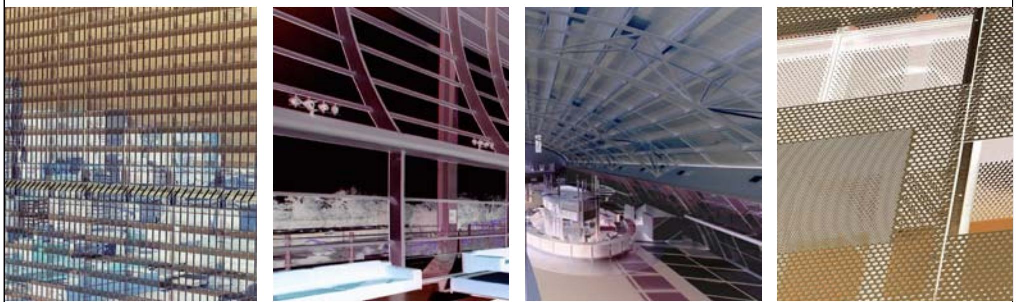

Full Year Results Presentation
22 August 2006

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Contents

- Results Overview
- Market Conditions
- Review of Financials
- Growth Initiatives
- Summary and Outlook
- Attachments

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Slide 2

Good morning. I'm Geoff Plummer, Managing Director and CEO of OneSteel, and I would like to welcome you all to OneSteel's results announcement for the 2006 financial year.

I will start the presentation today with an overview of the highlights of the results and a description of the market conditions and then pass over to OneSteel's Chief Financial Officer, Tony Reeves, who will run through the financial highlights and operational outcomes.

I will then talk about OneSteel's growth initiatives and conclude the presentation with a summary and some comments on the outlook.

There will then be some time to answer questions.

Results Overview

- Fifth consecutive profit improvement
  - improved sales margin
  - improved earnings per share
  - improved return on funds employed
- Strong operating cash flow enables gearing to fall while continuing to spend on Project Magnet
- Project Magnet on track
- Proposed transaction with Smorgon Steel

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Slide 3

In terms of result overview I would like to highlight:

• OneSteel has recorded its fifth consecutive profit improvement, along with improvements in its sales margin, earnings per share and return on funds employed.

• The business generated strong operating cash flow which enabled gearing to drop while continuing to spend on Project Magnet and I am pleased to say that the project is on track.

• As you are all aware, just prior to end of the financial year, we made a bid for Smorgon Steel, a transaction which we believe is a good value enhancing deal for both companies. I will outline later the current status concerning the proposed transaction with Smorgon Steel.

Overview - Financial

Net operating profit after tax and minorities	$171.6m	12.1%	was $153.1m
Profit after tax incl tax consolidation	$187.5m		
Earnings per share	30.3c	11.0%	was 27.3c
Return on funds employed	14.4%		was 14.2%
Return on equity	12.9%		was 13.1%
Sales margin	7.6%		was 7.1%
Operating cash flow	$250.8m	6.3%	was $235.9m
Capital Expenditure	$214.4m	69%	was $126.9m
Net debt including derivatives	$688.2m	6.6%	was $645.3m
Gearing including derivatives	31.4%	Down	was 31.7%
Fully franked final dividend declared	17.0 cents	Up	was 13.5c

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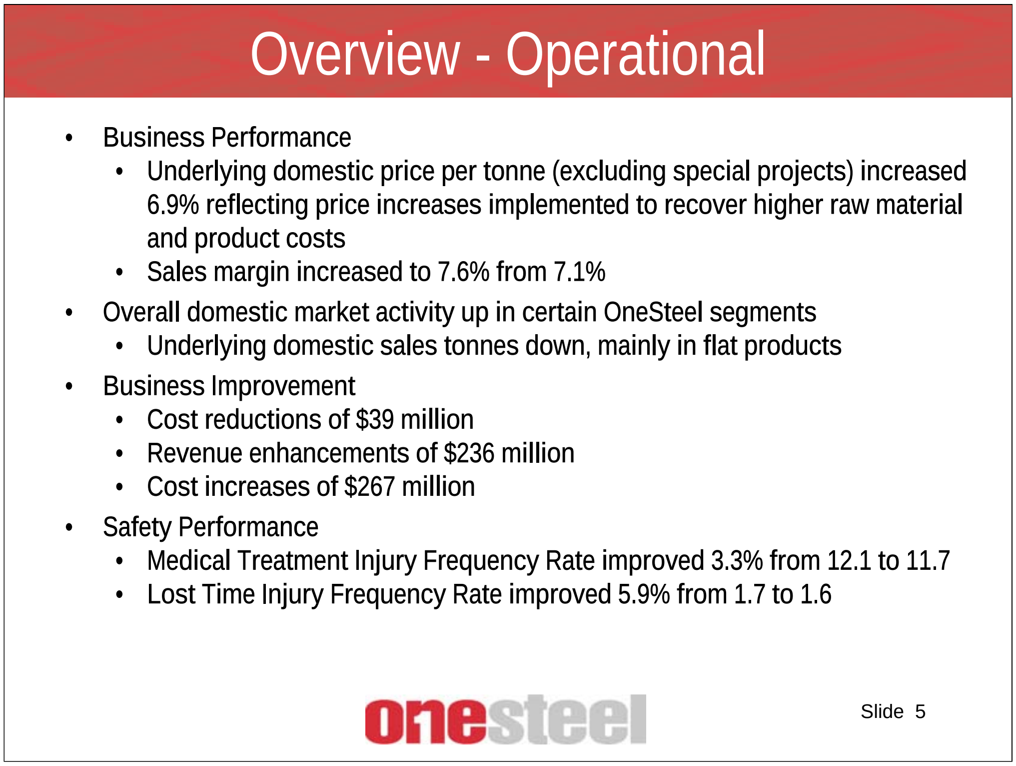
Slide 4

Turning first to an overview of the financial outcomes, we achieved a 12.1% increase in net operating profit to $171.6 million. When a one-off benefit from finalisation of tax consolidation values is included the total profit for the year was $187.5 million. Tony will talk more about the tax impact in his section.

The company improved its sales margin, return on funds employed and earnings per share.

I am particularly pleased by the strong operating cash flow of $250 million which enabled gearing to fall from 31.7% to 31.4% while continuing to spend on Project Magnet. This lifted capital expenditure during the year from $126.9 million to $214.4 million. Debt increased by around $43 million to $688 million.

Finally, the Board was pleased to declare an increase in final dividend from 8 cents to 10 cents fully franked, bringing the full-year fully franked dividend to 17 cents, a 26% increase on 2005.

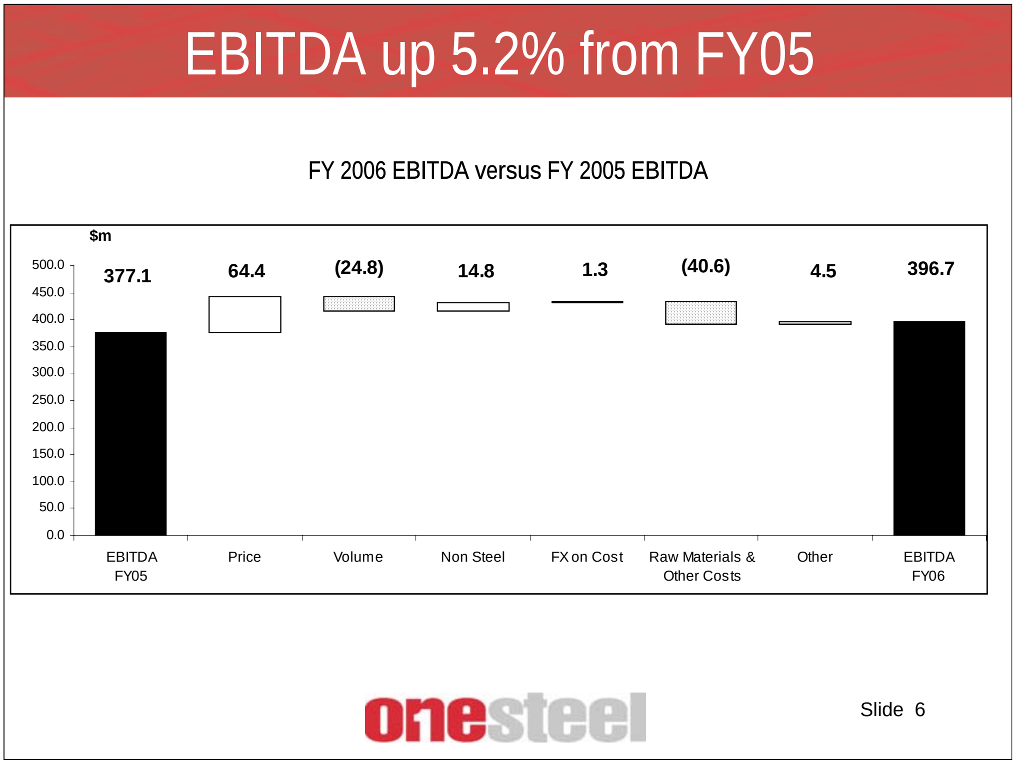


In terms of business performance, underlying domestic prices increased 6.9% from the last financial year reflecting price increases implemented to recover higher raw material and product costs.

Domestic market activity is being driven by strong engineering construction and the mining and resources sector, along with solid non-residential construction. However underlying domestic steel dispatches were down, principally as a result of lower volumes in flat products. Dispatches of these flat products were down more than 70,000 tonnes from the previous year.

Turning to business improvements, in addition to the price increases which resulted in revenue enhancements of $236 million, we continued to take costs out of the business. Cost reductions during the period totalled $39 million. In combination, these offset inflationary, purchased product and raw material input cost increases of $267 million.

Safety is a core value at OneSteel so it is pleasing to note further improvement in our safety outcomes. The Medical Treatment Injury Frequency Rate dropped from 12.1 to 11.7, an improvement of 3.3% and the Lost Time Injury Frequency Rate improved by 5.9%, falling to 1.7 to 1.6.



