



Annual Report

2014/2015



Chairman's Message

The 2015 financial year saw BlueScope's best profit performance since the impact of the global financial crisis on the steel sector in 2009.

Dear Shareholder

The 2015 financial year saw BlueScope's best profit performance since the impact of the global financial crisis on the steel sector in 2009.

The Company's return to earnings growth is pleasing. While there is still a lot of work to do to achieve acceptable return on invested capital, I commend BlueScope employees across the globe for this year's result.

Underlying earnings grew across the Company in all but one of our five operating segments.

Underlying performance

BlueScope's net profit after tax (NPAT) of \$136.3 million was \$218.7 million higher than FY2014. Underlying NPAT was \$134.1 million, an increase of nine per cent over FY2014.

Full year underlying EBIT was \$301.8 million, 14 per cent higher than the comparable period in FY2014 (prior to restatement of discontinued operations).

At 30 June 2015 net debt was \$275.2 million, with gearing at 5.5 per cent. The Company achieved strong cash flow in the second half, driven by stronger cash earnings and timing of working capital.

Your Board of Directors has approved payment of a fully franked full year dividend of three cents per share, bringing the total ordinary dividend for the year to six cents per share.

Safety

An unremitting focus on Zero Harm remains the number one priority for all BlueScope employees. In the 2015 financial year the Lost Time Injury Frequency Rate was 0.6 per million hours worked, compared to 0.9 in FY2014, and the Medical Treated Injury Frequency Rate was 4.6 per million hours worked, compared to 5.3 in FY2014.

BlueScope employees have maintained an LTIFR performance of below 1.0 for longer than 10 years, and the MTIFR has been below 7.0 since 2009.

During my tenure as Chairman I have been extremely proud to be a part of BlueScope's journey towards Zero Harm and to witness first-hand employees' commitment to improving workplace safety. It is very pleasing to see this effort reflected in the safety performance, and I am confident that all BlueScope employees will maintain the world class standards they have set.

Strategy review

BlueScope has a diverse portfolio of businesses. We are a global leader in premium branded coated and painted steel products and have regional strengths in engineered steel buildings.

We have a strong competitive advantage in global markets – highlighted by our outstanding brands, technology, channels to market and manufacturing footprint.

We are the third largest manufacturer of painted and coated steel products globally, the number one in building and construction markets and the recognised quality leader in nine countries.

In our North Star BlueScope Steel joint venture, we operate arguably the best performing steel plant in the US.

The global steel industry has seen extensive changes in recent times. For example, from an annual average of 52 million tonnes in 2010–2013 China's finished steel exports have doubled to over 100 million tonnes per annum, an increase equivalent to 20 times the annual output of Port Kembla Steelworks.

In view of this unprecedented change, we have been reviewing our strategy to ensure we get the best from our quality assets.

Our plan is to focus on growth of our portfolio of high quality premium branded businesses around the world.

We must also dramatically improve the cost competitiveness of our commodity steelmaking in Australia and New Zealand. With steel demand having peaked in China and rising global steel production and exports, steel prices and spreads have come under significant pressure. Indicative Asian hot rolled coil steel spreads are now below US\$200 per tonne, down from an average of around US\$295 per tonne over the five years to 30 June 2014.

At these prices it would be more competitive to externally source steel substrate than to continue to operate our Australian and New Zealand steelmaking operations – unless we deliver a game-changing approach to costs to improve their competitiveness. Our objective is to maintain steelmaking at Port Kembla and Glenbrook, allowing us to keep more people employed, and retain exposure to the upside of improving margins.

Initiatives are already underway to achieve sustainable reductions in raw material costs, manufacturing, procurement and supply chain, overheads and property, as well as to achieve revenue growth.

Our target is to deliver \$200 million of annual permanent cost reductions in Australia, and over NZ\$50 million in New Zealand, by FY2017. We also are well advanced in a review of our Taharoa iron sands export business.

We now urgently need firm commitments to a more flexible and productive approach to labour costs and flexibility at our major sites in the Illawarra and in New Zealand.

We also need governments to contribute, for example by reducing payroll tax, EPA and WorkCover costs, and by using the emissions intensive trade-exposed (EITE) framework to defer carbon costs until our major trade competitors face such costs.

BlueScope is committed to the delivery of the targeted savings. If they are not achievable, and if it is the right decision, the Company will move to external supply of quality slab or hot rolled coil and billet steel feed, leading to the mothballing or closure of steelmaking.

The strategic review is dealing with many complex, interconnected issues for our commodity steelmaking assets. There are several options under consideration, affecting a range of stakeholders, and their potential impact is significant. Whatever decisions are made, they will be in the best interests of the Company and its stakeholders.

Immediate progress

Several initiatives are in progress:

- Our Australian Distribution business remains an important channel to market for BlueScope product, and we are undertaking a restructure targeting \$20 million per annum of cost savings by FY2017. We are streamlining the businesses to focus on better serving our customers' needs in the products we are best equipped to deliver.
- In 2H FY2015 we undertook a further review and are executing a broader turnaround plan in our China Buildings business to restore the business to profitability.
- We have agreed to sell our 28 per cent shareholding in McDonald's Lime Limited to Graymont Limited, for NZ\$41 million and recognise a NZ\$36 million pre-tax profit on the sale of this interest. Final completion is expected in early October following a New Zealand Government statutory review period.

The Managing Director & CEO, Paul O'Malley, and his team are actively engaged in these strategic business reviews, and we will give shareholders and the market a further update by our AGM in November.

Outlook

BlueScope has a portfolio of high quality assets and is well positioned to capture market growth.

We expect 1H FY2016 underlying EBIT to be similar to 2H FY2015, subject to spread, FX and market conditions.

Board renewal

The Board renewal process conducted over recent years has ensured the Company has a capable Board of Directors from diverse backgrounds and with a range of skills and experiences.

In April, Ron McNeilly retired after 13 years of service. I thank him for his leadership and support to me in his role as Deputy Chair. His knowledge of the steel industry and markets was greatly valued by all members of the Board.

In August I announced my intention to retire at the AGM in November.

It has been a great privilege to work with the BlueScope team as the Company's inaugural Chairman. While it has been a tough ride in recent years, I have nothing but admiration for the dedication to safety, quality and to the Company that all BlueScope people share. We have built a world class platform of assets with leading edge technology and brands.

I will leave the Company confident that it is in excellent hands to meet the challenges of the future.

I know that new Chairman, John Bevan, will do an excellent job, working with an outstanding Board and management team. Shareholders can feel confident that BlueScope is very well led and has a bright future.



Graham Kraehe, AO
Chairman



Directors' Report

Directors' Report for the year ended 30 June 2015

The Directors of BlueScope Steel Limited ('BlueScope Steel') present their report on the consolidated entity ('BlueScope Steel Group' or 'the Company') consisting of BlueScope Steel Limited and its controlled entities for the year ended 30 June 2015.

OPERATING & FINANCIAL REVIEW

FINANCIAL RESULTS

The BlueScope Steel Group comprises five reportable operating segments: Australian Steel Products (ASP); New Zealand & Pacific Steel (NZPac); Global Building Solutions (GBS); Building Products ASEAN, North America and India (BP); and Hot Rolled Products North America (HRPNA).

Table 1: Results Summary

\$M	Revenue		Reported Result ¹		Underlying Result ²	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Sales revenue/EBIT						
Australian Steel Products	4,792.1	4,522.1	128.4	(115.7)	150.3	47.5
New Zealand & Pacific Steel	972.1	870.9	(30.3)	73.6	(33.2)	74.7
Building Products ASEAN, Nth Am & India	1,790.8	1,742.9	97.1	81.4	98.3	88.9
Global Building Solutions	1,538.1	1,384.3	56.0	96.6	43.7	26.9
Hot Rolled Products North America	-	-	107.3	101.6	107.3	104.6
Discontinued operations	31.6	83.3	1.8	(49.9)	-	-
Segment revenue/EBIT	9,124.7	8,603.5	360.3	187.6	366.4	342.6
Inter-segment eliminations	(572.4)	(622.4)	0.1	1.8	0.1	1.8
Segment external revenue/EBIT	8,552.3	7,981.1	360.4	189.4	366.5	344.4
Other revenue/(net unallocated expenses)	19.4	25.6	(63.8)	(87.1)	(64.7)	(80.2)
Total revenue/EBIT	8,571.7	8,006.7	296.6	102.3	301.8	264.1
Borrowing costs			(77.0)	(68.2)	(71.2)	(66.1)
Interest revenue			4.3	3.7	4.3	3.7
Profit/(loss) from ordinary activities before income tax			223.9	37.8	234.9	201.7
Income tax (expense)/benefit			(46.8)	(78.0)	(59.5)	(33.7)
Profit/(loss) from ordinary activities after income tax expense			177.1	(40.2)	175.4	168.0
Net (profit)/loss attributable to non-controlling interests			(40.8)	(42.2)	(41.2)	(44.5)
Net profit/(loss) attributable to equity holders of BlueScope Steel			136.3	(82.4)	134.1	123.5
Basic earnings per share (cents)			24.3	(14.8)	23.9	22.1

1) The financial report has been prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board, which are compliant with International Financial Reporting Standards (IFRS). References to 'reported' financial information throughout this report are consistent with IFRS financial information disclosed in the financial report.

2) References to 'underlying' information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information, while not subject to audit or review, has been extracted from the financial report, which has been audited by our external auditors. Consistent with BlueScope accounting policy and IFRS requirements, operations that are either sold or closed are to be defined as Discontinued Operations and the revenues and expenses of these operations are retrospectively excluded from the earnings of Continuing Operations. As such prior period earnings have been restated to exclude the discontinued Building Solutions Australia business from the ASP segment to ensure comparisons can be made on a like-for-like basis. Refer to Table 2C for further information.

Table 2A: Reconciliation of Underlying Earnings to Reported Earnings

Management has provided an analysis of unusual items included in the reported IFRS financial information. These items have been considered in relation to their size and nature, and have been adjusted from the reported information to assist readers to better understand the financial performance of the underlying operating business. Throughout this report management has used the term 'reported' to reference IFRS financial information and 'underlying' to reference non-IFRS financial information. These adjustments are assessed on a consistent basis from period to period and include both favourable and unfavourable items. Non-IFRS financial information while not subject to audit or review has been extracted from the financial report which has been audited by our external auditors. An explanation of each adjustment and reconciliation to the reported IFRS financial information is provided in the table below.

