34	9.33
Diluted earnings per share (cents per share)		17.27	9.30

The accompanying notes form an integral part of this Statement of Financial Performance.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE	CONSOLIDATED	
	2003 \$m	2002 \$m
Current assets		
Cash assets	19.5	11.4
Receivables	436.6	427.2
Other financial assets	3.3	25.6
Inventories	591.0	574.1
Other	8.6	9.9
Total current assets	1,059.0	1,048.2
Non-current assets		
Other financial assets	7.1	9.0
Property, plant and equipment	1,167.4	1,160.0
Intangibles	260.1	261.4
Deferred tax assets	55.7	80.7
Other	27.7	22.7
Total non-current assets	1,518.0	1,533.8
Total assets	2,577.0	2,582.0
Current liabilities		
Payables	467.7	425.1
Interest bearing liabilities	40.0	33.0
Tax liabilities	1.5	0.9
Other provisions	113.1	130.2
Total current liabilities	622.3	589.2
Non-current liabilities		
Interest bearing liabilities	449.7	550.0
Deferred tax liabilities	141.6	138.2
Other provisions	78.4	82.0
Total non-current liabilities	669.7	770.2
Total liabilities	1,292.0	1,359.4
Net assets	1,285.0	1,222.6
Equity		
Contributed equity	1,079.6	1,066.6
Reserves	0.6	0.1
Retained profits	150.1	102.8
Parent entity interest	1,230.3	1,169.5
Outside equity interest	54.7	53.1
Total equity	1,285.0	1,222.6

The accompanying notes form an integral part of this Statement of Financial Position.

STATEMENT OF
CASH FLOWS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE

CONSOLIDATED

	2003 \$m	2002 \$m
	Inflows/(outflows)	
Cash flows from operating activities		
Receipts from customers	3,076.5	2,872.0
Payments to suppliers and employees	(2,753.7)	(2,708.6)
Interest received	2.6	2.3
Interest and other costs of finance paid	(43.7)	(52.3)
Operating cash flows before income tax	281.7	113.4
Income taxes paid	(24.0)	(20.8)
Net operating cash flows	257.7	92.6
Cash flows from investing activities		
Purchases of property, plant and equipment	(101.5)	(70.8)
Purchases of businesses	(29.4)	-
Proceeds from sale of property, plant and equipment	16.4	27.4
Loan to non-related parties	(1.0)	-
Repayment of loan by non-related parties	-	65.9
Proceeds from sale of investments	0.3	-
Proceeds from sale of controlled entities net of cash	-	28.8
Net investing cash flows	(115.2)	51.3
Cash flows from financing activities		
Proceeds from issue of shares	0.1	66.3
Proceeds from borrowings	275.4	349.0
Repayment of borrowings	(368.7)	(520.0)
Dividends paid	(41.2)	(35.1)
Net financing cash flows	(134.4)	(139.8)
Net increase/(decrease) in cash and cash equivalents	8.1	4.1
Cash and cash equivalents at beginning of year	11.4	7.3
Cash and cash equivalents at end of year	19.5	11.4

The accompanying notes form an integral part of this Statement of Cash Flows.

NOTES TO THE CONCISE FINANCIAL STATEMENTS

NOTE 1. BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The Concise Financial Report has been prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 1039 "Concise Financial Reports".

Changes in Accounting Policies

The accounting policies are consistent with those applied in the previous financial year, except for the first-time application of the following new or revised Australian Accounting Standards.

AASB 1028 "Employee Benefits" (applicable from 1 July 2002)

Under this revised Standard, the liability for wages and salaries, annual leave and sick leave is recognised in the financial statements at remuneration rates at which they are expected to be settled, rather than at wage and salary rates current as at reporting date. The adjustments to the consolidated financial report as a result of this change are:

- \$1.0 million increase in provision for employee benefits
- \$0.3 million increase in future income tax benefit

- \$0.7 million decrease in opening retained profits

AASB 1012 "Foreign Currency Translation" (applicable from 1 July 2002)

The main impact on the financial statements of this revised Standard has been that US\$ debt is carried in the Statement of Financial Position at the spot rate current as at reporting date. The corresponding gain or loss on the cross currency swap is carried as a sundry receivable or sundry creditor. At 30 June 2003 the initial value of the US\$ loan has reduced by \$17.3 million.

AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" (applicable from 1 July 2002)

This new Standard has had only a minor impact on the financial statements, mainly through an expansion of the classifications and disclosure of movements of provisions. Some redundancy provisions held as restructuring provisions in 2001/02 have been reclassified as employee benefits.