This chart highlights the main differences between the 2006 financial year and the 2005 financial year and the ongoing impact of increased costs for raw materials and purchased products to recover those higher input costs.

Thus the two major impacts in the last financial year were:

Price increases implemented that contributed $64.4 million to EBITDA compared with the 2005 financial year; and a $40.6 million negative variance arising from higher prices for raw materials such as coking coal and hot rolled coil.

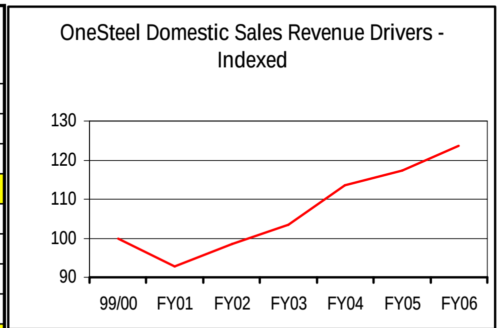
Some smaller impacts included the decline in steel dispatches, which was concentrated in flat products, which together with a change in product mix, produced an unfavourable $24.8 million variance in EBITDA.

During the period there was a favourable impact from currency movements on costs and also from non-steel sales.

Domestic Market Drivers – Construction Still Strong

- Continuing trend of strength in engineering and non-residential construction, as well as in the mining and resources segment
- Residential sector continues to be weak with other sectors mixed
- Activity much stronger in resource-based states

Segment	% of OST Sales Revenues*	% Change Jun 06 versus Jun 05
Engineering	23	16.0
Non-residential	22	10.4
Residential	14	-3.0
Total Construction	59	9.4
Other Manufacturing	11	-3.0
Mining	10	1.8
Automotive	6	-2.8
Agricultural	6	-2.2
Total Weighted Change		5.5



Source: NIEIR

* Export steel (5%) and ore sales (3%) drive the balance of OneSteel's sales revenue

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Slide 7

The result was achieved in a domestic market characterised by continued strength in the engineering and non-residential construction segments, and also in the mining and resources sector. These three segments drive around 55% of OneSteel's sales revenue.

The other segments of residential construction, manufacturing, auto and agricultural were challenging.

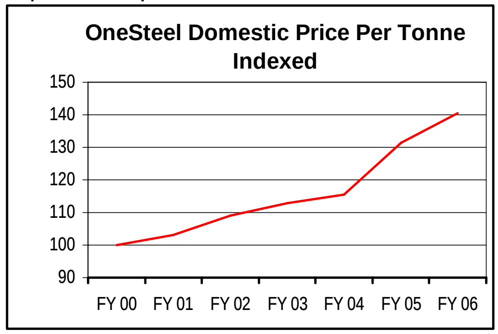
There were also regional differences, with the resource-based states being the strongest.

Graphs with further detail on these market drivers are included in the attachments.

Market Drivers – Price Increases

Recent Price Increases OneSteel Manufacturing		
Segment	**Price Movement**	**Timing**
Mebar	4.9%	May 06
Rebar	7.7%	Jul 06
Rod for Mesh	9%	Jul 06
Wire Manufacturing	Heavy Gal 7% Standard Gal 4% Other 3%	May 06
Reinforcing Bar	6%	Jun 06
Reinforcing Mesh	6%	Jun 06

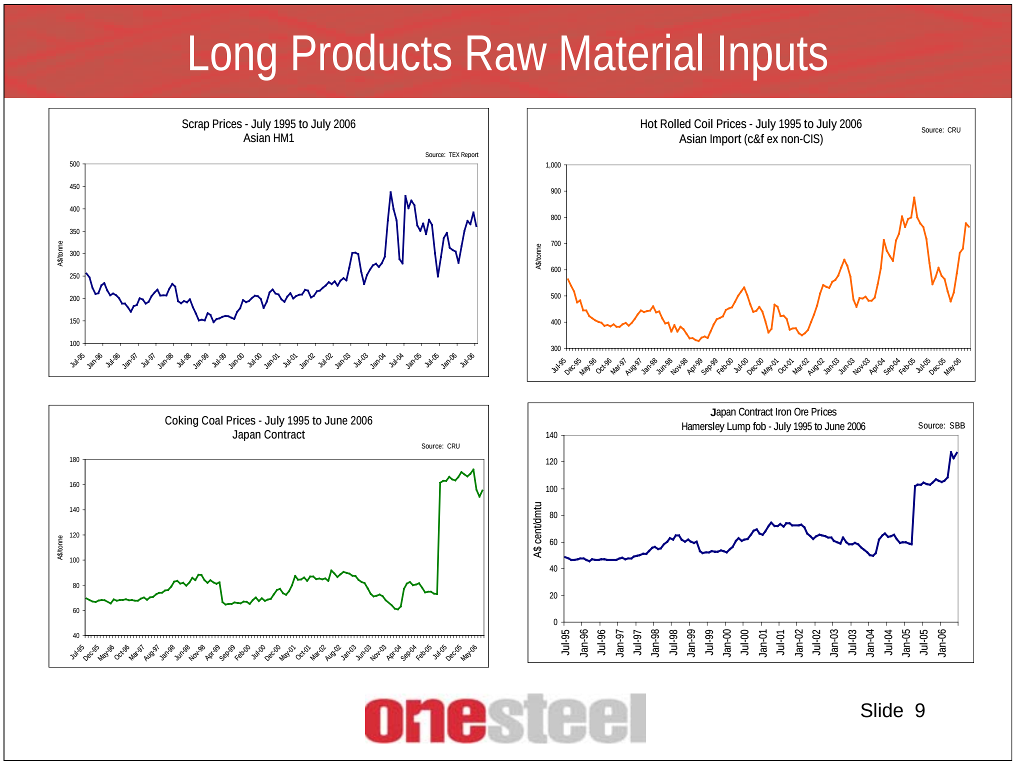
6.9% increase in underlying domestic steel price per tonne in 12-months to June 2006 from prior corresponding period to offset higher costs for raw material and purchased products



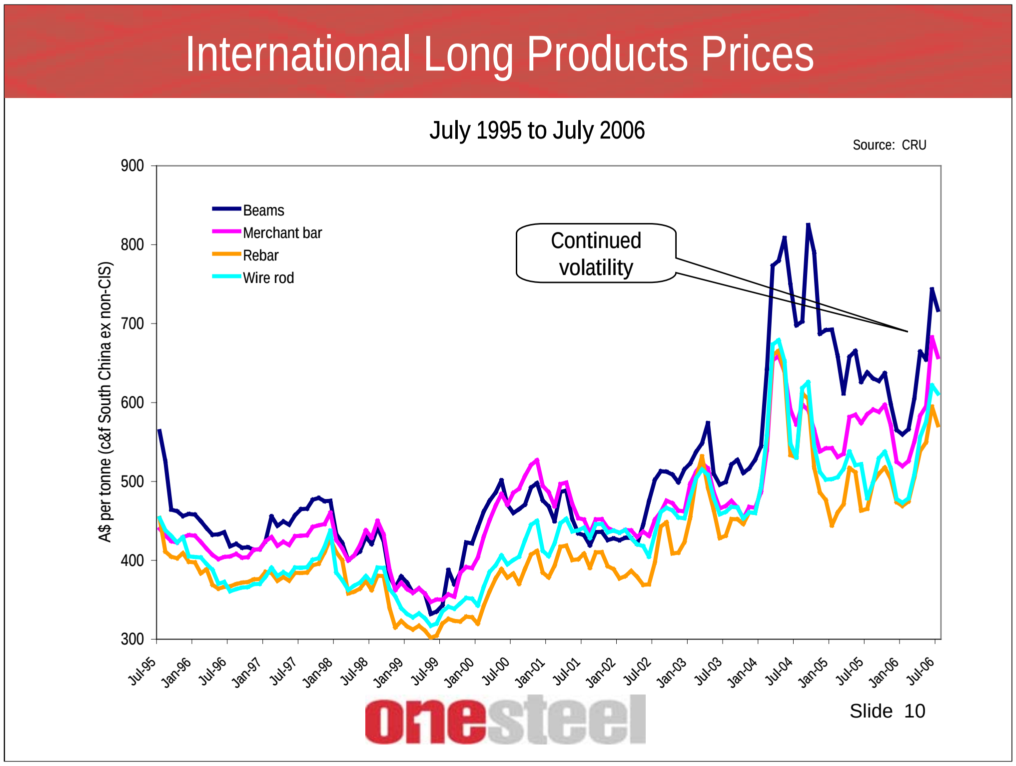
Slide 8

The graph on this slide illustrates the success we have had in implementing price increases since early 2004 to recover higher raw material inputs costs. Adjusted for projects, we achieved a 6.9% increase in domestic steel prices in the last financial year. This translated to revenue enhancements of $236 million, which in combination with cost reductions totalling $39 million offset a $267 million increase in inflationary and raw material input costs.

Due to continued increases in raw material input costs we recently introduced further price increases, with the major ones included in the table on this slide.



These are charts of international prices for the main externally sourced material inputs into OneSteel's business – scrap steel, hot rolled coil and coking coal. The fourth graph is of iron ore prices. The prices are shown in Australian dollars. In the period under review coking coal and hot rolled coil were the two largest sources of cost increases. Prices of hot rolled coil, as well as the main raw material inputs into steelmaking, continued to be volatile in the period under review.



International prices for long products continued to be volatile as illustrated by this chart of international prices of four major product categories in Australian dollars. Movements in scrap prices continue to be a major factor in this volatility.

I will now hand over to Tony who will run through the financial results in more detail.