	EBITDA \$M		EBIT \$M		NPAT / (NLAT) \$M	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Reported earnings	639.6	429.9	296.6	102.3	136.3	(82.4)
<i>Underlying adjustments:</i>						
Net (gains)/losses from businesses discontinued ¹	(1.8)	48.5	(1.8)	49.8	(1.1)	40.5
Steel Transformation Plan ²	0.0	45.8	0.0	45.8	0.0	32.1
Business development and acquisition costs ³	10.6	26.6	10.6	26.6	7.4	18.4
Accounting adjustment on closure of Australian defined benefit super fund ⁴	(27.2)	0.0	(27.2)	0.0	(19.0)	0.0
PKSW waste gas cleaning plant stack fire ⁵	6.6	0.0	6.6	0.0	4.7	0.0
Asset impairments ⁶	0.0	60.9	0.0	60.9	0.0	43.5
Asset impairment write-back ⁷	0.0	(88.1)	0.0	(88.1)	0.0	(88.1)
Restructure and redundancy costs ⁸	28.3	70.9	28.3	70.9	19.2	54.5
Asset sales ⁹	(11.3)	(4.1)	(11.3)	(4.1)	(7.3)	(5.5)
Debt restructuring costs ¹⁰	0.0	0.0	0.0	0.0	2.8	0.0
Tax asset impairment / (write-back) ¹¹	0.0	0.0	0.0	0.0	(8.9)	110.5
Underlying earnings	644.8	590.4	301.8	264.1	134.1	123.5

- FY2015 reflects profits relating to the Building Solutions Australia business (\$2.3M pre-tax) and foreign exchange translation losses within the closed Lysaght Taiwan business (\$0.5M pre-tax). FY2014 reflects losses relating to the Building Solutions Australia business (\$49.6M pre-tax, which included \$26.7M of fixed asset and intangible write-offs and a \$6.8M provision adjustment), and costs relating to the divested Metl-Span business (\$0.3M pre-tax).
- FY2014 reflects the inclusion in underlying earnings of the previously received Australian Government Steel Transformation Plan (STP) advance to align with the carbon costs which were being incurred. Recognition of this adjustment was discontinued during FY2015 in line with repeal of the Carbon Tax taking effect from 1 July 2014.
- FY2015 reflects transaction and integration costs associated with the Australian businesses acquired during 2H FY2014 (\$6.4M pre-tax) and Corporate business development costs (\$2.5M pre-tax) and business development costs in New Zealand (\$1.7M pre-tax). FY2014 reflects Corporate transaction costs relating to the Orrcon, Fielders, OneSteel Sheet & Coil and Pacific Steel acquisitions and general business development costs partly offset by the discount on acquisition recognised on the Fielders and Orrcon acquisitions (\$6.9M pre-tax), integration costs relating to the Australian acquisitions at ASP (\$11.2M pre-tax) and the Pacific Steel acquisition at NZPac (\$1.1M pre-tax), the one-off impact of recognising post acquisition inter-company profit eliminations in inventory (\$4.4M pre-tax) and the write-off of carried forward project costs associated with the decision not to proceed with the DRI development at HRPNA at this time (\$3.0M pre-tax).
- FY2015 reflects an accounting adjustment realised on the closure of the Australian defined benefit (DB) superannuation fund which impacted ASP (\$23.8M pre-tax) and Corporate (\$3.4M pre-tax). Upon closure of the fund the difference between the accounting obligation and members' actual benefits were required to be credited to P&L under Australian Accounting Standards.
- FY2015 reflects the impact of the Port Kembla Steelworks sinter plant waste gas cleaning stack fire which occurred in October 2014.
- FY2014 includes the following ASP asset impairments:
 - fixed assets and intangibles write off (\$52.1M pre-tax) at BlueScope Distribution resulting from lower sales volumes, challenges of a high AUD:USD improving the affordability of imports and strong market competition negatively impacting margins. While financial performance is expected to improve its extent is uncertain.
 - fixed asset write off (\$7.2M pre-tax) relating to the Western Port Hot Strip Mill as a result of a review of the likely recoverable value of this non-in-use asset.
 - fixed asset and goodwill write off at Lysaght Design & Construction (\$1.6M pre-tax)
- Note: these fixed asset impairments have been tax-effected and the tax asset subsequently impaired (refer footnote 11).
- FY2014 includes the full write-back of previously impaired non-current assets at Building Products China (\$88.1M pre-tax) as a result of strong historical and projected financial performance. The reversal has not been tax-effected consistent with the original impairment.
- FY2015 reflects staff redundancy and restructuring costs at ASP (\$30.0M pre-tax) and Indonesia (\$1.2M pre-tax) partly offset by the partial write-back of restructuring provisions raised in FY2014 relating to restructuring initiatives within the China business (\$2.9M pre-tax). FY2014 reflects staff redundancy and restructuring costs at ASP (\$51.9M pre-tax) mainly in relation to manufacturing and support cost saving initiatives, GBS (\$18.4M pre-tax) mainly relating to restructuring initiatives within the China business and Building Products (\$0.6M pre-tax).
- FY2015 reflects profits on sale of land and buildings at the North American Buildings business (\$9.4M pre-tax) and at the New Zealand Steel business (\$4.6M pre-tax) and a net loss on sale in ASP (\$2.7M pre-tax). FY2014 reflects the gain on sale of land and equipment at CIPA (\$11.0M pre-tax) part offset by the loss on sale of Steelscape's Fairfield facility (\$6.9M pre-tax).
- FY2015 reflects the write-off of unamortised borrowing costs associated with the previous \$675M Syndicated Bank Facility which was restructured and refinanced early. Further details available in the Funding section.
- FY2015 reflects utilisation of previously impaired deferred tax assets in Australia arising from the favourable movement in timing differences exceeding tax losses generated during the period. FY2014 reflects impairment of Australian deferred tax assets generated during the period.

Table 2B: Underlying EBIT Adjustments to FY2015 Reported Segment Results

FY2015 underlying EBIT adjustments \$M	ASP	NZPac	GBS	BP	HRPNA	Corp	Discon Ops	Elims	Total
Net (gains)/losses from businesses discontinued	-	-	-	-	-	-	(1.8)	-	(1.8)
Accounting adjustment on closure of Australian defined benefit super fund	(23.8)	-	-	-	-	(3.4)	-	-	(27.2)
Business development and acquisition costs	6.4	1.7	-	-	-	2.5	-	-	10.6
PKSW waste gas cleaning plant stack fire	6.6	-	-	-	-	-	-	-	6.6
Restructure and redundancy costs	30.0	-	(2.9)	1.2	-	-	-	-	28.3
Asset sales	2.7	(4.6)	(9.4)	-	-	-	-	-	(11.3)
Underlying adjustments	21.9	(2.9)	(12.3)	1.2	-	(0.9)	(1.8)	-	5.2

Table 2C: Restatement of Prior Period Earnings to Reflect Change operations sold or closed

Consistent with BlueScope accounting policy and IFRS requirements, operations that are either sold or closed are to be defined as Discontinued Operations and the revenues and expenses of these operations are retrospectively excluded from the earnings of Continuing Operations. As such prior period earnings have been restated to exclude the discontinued Building Solutions Australia business from the ASP segment to ensure comparisons can be made on a like-for-like basis.

\$M	1H FY2015			FY2014		
	Previous	Change	Restated	Previous	Change	Restated
ASP segment:						
Underlying EBITDA	156.5	1.3	157.8	223.2	13.0	236.2
Underlying EBIT	64.7	1.3	66.1	33.2	14.4	47.6
BlueScope Group:						
Underlying EBITDA	334.0	1.3	335.3	577.4	13.0	590.4
Underlying EBIT	169.7	1.3	171.0	249.7	14.4	264.1
Underlying NPAT	79.6	1.6	81.2	112.3	11.2	123.5

\$M	1H FY2014			2H FY2014		
	Previous	Change	Restated	Previous	Change	Restated
ASP segment:						
Underlying EBITDA	111.1	6.7	117.8	112.0	6.4	118.4
Underlying EBIT	13.9	7.3	21.2	19.2	7.1	26.3
BlueScope Group:						
Underlying EBITDA	301.1	6.7	307.8	276.2	6.4	282.6
Underlying EBIT	136.4	7.3	143.7	113.3	7.1	120.4
Underlying NPAT	49.3	5.8	55.1	62.9	5.5	68.4

Table 3: Consolidated Cash Flow

\$M	FY2015	FY2014	Variance %
Reported EBITDA	639.6	429.9	49%
Add cash/(deduct non-cash) items			
- Share of profits from associates and joint venture partnership not received as dividends	16.2	(3.9)	515%
- Impaired assets	2.7	2.3	17%
- Net (gain) loss on acquisitions and sale of assets	(16.8)	(11.6)	(45%)
- Expensing of share-based employee benefits	12.7	14.4	(12%)
Cash EBITDA	654.4	431.1	52%
Changes in working capital	0.6	68.3	(99%)
Gross operating cash flow	655.0	499.4	31%
Net finance costs paid	(66.6)	(51.9)	(28%)
Tax received/(paid) ¹	(49.7)	(40.4)	(23%)
Net cash from operating activities	538.7	407.1	32%
Capex: payments for P, P & E and intangibles	(384.9)	(306.1)	(26%)
Other investing cash flows	(25.9)	(131.8)	80%
Net cash flow before financing	127.9	(30.8)	515%
Equity buy-back	(0.6)	0.0	n/a
Dividends to non-controlling interests ²	(46.2)	(42.9)	(8%)
Dividends to BlueScope Steel Limited shareholders	(17.0)	0.0	n/a
Transactions with non-controlling interests	(0.5)	1.6	(131%)
Net drawing/(repayment) of borrowings	(51.1)	26.8	(291%)
Net increase/(decrease) in cash held	12.5	(45.3)	128%

1) The BlueScope Steel Australian tax consolidated group is estimated to have carry forward tax losses, as at 30 June 2015, of approximately \$2.9Bn. There will be no Australian income tax payments until these are recovered.

2) The dividend payments in FY2015 and FY2014 primarily relate to dividend payments to Nippon Steel & Sumitomo Metal Corporation (NSSMC) in respect of NS BlueScope Coated Products joint venture.

GROUP-LEVEL MANAGEMENT DISCUSSION & ANALYSIS FOR FY2015 VS FY2014

BLUESCOPE'S OPERATIONS AND SIGNIFICANT CHANGES

BlueScope is a technology leader in metal coated and painted steel building products, principally focused on the Asia-Pacific region, with a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of building products.

The Company has an extensive footprint of metallic coating, painting and steel building product operations in China, India, Indonesia, Thailand, Vietnam, Malaysia and North America, primarily servicing the residential and non-residential building and construction industries across Asia, and the non-residential construction industry in North America. BlueScope operates across ASEAN and in North America in partnership with Nippon Steel & Sumitomo Metal Corporation (NSSMC) and in India with Tata Steel. Both are 50/50 joint ventures with BlueScope controlling and therefore consolidating the joint venture with NSSMC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.

BlueScope is Australia's largest steel manufacturer, and New Zealand's sole producer of finished steel products. BlueScope's vertically integrated operations for flat steel products in Australia and New Zealand produce value-added metallic coated and painted products, together with hot rolled coil, cold rolled coil, steel plate and pipe and tube. BlueScope manufactures and sells steel long products in New Zealand through its Pacific Steel business. BlueScope enjoys strong market shares in many of the Australian and New Zealand sectors in which it operates, serving customers in the building and construction, manufacturing, automotive and transport, agricultural and mining industries. In Australia, BlueScope's steel products are sold directly to customers from our steel mills and through a national network of service centres and steel distribution sites.