NOTE 2. REVENUES

	CONSOLIDATED	
	2003 \$m	2002 \$m
Revenues from operating activities		
Product sales	3,051.0	2,899.2
Rendering of services	9.6	6.8
Total sales revenues	3,060.6	2,906.0
Interest from non-related parties	2.6	2.3
Other	13.4	12.6
Total revenues from operating activities	3,076.6	2,920.9
Revenues from non-operating activities		
Proceeds from sale of non-current assets	16.7	55.2
Email management fee	6.8	10.4
Total revenues from non-operating activities	23.5	65.6

NOTE 3. DIVIDENDS

The following dividends have been paid, declared or recommended since the end of the preceding financial year:

	On ordinary shares \$m	Dividend per ordinary share \$
2003		
Final fully franked dividend for 2002 as recommended and declared by the directors, paid 17 October 2002	18.9	0.035
Interim fully franked dividend for 2003, paid 24 April 2003	27.1	0.05
2002		
Final fully franked dividend for 2001 as recommended and declared by the directors, paid 18 October 2001	13.8	0.03
Interim fully franked dividend for 2002, paid 24 April 2002	16.1	0.03

Dividend franking

All dividends paid were fully franked. The tax rate at which dividends have been franked is 30% (2002: 30%).

As of 1 July 2002, the new imputation system requires a company's franking credits to be expressed on a tax-paid basis.

The franking account surplus existing at 30 June 2002 has been reinstated to a tax-paid amount by multiplying the Class C franking surplus by 30/70.

	CONSOLIDATED	
	2003 \$m	2002 \$m
The amount of franking credits available for the subsequent financial year, represented by the franking account balance at 30% are:	6.2	7.0

NOTES TO THE CONCISE
FINANCIAL STATEMENTS

NOTE 4. SEGMENT INFORMATION

2003	AUSTRALIA					INTERNATIONAL	CONSOLIDATED	
	Manufacturing \$m	Distribution \$m	Unallocated \$m	Eliminations \$m	Total \$m	Distribution \$m	Eliminations \$m	\$m
Segment revenues								
Revenues from customers outside the consolidated entity	1,154.7	1,645.9	8.7	-	2,809.3	290.8	-	3,100.1
Plus: Inter-segment revenues	599.1	3.7	11.7	(593.4)	21.1	-	(21.1)	-
Total revenues	1,753.8	1,649.6	20.4	(593.4)	2,830.4	290.8	(21.1)	3,100.1
Other non-cash expenses	(0.1)	(2.9)	(1.9)	-	(4.9)	(0.4)	-	(5.3)
EBITDA	193.0	101.4	(7.0)	(7.8)	279.6	36.6	(8.6)	307.6
Depreciation and amortisation	(66.5)	(33.4)	(0.7)	-	(100.6)	(5.7)	-	(106.3)
EBIT	126.5	68.0	(7.7)	(7.8)	179.0	30.9	(8.6)	201.3
Less: Borrowing costs								(44.5)
Less: Income tax expense								(53.3)
Profit after tax before minority interests								103.5
Segment assets	1,486.4	988.4	68.2	(171.4)	2,371.6	153.2	(3.5)	2,521.3
Plus: Tax assets								55.7
Total assets								2,577.0
Segment liabilities	270.8	229.6	659.4	(61.3)	1,098.5	50.4	-	1,148.9
Plus: Tax liabilities								143.1
Total liabilities								1,292.0
Non-current assets on acquisition	60.8	32.4	15.4	-	108.6	19.9	-	128.5

2002	AUSTRALIA					INTERNATIONAL	CONSOLIDATED	
	Manufacturing \$m	Distribution \$m	Unallocated \$m	Eliminations \$m	Total \$m	Distribution \$m	Eliminations \$m	\$m
Segment revenues								
Revenues from customers outside the consolidated entity	1,150.3	1,526.0	21.5	-	2,697.8	288.7	-	2,986.5
Plus: Inter-segment revenues	577.6	5.8	12.8	(580.5)	15.7	0.5	(16.2)	-
Total revenues	1,727.9	1,531.8	34.3	(580.5)	2,713.5	289.2	(16.2)	2,986.5
Other non-cash expenses	(0.2)	(1.0)	-	-	(1.2)	-	-	(1.2)
EBITDA	148.8	94.5	(9.2)	(1.2)	232.9	30.7	(12.6)	251.0
Depreciation and amortisation	(64.5)	(32.7)	(0.3)	-	(97.5)	(5.6)	-	(103.1)
EBIT	84.3	61.8	(9.5)	(1.2)	135.4	25.1	(12.6)	147.9
Less: Borrowing costs								(54.4)
Less: Income tax expense								(39.0)
Profit after tax before minority interests								54.5
Segment assets	1,461.3	980.1	64.6	(133.5)	2,372.5	131.7	(2.9)	2,501.3
Plus: Tax assets								80.7
Total assets								2,582.0
Segment liabilities	275.1	184.7	776.6	(49.6)	1,186.8	33.5	-	1,220.3
Plus: Tax liabilities								139.1
Total liabilities								1,359.4
Non-current assets on acquisition	40.6	69.3	6.7	-	116.6	3.0	-	119.6