Financial Highlights - Details

Net operating profit after tax and minorities	$171.6m	↑	12.1% from $153.1m
Earnings per share	30.3 cents	↑	11.0% from 27.3c
Operating cash flows	$250.8m	↑	from $235.9m
Free cash flow (includes Magnet capex)	$36.4m	↓	was $109.0m
Sales margin (EBIT)	7.6%	↑	from 7.1%
Gearing (net debt/net debt plus equity)	31.4%	↓	from 31.7%
Net debt including derivative	$688.2m	↑	6.6% from $645.3m
Interest cover	5.3 times	↑	from 5.2 times
Return on equity	12.9%	↓	from 13.1%
Return on funds employed	14.4%	↑	from 14.2%
Fully franked full-year dividend	17.0 cents	↑	from 13.5 cents

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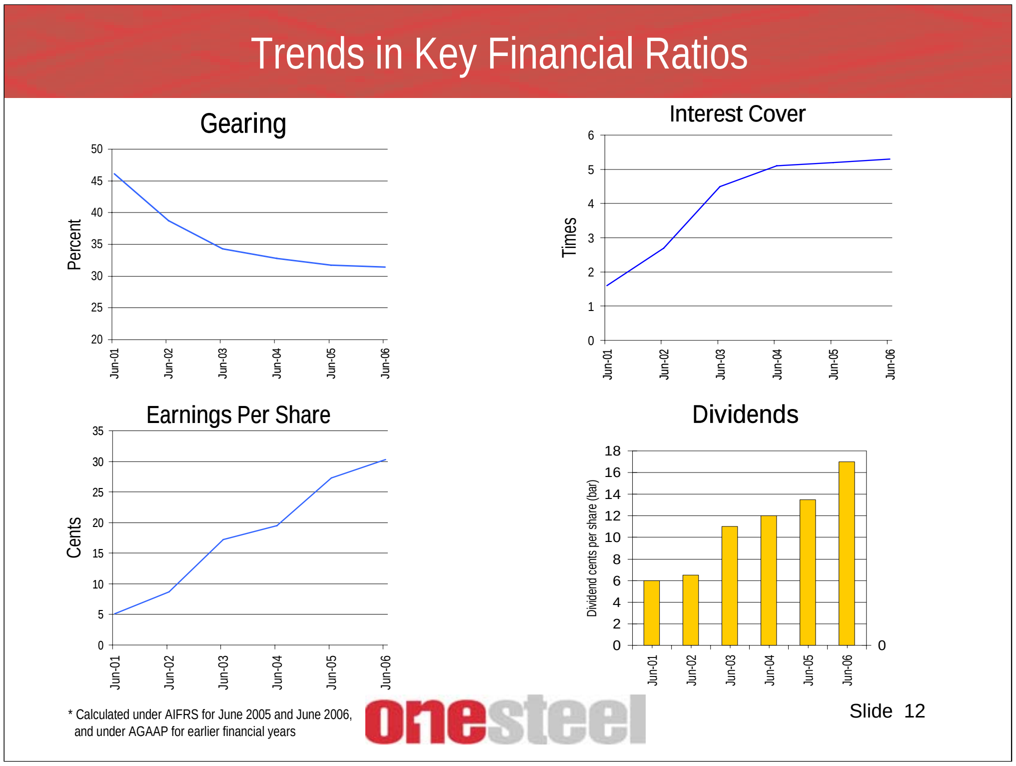
Thank you Geoff.

I will start my section of this presentation with what I see as the highlights of the financial performance of the business.

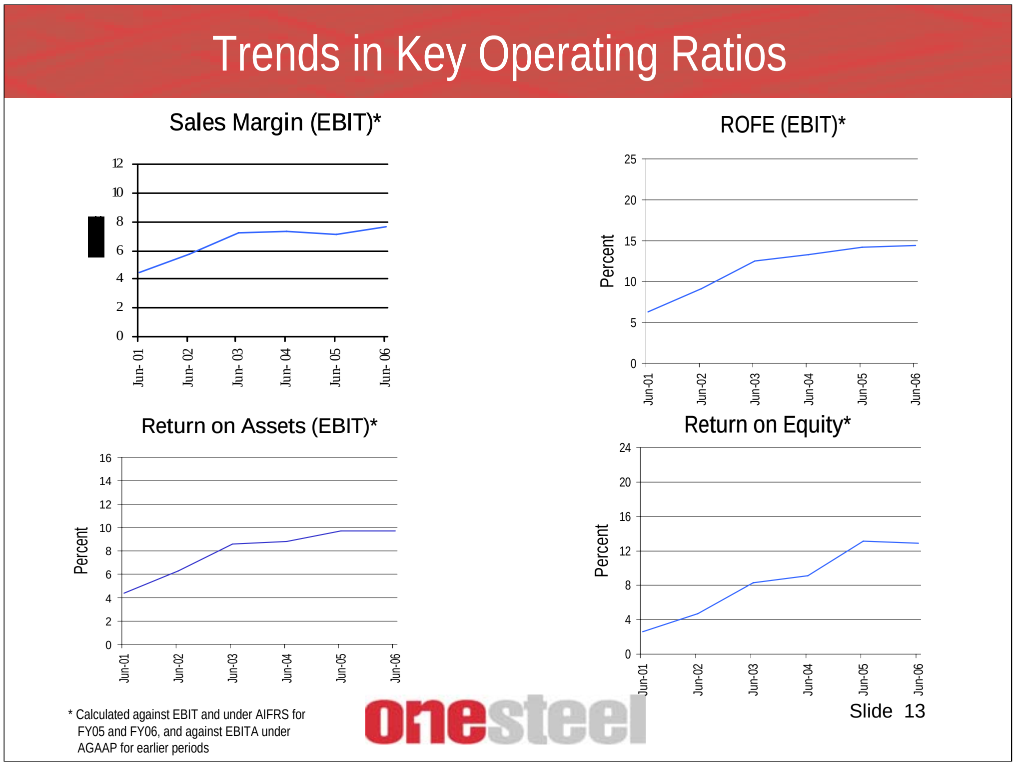
OneSteel achieved a 12.1% increase in net operating profit after tax of $171.6 million. There was an associated 11% increase in earnings per share from 27.3 cents to 30.3 cents per share.

The cash performance was also pleasing, with operating cash flow of $250.8 million. This enabled us to continue to spend on Project Magnet while lowering our gearing from 31.7% to 31.4% and with just a $43 million increase in net debt, including derivatives. Interest cover improved also improved slightly. Even after capital expenditure of $214.4 million, including $170 million on Magnet, we still generated positive free cash flow of $36.4 million and as Geoff mentioned earlier, the Board declared a fully franked dividend of 17 cents for the year.

Our sales margin improved from 7.1% to 7.6%, while the return on funds employed continues to improve, rising from 14.2% to 14.4%.



Thus the trends in our key financial ratios continue to head in the right direction as shown by the charts on this slide.



The same comment applies to the trends in our key operating ratios. Our significant investment in Project Magnet is behind the levelling out of the recent returns on assets and on equity.

Income Statement

A$ million	2006 AIFRS	2005 AIFRS	% chg 06/05
Sales	4,004.6	3,938.5	1.7
EBITDA	396.7	377.1	5.2
Depreciation	(94.0)	(97.5)	(3.6)
EBIT	302.7	279.6	8.3
Finance Costs	(56.7)	(53.6)	5.8
Profit before Tax	246.0	226.0	8.8
Tax	(60.8)	(55.4)	9.7
NOPAT	171.6	153.1	12.1
NPAT*	187.5	202.8	
EPS (cents)	30.3	27.3	11.0
ROFE (%)	14.4	14.2	
Full Yr Dividend (cents/share)	17.0	13.5	

* 2005 results exclude the one-off benefit relating to the reversal of impairment loss on transition to AIFRS of $49.7 million after tax. NPAT including this adjustment was $202.8 million. 2006 NOPAT excludes the one-off tax benefit of $15.9 million arising from finalisation of tax consolidation. Total profit including this adjustment was $187.5 million.

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Slide 14

Another highlight of the result is the improvement in return on funds employed, again above the cost of capital.

As Geoff mentioned earlier, the total profit for the year was $187.5 million when a $15.9 million one-off benefit from tax consolidation values is included. The adjustment to tax expense is associated with a further uplift in the tax cost base of our assets.

Excluding the impact of tax consolidation in the year, the effective tax rate was 24.7%. This largely reflects the impact of claimable R&D expenditure for the current year and higher-than-expected claimable expenditure for the prior year.

It is pleasing to see the improved earnings per share has translated into higher dividends for shareholders.

Non-Trading Items – NOPAT

At the Net Operating Profit after Tax Level

Additions	Millions
• Tax benefit	$ 6.2
• Profit on asset sales	$ 3.1
• Blast furnace insurance claim	$ 3.5
Total Additions	$ 12.8
Subtractions	
• Provisions adjustment	$ (5.4)
• Restructuring costs	$ (4.2)
Total Subtraction	$ (9.6)
Net Benefit/Loss	$ 3.2

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Slide 15

This slide has been provided to show the one-off items in the NOPAT result.

On the positive side was a tax benefit of $6.2 million which reflects a prior period adjustment following higher R&D claims and allowable mining expenditure in the final 2005 tax return. There was also a $3.1 million lift from profits on asset sales and $3.5 million initial payment arising from the insurance claim related to the production disruptions at the Whyalla blast furnace in the previous financial year.

The major negative impact of non-trading items to this profit result is a $5.4 million impact from employee provisions adjustments. Additionally, we incurred an after-tax impact of $4.2 million as a result of restructuring costs.

Balance Sheet

A$ million	Jun 06 AIFRS	Jun 05 AIFRS	Chg 06/05
Total Assets	3,138.8	3,087.1	1.7%
Total Liabilities	1,637.2	1,698.8	(3.6%)
Net Assets	1,501.6	1,388.3	8.2%
Net Debt including derivative	688.2	645.3	6.6%
Inventory	758.9	836.7	(9.3%)
Receivables	635.4	643.1	(1.2%)
Creditors	545.4	615.7	(11.4%)
Funds Employed	2,189.8	2,033.6	7.7%
Gearing % (net debt/ net debt plus equity) including derivative	31.4	31.7	
Interest Cover – times	5.3	5.2	
NTA / Share $	2.16	1.95	

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Slide 16

Despite $170 million spent on Project Magnet, net debt including derivatives only rose marginally due to good working capital management, particularly in the area of inventories. The resultant gearing improved to 31.4% and interest cover improved from 5.2 times to 5.3.