BlueScope operates two iron sand mines in New Zealand. Waikato North Head primarily supplies iron sands for our New Zealand steel making operations and Taharoa supplies iron sands for export.

BlueScope is a leading global supplier of engineered building solutions (EBS) to industrial and commercial markets. Its EBS value proposition is based on speed of construction, low total cost of ownership and global delivery capability. Leading brands, including BUTLER®, VARCO PRUDEN® and PROBUILD®, are supplied from BlueScope's global supply chain and major manufacturing and engineering centres in Asia and North America.

BlueScope is a 50% joint venture partner in the North Star BlueScope Steel (NSBSL) mini-mill located in Delta, Ohio with Cargill Inc. NSBSL is strategically located in one of the largest scrap markets of North America and is a low cost regional supplier of hot rolled coil. The venture is jointly controlled and therefore equity accounted.

FINANCIAL PERFORMANCE

Total revenue

The \$622.9M (8%) increase in sales revenue from continuing operations principally reflects:

- at ASP:
 - contribution from businesses acquired in FY2014
 - higher export volumes due to use of surplus slab held as backup during planned blast furnace maintenance

stoppages and improved hot metal production at the Port Kembla steelworks

- lower domestic volumes mainly in HRC (particularly in the pipe and tube segment) and plate due to softening demand in the engineering, mining, manufacturing and non-residential construction markets
- weaker export pricing driven by lower global steel prices partly offset by the weaker AUD:USD exchange rate
- higher domestic and export long product sales in New Zealand associated with the Pacific Steel acquisition. This was partly offset by lower iron sands and export steel volumes and pricing
- higher despatches in Buildings North America
- lower despatches in China and Thailand
- favourable translation impacts from a weaker AUD:USD exchange rate.

EBIT performance

The \$37.7M increase in underlying EBIT reflects:

- Spread: \$38.6M increase, primarily comprised of:
 - \$107.1M benefit from lower raw material costs, due to:
 - lower USD denominated coal and iron ore purchase prices at ASP
 - lower steel feed costs at BP
 - unfavourable foreign exchange impact on USD denominated raw material
 - \$64.3M unfavourable movement in export prices mainly in Australia and New Zealand due to lower global steel and iron ore prices, partly offset by benefit of the weaker AUD:USD exchange rate
- Costs: \$8.6M favourable movement, driven by:
 - \$95.8M benefit from cost improvement initiatives mainly in ASP and Engineered Buildings China
 - \$53.9M cost escalation from utilities, employment, consumables, freight and other costs
 - \$33.2M net increase in one-off and other costs
 - discontinuing of the previously received Australian Government Steel Transformation Plan (STP) advance following repeal of the carbon tax effective 1 July 2014
 - lower corporate costs
- equity accounted profits: \$10.5M increase at NSBSL mainly driven by higher spreads and improved performance at TBSL
- foreign exchange translation: \$13.0M favourable impact of translation of earning to AUD
- other items: \$1.6M favourable movement.

Partly offset by:

- Volume and mix: \$34.7M decrease, comprising:
 - lower domestic volumes at ASP mainly in HRC (particularly in the pipe and tube segment) and plate due to softening demand in the engineering, mining, manufacturing and non-residential construction markets
 - lower despatches in China and Thailand
 - lower iron sands despatches
 - contribution in ASP and NZPac from businesses acquired in FY2014
 - higher COLORBOND® steel and COLORSTEEL® pre-painted sales at ASP and NZPac respectively
 - higher volumes in Buildings North America as a result of continued growth in the U.S. non-residential construction market.

The \$194.3M increase in reported EBIT reflects the movement in underlying EBIT discussed above and \$156.6M favourable movement in underlying adjustments explained in Tables 2A.

Finance costs

The \$8.2M increase in net finance costs compared to FY2014 was largely due to the write-off of unamortised borrowing costs associated with the previous \$675M Syndicated Bank Facility which was restructured and refinanced. In addition, the impact of the depreciation of the AUD against the USD was a key driver of increased average gross debt in FY2015 (\$926.3M in FY2015, \$791.7M in FY2014) and higher weighted average interest rate (5.9 per cent in FY2015, versus 5.6 per cent in FY2014). These unfavourable impacts were partially offset by lower commitment fees.

Tax

Net tax expense of \$46.8M (FY2014 \$78.1M) primarily relates to taxable income generated in businesses outside of Australia.

FY2015 includes an \$8.9M utilisation of previously impaired deferred tax assets in Australia arising from the favourable movement in timing differences exceeding tax losses generated during the period. FY2014 tax expense includes a \$110.5M impairment of an Australian deferred tax asset arising from tax losses and timing differences generated during the period.

The Company has deferred the recognition of any further Australian deferred tax asset until a return to taxable profits has been demonstrated. Australian tax losses are able to be carried forward indefinitely.

New Zealand Steel has recognised a deferred tax asset at 30 June 2015 which includes NZ\$44.0M relating to tax losses. The Company believes this amount to be recoverable based on taxable income projections but going forward will defer the recognition of any further tax credits until a return to taxable profits has been demonstrated. New Zealand tax losses are able to be carried forward indefinitely.

Dividends

In February 2015 the Board of Directors approved payment of a fully franked interim dividend of three cents per share.

The Board of Directors has approved payment of a final dividend of 3.0 cents per share. The final dividend will have attached 100% franking credits and imputation credits for Australian and New Zealand tax purposes respectively.

Relevant dates for the final dividend are as follows:

- Ex-dividend share trading commences: 17 September 2015.
- Record date for dividend: 21 September 2015.
- Payment of dividend: 19 October 2015.

BlueScope's dividend reinvestment plan will not be active for the final dividend.

Future dividends will be determined having regard to the Company's performance and its outlook.

FINANCIAL POSITION

Net assets

Net assets increased \$282.4M to \$4,739.1M at 30 June 2015 from \$4,456.7M at 30 June 2014. Approximately \$230M of this increase is due to the translation impact of the lower AUD:USD.

Increases in net assets were:

- \$217.3M increase in property, plant and equipment (lower AUD \$173.6M, capital expenditure of \$371.8M, partly offset by depreciation of \$318.9M and disposals/other of \$9.2M).
- \$105.1M decrease in provisions
- \$45.1M increase in net tax assets
- \$30.7M increase in intangible assets
- \$15.0M increase in receivables
- \$5.9M increase in the value of equity accounted investments.

Decreases in net assets were:

- \$57.3M increase in payables
- \$55.3M increase in retirement benefit obligations
- \$13.7M increase in net debt to \$275.2M. Contributing to this increase was \$72M related to restatement due to the weaker AUD:USD. Both the 30 June 2015 and the 30 June 2014 net debt balance benefited from approximately \$100M of favourable timing of year end cash flows
- \$10.6M decrease in inventory (rate decrease \$227.3M offsetting higher volume \$120.2M and FX movement \$96.5M).

Funding

Financial liquidity was \$1,591.0M at 30 June 2015 (\$1,471.5M at 30 June 2014), comprised of committed available undrawn capacity under bank debt facilities of \$1,072.5M, plus cash \$518.5M. Liquidity in the NS BlueScope Coated Products JV of \$430.6M is included in the group liquidity measure.

During the period a new \$500M multicurrency Syndicated Bank Facility, \$80M Receivable Securitisation Facility and a US\$50M Inventory Finance Facility were put in place. These new facilities replaced BlueScope's \$675M facility that was to mature in December 2015. The new Syndicated bank facility is comprised of a \$100M one year tranche, a \$200M three year tranche and a \$200M five year tranche. The Receivable Securitisation facility has a two year tenor and the Inventory Finance facility has a one year tenor. The new facilities deliver lower cost funding through improved margins, improved tenor and diversification of funding sources.

MATTERS SUBSEQUENT TO THE YEAR ENDED 30 JUNE 2015

Sale of interest in McDonald's Lime

- BlueScope monitors opportunities to monetise non-core assets to maximise value for shareholders.
- In December 2014, New Zealand Steel agreed to sell its non-core 28 per cent shareholding in McDonald's Lime Limited to Graymont Limited.
- New Zealand Steel will receive NZ\$41M in cash before final adjustments and recognise a NZ\$36M pre-tax profit on the sale of its interest.
- The sale completed on 1 July 2015, after NZ Overseas Investment Office approval was received. The transaction is subject to a NZ Government statutory review period in relation to mining permits following a change of control event. Final completion is expected in early October 2015.

Retirement of Chairman

On 20 August 2015 BlueScope Chairman, Mr Graham Kraehe AO, announced his intention to retire from the Board, effective at the conclusion of the AGM on November 19. He will be succeeded by Mr John Bevan, currently a non-executive director of the Company.

1H FY2016 OUTLOOK

Expectations for the performance of our businesses in 1H FY2016 are as follows:

- ASP: robust residential volumes, cost improvement initiatives and the benefit of the weaker AUD:USD are anticipated to largely offset lower prices and spreads. We expect soft volumes in end use segments other than residential construction.
- NZPac: anticipate cost improvement initiatives and the benefit of the weaker currency to offset lower steel and iron ore prices.
- Building Products: expect continued market growth driving improving volumes and mix. We expect to see benefits of expanded painting capacity in Malaysia. North America margins are expected to recover after compression from rapid steel price fall in 2H FY2015.
- GBS: anticipate continued growth in North America, and noting 1H is typically seasonally stronger. We expect Buildings Asia performance to improve following cost reductions and productivity improvements in the China Buildings business.
- HRP North America: anticipate North Star will see similar spreads to 2H FY2015 and continue its strong production rates.

Group outlook:

- We expect that 1H FY2016 underlying EBIT to be similar to 2H FY2015. This is based on assumptions of average:
 - Spot East Asian HRC price of ~US\$325/t
 - 62% Fe CFR iron ore price of ~US\$50/t
 - Hard coking coal price of ~US\$90/t
 - AUD:USD at US\$0.73.
- We expect that 1H FY2016 underlying net finance costs and underlying tax charge similar to 2H FY2015, and profit attributable to non-controlling interests greater than 2H FY2015.
- Expectations are subject to spread, FX and market conditions.

BUSINESS STRATEGIES AND PROSPECTS

The Company's target is to deliver top quartile shareholder returns with safe operations.