NOTES TO THE CONCISE FINANCIAL STATEMENTS

NOTE 4. SEGMENT INFORMATION (CONTINUED)

Segment activities - Australia

Manufacturing

Whyalla Steelworks produces steel billets as feedstock for OneSteel's Market Mills operations together with rail products, structural steels and slabs for external sale.

Sydney Steel Mill produces steel billets for the manufacture of reinforcing and bar products on its own rolling mills as well as steel billet to be used as feed in OneSteel's other rolling facilities.

Rod and Bar manufactures products in its Bar Mill and Rod Mill at Newcastle that are used in a range of applications such as manufacturing, construction, mining and automotive industries.

Pipe and Tube manufactures product for the construction, mining, oil and gas and manufacturing industries from its mills in Newcastle, Melbourne, Port Kembla and Perth.

Wire manufactures wire and steel rope for use in the construction, mining, manufacturing and agricultural industries from its mills in Newcastle and Geelong.

Distribution

OneSteel's Distribution business has centres located throughout Australia in capital cities and regional areas, providing a wide range of products to resellers and end users. Products include structural steel, steel plate, angles, channels, flat steel, reinforcing steel, steel sheet and coil, a range of aluminium products, pipes, fittings, valves and other industrial products.

Segment activities - International

Distribution

Comprises the 50.3% shareholding in Steel & Tube Holdings Limited, a public listed company in New Zealand which processes and distributes a comprehensive range of steel and associated products in the construction, manufacturing and rural industries.

Intra/inter segment transfers

The Australian manufacturing segment sells manufactured products such as structural steel, angles, channels, flat steel, reinforcing bar and mesh, pipe and tube products to the Australian and New Zealand Distribution segments.

Transfer pricing arrangements

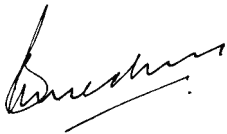
All sales between the segments are conducted on an arms-length basis, with terms and conditions no more favourable than those which it is reasonable to expect when dealing with an external party.

DIRECTORS' DECLARATION

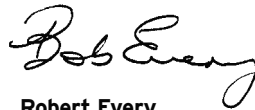
In the opinion of the directors of OneSteel Limited, the accompanying Concise Financial Report of the consolidated entity, comprising OneSteel Limited and its controlled entities, for the year ended 30 June 2003:

- (a) has been derived from, or is consistent with, the Full Financial Report for the financial year; and
- (b) complies with Accounting Standard AASB 1039 "Concise Financial Reports".

Signed in accordance with a resolution of the directors:



Peter Smedley
Chairman



Robert Every
Managing Director

Sydney
19 August 2003

INDEPENDENT AUDIT REPORT

Concise Financial Report Audit Opinion

Independent audit report to members of OneSteel Limited

Scope

The concise report and directors' responsibility

The concise financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for OneSteel Limited ("the company") and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during the year.

The directors of the company are responsible for preparing a concise financial report that complies with Accounting Standard AASB 1039 "Concise Financial Reports", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the concise financial report.

Audit approach

We conducted an independent audit on the concise financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports". We formed our audit opinion on the basis of these procedures, which included:

- testing that the information in the concise financial report is consistent with the full financial report, and

- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report that were not directly derived from the full financial report.

We have also performed an independent audit of the full financial report of the company for the year ended 30 June 2003. Our audit report on the full financial report was signed on 19 August 2003, and was not subject to any qualification. For a better understanding of our approach to the audit of the full financial report, this report should be read in conjunction with our audit report on the full financial report.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the full and concise financial reports, we were engaged to undertake the services disclosed in the notes to the financial statements of the full financial report. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the concise financial report of OneSteel Limited complies with Accounting Standard AASB 1039 "Concise Financial Reports".



Ernst & Young

Sydney
19 August 2003



Craig Jackson
Partner

SHAREHOLDER INFORMATION

NUMBER OF SHAREHOLDERS

There were 103,612 shareholders at 5 September 2003. There is only one class of share, ordinary fully paid shares. All issued shares carry voting rights on a one-for-one basis.