Cash Flow

A$ million 12 months to:	AIFRS June 2006	AIFRS June 2005
Earnings before tax (adjusted for non-cash items	244.9	231.8
Depreciation & amortisation	94.0	91.7
Capital & investment expenditure	(227.6)	(127.5)
Working capital movements	(34.4)	(33.5)
Income tax payments	(53.7)	(54.1)
Asset sales	6.7	4.9
Other	1.9	0.8
Operating and investing cash flows	31.8	114.1
Free Cash Flow (after capex on Magnet)	36.4	109.0

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Slide 17

One of the most pleasing outcomes of the financial year was the strong cash generation.

You saw earlier in the presentation that cashflow from operations was $250.8 million. So after $227.6 million of capital and investment expenditure, OneSteel generated positive operating and investing cash flows of $31.8 million and Free Cash Flow of $36.4 million.

The strong cash flow enabled the improvement in gearing that I previously mentioned.

Australian Distribution – Results

$A million	2006 AIFRS	2005 AIFRS	% chg 06/05
Revenue	1,833.9	1,783.3	2.8
EBITDA	146.1	164.3	(11.1)
EBIT	122.0	140.5	(13.2)
Assets	1,100.6	1,187.4	(7.3)
Employees	2,448	2,483	(1.4)
Sales Margin % (EBIT)	6.7	7.9	
ROFE %	15.1	17.5	
External tonnes dispatched	916,353	981,409	(6.6)

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Slide 18

Revenue of the Australian Distribution business increased by 2.8% reflecting higher selling prices. However earnings and the sales margin fell reflecting the 6.6% fall in dispatches, mainly in flat-related products, and a reversal of the profit in stock position from the prior period. An improvement in working capital levels and ratios drove a reduction in funds employed and a good cash result.

Manufacturing – Results

$A million	2006 AIFRS	2005* AIFRS	% chg 06/05
Revenue	2,101.4	2,065.7	1.7
EBITDA	225.8	184.3	22.5
EBIT	164.5	118.7	38.6
Assets	1,829.2	1,638.7	11.6
Employees	3,948	3,908	1.0
Sales Margin %	7.8	5.7	
ROFE %	13.7	11.5	
Tonnages			
External Dispatches	1,370,714	1,282,642	6.9
Internal Dispatches	272,141	270,765	0.5
Steel Tonnes Produced	1,633,696	1,349,397	21.1

* Normalised for the impact of impairment write-back.

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Slide 19

The manufacturing business improved across all key ratios, partly reflecting efforts to recover costs through price increases and a return to normal operating rates at the Whyalla Steelworks. Benefits were also derived from a focus on manufacturing excellence programs and supply chain initiatives.

International Distribution – Results

$A million	2006 AIFRS	2005 AIFRS	% chg 06/05
Revenue	390.4	403.3	(3.2)
EBITDA	48.8	61.4	(20.5)
EBIT	43.7	56.1	(22.1)
Assets	178.4	196.1	(9.0)
Employees	907	804	12.8
Sales Margin %	11.2	13.9	
ROFE %	28.4	37.4	

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Slide 20

The International Distribution business continued to post excellent returns albeit they were down from the record results of the previous financial year as softening of certain parts of the New Zealand economy, combined with substantial fluctuations in steel prices, affected its ability to pass on the full effect of cost increases incurred during the period.

The business achieved a return on funds employed of 28.4% and the sales margin eased from 13.9% to 11.2%.

I will now hand back to Geoff for the section on growth initiatives.

Growth Initiatives

Barngarla, one of the two barges that will be used to trans-ship ore product from the newly-constructed export facilities at the Whyalla port. The barges will carry hematite lump and fines approximately 10 kilometres to a floating offshore transfer terminal which will facilitate loading of Cape-sized ships sitting in the Spencer Gulf. Trans-shipping allows ore transport in large Cape-size ships to maximise the number of potential customers and lower freight costs.

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Slide 21

Thank you Tony.

Growth Projects

- Project Magnet
  - This $355 million project represents the commercialisation of OneSteel's magnetite iron ore reserves for producing steel and the sale of surplus hematite ore reserves. Benefits include:
    - improving OneSteel's competitive position
    - extending the life of the steelworks
    - lowering the cost of steelmaking at Whyalla
    - an additional source of earnings and profit.

- Smorgon Transaction
  - Through the proposed acquisition of the shares of Smorgon Steel Group Limited, OneSteel will become the pre-eminent domestic manufacturer and distributor of steel and metal products in Australasia. The proposed transaction is subject to the approval of Smorgon Steel's shareholders, the Court, the ACCC and certain other conditions.

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In this section of the presentation I would like to give you an update on Project Magnet, the $355 million project to commercialise our magnetite iron reserves for producing steel and the sale of surplus hematite reserves.

The other growth initiative we are working on is our proposed transaction with Smorgon Steel whereby we acquire all the shares of Australia's second-largest long products manufacturer.

Project Magnet

- Capital Expenditure
  - FY 2005 — $24.5 million
  - FY 2006 — $170.5 million*
  - Balance — $160 million
  - Total — $355 million + 0 to 5%

  * There was an additional $34.2 million of commitments as at 30 June 2006
- Revenues
  - Incremental Iron Unit Sales – Ore, Pellet and By-products
    - FY 2006 — ~700kt in iron ore (lump and fines)
~300kt ore by-products
    - FY 2007 — ~ 1,500k tonnes
    - FY 2008 — ~ 3.0m tonnes
  - Slab Sales
    - FY 2008 — Sales commence

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Slide 23

Project Magnet is progressing well, with an incremental 700,000 tonnes of iron ore and 300,000 tonnes of ore by-products sold in the last financial year. Over the same period, we spent and committed $204.7 million of capital, which takes the total to date to $229.2 million.

Project Magnet – Construction

Two process streams are under construction

- Hematite Stream – construction is progressing to achieve commissioning and begin ramp-up in line with incremental external sales of 1.5mtpa in 2006/07 and 3mtpa in 2007/08
  - Export storage facilities – nearing commissioning
  - Installation of all process equipment substantially complete
  - The rail line upgrade to the mine, delivery of 56 new fines wagons and upgrade of 75 existing RSK wagons are now complete
  - Site works are underway on the crushing plant upgrade at the mine site
  - 7 of 11 scheduled shutdowns to upgrade the shiploader complete
  - The floating offshore terminal vessel "Spencer Gulf" has been launched and is now at fit-out in Yang Ziang, China
  - "Barngarla", one of the two transfer barges launched

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Slide 24

One of the process streams under construction is that around the sale of surplus hematite iron ore. This is progressing to achieve commissioning and begin ramp-up in line with incremental external sales of 1.5mtpa in 2006/07 and 3mtpa in 2007/08. The latest progress includes:

•Export storage facilities – nearing commissioning

•Installation of all process equipment substantially complete

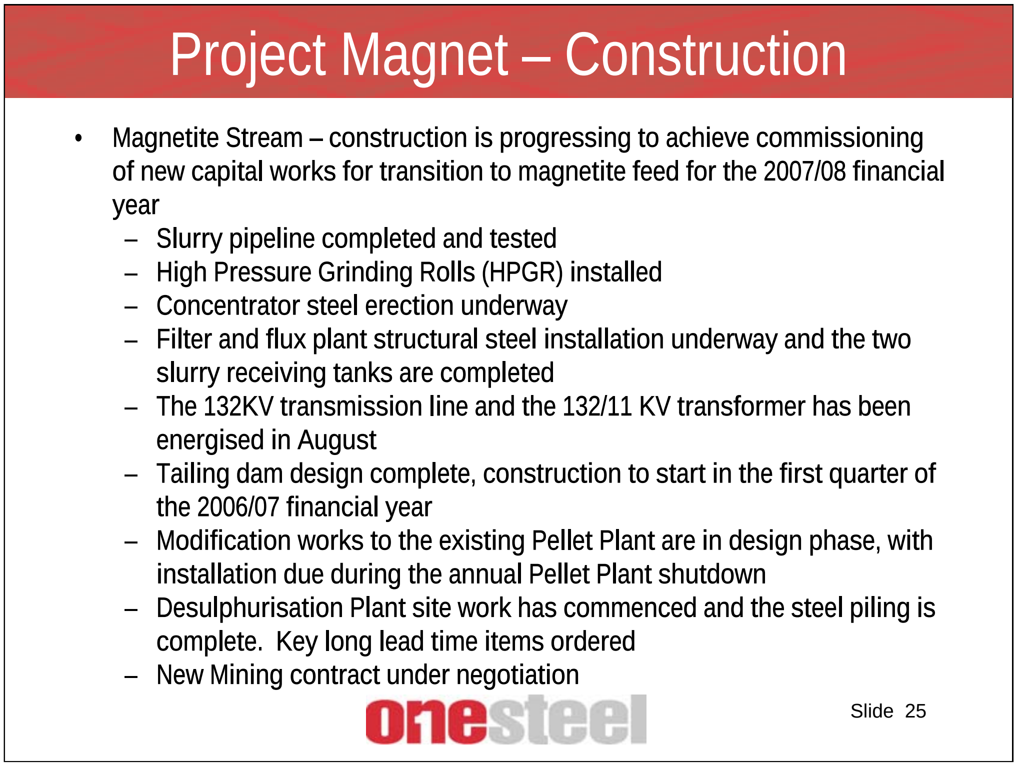
•The rail line upgrade to the mine, delivery of 56 new fines wagons and upgrade of 75 existing RSK wagons are now complete