A strategy review is in progress. The review has already identified the following focus areas:

- *Growing premium branded steel businesses with strong channels to market. In particular:*
 - Drive growth in premium branded coated and painted steel markets in Asia-Pacific.
 - For our engineered buildings segment, drive growth in North America and turnaround China.
- *Delivering competitive commodity steel supply in our local markets. Current priorities under this banner are:*
 - Maximise value of North Star.
 - Deliver value from Australian and New Zealand steelmaking and iron sands through game-changing cost reductions, or pursue alternative models.
- *Ensuring ongoing financial strength by maintaining a strong balance sheet.*

FUTURE PROSPECTS AND RISKS

BlueScope's financial performance since the global financial crisis in FY2009 has been impacted by slower demand for its products in Australia and North America, lower global commodity steel prices relative to raw material costs, and until recently a stronger Australian

dollar. These are the external macroeconomic factors to which BlueScope is exposed. However, the Company has undertaken significant restructuring and other initiatives in recent years across all its operating segments to offset these factors. This has resulted in BlueScope returning an underlying profit in FY2013, and a continued improvement in FY2014 and FY2015.

BlueScope has regard to a number of recognised external forecasters when assessing possible future operating and market conditions. In the short-term these forecasters expect a modest improvement in the key drivers impacting our Australian business, but in the longer term forecast higher global commodity steel prices relative to iron ore and coking coal raw material costs. In addition, recognised external forecasters expect an improvement in non-residential building and construction activity in North America.

The Company's strategies take into account these expected operating and market conditions. However, predicting future operating and market conditions is inherently uncertain. If these estimates are ultimately inaccurate, including as to timing and degree of improvement, BlueScope may not be able to effectively implement its planned strategies and its financial prospects may be adversely impacted.

BlueScope is also exposed to a range of market, operational, financial, compliance, conduct and external risks common to a multinational company. The Company has risk management and internal control systems to identify material business risks and where possible take mitigating actions.

The nature and potential impact of risks changes over time. There are various risks that could impact the achievement of BlueScope's strategies and financial prospects. These include, but are not limited to:

(a) *Continuing weak economic conditions or another economic downturn.*

The global financial crisis in FY2009 caused a reduction in worldwide demand for steel, and the subsequent recovery has been slow and uncertain. Although the global economy has improved to some extent since FY2009, there is no assurance that this trend will continue. Another economic downturn in developed economies or significantly slower growth in emerging economies could have a material adverse effect on the global steel industry which may affect demand for the Company's products and financial prospects.

(b) *A significant cyclical or permanent downturn in the industries in which the Company operates.*

The Company's financial prospects are sensitive to the level of activity in a number of industries, but principally the building, construction and manufacturing industries. These industries are cyclical in nature, with the timing, extent and duration of these economic cycles unpredictable. Because many of the Company's costs are fixed, it may not readily be able to reduce its costs in proportion to an economic downturn and therefore any significant, extended or permanent downturn could negatively affect the Company's financial prospects, as would the permanent closure of significant manufacturing operations in response to a sustained weak economic outlook or loss of key customer relationships.

(c) *Declines in the price of steel, or any significant and sustained increase in the price of raw materials in the absence of corresponding steel price increases.*

The Company's financial prospects are sensitive to the long-term price trajectory of international steel products and key raw

material prices. A significant and sustained increase in the price of raw materials, in particular iron ore and coking coal, with no corresponding increase in steel prices, would have an adverse impact on the Company's financial prospects. A decline in the price of steel with no corresponding decrease in the price of raw materials would have the same effect.

In addition to these long-term trends, the price of raw materials and steel products can fluctuate significantly in a reasonably short period of time affecting the Company's short-term financial performance. In particular this relates to commodity products such as slab, plate, hot rolled coil, cold rolled coil, and some metallic coated steel products.

The Company is monitoring the recent significant decline in steel prices coinciding with a slowing in Chinese domestic steel demand growth, increased steel exports from China and broader over-capacity in steelmaking globally. These trends, if sustained, could impact the long term competitiveness of supply of steel from its Australian and New Zealand steelmaking businesses and impact ongoing reinvestment.

(d) The Company is exposed to the effects of exchange rate fluctuations.

The Company's financial prospects are sensitive to foreign exchange rate movements, in particular the Australian dollar relative to the U.S. dollar. A strengthening of the Australian dollar relative to the U.S. dollar could have an adverse effect on the Company. This is because:

- export sales are typically denominated in U.S. dollars
- a strong Australian dollar makes imported steel products less expensive to Australian customers, potentially resulting in more imports of steel products into Australia
- a strong Australian dollar affects the pricing of steel products in some Australian market segments where pricing is linked to international steel prices
- earnings from its international businesses must be translated into Australian dollars for financial reporting purposes
- these are offset in part by a significant amount of raw material purchases being denominated in U.S. dollars.

(e) Competition from other materials and from other steel producers could significantly reduce market prices and demand for the Company's products.

In many applications, steel competes with other materials such as aluminium, concrete, composites, plastic and wood. Improvements in the technology, production, pricing or acceptance of these competitive materials relative to steel could result in a loss of market share or margins.

In addition, the Company faces competition from imports into most of the countries in which it operates. Increases in steel imports could negatively impact demand for or pricing of the Company's products. If the Company is unable to maintain its current market position or to develop new channels to market for its existing product range, its financial prospects could be adversely impacted.

Other risks that could affect BlueScope include:

- not being able to realise or sustain expected benefits of internal restructuring, project developments, joint ventures or future acquisitions
- significant asset impairment, particularly if weak market conditions persist
- an inability to maintain a cost base relative to its competitors including maintaining, extending or renewing key raw

materials, operational supplies, services and funding on acceptable terms

- a major operational failure or disruption
- the conduct of our employees or disruptive behaviours by external parties impacting our business or supply chain
- changing government regulation including environmental, greenhouse gas emissions, tax, occupational health and safety, and trade restrictions in each of the countries in which it operates
- potential product warranty and legal claims
- loss of key Board, management or operational personnel
- substantial Company contributions to its employees' defined benefit funds, which are currently underfunded
- industrial disputes with unions that disrupt operations.

This document sets out information on the business strategies and prospects for future financial years, and refers to likely developments in BlueScope's operations and the expected results of those operations in future financial years. This information is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of BlueScope. Detail that could give rise to likely material detriment to BlueScope, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included. Other than the information set out in this document, information about other likely developments in BlueScope's operations in future financial years has not been included.

BUSINESS UNIT REVIEWS

AUSTRALIAN STEEL PRODUCTS (ASP)

As announced on 8 December 2014, ASP is the combination of two previously separately reported segments, Coated & Industrial Products Australia (CIPA) and Building Components & Distribution Australia (BCDA).

ASP is the leading supplier of flat steel products in Australia, offering a wide range of products to Australian and export customers, including hot rolled coil, plate, cold rolled coil, zinc/aluminium alloy-coated ZINCALUME® steel and galvanised and pre-painted COLORBOND® steel. The segment's main manufacturing facilities are at Port Kembla (NSW) and Western Port (Victoria).

ASP also operates a network of roll-forming and distribution sites throughout Australia, acting as a major steel product supplier to the building and construction, white goods manufacturing and general manufacturing industries.

KEY FINANCIAL & OPERATIONAL MEASURES

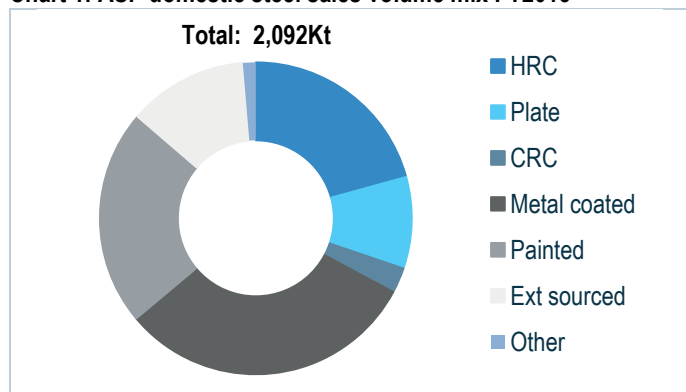
Table 4: Segment financial performance

\$M	FY2015	FY2014	Var %	2H FY2015
Sales revenue	4,792.1	4,522.1	6%	2,333.1
Reported EBIT	128.4	(115.7)	211%	56.8
Underlying EBIT	150.3	47.5	216%	84.2
NOA (pre tax)	2,432.8	2,533.0	(4%)	2,432.8

Table 5: Steel sales volume

000 tonnes	FY2015	FY2014	Var %	2H FY2015
Domestic				
- ex-mill	1,833.3	1,908.5	(4%)	901.4
- ext sourced	258.8	254.1	2%	118.1
Export	801.6	491.3	63%	459.4
Total	2,893.7	2,653.9	9%	1,478.9

Chart 1: ASP domestic steel sales volume mix FY2015



FINANCIAL PERFORMANCE – FY2015 VS. FY2014

Sales revenue

The \$270.0M increase in sales revenue was due to:

- higher domestic prices through the favourable influence of a weaker AUD:USD partly offset by the unfavourable influence of lower global steel prices

- weaker export prices driven by lower global steel prices partly offset by the weaker AUD:USD exchange rate
- contribution from businesses acquired in FY2014
- higher export volumes due to use of surplus slab held as backup during planned blast furnace maintenance stoppages and improved hot metal production at the Port Kembla steelworks
- lower domestic volumes mainly in HRC (particularly in the pipe and tube segment) and plate due to softening demand in the engineering, mining, manufacturing and non-residential construction markets.

EBIT performance

The \$102.8M increase in underlying EBIT was driven by:

- higher spread from:
 - lower USD denominated coal and iron ore purchase prices partly offset by unfavourable foreign exchange impact
 - higher domestic prices through the favourable influence of a weaker AUD:USD partly offset by the unfavourable influence of lower global steel prices
 - weaker export prices driven by lower global steel prices partly offset by the weaker AUD:USD exchange rate
- unfavourable volume/mix from:
 - favourable contribution from higher export volumes due to higher production and use of surplus slab held as backup during planned blast furnace maintenance stoppages and improved hot metal production at the Port Kembla steelworks
 - lower domestic despatch volumes driven by HRC (particularly in the pipe and tube segment) and plate despatches due to softening demand in the engineering, mining, manufacturing and non-residential construction markets
 - higher COLORBOND® steel sales due to strong activity in the building sector
 - favourable contribution from businesses acquired in FY2014.

Underlying adjustments in reported EBIT are set out in Tables 2A and 2B.

FINANCIAL POSITION

Net operating assets were \$100.2M lower than at 30 June 2014 primarily due to lower inventories and lower intangible assets (relating to repeal of the Carbon Tax) partly offset by lower provisions.

MARKETS AND OPERATIONS

Sales direct to Australian building sector

- Sales volumes in the domestic building sector grew in FY2015 vs. FY2014.
 - Market conditions within residential construction have strengthened supported by low interest rates, strong investor and owner occupier demand and an appreciation in property prices.
 - Detached dwelling construction activity increased driving higher COLORBOND® steel sales and an improvement in overall domestic product mix.