DISTRIBUTION OF SHAREHOLDINGS AT 5 SEPTEMBER 2003

Range of Holdings	Number of Shareholders	% of Total Holders	Number of Shares	% of Total Shares
1 – 1,000	65,167	62.90	25,839,361	4.72
1,001 – 5,000	28,785	27.78	63,365,394	11.59
5,001 – 10,000	5,412	5.22	39,691,033	7.26
10,001 – 100,000	4,112	3.97	85,142,982	15.57
100,001 and over	136	0.13	332,826,884	60.86
Total	103,612	100.00	546,865,654	100.00

UNMARKETABLE PARCELS

There were 19,550 members holding less than a marketable parcel of shares in the company as at 5 September 2003.

LISTING

The company's shares are quoted on the Australian Stock Exchange.

TWENTY LARGEST SHAREHOLDERS AT 5 SEPTEMBER 2003

	Number of Shares	% of Total Shares
J P Morgan Nominees Australia Limited	60,510,584	11.06
RBC Global Services Australia Nominees Pty Limited	55,832,775	10.21
National Nominees Limited	44,042,472	8.05
Westpac Custodian Nominees Ltd	42,703,970	7.81
OneSteel Share Plans Pty Limited	21,133,796	3.87
ANZ Nominees Limited	13,366,475	2.45
Citicorp Nominees Pty Ltd	12,631,310	2.30
AMP Life Limited	10,603,363	1.94
Cogent Nominees Pty Limited	7,597,611	1.39
Queensland Investment Corporation	7,552,330	1.38
Commonwealth Custodial Services Limited	6,054,911	1.11
Government Superannuation Office	3,369,586	0.62
PSS Board	2,768,568	0.51
UBS Nominees Pty Ltd	2,648,233	0.48
Transport Accident Commission	2,518,432	0.46
CSS Board	2,431,782	0.44
Victorian Workcover Authority	2,311,052	0.42
Health Super Pty Ltd	1,843,165	0.34
Argo Investments Limited	1,824,707	0.33
UCA Growth Fund Limited	1,750,000	0.32
Total	303,495,122	55.49
Total issued shares	546,865,654	100.00

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as defined by the Corporations Act (holding at least 5% of shares):

Maple-Brown Abbott Limited	42,956,177	7.85%
Barclays Global Investors Australia Limited	40,042,765	7.32%

UNQUOTED EQUITY SECURITIES

Options over ordinary shares issued pursuant to the OneSteel executive share/option plan:

• Number of employees participating	45
• Number of securities	5,041,356

SHARE REGISTRY

Shareholders with queries about anything related to their shareholding should contact the OneSteel Share Registry in Sydney on telephone 1300 364 787 or +61 3 9649 5026. Alternatively, shareholders may wish to write to:

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Australia

Or on facsimile: +61 2 8234 5050.

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Details of individual shareholdings can be checked conveniently and simply through visiting our Registrar's website at www.computershare.com and clicking on the Investor Centre button. For security reasons, you then need to key in your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) plus family name and postcode, to enable access to personal information.

DIVIDENDS

The company proposes to pay dividends in October and April. Shareholders should retain for taxation purposes full details of dividend payments.

The following options are available to shareholders regarding payment of dividends:

1. By direct deposit to an Australian bank, building society or credit union account.
2. By cheque payable to the shareholder. Lost or stolen cheques should be reported immediately to the OneSteel Share Registry, in writing, to enable stop payment and replacement.

Where shareholders choose to have their dividends paid by direct deposit, payments are electronically credited on the dividend date and confirmed by a payment advice sent to the shareholder. Request forms for this service are available from the OneSteel Share Registry or by visiting www.computershare.com. OneSteel encourages its shareholders to avail themselves of the direct credit facility.

DIVIDEND REINVESTMENT PLAN

As an alternative to receiving cash dividends, eligible shareholders may elect by notification to the share registry, in writing, to participate in the Dividend Reinvestment Plan ("DRP"). The DRP enables shareholders to use cash dividends to purchase fully paid OneSteel ordinary shares.

TAX FILE NUMBERS

OneSteel is required to withhold tax at the rate of 48.5% on any unfranked component of dividends or interest paid to investors resident in Australia who have not supplied the company with a tax file number ("TFN") or exemption form. Investors are not required by law to provide their TFN if they do not wish to do so.

STOCK EXCHANGE LISTING

OneSteel is listed on the Australian Stock Exchange. All shares are recorded on the principal share register, which is located in New South Wales.

PUBLICATIONS

The company's Annual Review is the main source of information for investors and is mailed to shareholders in October. Other sources of information, which will be available on the internet, are:

1. The Chairman's address to the annual general meeting.
2. The half-year financial report reviewing the July–December half year.
3. The announcement of the full year's results.