•Site works are underway on the crushing plant upgrade at the mine site

•7 of 11 scheduled shutdowns to upgrade the shiploader complete

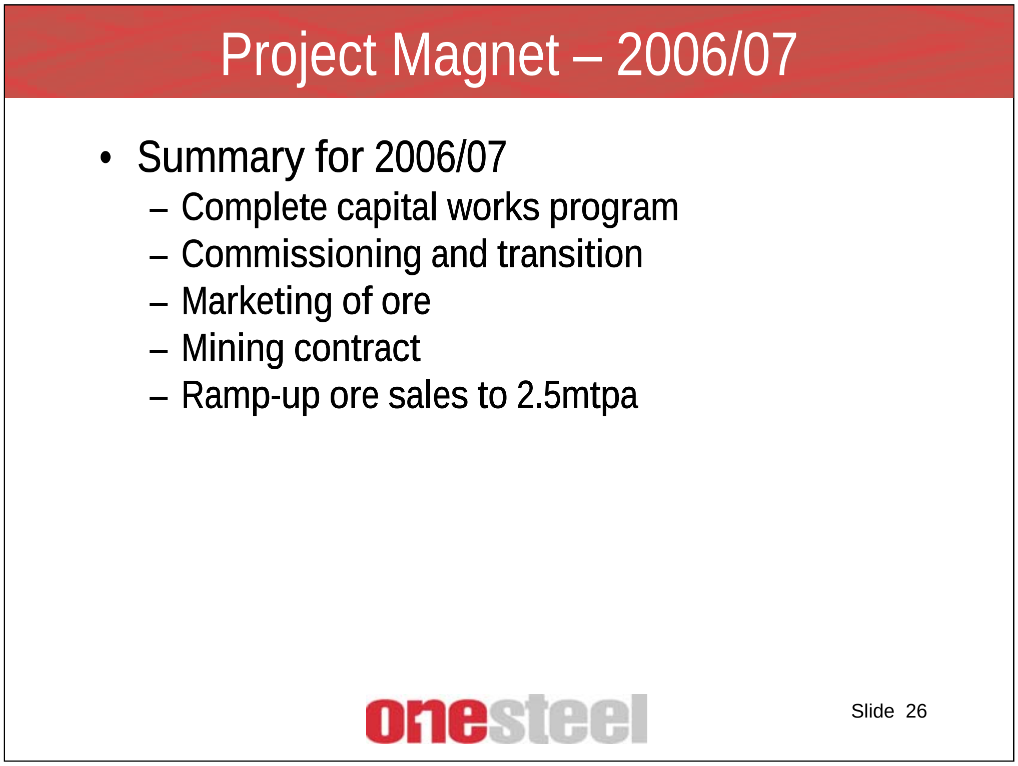
•The floating offshore terminal vessel "Spencer Gulf" has been launched and is now at fit-out in Yang Ziang, China

•"Barngarla", one of the two transfer barges launched



The other process stream involves converting operations at the mines and steelworks to use magnetite ore to produce steel. Construction is progressing to achieve commissioning of new capital works for transition to magnetite feed for the 2007/08 financial year. Most recent progress includes:

- Slurry pipeline completed and tested
- High Pressure Grinding Rolls (HPGR) installed
- Concentrator steel erection underway
- Filter and flux plant structural steel installation underway and the two slurry receiving tanks are completed
- The 132KV transmission line and the 132/11 KV transformer has been energised in August
- Tailing dam design complete, construction to start in the first quarter of the 2006/07 financial year
- Modification works to the existing Pellet Plant are in design phase, with installation due during the annual Pellet Plant shutdown
- Desulphurisation Plant site work has commenced and the steel piling is complete. Key long lead time items ordered.
- Mining contract under negotiation



In this current financial year we will be focusing on the following key activities to successfully progress Project Magnet

- Complete capital works program
- Commissioning and transition
- Marketing of ore
- Mining contract
- Ramp-up ore sales to 2.5mtpa

Proposed Smorgon Steel Transaction

- OneSteel remains committed to the transaction
  - – Corporate benefits – a stronger more financially flexible company with enhanced growth opportunities
  - – Customer and market benefits – increased ability to service the customer with new products and service offerings and a greater diversity and scope of operations
  - – Competitive benefits – a more competitive business with lower costs, improved raw material integration and opportunities with diversified revenue streams.

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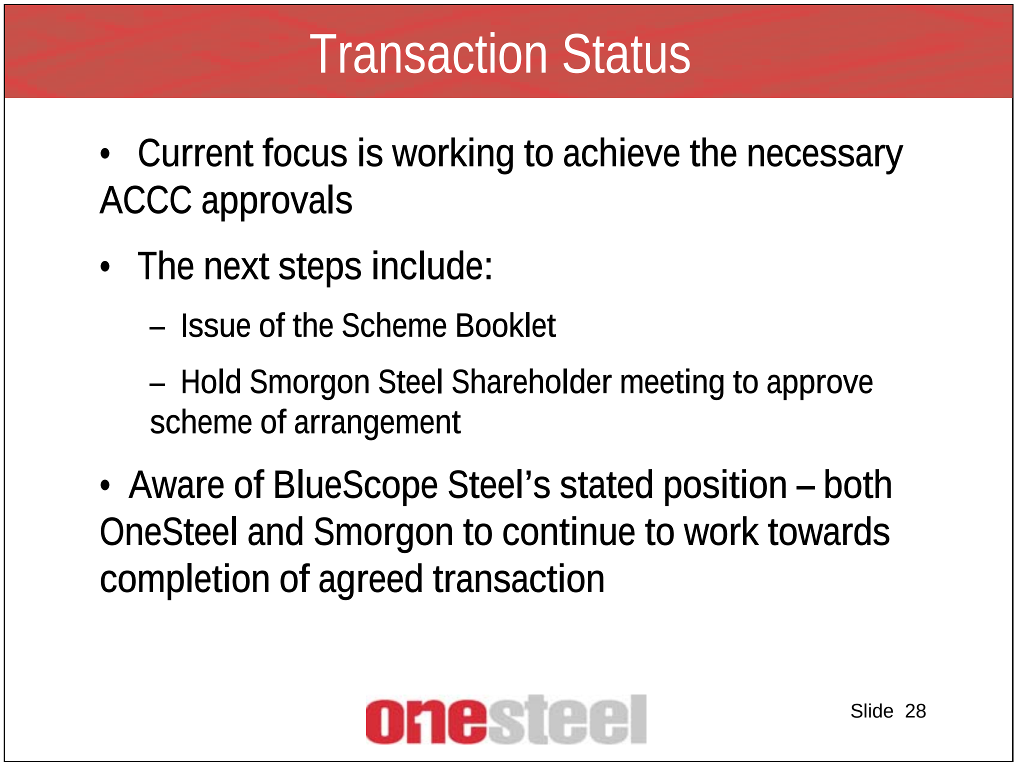

On 15 August the Australian Competition and Consumer Association released a Statement of Issues regarding the proposed transaction, as per its standard merger process guidelines. It does not represent a final decision by the ACCC, but provides preliminary views. It is intended to draw attention to unresolved competition concerns the ACCC has, give merger parties and other market participants an opportunity to consider the issues further, and provide the ACCC with further information.

The ACCC has said it will deliver its decision on 6 September.

We are currently reviewing the issues raised by the ACCC. We will continue to provide additional evidence to the ACCC of the strong import competition that exists in the Australian market.

The steps towards completing the transaction are unchanged, namely we are working on the issue of the Scheme Booklet, following which Smorgon Steel will hold a meeting of shareholders to approve the scheme of arrangement.

We would welcome seeing any specific proposals that BlueScope Steel may wish to put on the table but no such proposals have been forthcoming. In the absence of any specific proposals, OneSteel and Smorgon Steel will continue to work towards implementation of the agreed transaction.

I will conclude this presentation with a summary of the results and some comments on the outlook before opening the session to questions.

Summary and Outlook

- Solid improvement in profit
- Strong operating cash flow allows fall in gearing
- Project Magnet progressing well
- Continued improvement in sales margin, earnings per share and return on funds employed
- Overall level of domestic activity expected to be similar
- International steel market expected to remain fluid
- Priorities:
    - continue to improve returns from existing businesses
    - completion of Magnet and realising the expected level of benefits
    - completion and effective integration of the proposed Smorgon Steel transaction

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Slide 30

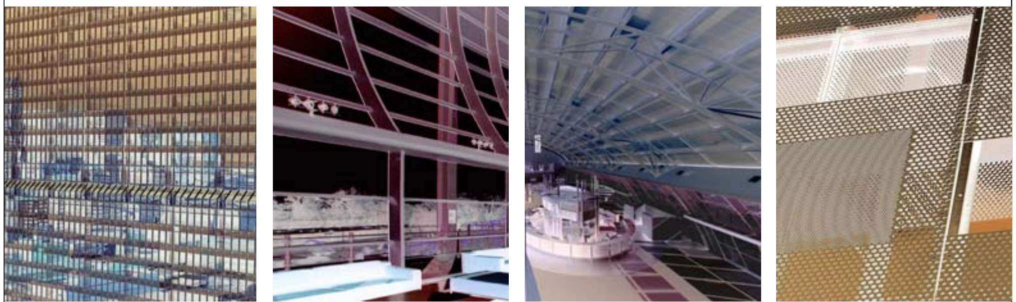
To recap, OneSteel has achieved its fifth consecutive improvement in profits. There was also an improvement in earnings per share, the sales margin and return on funds employed. During the financial year the business generated strong operating cash flow that allowed gearing to fall while we continued to invest in Project Magnet, which is progressing well.

As to the outlook for the 2007 financial year, we expect that the overall of domestic activity will be similar and that the international steel market will continue to be fluid.

Management's priorities are to continue to improve returns from existing businesses, to complete Project Magnet and realise its benefits and finally, completion and effective integration of the proposed Smorgon Steel transaction.

Ladies and gentlemen, thank you for your time today and for your interest in OneSteel.

Tony and I would be happy to take any questions that you may have.