- Alterations and additions activity was stable and starting to rebound on the back of low interest rates and strong growth in house prices.
- Overall, activity is strong within New South Wales, Queensland and Victoria. Activity within Western Australia has slowed impacted by a softening state economy, with all other states remaining stable.
- Activity in 2H FY2015 was impacted to some degree by weather events in New South Wales and Queensland.
- Non-residential construction activity remained subdued in FY2015.
 - Demand within commercial and industrial showed small growth, however this has been offset by reduced government investment in social and institutional construction in areas such as education and healthcare.
 - An increase in importation of fabricated goods for key infrastructure projects (e.g. Sydney's Darling Harbour redevelopment) was witnessed during FY2015, limiting volume growth opportunities in this segment.

Sales direct to domestic non-building sector customers

- Sales volumes to distributors and non-building customers decreased in FY2015 vs. FY2014 despite no change in market share.
- Volumes into the mining, oil and gas industry have declined reflecting the large reduction in investment expenditure which occurred during this financial year (in both increasing capital expenditure and repairs and maintenance spend).
- High levels of competition from imports (both finished and non-finished products) coupled with ongoing over capacity in the Distribution channel continues to have an adverse impact on volumes.
- Australia's pipe and tube and manufacturing markets were weaker with high levels of competition from imported finished goods and reducing demand from domestic customers with further decisions to close domestic manufacturing capacity.

Mill sales to export markets

- Despatches to export market customers in FY2015 increased 63% to 801.6kt due primarily to use of surplus slab held as backup during planned blast furnace maintenance stoppages and improved raw steel production at the Port Kembla Steelworks.
- Global benchmark prices in export markets were significantly weaker in FY2015. This was partially offset by a more favourable export destination mix.

Acquisitions and business reorganisations

- Integration of the acquired Fielders, Orrcon Steel and OneSteel Sheet & Coil operations is progressing well. All acquisitions are performing in line with or better than business case.
- The loss-making Building Solutions Australia business which was transferred from the Global Building Solutions segment to ASP effective from 1 July 2014 was subsequently discontinued during the year. BlueScope Water, which formed part of this business, was divested in June 2015.

Anti-dumping cases

- Since May 2012 BlueScope has filed applications to the Australian Anti-Dumping Commission (ADC) concerning dumping and countervailing subsidisation of steel imported into Australia. The ADC's findings have supported

BlueScope's claims that dumping and/or subsidisation of imported HRC, plate and metal coated steel products has occurred.

- Updates on three recent cases filed by BlueScope:
 - On 11 July 2014, following an application from BlueScope, the ADC announced it will investigate the alleged dumping of galvanised steel to Australia from India and Vietnam. The investigation period is July 2013 to June 2014. The ADC issued a Statement of Essential Facts on 16 June 2015 recommending that the investigation be terminated. BlueScope responded to the Statement of Essential Facts during June and July 2015, however the ADC announced the investigation was being terminated on the 30 July 2015. BlueScope will be appealing this decision.
 - On 31 March 2015, following an application from BlueScope, the ADC announced it will investigate the alleged dumping of plate steel from Korea (by Hyundai Steel Company and POSCO Steel) and Taiwan. The investigation period is January to December 2014. The Final Determination is expected by late December 2015.
 - From 1 April 2015, improvements to Australian anti-dumping regulations commenced, addressing circumvention of dumping measures through slight modification of goods. Following this, on 5 May 2015, at BlueScope's request, the ADC announced it had initiated an anti-circumvention inquiry into the slight modification of alloyed galvanised steel exported to Australia from Korea, Taiwan and China. The investigation period is July 2011 to March 2015. The Final Determination is expected by late November 2015.

Waste gas cleaning stack fire

- On 13 October 2014 a fire occurred in the waste gas cleaning stack located in the sinter plant at the Port Kembla Steelworks.
- There was a temporary diversion to a surplus stack enabling, after a short delay, sinter production to continue at a level sufficient to support blast furnace operations.
- A new stack was installed to replace the old stack, and commenced operation in early January 2015.
- The financial impact to the Company was \$15M, of which approximately half was capitalised and the other half expensed (excluded from underlying earnings). The majority of the financial impact was reflected in the December 2014 half.

Maintenance of Port Kembla blast furnace

- The program to change out wearing staves on the Port Kembla blast furnace continues to plan.
- In FY2015 planned maintenance stoppages were held in August 2014, November 2014 and March 2015.
- Estimated production and financial impacts in FY2015:
 - Production: 30kt net lower steel production (against 2.6Mt per annum normalised rate) – with better furnace performance between shuts and increased scrap metal charge in basic oxygen steel making largely mitigating stoppage impacts.
 - Earnings: \$17M unfavourable impact due to lower fixed cost recoveries and yields.
 - Cash impact:
 - Gross capex of \$22M, net increase in capital spend of \$9M.
 - Working capital: net release of working capital since June 2014.

- One stoppage is planned for FY2016, currently anticipated to be in the June 2016 half.

- This restructure does not involve our Lysaght and Fielders building components businesses.

Restructurings

- Further to its ASX announcement of 10 June 2015, the Company has a strategic review of its Australian steelmaking operations well underway.
 - ASP presently produces and markets a range of high value coated and painted flat steel products for Australian building and construction customers, together with providing a broader offering of commodity flat steel products.
 - In recent years, regional steel production capacity has grown rapidly to meet rising demand particularly in China. Regional steel production now exceeds demand, and demand growth is slowing as China's fixed investment expenditure growth slows. This surplus production, combined with the dumping of large quantities of steel on export markets by many regional producers, has depressed steel prices and spreads.
 - While ASP has delivered progressively improved earnings since the FY2012 restructure, these recent industry developments are impacting the competitiveness of its commodity steelmaking operations.
 - ASP's costs of manufacturing steel are still too high and we are committed to delivering a game-changing approach that will significantly reduce costs. BlueScope must maintain an internationally competitive steelmaking operation that will support reinvestment.
 - We are targeting the delivery of over \$200M in annual permanent cost savings by FY2017.
 - To achieve this we require multiple stakeholder collaboration:
 - employees
 - community
 - suppliers
 - governments and regulators.
 - The Company is also reviewing the ongoing viability of steelmaking in Australia comparing the existing business model with an alternative business model of importing quality hot rolled coil substrate.
 - Our objective is to maintain steelmaking at Port Kembla, which will allow us to:
 - remain competitive against imported HRC through the cycle without incurring restructure costs of a closure exercise
 - retain exposure to upside of improving spreads
 - sustain jobs for our employees.
- In July 2015, the Company commenced a major restructure of its Australian Distribution network.
 - Operations will be rationalised into two streamlined businesses across 40 sites to provide a focus on the products where we add the most value for our customers:
 - Tubular goods distribution – pipe and tube, merchant bar and related processing activities.
 - Flat steel distribution – sheet, coil and plate, and associated processing activities.
 - The remaining 20 sites are being reviewed for sale, consolidation or closure.
 - The business will exit product lines that are unprofitable or where BlueScope doesn't offer specific expertise.
 - Cost savings of \$20M per annum are targeted by FY2017.
 - The restructure is expected to be self-funding through release of working capital.

NEW ZEALAND AND PACIFIC STEEL

BlueScope New Zealand and Pacific Islands consists of four primary business areas; New Zealand Steel; Pacific Steel; New Zealand Minerals; and BlueScope Pacific Islands.

New Zealand Steel is the only fully integrated flat steel producer in New Zealand, producing slab, hot rolled coil and value-added coated and painted products for both domestic and export markets across the Pacific Region. Operations include the manufacture and distribution of the LYSAGHT® range of products in Fiji, New Caledonia and Vanuatu.

This segment includes the Waikato North Head iron sands mine which supplies iron sands to the Glenbrook Steelworks and for export, and the Taharoa iron sands mine which supplies iron sands for export.

In June 2014, New Zealand Steel acquired the rolling and marketing operations of Pacific Steel. Pacific Steel is the sole producer of long steel products such as rod, bar, reinforcing coil and wire in New Zealand.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 7: Segment financial performance

\$M	FY2015	FY2014	Var %	2H FY2015
Sales revenue	972.1	870.9	12%	482.2
Reported EBIT	(30.3)	73.6	(141%)	(32.9)
Underlying EBIT	(33.2)	74.7	(144%)	(35.8)
NOA (pre-tax)	634.8	645.6	(2%)	634.8

Table 8: Sales volume

000 tonnes	FY2015	FY2014	Var %	2H FY2015
Domestic flats	260.6	270.6	(4%)	128.9
Export flats	259.7	315.4	(18%)	143.6
Total flat products steel	520.3	586.0	(11%)	272.5
Domestic longs	173.0	12.4 ¹	NA	86.5
Export longs	89.3	10.1 ¹	NA	36.6
Total long products steel	262.3	22.5 ¹	NA	123.1
Iron sands	1,629.7	2,313.2	(30%)	668.6

1) Reflects one month BlueScope ownership of the long products rolling and marketing operations of Pacific Steel.

FINANCIAL PERFORMANCE – FY2015 VS. FY2014

Sales revenue

The \$101.2M increase in sales revenue was primarily due to the domestic and export long product sales associated with the Pacific Steel acquisition and favourable translation impact from a weaker AUD:NZD exchange rate. This was partly offset by lower iron sands and export flat steel volumes, and lower steel and iron sands prices in line with moves in global prices.

EBIT performance

The \$107.9M decrease in underlying EBIT was largely due to:

- lower realised iron sands and steel pricing reflecting lower global prices partly offset by favourable impacts of a weaker NZD:USD
- unfavourable conversion costs per unit mainly due to lower iron sands volumes (due to lower iron ore prices) and one-off iron sands costs and lower steel volumes (due to biennial hot strip mill maintenance shut occurring during the period)
- higher coating metal purchase prices and iron sand inventory net realisable value provision
- favourable despatch mix with a higher proportion of domestic COLORSTEEL® pre-painted steel despatches and contribution from the Pacific Steel acquisition.

FINANCIAL POSITION

Net operating assets were \$10.8M lower than at 30 June 2014 primarily due to higher creditors, higher provisions and unfavourable impact of a weaker AUD:NZD partly offset by higher inventories and higher fixed assets mainly due to the billet caster investment.

MARKETS & OPERATIONS

Steel products sales (flat and long)

- Domestic market
 - Flat products volume declined 4% in FY2015 over FY2014 with gains in the residential building market offset by material reductions in manufacturing and agriculture markets.
 - Long products volume was strong in FY2015 given their primary use in construction markets, which remain robust.
 - Residential building activity has been particularly strong in Auckland and Canterbury.
 - Non-residential building activity continues to perform well driven by:
 - high occupancy rates in the commercial sector, especially in Auckland, which are increasing demand for new industrial and office buildings
 - ongoing redevelopment work in Christchurch.
 - Agriculture investment is weakening primarily due to the decline in international dairy product prices.
 - Material reductions in global HRC prices have directly impacted domestic pricing.
- Export market
 - Export flat product despatch volume was lower in FY2015 mainly due to the biennial Hot Strip Mill shut occurring in August 2014 impacting supply.
 - Export long product volume was lower in FY2015 compared to FY2014, diverted to meet high domestic demand.
 - Prices for export product declined in line with global prices.