Shareholders wishing to receive company information

electronically via email, instead of by mail, may register their email address with the company's online shareholder registry as follows:

- visit www.computershare.com
- click on Investor Centre
- click on Registry Service
- click on Your Shareholding
- next, type the company name, OneSteel Limited, or simply the company code, OST
- then, next to Check Your Securities, click the 'Go' button. You will then need to enter your personal security information; Holder Identification Number (HIN) or Securityholder Reference Number (SRN); family or company name and postcode; and click 'Go'
- from there, click on 'Go' for Communication Details and follow the prompts

After you have entered your e-mail address and selected which publications you wish to receive, an e-mail will be sent to you for confirmation purposes.

When you receive it, just click on 'Reply' to confirm your details, then 'Send'.

INTERNET ADDRESS

Shareholder information may be obtained from the shareholder information section of the OneSteel website www.onesteel.com.

CHANGE OF ADDRESS

Issuer sponsored shareholders should notify the OneSteel Share Registry immediately, in writing, signed by the shareholder(s), of any change to their registered address. For added security, shareholders should quote their previous address and Securityholder Reference Number (SRN). CHESS uncertificated shareholders should advise their sponsoring broker or non-broker participant.

REMOVAL FROM MAILING LIST

Shareholders who do not wish to receive the Annual Review should advise the OneSteel Registry, in writing, noting their SRN or HIN.

CHANGE OF NAME

Shareholders who change their name should notify the OneSteel Share Registry, in writing, and attach a certified copy of a relevant marriage certificate or deed poll.

BUY-BACK

There is no current on-market buy-back in place.

STATISTICAL SUMMARY

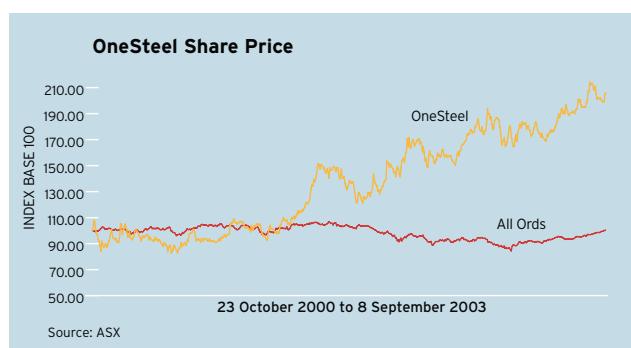
This report has been prepared by comparing the 12 months to June 2002 and 2003 Statutory Accounts with the pro-forma numbers for the corresponding periods in 2001 and 2000. The Statutory Accounts for the 12 months to June 2001 do not include the trading of all the OneSteel Group for the 12 months as the purchase of assets was completed at different times between July and October 2000.

The pro-forma numbers include the results of all businesses as if the assets and operations of all businesses spun out from BHP were part of the OneSteel Group from 1 July 2000 to 30 June 2001.

KEY FINANCIAL STATISTICS

12 Months Ended 30 June A\$ millions	2003 Statutory	2002 Statutory	2001 Inc Prov Pro-forma	2000 Pro-forma	% Change 03/02
Sales Revenue	3,060.6	2,906.0	2,637.7	2959.1	5.3
Other Revenue	39.5	80.5	141.5	17.4	(50.9)
Total Revenue	3,100.1	2,986.5	2,779.2	2976.5	3.8
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	307.6	251.0	181.7	268.0	22.5
Earnings Before Interest, Tax and Amortisation (EBITA)	221.1	166.8	74.7	171.7	32.6
Earnings Before Interest and Tax (EBIT)	201.3	147.9	37.7	155.2	36.1
Borrowing Costs	44.5	54.4	61.8		(18.2)
Profit (Loss) Before Tax	156.8	93.5	(24.1)		67.7
Tax Expense (Benefit)	53.3	39.0	(2.1)		36.7
Net Profit After Tax and Minorities (NPAT)	94.0	47.1	(27.9)		99.6
Cash Flow from Operations	142.5	143.9	170.1		(1.0)
Free Cash Flow	154.9	28.5	220.8		443.5
Total Assets	2,577.0	2,582.0	2,710.8	2,628.4	(0.2)
Funds Employed	1,755.2	1,794.2	1,878.6	2,019.7	(2.2)
Total Liabilities	1,292.0	1,359.4	1,594.6	1,465.9	(5.0)
Net Debt	470.2	571.6	762.4	857.2	(17.7)
Capital and Investment Expenditure	130.9	70.8	108.4	167.6	84.9
Inventories	591.0	574.1	540.3	608.0	2.9
Employees	7,054	6,989	7,379	7,271	0.9
Sales per Employee \$'000	433.9	415.8	357.5	407.0	4.4
Net Tangible Asset Backing, \$ per share	1.77	1.69	1.81	2.03	
EBITA margin on Sales %	7.2	5.7	4.5	5.8	
EBITA Return on Funds Employed %	12.5	9.1	6.3	7.7	
Return on Equity %	8.3	4.7	2.6		
Gearing (net debt:net debt plus equity) %	26.8	31.9	40.6	42.4	
Gearing (net debt:net debt plus equity incl securitisation) %	34.3	38.7	46.1		
Interest Cover, times	4.52	2.71	1.60		
Earnings per Share (cents) - based on no. of shares at year end	17.2	8.7	5.1		97.7
Full year Dividend per Share (cents)	11.0	6.5	6.0		
Underlying Market Growth %	5.2	4.6	-9.2		
Cost Increases	68	57	37		
Cost Reductions	56	59	50		
Revenue Enhancements	51	20	15		
Raw Steel Tonnes Produced	1,624,399	1,576,650	1,438,770	1,835,822	3.0
Tonnes Dispatched	2,224,139	2,176,413	2,125,073	2,667,654	2.2
Total Domestic Tonnes Dispatched	2,140,650	2,004,716	1,846,503	2,239,753	
Total Export Tonnes Dispatched	83,489	171,697	278,570	427,901	
Export % of Tonnes Dispatched	3.8	7.9	13.1		