Full Year Results
22 August 2006

Attachments – Financials

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Cash Flow Reconciliation

A$ Million	AIFRS Jun 06	AIFRS Jun 05	AGAAP Statutory Jun 04	AGAAP Jun 03	AGAAP Jun 02	Pro forma Jun 01
EBIT* (adjusted for non-cash items)	395.6	377.1	307.6	307.6	251.0	181.7
Interest	(56.7)	(53.6)	(42.2)	(44.5)	(54.4)	(61.8)
Tax	(53.7)	(54.1)	(33.8)	(24.0)	(20.8)	(39.6)
Capital Expenditure	(214.4)	(126.9)	(141.5)	(101.5)	(70.8)	(42.7)
Working capital movements	(34.4)	(33.5)	(46.2)	17.3	(76.5)	183.2
Free Cash Flow	36.4	109.0	43.9	154.9	28.5	220.8
- Less Investments	(13.2)	(0.6)	(9.9)	(29.4)	-	(65.7)
- Plus Asset Sales	6.7	4.9	45.3	16.7	56.2	116.8
- Other	1.9	0.8	5.6	0.3	59.2	(101.8)
Operating & investing cash flow	31.8	114.1	84.9	142.5	143.9	170.1

* EBIT for FY06 and FY05, EBITA for earlier years

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Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY

2006 CONSOLIDATED	Contributed equity: *Issued capital* $m	Contributed equity: *Employee compensation shares* $m	Total contributed equity $m	Retained earnings $m	Reserves: *Share-based payments* $m	Reserves: *Foreign currency translation* $m	Reserves: *Cash flow hedges* $m	Total Reserves $m	Total Parent Interests $m	*Minority Interests* $m	*Total Equity* $m
At 1 July 2005	1,115.0	(7.1)	1,107.9	214.2	1.4	3.0	-	4.4	1,326.5	61.8	1,388.3
Adoption of AASB 139 (Note 33(d))	-	-	-	(3.6)	-	-	(1.7)	(1.7)	(5.3)	-	(5.3)
Cash flow hedges:								-	-		-
- gains/(losses) taken to equity	-	-	-	-	-	-	5.6	5.6	5.6	-	5.6
Currency translation differences	-	-	-	-	-	(6.3)	-	(6.3)	(6.3)	(6.5)	(12.8)
Total income and expense for the year recognised directly in equity	-	-	-	(3.6)	-	(6.3)	3.9	(2.4)	(6.0)	(6.5)	(12.5)
Net Profit	-	-	-	187.5	-	-	-	-	187.5	13.6	201.1
Total income/expense for the period	-	-	-	183.9	-	(6.3)	3.9	(2.4)	181.5	7.1	188.6
Share-based payments expense	-	-	-	-	2.0	-	-	2.0	2.0	-	2.0
Dividends paid	-	-	-	(82.0)	-	-	-	-	(82.0)	(12.2)	(94.2)
Shares issued under dividend reinvestment plan	19.0	-	19.0	-	-	-	-	-	19.0	-	19.0
Shares issued on exercise of options	0.4	-	0.4	-	-	-	-	-	0.4	-	0.4
Vested shares	-	1.4	1.4	-	(1.4)	-	-	(1.4)	-	-	-
Purchase of shares for equity-based compensation	-	(2.5)	(2.5)	-	-	-	-	-	(2.5)	-	(2.5)
At 30 June 2006	**1,134.4**	**(8.2)**	**1,126.2**	**316.1**	**2.0**	**(3.3)**	**3.9**	**2.6**	**1,444.9**	**54.7**	**1,501.6**

Attributable to equity holders of the parent

2005 CONSOLIDATED	Contributed equity: *Issued capital* $m	Contributed equity: *Employee compensation shares* $m	Total contributed equity $m	Retained earnings $m	Reserves: *Share-based payments* $m	Reserves: *Foreign currency translation* $m	Reserves: *Cash flow hedges* $m	Total Reserves $m	Total Parent Interests $m	*Minority Interests* $m	*Total Equity* $m
At 1 July 2004	1,096.3	(2.3)	1,094.0	84.1	0.8	2.8	-	3.6	1,181.7	56.3	1,238.0
Currency translation differences	-	-	-	-	-	0.2	-	0.2	0.2	0.2	0.4
Total income and expense for the year recognised directly in equity	-	-	-	-	-	0.2	-	0.2	0.2	0.2	0.4
Net Profit	-	-	-	202.8	-	-	-	-	202.8	17.5	220.3
Total income/expense for the period	-	-	-	202.8	-	0.2	-	0.2	203.0	17.7	220.7
Share-based payments expense	-	-	-	-	2.2	-	-	2.2	2.2	-	2.2
Dividends paid	-	-	-	(72.7)	-	-	-	-	(72.7)	(12.2)	(84.9)
Shares issued under dividend reinvestment plan	15.6	-	15.6	-	-	-	-	-	15.6	-	15.6
Shares issued on exercise of options	3.1	-	3.1	-	-	-	-	-	3.1	-	3.1
Vested shares	-	1.6	1.6	-	(1.6)	-	-	(1.6)	-	-	-
Purchase of shares for equity-based compensation	-	(6.4)	(6.4)	-	-	-	-	-	(6.4)	-	(6.4)
At 30 June 2005	**1,115.0**	**(7.1)**	**1,107.9**	**214.2**	**1.4**	**3.0**	**-**	**4.4**	**1,326.5**	**61.8**	**1,388.3**

Attributable to equity holders of the parent

Profit & Loss – historical data

12 months ended 30 June A$ million	2006 AIFRS	2005 AIFRS	2004 AGAAP	2003 AGAAP	2002 AGAAP	2001 Excl prov AGAAP	% chg FY06/ FY05
	Statutory					Pro Forma	
Sales	4,004.6	3,938.5	3,269.2	3,060.6	2,906.0	2,637.7	1.7
EBITDA	396.7	377.1	324.2	307.6	251.0	202.6	5.2
Depreciation & Amortisation*	(94.0)	(97.5)	(108.1)	(106.3)	(103.1)	(99.2)	(3.6)
EBIT	302.7	279.6	216.1	201.3	147.9	103.4	8.3
Finance Costs	(56.7)	(53.6)	(42.2)	(44.5)	(54.4)	(61.8)	5.8
Earnings before Tax	246.0	226.0	173.9	156.8	93.5	41.6	8.8
Tax	(60.8)	(55.4)	(53.4)	(53.3)	(39.0)	(12.1)	9.7
NOPAT	171.6	153.1	108.1	94.0	47.1	23.6	12.1
NPAT	187.5	202.8	127.9				
EPS (cents)**	30.3	27.3	19.5	17.2	8.7	5.1	11.0
ROFE (%)**	14.4	14.2	13.3	12.5	9.1	6.1	
Full Yr Dividend (cents/share)	17.0	13.5	12.0	11.0	6.5	6.0	

* No goodwill amortisation in 2006 and 2005 under AIFRS

**Against EBIT in 2006 and 2005, earlier calculations against EBITA

Balance Sheet – historical data

A$ Million	Jun 06 AIFRS	Jun 05 AIFRS	Jun 04 AGAAP	Jun 03 AGAAP	Jun 02 AGAAP	Jun 01 AGAAP	% Chg 06/05
Total Assets	3,138.8	3,087.1	2,803.2	2,577.0	2,582.0	2,710.8	1.7
Liabilities	1,637.2	1,698.8	1,429.8	1,292.0	1,359.4	1,594.6	(3.6)
Net Assets	1,501.6	1,388.3	1,373.4	1,285.0	1,222.6	1,116.2	8.2
Net Debt*	688.2	645.3	469.0	470.2	571.6	762.4	6.6
Inventory	758.9	836.7	704.6	591.0	574.1	540.3	(9.3)
Receivables	635.4	643.1	487.8	439.9	452.8	561.5	(1.2)
Creditors	545.4	615.7	569.9	467.7	425.1	444.4	(11.4)
Funds Employed*	2,189.8	2,033.6	1,842.4	1,755.2	1,794.2	1,878.6	7.7
Gearing % (net debt / net debt plus equity)*	31.4	31.7	32.8	34.3	38.7	46.1	
Interest Cover – times	5.3	5.2	5.1	4.5	2.7	1.6	
NTA/Share $	2.16	1.95	1.93	1.77	1.69	1.81	

* The increase in 2005 Net Debt and Funds Employed reflects the discontinuation of a securitisation program in January 2005

* The 2006 Net Debt figure includes derivatives and it is on this number that the 2006 gearing ratio is calculated.