Pacific Steel integration

- Integration is progressing on schedule.
- Billet caster expected to be commissioned during December 2015 quarter.
- Limited profit share arrangement applies until billet is sourced from Glenbrook. Full economic benefit once fully operational.
- Final acquisition payment of NZ\$30M (before final adjustments) is expected to be paid during 1H FY2016.

Sale of interest in McDonald's Lime

- New Zealand Steel, has agreed to sell its non-core 28 per cent shareholding in McDonald's Lime Limited to Graymont Limited. Details can be found under the heading "Matters subsequent to the year ended 30 June 2015" above.

New Zealand Steelmaking Review

- The New Zealand Steelmaking operations face similar challenges to our business in Australia.
 - Steel business EBIT fell below breakeven in 2H FY2015 on weaker regional steel prices.
 - Steelmaking operations require a game changing approach to costs.
- We need to fundamentally address our competitiveness, and to sustain a business that justifies reinvestment. Like Australia, we need significant cost savings or to pursue an alternative business model.
- Such considerations don't invalidate the value of the Pacific Steel acquisition – we have acquired a valuable domestic business.
- We are targeting the delivery of over NZ\$50M in annual permanent cost savings by FY2017.
- Contemporaneously with the Australian steelmaking review, the Company is also reviewing the ongoing viability of steelmaking in New Zealand and comparing the existing business model with an alternative business model of importing quality hot rolled coil and billet substrate.

Iron sands operations

- Iron sands operations lost \$31.0M before interest and tax in FY2015 (1H: \$6.6M / 2H: \$24.4M)¹, including \$11.0M of non-cash net realisable value provision expense taken up on inventory at 30 June 2015.
- FY2015 exports:
 - 1,105.1kt exported from Taharoa in FY2015, down 542.6kt on FY2014.
 - 524.6kt exported from Waikato North Head, down 140.9kt on FY2014.
 - Iron sands prices were down consistent with the decrease in global iron ore pricing.
- The Company is reviewing the ongoing operation of its Taharoa iron sands business. Work is underway to improve productivity and lower the iron ore price at which the business breaks even. This remains work in progress.
 - Expect the break-even price for both EBIT and cash during 1H FY2016 to be in the mid US\$60s per tonne², dropping to mid US\$50s per tonne² in 2H FY2016³.
 - A phased approach to expansion capital expenditure is being adopted:
 - Initial capex required for expansion activities to March 2016 has been approved.
 - Further capex of NZ\$40-45M under consideration to deliver productivity and cost improvements over FY2016 and FY2017.

- Mining costs will continue to drop in FY2017 and FY2018 (through implementation of a dredge for mining) further reducing the breakeven point below the 2H FY2016 forecast⁴.
- Assuming a US\$50/t iron ore price² the cumulative cash outflow (excluding growth capex) would be around NZ\$20M from FY2016 to FY2018⁵.
- We are continuing to review options for the business.
- Waikato North Head – update on economics:
 - Current EBIT break-even per tonne at low to mid US\$60's 62% Fe iron ore price⁶.
 - Fully variable supply chain costs; can cease operations when price drops below economic breakeven for the whole business.

¹ FY2014 iron sands EBIT of \$60.2M (1H: \$39.6M; 2H: \$20.6M).

² On basis of 62% Fe CFR Pilbara iron ore index price.

³ Based on current oil prices and shipment rates. EBIT breakeven includes mining, processing, shipping, royalties and overhead (incl depreciation) costs; approximately 60-65% of cost base is NZD based. Cash break even based on cash EBITDA less sustaining capital and working capital.

⁴ Assumes full expansion capex approved.

⁵ Based on 0.72 NZD/USD FX rates, and US\$400/t bunker fuel rates. Includes re-negotiated freight rates across CFR vessels. Includes lower freight rates across CFR vessels and assumes export expansion completed in FY2016-FY2017.

⁶ Based on current oil prices and shipment rates; includes mining, processing, shipping, royalties and overhead (incl depreciation). Approximately two thirds of cost base is NZD based.

BUILDING PRODUCTS ASEAN, NORTH AMERICA & INDIA

BlueScope is a technology leader in metal coated and painted steel building products, principally focused on the Asia-Pacific region, with a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of building products.

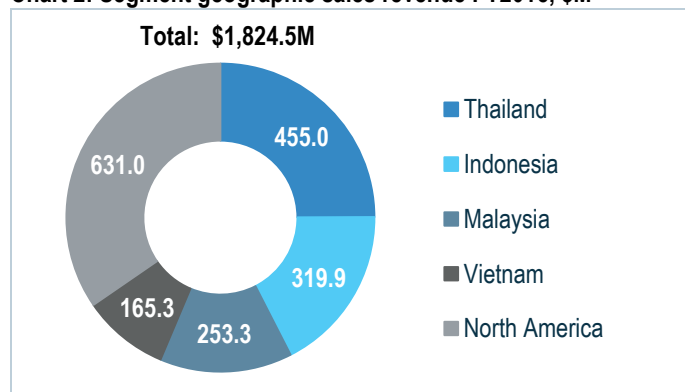
The Company has an extensive footprint of metallic coating, painting and steel building product operations in Thailand, Indonesia, Vietnam, Malaysia, India and North America, primarily servicing the residential and non-residential building and construction industries across Asia, and the non-residential construction industry in North America. BlueScope operates in ASEAN and North America in partnership with Nippon Steel & Sumitomo Metal Corporation (NSSMC) and in India with Tata Steel. Both are 50/50 joint ventures, with BlueScope controlling and therefore consolidating the joint venture with NSSMC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 9: Segment performance

\$M unless marked	FY2015	FY2014	Var %	2H FY2015
Sales revenue	1,790.8	1,742.9	3%	892.2
Reported EBIT	97.1	81.4	19%	49.3
Underlying EBIT	98.3	88.9	11%	50.5
NOA (pre-tax)	1,006.0	844.8	19%	1,006.0
Despatches (kt)	1,330.2	1,367.0	(3%)	646.9

Chart 2: Segment geographic sales revenue FY2015, \$M¹



1) Chart does not include \$33.7M of eliminations (which balances back to total segment revenue of \$1,790.8M). Chart also does not include India, which is equity accounted.

FINANCIAL PERFORMANCE – FY2015 VS. FY2014

Sales revenue

The \$47.9M increase in sales revenue was mainly driven by stronger domestic volumes in Indonesia and favourable foreign exchange rate impacts from the weaker AUD in all regions. This was partly offset by lower despatch volumes at Steelscope (closure of the Fairfield facility in December 2013) and Thailand (lower domestic demand).

EBIT performance

The \$9.4M increase in underlying EBIT was largely due to:

- higher margins in Indonesia (mainly favourable foreign exchange impact on revenues and steel feed costs) combined with higher despatch volumes
- favourable movement in BlueScope's share of equity accounted profits from the India joint venture
- favourable translation of earnings from a weaker AUD:USD exchange rate
- higher volumes but lower margins in Malaysia
- lower margins and volumes in North America
- lower margins and volumes in Thailand and Vietnam
- favourable regional overhead costs.

FINANCIAL POSITION

Net operating assets increased \$161.2M since 30 June 2014 mainly reflecting the translation impacts resulting from a weaker AUD combined with higher fixed assets due to the investment in SuperDyma® (Thailand) and inline painting (Malaysia), higher inventories (mainly higher volumes at Thailand ahead of new SuperDyma® production, and North America). These were partly offset by higher creditors.

MARKETS AND OPERATIONS

Thailand

- Despatch volumes were down 5% compared to FY2014.
- The economy is slowly recovering after the May 2014 military coup driven by short term government stimulus measures and resumed government budget spending. Major government infrastructure projects, in particular the Metropolitan Rapid Transit (MRT) projects, and some Foreign Direct Investment have resumed. However, there remains a time lag between approval and construction commencement of new projects.
- Retail demand for BlueScope products remains strong, with an increasing trend towards higher value painted products.
- Sales of the recently commercialised ViewKote® product into the Home Appliances segment continued to grow in FY2015.
- Preparations for commencement of SuperDyma® production are on track to complete and commission during 1H FY2016.

Indonesia

- Volumes and margins grew in FY2015 through enhanced value propositions in the project and retail segments and on improved market confidence following the presidential election.
- Productivity and cost performance improved. A restructuring of the business has reduced labour costs and improved responsiveness to customer needs.
- Progress is being made on initiatives arising from the formation of the NSBCP joint venture: reaching Japanese customers in the building and construction market, reviewing productivity improvements and exploring key raw material supply options.

Vietnam

- Local and import competition remains intense. Market demand improved from March to June due to higher investor confidence and peak construction conditions.
- Foreign direct investment projects and credit growth are starting to improve, with improved monetary and inflation conditions.
- The business continues to target growth by enhancing the distribution footprint and brand awareness in the retail

segment through expansion of “BlueScope ZACS®” stores network.

- The business is pursuing growth in small and medium enterprise projects segment through development of allied project roll-formers.

Malaysia

- Volumes grew in FY2015 with better channel management, product offering and positioning, as well as retail brand expansion. This was despite weaker economic conditions due to weakness in the petrochemicals sector and the introduction of a goods and services tax.
- New in-line painting expansion on the metal coating line has been successfully completed. Commercial production has commenced and is expected to deliver higher painted sales volume and improved cost efficiency in FY2016.

North America (Steelscape & ASC Profiles)

- Performance in FY2015 was affected by a rapid decline in steel prices and increased import activity. Steel prices have since stabilised.
- Anti-dumping duties on corrosion-resistant steel, cold rolled and hot rolled steel into the US have been filed. The extent of the duties is yet to be confirmed and therefore it is not known at this time how this will impact the market in the U.S. We will continue to monitor this case along with any other potential cases that may be filed in the future.
- New speciality finishes programs initiated to strengthen differentiation to ASC customers. Productivity and cost performance improved.

India (in joint venture with Tata Steel (50/50) for all operations)

- The joint venture recorded strong EBIT growth in FY2015, driven by an increase in margins.
- Domestic prime coated steel sales volume grew by 6% in FY2015, driven by 20% growth in bare product sales. Retail sales continued to grow strongly whilst the project business remained subdued.

GLOBAL BUILDING SOLUTIONS

BlueScope's Global Building Solutions business is a global leader in engineered building solutions (EBS), servicing the low-rise non-residential construction needs of global customers from engineering and manufacturing bases in Asia and North America. EBS plants are located in China, Thailand, Vietnam, North America, Saudi Arabia and India. As part of the integrated value chain feeding the EBS operations, this segment includes BlueScope's steel metal coating, painting and Lysaght operations in China (Building Products China).