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RESOURCE STATEMENT

ORE RESERVES AND MINERAL RESOURCES

OneSteel estimates of Ore Reserves and Mineral Resources presented in this report have been produced by Competent Persons in accordance with the current Australasian Code for reporting of Identified Minerals Resources and Ore Reserves (the JORC Code). Each Competent Person (named in the following tables) consents to the inclusion in the report of the matters based on their information in the form and context in which they appear. All Resource and Reserve figures represent estimates at the end of June 2003 unless otherwise stated. Rounding of tonnes and grade information may result in small differences presented in the totals.

Whyalla (Middleback Range) Iron Ore Reserves

		As at end June 2003									Compared with 2002			
		Proved Ore Reserves			Probable Ore Reserves			Total Ore Reserves			Total Ore Reserves		OneSteel Interest	Competent Person
Category	Ore Type	Tonnes (millions)	Grade	Tonnes (millions)	Grade	Tonnes (millions)	Grade	Tonnes (millions)	Grade	Tonnes (millions)	Grade	%		
			Fe% P%		Fe% P%		Fe% P%		Fe% P%		Fe% P%			
Total Quantity	Hematite, Goethite, Limonite, Minor Magnetite	24.0	63.0 0.06%	14.1	62.1 0.06	38.1	62.7 0.06	38.0	62.7 0.06	100	P Carter			

MINERAL RESOURCES

The table below shows OneSteel's insitu resource base adjacent to existing operations at a cut-off of Fe>50%, SiO₂<10%, Al₂O₃<5% and P<0.2%.

The Total Mineral Resources include all resources, including those used to derive Ore Reserves.

ORE RESERVES

The table below shows OneSteel's Iron Ore Reserves which consist of three operating deposits located in the South Middleback Ranges. Grades are uncalcined, contain 2% moisture, and Life of Mine Recoveries are 95.6%.

The 2002/03 Reserve increase can be attributed to additional drilling and reinterpretation of the Iron Knight Deposit and adjustment for better than expected mining recoveries.

Mineral Resources that have not been used for estimation of Ore Reserves are shown separately.

The 2002/03 resource increase can be attributed to additional drilling and reinterpretation of the Iron Knight Deposit.

Whyalla (Middleback Range) Iron Ore Mineral Reserves

		As at end June 2003								Compared with			
		Measured Resources		Indicated Resources		Inferred Resources		Total Resources 2003		Total Resources 2002		OneSteel Interest	Competent Person
Category	Type	Tonnes (millions)	Fe Grade (%)	Tonnes (millions)	Fe Grade (%)	Tonnes (millions)	Fe Grade (%)	Tonnes (millions)	Fe Grade (%)	Tonnes (millions)	Fe Grade (%)	%	
Total Quantity	Hematite, Goethite, Limonite, Minor Magnetite	26.9	63.2	38.6	61.5	5.8	60.0	71.3	62.0	71.3	62.2	100	P Leivers
Quantity excluded from Ore Reserves	Hematite, Goethite, Limonite, Minor Magnetite	2.9	60.1	16.0	59.8	4.4	59.5	23.3	59.8	21.8	60.7	100	P Leivers

OneSteel has Magnetite resources located at the Iron Magnet Deposit which is adjacent to and below the Iron Duke and Iron Duchess Deposits, and is outlined in the table below.