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Cash Flow – historical data

A$ Million	AIFRS Jun 06	AIFRS Jun 05	AGAAP Jun 04	AGAAP Jun 03	AGAAP Jun 02	AGAAP Jun 01
	Statutory					Pro Forma
Earnings before Tax (adjusted for non-cash items)	244.8	231.8	156.9	157.9	86.8	47.5
Dep & amortisation*	94.0	91.7	108.1	106.3	103.1	99.2
Capital & invest expenditure	(227.6)	(127.5)	(151.4)	(130.9)	(70.8)	(108.4)
Working cap movement	(34.3)	(33.5)	(46.2)	17.5	(76.5)	183.2
Income tax payments	(53.7)	(54.1)	(33.8)	(24.0)	(20.8)	(39.6)
Asset sales	6.7	4.9	45.3	16.7	56.2	116.8
Other	1.9	0.8	6.0	(1.0)	65.9	(128.6)
Operating & investing cash flows	31.8	114.1	84.9	142.5	143.9	170.1
Free Cash Flow	36.4	109.0	43.9	154.9	28.5	220.8

* No goodwill amortisation in 2006 and 2005 under AIFRS

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10th Highest TSR over 5 years

Best Total Shareholder Returns on the Australian Stock Exchange over 5 years					
Rank	Company	Industry	5yr TSR (% pa)	1yr TSR (%)	Market cap (A$ bln)*
1	Oxiana	Resources	90.3	75.8	2.386
2	Macquarie Goodman	Real estate infrastructure	86.0	20.5	6.955
3	Metcash	Retail	71.5	50.2	3.353
4	Caltex Australia	Telco/utilities	60.3	84.4	5.233
5	Unitab	Media/entertainment	48.3	24.1	1.812
6	Newcrest Mining	Resources	41.9	39.7	8.061
7	Toll Holdings	Transport	41.2	10.5	4.944
8	Boral	Industrial/materials	35.9	23.7	4.747
9	Alinta	Telco/utilities	35.7	42.3	2.899
10	OneSteel	Industrial/materials	35.5	36.4	1.900
11	Orica	Industrial/materials	34.8	7.1	6.341
12	Origin Energy	Telco/utilities	33.9	14.5	5.945
13	Sims Group	Industrial/materials	33.2	5.0	1.606
14	DCA Group	Health care	33.1	124	1.884
15	Downer EDI	Industrial/materials	32.3	25.2	2.118

Source: Boston Consulting Group April 2006

* Market capitalisation as at December 2005

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Australian Distribution – Results (historical)

A$ Millions	AIFRS 2006	AIFRS 2005	AGAAP 2004	AGAAP 2003	AGAAP 2002	% chg 06/05
Revenue	1,833.9	1,783.3	1,537.0	1,430.9	1,417.6	2.8
EBITDA	146.1	164.3	127.1	116.4	109.0	(11.1)
EBIT*	122.0	140.5	104.2	90.6	73.4	(13.2)
Assets	1,100.6	1,187.4	1,116.2	1,004.4	1,010.2	(7.3)
Employees	2,448	2,483	2,391	2,286	2,349	(1.4)
Sales Margin %	6.7	7.9	6.8	6.3	5.2	
ROFE %	15.1	17.5	13.0	11.5	8.9	
External Tonnes Dispatched	916,353	981,409	938,157	917,800	900,500	(6.6)

Results of previous periods have been restated to reflect the business restructure that became effective July 2005

* Includes amortisation of goodwill for the 2002, 2003 and 2004 results

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Manufacturing – Results (historical)

$A Million	2006 AIFRS	2005 AIFRS	2004 AGAAP	2003 AGAAP	2002 AGAAP	% chg 06/05
Revenue	2,101.4	2,065.7	1,700.9	1,583.1	1,445.8	1.7
EBITDA	225.8	184.3	187.4	175.7	133.7	22.5
EBIT*	164.5	118.7	130.3	126.0	67.1	38.6
Assets	1,829.2	1,638.7	1,555.3	1,439.0	1,398.8	11.6
Employees	3,948	3,908	3,872	3,818	3,857	1.0
Sales Margin %	7.8	5.7	7.7	8.0	4.6	
ROFE %	13.7	11.5	12.3	11.9	6.3	
Tonnages						
External Dispatches	1,370,714	1,282,642	1,221,379	1,306,346	1,280,875	6.9
Internal Dispatches	272,141	270,719	257,266	259,854	252,325	0.5
Steel Tonnes Produced	1,633,696	1,349,397	1,618,855	1,624,399	1,576,650	21.1

Results of previous periods have been restated to reflect the business restructure that became effective July 2005

* Includes amortisation of goodwill for the 2002, 2003 and 2004 results

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International Distribution – Results (historical)

$A Million	2006 AIFRS	2005 AIFRS	2004 AGAAP	2003 AGAAP	2002 AGAAP	2001 AGAAP	% Chg 06/05
Sales	390.4	403.3	340.3	290.8	289.2	312.2	(3.2)
EBITDA	48.8	61.4	47.6	36.6	30.7	29.3	(20.5)
EBIT*	43.7	56.1	42.7	32.0	26.1	23.8	(22.1)
Assets	178.4	196.1	172.2	156.1	133.1	174.0	(9.0)
Employees	907	804	793	765	620	700	12.8
Sales Margin %	11.2	13.9	12.5	11.0	9.0	7.6	
ROFE %	28.4	37.4	31.7	27.0	20.5	16.2	

* Includes amortisation of goodwill for the 2001- 2004 results

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Attachments – Growth Initiatives

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Benefits of proposed transaction between OneSteel and Smorgon Steel

- Growth
  - Both OneSteel and Smorgon Steel have recently announced exciting and complementary growth options including Project Magnet, the LiteSteel™ beam and expansions in metal recycling that offer shareholders diverse sources of potential earnings growth into the future
- Stronger company
  - With pro forma revenue in excess of $5.5 billion[1], EBITDA in excess of $700 million[1] and more than 10,000 employees, the combined entity will become the pre-eminent domestic manufacturer and distributor of steel and metal products in Australasia
- More competitive business
  - Various long-term strategic benefits are expected to be realised through efficiencies in manufacturing operations, improved facility utilisation, improved supply chain management, production, distribution and other savings providing benefits to customers and enabling improved ability to compete against imports

1 Sales and EBITDA are based on the average of broker estimates as at 26 June 2006 for OneSteel and Smorgon Steel for the year ending 30 June 2006 less sales and EBITDA from the steel and merchandising arm of the Smorgon Steel distribution business. EBITDA includes full pro forma synergies of $70 million. Approximate only. Further detail will be provided in the Explanatory Memorandum to the scheme of arrangement.

Benefits of proposed transaction between OneSteel and Smorgon Steel

- Increased ability to service customers
  - A more diverse geographical manufacturing footprint and wider range of products and services provides the ability to streamline and improve the efficiency of the combined supply chains of the companies
  - In addition it is also expected to increase the products and services being offered to customers
- Diversity and size of operations
  - Following the proposed transaction, OneSteel expects to have an enhanced regional footprint with over 200 sites across Australia and more than 10 offshore offices and operations. This presence is expected to provide a solid platform for growth in new and existing markets
- Expected synergies
  - The combination of the businesses is expected to generate net EBITDA synergies of $70 million per annum by the third full year after completion of the proposed transaction. These synergies are net of expected asset disposals and potential sales leakage from combining the two businesses

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Benefits of proposed transaction between OneSteel and Smorgon Steel

- New revenue streams developed
  - The combination of OneSteel and Smorgon Steel's operations will allow OneSteel to offer an extended product offering to customers and will facilitate the development of new business structures (e.g. a "rail infrastructure" business unit covering wheels and bogeys, rails, sleepers, etc) generating greater value for customers and the potential for new revenue opportunities
- Improved security of raw material supply
  - The combined business will enjoy improved security of raw material supply via OneSteel's long term iron ore resources through Project Magnet and Smorgon Steel's scrap recycling business. It is also expected to be more competitive through the natural hedges associated with these improved raw material supply arrangements
- Increased liquidity
  - Following the proposed transaction, OneSteel will be a stronger Australian company which is expected to rank well inside the top 100 companies on the ASX. This should provide greater liquidity for investors and facilitate greater interest from domestic and international investors

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Attachments – Market Conditions

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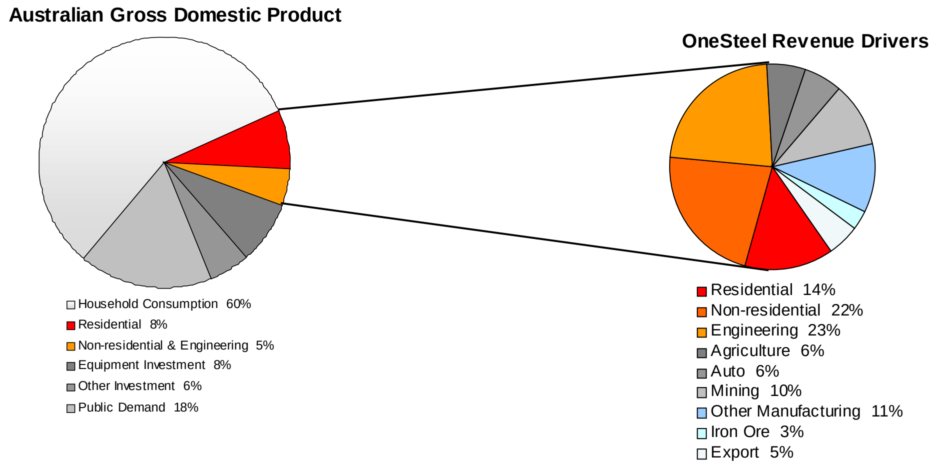
OneSteel Revenue Drivers vs Broader Economy's Drivers



Source: Australian Bureau of Statistics (GDP data for 2005 calendar year)

Source: OneSteel
Data for year ended 30 June 2006

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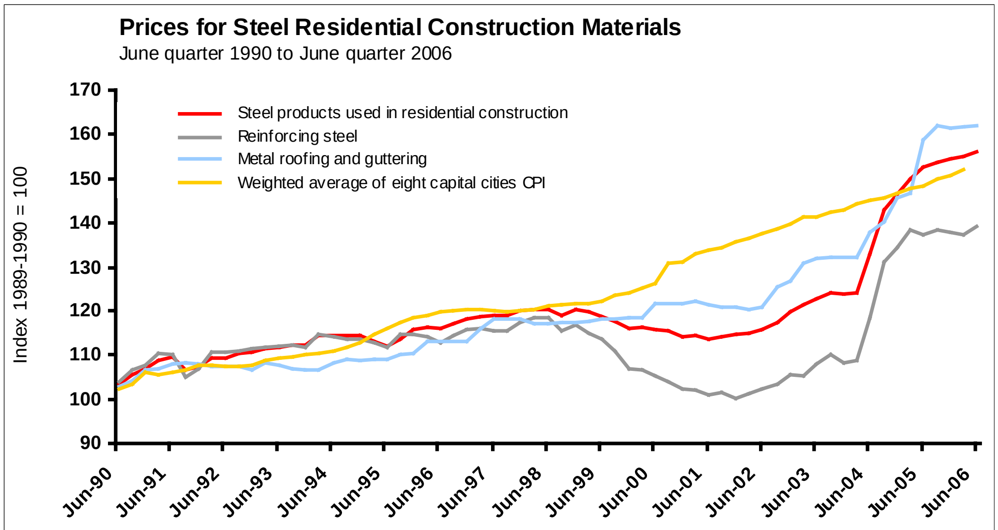
Australian Steel Price Index