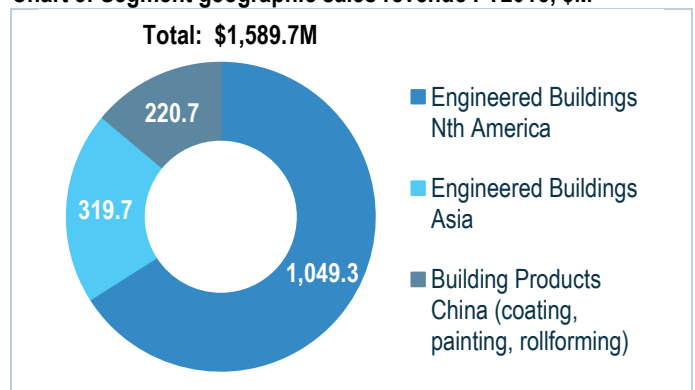
GBS is expanding its global engineering capabilities through the roll-out of a common engineering software system across BlueScope's Buildings businesses. This system is in place in North America and is currently being installed across businesses in Asia.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 10: Segment performance

\$M unless marked	FY2015	FY2014	Var %	2H FY2015
Sales revenue	1,538.1	1,384.3	11%	752.7
Reported EBIT	56.0	96.6	(42%)	24.4
Underlying EBIT	43.7	26.9	62%	24.4
NOA (pre-tax)	727.1	595.0	22%	727.1
Despatches (kt)	529.6	574.4	(8%)	233.9

Chart 3: Segment geographic sales revenue FY2015, \$M¹



1) Chart does not include \$51.6M of eliminations (which balances back to total segment revenue of \$1,538.1M).

FINANCIAL PERFORMANCE – FY2015 VS. FY2014

Sales revenue

The \$153.8M increase in sales revenue was mainly due to stronger despatch volumes and higher pricing in North America, and favourable foreign exchange rate impacts (against the AUD) in all regions. This was partly offset by lower despatch volumes and pricing in China and South East Asia.

EBIT performance

The \$16.8M increase in underlying EBIT was largely due to:

- higher volumes and favourable domestic pricing in Engineered Buildings North America from continued growth in the U.S. non-residential construction market. This was partly offset by higher costs associated with funding the growth in the business
- an initiative to de-risk pension fund obligations by \$11.0M
- higher margins at China Building Products
- favourable costs as a result of recent restructuring activities

- favourable translation of earnings from a weaker AUD:USD exchange rate
- lower volumes in Engineered Buildings China resulting from the slowdown in non-residential construction activity.

Underlying adjustments in reported EBIT are set out in Tables 2A and 2B.

FINANCIAL POSITION

Net operating assets increased \$132.1M since 30 June 2014 mainly reflecting translation impacts from a weaker AUD combined with lower provisions as a result of restructure and redundancy payments made in the China business during the period.

MARKETS AND OPERATIONS

Engineered Buildings North America

- Despatch volumes were up 12% in FY2015 relative to FY2014 driven by an increase in the U.S. non-residential construction market activity in all major end-use sectors. This increase was influenced by the business's continued focus on new product development and product differentiation.
- General indicators of activity, such as F.W. Dodge analysis of non-residential construction, point to continued growth in the U.S. non-residential construction market.

Engineered Buildings Asia (China & ASEAN)

- The China business contributed approximately 68% of sales revenue in 1H FY2015; the remaining 32% was derived from ASEAN.
- ASEAN despatch volume declined 11% relative to FY2014 with lower margins on near-term political and economic pressures.
- Despatch volumes in the China business declined by 28% relative to FY2014, and overall margin performance deteriorated influenced by a slowdown in building and construction activity in the premium market across both private and government participants.
- During FY2015, undertook a further review and are executing a broader turnaround plan to restore the business to profitability through delivery of significant annual cost savings across sales, operations and functional support. The plan included implementing a functional business management model, consolidating the supply base to reduce input costs, improving internal operating efficiencies by lower outsourcing levels, and rationalizing a number of sales offices and production sites. Further initiatives are being pursued to improve brand positioning and sales capability to enhance margins.

Building Products China (coating, painting and rollforming)

- Targeted initiatives to increase external sales of higher value-added product continue to support strong overall margin performance. Market conditions remained challenging leading to 16% lower despatch volumes (primarily driven by lower internal demand from the Engineered Buildings Asia business).

HOT ROLLED PRODUCTS NORTH AMERICA

This segment is comprised primarily of BlueScope's 50% interest in North Star BlueScope Steel, a single site electric arc furnace producer of hot rolled coil in Ohio, in the U.S. The segment also includes BlueScope's 47.5% interest in Castrip LLC, a thin strip casting technology joint venture with Nucor and IHI Ltd.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 11: Segment performance

\$M unless marked	FY2015	FY2014	Var %	2H FY2015
Sales revenue ¹	-	-	-	-
Reported EBIT ²	107.3	101.6	6%	40.2
Underlying EBIT ²	107.3	104.6	3%	40.2
NOA (pre-tax)	112.8	103.3	9%	112.8
Production ³	1,030.6	1,013.0	2%	510.0
Despatches (kt) ³	1,009.0	987.6	2%	508.0

1) Excludes the Company's 50% share of NSBSL's sales revenue of A\$762.6M in FY2015 and A\$743.9M in FY2014.

2) Includes 50% share of net profit before tax from NSBSL of A\$112.5M in FY2015 and A\$105.4M in FY2014.

3) Reflects BlueScope's 50% share from NSBSL.

FINANCIAL PERFORMANCE – FY2015 VS. FY2014

Sales revenue

The segment is comprised of two equity accounted investments and as such has no sales revenue recorded in the Group accounts.

EBIT performance

The \$2.7M increase in underlying EBIT was due to higher volumes and favourable foreign exchange translation impacts from a weaker AUD:USD exchange rate. This was partly offset by lower spreads, driven primarily by lower selling prices which were partly offset by lower scrap costs.

FINANCIAL POSITION

Net operating assets are largely comprised of BlueScope's equity accounted investment in NSBSL. The \$9.5M increase in net operating assets compared to 30 June 2014 primarily reflects the favourable impact of a weaker AUD:USD exchange rate partly offset by the dividends returned to the owners during the period exceeding the earnings of the NSBSL joint venture.

MARKETS AND OPERATIONS

North Star BlueScope Steel

- NSBSL sells approximately 80% of its production in the Mid-West U.S., with its end customer segment mix being broadly 45% automotive, 25% construction, 10% agricultural and 20% manufacturing/industrial applications.
- Despatches for FY2015 were up 21.4kt on FY2014, at 1,009.0kt (BSL share).
- High capacity utilisation rates, relative to the market, have been maintained by NSBSL through an ability to retain existing customers and win new customers by consistent high performance in on-time delivery, service and quality.
- NSBSL was named Number 1 in Overall Customer Satisfaction for the 14th straight year in the Jacobson Survey.

OTHER INFORMATION

SAFETY

SAFETY MANAGEMENT

- The Company remains committed to its goal of Zero Harm.
- Our safety beliefs form the basis for achieving this goal:
 - Working safely is a condition of employment.
 - Employee involvement is essential.
 - Management is accountable for safety performance.
 - All injuries can be prevented.
 - Training employees to work safely is essential.
 - All operating exposures can be safeguarded.
- BlueScope's comprehensive Occupational Health and Safety Management System is mandatory in all operations under our control. The system focuses on three basic areas:
 - Safe and healthy people.
 - Safe systems.
 - Safe and tidy plant.
- Safety Management Standards have been established under this Management System, to which each business is required to demonstrate compliance.
- Also essential to our safety performance is the continuing development of our leaders, implementation of risk management practices, behavioural safety audits, reporting of incidents and near misses, and identifying and preventing 'at risk' behaviour and conditions.

FY2015 SAFETY PERFORMANCE

- In FY2015:
 - the Lost Time Injury Frequency Rate was 0.6 per million man-hours worked compared to 0.9 in FY2014. An LTIFR performance of below 1.0 has been maintained for longer than 10 years
 - the Medical Treated Injury Frequency Rate was 4.6 per million man-hours worked compared to 5.3 in FY2014. This has been below 7.0 for more than nine years.
- During FY2015, businesses have been implementing the initiatives and improvements identified through a major new employee engagement program, 'Switch on Safety', launched in FY2014. The objectives are to refocus leaders on setting safety expectations and standards and to encourage employees to refocus on safety.
- Noteworthy external recognition in FY2015 includes:
 - NSBCP Nth America, Steelscape Kalama, awarded "2014 Best Safety Practices" by National Coil Coaters Association.
 - New Zealand & Pacific Islands - "Best Health & Safety Initiative" from the NZ Safeguard Workplace Health & Safety Awards 2014 for "Contractor Safety".
 - BANZ Supply Chain & Processing awarded "2014 Steel Transport Safety Network Safety Improvement Initiative Award" for the "Driver Safe Zone".
 - Tata BlueScope Building Solutions – recognized with Safety Award by TE Connectivity for "Safety Excellence".
- Other noteworthy safety achievements in FY2015 include:
 - NS BlueScope Singapore – 16 years LTI free.
 - BlueScope Buildings Vietnam – 5 years LTI free.
 - BlueScope Buildings Nth America Construction – 3 years LTI free.
 - BANZ Distribution, Geelong – 15 years LTI free.
 - Tata BlueScope Building Solutions Construction – 2 years MTI and LTI free.

ENVIRONMENT

ENVIRONMENTAL MANAGEMENT

- The BlueScope Environment Management System comprises the following major elements:
 - Our Bond
 - Health, Safety, Environment and Community Policy
 - Environment Principles
 - Health, Safety and Environment Standards
 - BlueScope procedures and guidelines
 - Operational procedures.
- BlueScope continues to manage its environmental performance through the implementation of its business planning process, compliance systems, risk management practices, governance programs and management review.

AUSTRALIAN CARBON POLICY

- During FY2015 the Australian Federal Government introduced its Direct Action policy, which includes the Emissions Reduction Fund, allowing companies to bid for funding for emissions reduction projects through a reverse auction process, and a Safeguard (baseline and compliance) Mechanism to limit emissions growth.
- The Company is in ongoing discussions with the government about the design of this Safeguard Mechanism. A particularly important issue will be the methodology by which the government will set baselines, and ensuring it is sufficiently flexible to accommodate changes in steel production in response to market demand, as well as changes in production inputs and processes.
- The Company remains focused on improving the energy and carbon efficiency of all its operations.

NEW ZEALAND EMISSIONS TRADING SCHEME

- The Company is a liable entity under New Zealand's ETS.
- The activity of iron and steel manufacturing from iron sands as undertaken by New Zealand Steel has been assessed to be highly emissions-intensive and trade-exposed, and New Zealand Steel therefore qualifies for the allocation of Emission Units at the maximum rate (90%).
- The ETS is currently in a 'transition period'. During this period participants must surrender one emission unit for two tonnes of carbon dioxide equivalent emissions. Correspondingly the allocation of units to energy-intensive and trade-exposed activities is halved, but remains at the 90% allocation rate. It is possible to buy units at market price or at a fixed price of NZ\$25 per tonne from the government. In July 2012 the New Zealand Government announced that it would effectively retain the current key transitional arrangements until a further review later in 2015.