Whyalla (Middleback Range) Magnetite Mineral Reserves

		As at end June 2003								Compared with			
		Measured Resources		Indicated Resources		Inferred Resources		Total Resources 2003		Total Resources 2002		OneSteel Interest	Competent Person
Category	Type	Tonnes (millions)	Fe Grade (%)	Tonnes (millions)	Fe Grade (%)	Tonnes (millions)	Fe Grade (%)	Tonnes (millions)	Fe Grade (%)	Tonnes (millions)	Fe Grade (%)	%	
Total Quantity	Magnetite	-	-	-	-	300	37	300	37	300	37	100	P Leivers

OneSteel - Iron Knob, Iron Baron and South Middleback Range Ore Beneficiation Stockpiles

Included in the annual report for the first time are resources, currently held in historically built stockpiles that will be beneficiated to yield usable ore. Ore beneficiation is planned to commence in the 2003/04 financial year. The ore beneficiation

stockpiles with a mean estimated grade exceeding 45% Fe that can be beneficiated to meet current Whyalla feed specifications comprise the Mineral Resources in the following table. Tonnes are reported before considering beneficiation yield and grades are reported uncalcined. The estimates are valid as of the end of June 2003.

OneSteel Low-Grade Ore Dumps

		Measured Resources		Indicated Resources		Inferred Resources		Total Resources 2003		OneSteel Interest	Competent Person
Category	Type	Tonnes (millions)	Fe Grade (%)	Tonnes (millions)	Fe Grade (%)	Tonnes (millions)	Fe Grade (%)	Tonnes (millions)	Fe Grade (%)	%	
Total Quantity	Hematite, Goethite, Limonite, Minor Magnetite	5.3	54.4	2.8	52.2	12	54.2	19.7	54.0	100	P. Leivers

GLOSSARY

THE COMPANY

OneSteel Limited and/or its subsidiaries, as the context admits.

THE GROUP

OneSteel Limited and/or its subsidiaries, as the context admits.

BILLET

Billet is a section of cast steel approximately 127mm or 175mm square and 12 metres long which is used to produce rod and bar.

BLAST FURNACE

Furnace used for converting iron ore into pig iron.

BLOOM

Bloom is a section of cast steel usually 350mm square and 12 metres long.

DISPATCHES

Term used for total tonnes sold to end markets.

ELECTRIC ARC FURNACE

Furnace used to convert scrap steel into molten steel.

EMAIL METALS

Email Metals was the component of the Email Limited business jointly acquired by Smorgon Limited and OneSteel.

INTEGRATED STEELWORKS

An integrated steelworks uses blast furnace and basic oxygen steelmaking technology to manufacture steel from iron ore.

LOST TIME INJURY FREQUENCY RATE

A statistical measure of safety performance.

A lost time injury is an injury which is attributable to a workplace incident and which results in at least one full shift of work being lost at some time (not necessarily immediately) after the shift during which the injury occurred.

Lost time injury frequency rate is the number of lost time injuries per million hours worked and is calculated as follows: lost time injury frequency rate equals number of lost time injuries per reporting period times one million, divided by hours worked per reporting period.

MEDICAL TREATMENT INJURY FREQUENCY RATE

A statistical measure of safety performance.

A medical treatment injury is an injury which is attributable to a workplace incident, requires medical treatment (including restricted work) and results in less than a full shift of work being lost. Injuries which result in at least one full shift of work being lost are classified as lost time injuries (refer above).

The medical treatment injury frequency rate is the number of medical treatment injuries per million hours worked and is calculated as follows: medical treatment injury frequency rate equals number of medical treatment injuries per reporting period times one million, divided by hours worked per reporting period.

ORE

Mineral bearing rock.

PELLET PLANT

The pellet plant takes fine iron ore and produces hard balls of iron ore that can be fed into the blast furnace.

PLATE

Large flat sections of steel used for the manufacture of tanks, pressure vessels etc.

PRODUCT MILLS

Product mills take billet and bloom and roll them into rod, bar, reinforcing steels, wire, rail, tube, pipe and structural steel.

PRODUCTION

Term used to define total tonnes produced in particular product.

RAW STEEL

Raw steel is produced at the Whyalla Steelworks and the Sydney Steel Mill and is cast in the form of billet, bloom and slab steel.

REINFORCING STEEL

Used for reinforcing concrete.

ROD AND BAR

Rod and bar is semi-finished product that can be used for further value-added products such as wire, reinforcing steel, grinding media, posts etc.

SHEET AND COIL

Sheet and coil is purchased from outside steel producers and processed and distributed by OneSteel or used in the manufacture of pipe and tube.