Source : ABS

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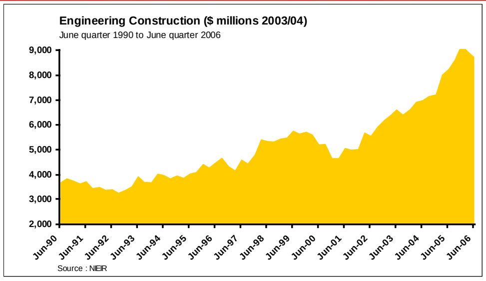
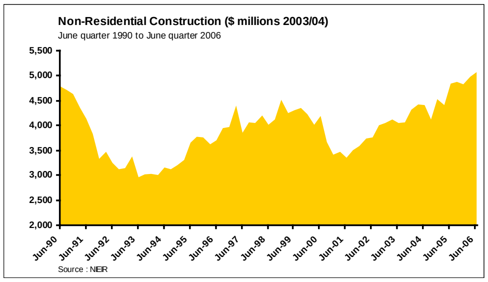
OneSteel Key Segments



Engineering construction drove 23% of OneSteel's sales revenue in FY06

16.0% year-on-year increase in value of activity



Non-residential construction drove 22% of OneSteel's sales revenue in FY06

10.4% year-on-year increase in value of activity

Source: NIEIR

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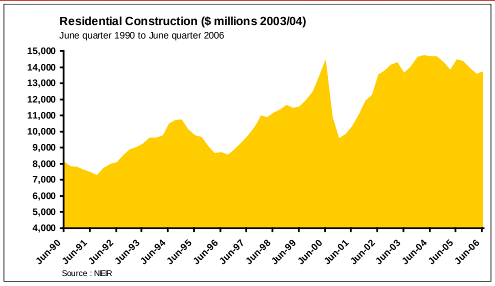
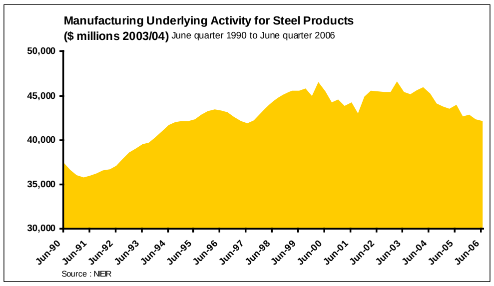
OneSteel Key Segments



Residential construction drove 14% of OneSteel sales revenue in FY06

3.0% year-on-year decrease in value of activity

Overall weighted year-on-year increase in value of construction activity 9.4%



Manufacturing drove 11% of OneSteel sales revenue in FY06

3.0% year-on-year decrease in value of activity

Source: NIEIR

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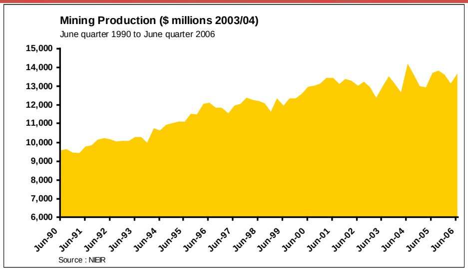
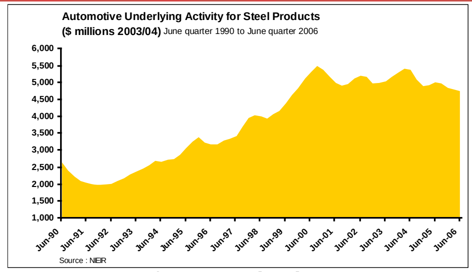
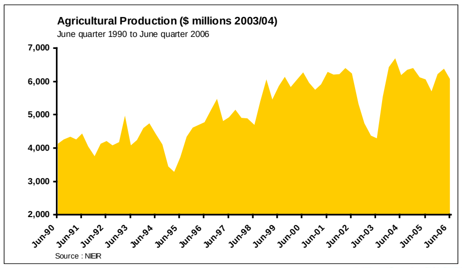
Overall Increase In OneSteel Key Segments 5.5%*



Mining: 10% of OneSteel sales revenue
1.8% increase year-on-year



Auto: 6% of OneSteel sales revenue
2.8% decrease year-on-year



Agricultural: 6% of OneSteel sales revenue
2.2% decrease year-on-year

*** Excludes export steel (5%) and ore products (3%) which drive the remaining 8% of OneSteel's revenue**

Source: NIEIR

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Major Project Flow

Won/Awarded

- OneSteel Project Magnet, Whyalla, SA
- Connect East, East Melbourne Motorway, VIC
- Newcrest Boddington Gold Mine, Boddington, WA
- Rio-Tinto Parker Point Upgrade (Dampier Wharf), WA
- Rio Tinto Yandi Upgrade, WA
- BHP Billiton, Dampier Port Development JV, WA
- Abbot Point Coal Terminal Expansion, QLD
- Hay Point Expansions, QLD
- Woodside Angel Project, Topsides, NW Shelf, WA
- Santos DPCU Project, Perth, WA
- Comalco WEIPA Refinery, QLD
- QNI Yabulu Expansion, Brisbane, QLD
- Hartley Mine, Lithgow, NSW
- Coles Myer Distribution, Goulburn, NSW
- Coles Myer, Erskine Park, NSW
- Coles Myer Distribution Centre, Adelaide, SA
- Woolworths Minchinbury, NSW
- Bluescope Steel's Erskine Park Coating Line, Sydney, NSW
- AXA Building, Melbourne, VIC
- Epping Plaza, Epping, Sydney, NSW
- ABB Grain Silos, SA
- Franklin Bus Terminal, Adelaide, SA

Projects highlighted in red denote additions to list

Potential/Upcoming

- Gorgon LNG – Chevron/Texaco, NW Shelf, WA (comes into Australia at Karratha)
- Alcoa Wagerup Stage III, WA
- Convention Centre, Melbourne CBD, VIC
- Gladstone Nickel Project, Yarwun, QLD
- Natural Fuels Australia – Bio Processing Plant, East Arm, NT
- ADO Air Warfare Destroyers, Adelaide, SA
- Westfield Liverpool, NSW
- Sydney International carpark, Sydney, NSW
- Vopak Botany Terminal, Sydney, NSW
- BHP Billiton Olympic Dam Expansion, SA
- Rio Tinto Hope Downs Development, WA
- Linfox Warehouse, WA
- Woodside Train 5 Stick Built, WA
- Oxiana Prominent Hill Development North SA
- Worsley Alumina Refinery Upgrade, Worsley, WA
- Comalco Refinery (Phase 2), Gladstone, QLD
- Tyco, Water Pipe Racks, WA
- Worsley Alumina DCP Expansion, Collie, WA
- McArthur Coal, Fitzroy, QLD
- Goonyella Broadside Coal Mine Expansion, QLD
- Swanbank Paper, QLD
- North/South Bypass Tunnel, Brisbane, QLD
- Dalrymple Bay Coal Terminal, Dalrymple, QLD
- Gateway Bridge Upgrade, Brisbane, QLD
- Westfield Centrepoint, Sydney, NSW
- Woodside Train 5 (S&T Structural), NW Shelf, WA
- BLL Headquarters, Melbourne, VIC
- Water Front City, Melbourne, VIC

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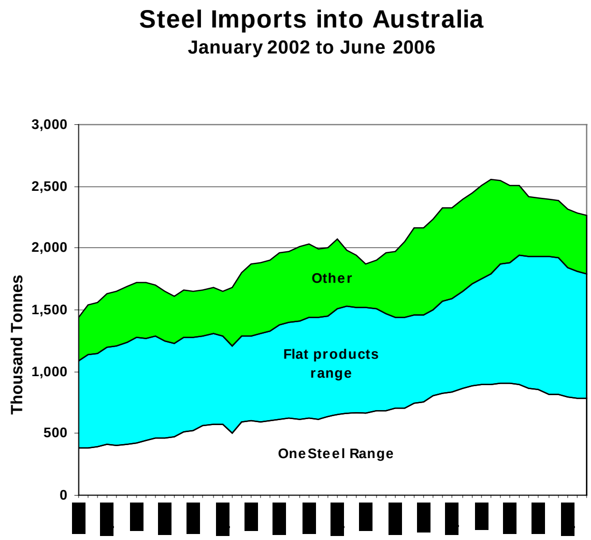
Imports into Australia



Source: ABS and OneSteel data, 12-month moving average
The data include approximately 90,000 of OneSteel imports of finished and semi-finished product associated with production disruptions at the Whyalla Steelworks blast furnace in the latter part of 2004 calendar year.

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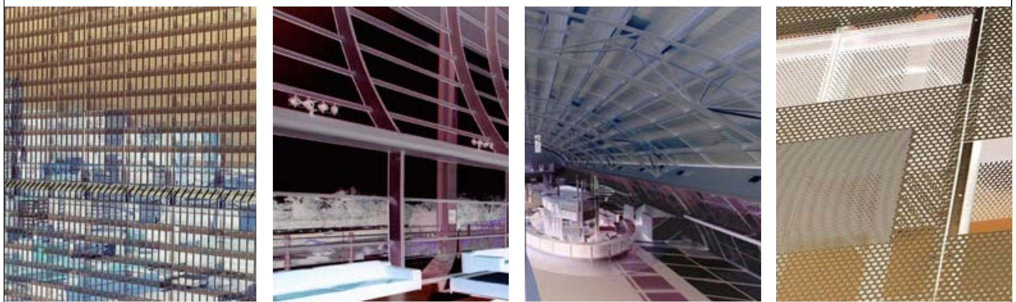

Full Year Results
22 August 2006

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