SLAB

Slab is a section of cast steel usually 250mm thick and between 600 and 1800mm wide and 12 metres long.

STEEL & TUBE NZ

Steel & Tube Holdings Limited and/or its subsidiaries, as the context admits.

STRUCTURAL STEEL

Large steel sections used for frames for buildings, factories, bridges and other infrastructure.

ABBREVIATIONS

ASIC	Australian Securities & Investments Commission
ASX	Australian Stock Exchange Limited
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EBITA	Earnings Before Interest, Tax and Amortisation
EBIT	Earnings Before Interest and Tax
EPA	Environment Protection Agency
GDP	Gross Domestic Product
GM	General Manager
GST	Goods and Services Tax
ISII	International Iron and Steel Institute
ISO14001	International Standards Organisation specification for environmental management systems
NIEIR	National Institute of Economic and Industry Research
NPAT	Net Profit After Tax and Minorities
NZ	New Zealand
OECD	Organisation for Economic Co-operation and Development
UK	United Kingdom
USA	United States of America
ng/m³	Nanograms per cubic metre
CO₂	Carbon Dioxide

CORPORATE DIRECTORY

DIRECTORS

Peter J Smedley
Chairman

Robert L Every
Managing Director and
Chief Executive Officer

Eileen J Doyle

Colin R Galbraith

David E Meiklejohn

Dean A Pritchard

Neville J Roach

COMPANY SECRETARY

John M Krenich

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

OneSteel Limited
ACN 004 410 833
ABN 63 004 410 833
Level 23, 1 York Street
Sydney NSW 2000 Australia
Telephone: +61 2 9239 6666
Facsimile: +61 2 9251 3042
Internet: www.onesteel.com

SHARE REGISTRY

OneSteel Share Registry
Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone: 1300 364 787 or +61 3 9649 5026
Facsimile: +61 2 8234 5050
Internet: www.computershare.com

AUDITORS

Ernst & Young

STOCK EXCHANGE LISTING

OneSteel Limited shares are quoted on the
Australian Stock Exchange

ANNUAL REVIEW AND FULL FINANCIAL REPORT

Both the 2003 Annual Review and
the Full Financial Report are
available on the OneSteel website
www.onesteel.com or
by calling +61 2 9239 6666

ONESTEEL REGISTERED TRADEMARKS

300PLUS™	Gripple™	Star™
500PLUS™	Growire™	Star® Partner
Anchor-Fast™	HANDIMESH®	Star® Posts
BAMTEC™	HAUNCHMESH™	Stocklock®
DECKMESH™	IRONBARK™	Stocktite™
DuraGal™	Longlife™	STUDMESH™
Duramesh™	MarineMesh™	TEMPCORE™
Ezycommerce™	Metaland	Tempelec®
EzySteel™	Metalcard	Tenser Sensor®
FIBRECRETE®	Metpol	Tensulator®
FIBRESTEEL®	MINEMESH™	TRUSSDEK™
FirePlus Pipe™	Northgard	Tyeasy®
Flexabel®	ONEMESH500™	UltraPipe™
Galtube™ Plus	ONESLAB™	Victaulic™
George Ward	Permelec®	Waratah™
Gripfast®	Permaseal™	Wedglock® Clamp
Gripfast™	POOLSTEEL™	Wizard® Wire Strainers
	ROMTECH®	Zalcote®

FINANCIAL CALENDAR

(subject to change)

Date	Event
19 August 2003	Annual results and final dividend announced
15 September 2003	Ex-dividend share trading commenced
19 September 2003	Record date for final dividend
16 October 2003	Final dividend paid
16 October 2003	Annual Review mailed to shareholders
17 November 2003	Annual general meeting for 2003
31 December 2003	Half-year ends
16 February 2004	Half-year results and interim dividend announced
22 March 2004	Ex-dividend share trading commences
26 March 2004	Record date for interim dividend
22 April 2004	Interim dividend paid
30 June 2004	Financial year ends
16 August 2004	Annual results and final dividend announced
13 September 2004	Ex-dividend share trading commences
17 September 2004	Record date for final dividend
14 October 2004	Final dividend paid
14 October 2004	Annual Review mailed to shareholders
15 November 2004	Annual general meeting for 2004

NOTICE OF ANNUAL GENERAL MEETING

The 2003 Annual General Meeting of OneSteel Limited will be held at 2.30 pm, Monday 17 November 2003 at the Melbourne Exhibition Centre, 2 Clarendon Street, Southbank, Melbourne, Victoria.

A formal Notice of Meeting accompanies this report. Additional copies can be obtained from the company's registered office or downloaded from the company's website at www.onesteel.com



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