ABBREVIATIONS

1H	Six months ended 31 December in the relevant financial year
1H FY2014	Six months ended 31 December 2013
1H FY2015	Six months ended 31 December 2014
2H FY2014	Six months ended 30 June 2014
2H FY2015	Six months ended 30 June 2015
ADC	Anti-Dumping Commission
ASEAN	Association of South East Asian Nations
ASP	Australian Steel Products segment
AUD, A\$, \$	Australian dollar
BANZ	BlueScope Australia and New Zealand (comprising ASP and NZPac segments)
BCDA	Former Building Components & Distribution Australia segment
BP or Building Products	Building Products, ASEAN, North America and India segment
BSL or BlueScope	BlueScope Steel Limited and its subsidiaries
CIPA	Former Coated & Industrial Products Australia segment
CRC	Cold rolled coil steel
DPS	Dividend per share
EAF	Electric arc furnace
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBS	Engineered building solutions, a key product offering of the GBS segment
EITE	Emissions-intensive, trade-exposed
EPS	Earnings per share
FDI	Foreign direct investment
FY2014	12 months ended 30 June 2014
FY2015	12 months ended 30 June 2015
FY2016	12 months ended 30 June 2016
GBS	Global Building Solutions segment
Gearing ratio	Net debt divided by the sum of net debt and equity
Group, Company	BlueScope Steel Limited and its subsidiaries
HRC	Hot rolled coil steel
HRPNA, HRP North America	Hot Rolled Products North America segment
IFRS	International Financial Reporting Standards
Net debt	Gross debt less cash
NOA	Net operating assets pre-tax
NPAT	Net profit after tax
NRV	Net realisable value adjustment
NSBCP	NS BlueScope Coated Products joint venture
NSBSL	North Star BlueScope Steel
NSSMC	Nippon Steel & Sumitomo Metal Corporation
NZD	New Zealand dollar
NZPac or NZ Steel & Pacific	New Zealand & Pacific Steel segment
ROIC	Return on invested capital (or ROIC) – underlying EBIT (annualised in case of half year comparison) over average monthly capital employed
STP	Steel Transformation Plan
TBSL	Tata BlueScope Steel
U.S.	United States of America
USD, US\$	United States dollar

BOARD COMPOSITION

The following were Directors for the full year ended 30 June 2015: Graham John Kraehe AO (Chairman), Daniel Bruno Grollo, Kenneth Alfred Dean, Paul Francis O'Malley (Managing Director and Chief Executive Officer), Penelope Bingham-Hall, Ewen Graham Wolseley Crouch AM, Lloyd Hartley Jones, John Andrew Bevan and Rebecca Patricia Dee-Bradbury. Ronald John McNeilly (Deputy Chairman) ceased to be a Director on 7 April 2015.

Particulars of the skills, experience, expertise and special responsibilities of the Directors are set out below.

DIRECTORS' BIOGRAPHIES

Graham Kraehe AO, Chairman (Independent)

Age 72, BEc

Director since: May 2002

Directorships of other Australian listed entities in the past three years: Djerriwarrh Investments Limited (July 2002 to date) and Brambles Limited (February 2008 to September 2014).

Mr Kraehe is Chairman of BlueScope Steel and a Director of Djerriwarrh Investments. He was previously Chairman of Brambles and National Australia Bank, and a Director of News Corporation and the Reserve Bank of Australia. Mr Kraehe has recently been appointed to the Advisory Boards of The Nature Conservancy and of the Australian Centre on China in the World at the Australian National University.

Mr Kraehe's executive career spanned 30 years as CEO of a number of businesses in the diversified industrial and wine sectors including Pacific BBA and Southcorp. In these roles he obtained extensive experience in manufacturing management and in companies with substantial, geographically diverse, industrial operations.

He has had many business and community roles including National President of the Australian Industry Group and Chairman of the Future Directions Forum. In December 2013, he was appointed to the Australian Prime Minister's Business Advisory Council. In 2003 he was made a member of the Order of Australia for services to industry and the environment.

Daniel Grollo, Non-Executive Director (Independent)

Age 45

Director since: September 2006

Directorships of other listed entities in the past three years: Nil

Mr Grollo is Executive Chairman of Grocon Pty Ltd, Australia's largest privately owned development and construction company, Non-Executive Director of UBS Grocon Real Estate and Member of the Prime Minister's Business Advisory Council. He brings extensive knowledge of the building and construction industry to the Board.

Mr Grollo is former Chairman of the Green Building Council of Australia and former National President of the Property Council of Australia.

Mr Grollo is also Chair of the Health, Safety and Environment Committee.

Paul O'Malley, Managing Director and Chief Executive Officer

Age 51, BCom, M. App Finance, ACA

Director since: August 2007

Directorships of other Australian listed entities in the past three years: Nil

Mr O'Malley was appointed a Director of the Board, and Managing Director and Chief Executive Officer of BlueScope Steel, in 2007.

Mr O'Malley joined BlueScope as its Chief Financial Officer in December 2005. He was formerly the Chief Executive Officer of TXU Energy, a subsidiary of TXU Corp based in Dallas, Texas, and held other senior management roles within TXU. Before joining TXU, he worked in investment banking and consulting.

Mr O'Malley is also Chairman of the Worldsteel Association Nominating Committee and a Trustee of the Melbourne Cricket Ground Trust.

Ken Dean, Non-Executive Director (Independent)

Age 62, BCom (Hons), FCPA, FAICD

Director since: April 2009

Directorships of other Australian listed entities in the past three years: Santos Limited (February 2005 to date)

Mr Dean is a Director of Santos Limited, Energy Australia Holdings Ltd and Mission Australia. He has held directorships with Alcoa of Australia Limited, Woodside Petroleum Limited and Shell Australia Limited. He spent more than 30 years in a variety of senior management roles with Shell in Australia and the United Kingdom. His last position with Shell, which he held for five years, was Chief Executive Officer of Shell Finance Services based in London.

Mr Dean was Chief Financial Officer of Alumina Limited from 2005 to 2009. He brings extensive international financial and commercial experience to the Board.

Mr Dean is also Chair of the Audit and Risk Committee.

Penny Bingham-Hall, Non-Executive Director (Independent)

Age 55, BA (Ind.Des) FAICD, SF(Fin)

Director since: March 2011

Directorships of other Australian listed entities in the past three years: DEXUS Funds Management Limited (responsible entity for the DEXUS Property Group) (June 2014 to date)

Ms Bingham-Hall spent more than 20 years in a variety of roles with Leighton Holdings prior to retiring from the company at the end of 2009. Senior positions held with Leighton include Executive General Manager Strategy, responsible for Leighton Group's overall business strategy and Executive General Manager Corporate, responsible for business planning and corporate affairs. She brings extensive knowledge of the building and construction industry in both Australia and Asian markets.

Ms Bingham-Hall is a director of DEXUS Funds Management Limited, Macquarie Specialised Asset Management Limited, Port Authority of NSW and is a former director of Australia Post and The Global Foundation. She is a director of Taronga Conservation Society Australia and has previously held non-executive directorships with other industry and community organisations, including Infrastructure Partnerships Australia, the Tourism & Transport Forum (Deputy Chair) and Advocacy Services Australia (inaugural Chair).

Ms Bingham-Hall is Chair of the Remuneration and Organisation Committee.

Ewen Crouch AM, Non-Executive Director (Independent)

Age 59, BEc (Hons) LLB, FAICD

Director since: March 2013

Directorships of other listed entities in the past three years: Westpac Banking Corporation (February 2013 to date)

Mr Crouch is a Director of Westpac Banking Corporation, Chairman of Mission Australia and a board member of Sydney Symphony Orchestra.

Mr Crouch was a Partner at Allens from 1998 to 2013 where he was one of Australia's leading M&A lawyers and held the following roles: Chairman of Partners, Co Head Mergers and Acquisitions and Equity Capital markets, Executive Partner – Asian Offices (responsible for the China and South East Asia practices of the firm) and Deputy Managing Partner.

He is a member of the Takeovers Panel, the Law Committee of the Australian Institute of Company Directors and the Corporations Committee of the Law Council of Australia.

Mr Crouch brings to the Board the breadth of his experience in strategic mergers, acquisitions and cross border finance transactions, governance and international legal risk.

Lloyd Jones, Non-Executive Director (Independent)

Age 62, BEng, MBA

Director since: September 2013

Directorships of other Australian listed entities in past three years: RCR Tomlinson Ltd (November 2013 to date)

Mr Jones is a director of Myer Family Investments Pty Ltd and RCR Tomlinson Ltd. He is also an advisory director to a division of Deutsche Bank in Australia and a member of the Advisory Council to the Dean of mathematics, computing science and engineering at the University of Western Australia.

Mr Jones is a qualified engineer and spent 25 years of his career in a variety of senior management roles with Alcoa including General Manager of WA Operations, President of US Smelting and President Asia Pacific (based in Tokyo and Beijing). Most recently Mr Jones has served as President of Cerberus Capital Management's Asia Advisors Unit. His experience encompasses metals, smelting and roll forming, plant operations, energy, construction, mergers and acquisitions, corporate affairs and finance.

John Bevan, Non-Executive Director (Independent)

Age 58, BCom (Mkt)

Director since: March 2014

Directorships of other Australian listed entities in the past three years: Ansell Limited (August 2012 to date) and Alumina Limited (June 2008 to December 2013).

Mr Bevan was CEO of Alumina Limited from 2008 to 2013. Before joining Alumina Limited in 2008 Mr Bevan spent 29 years in a variety of senior management roles with BOC Group, including as a director on The BOC Group plc Board, Chief Executive Process Gas Solutions with responsibility for the bulk and tonnage business for the entire BOC group, Chief Executive Asia and country lead roles in the United Kingdom, Thailand and Korea. Mr Bevan is also a non-executive director of Ansell Limited and has been appointed to the Board of Nuplex Industries Limited with effect from 1 September 2015.

He brings to the Board extensive experience in international business and heavy industrial operations.

Rebecca Dee-Bradbury, Non-Executive Director (Independent)

Age 47, BBus (Mkt), GAICD

Director since: April 2014

Directorships of other Australian listed entities in the past three years: TOWER Limited (15 August 2014 to date), GrainCorp Limited (30 September 2014 to date)

Ms Dee-Bradbury was Chief Executive Officer/President Developed Markets Asia Pacific and ANZ for Kraft/Cadbury from 2010 to 2014, leading the business through significant transformational change. Before joining Kraft/Cadbury Ms Dee-Bradbury was Group CEO of the global Barbeques Galore group, and has held other senior executive roles in organisations including Maxxium, Burger King Corporation and Lion Nathan/Pepsi Cola Bottlers.

Ms Dee-Bradbury is a Non-Executive Director of TOWER Limited and GrainCorp Limited. She is also an inaugural Member of the Business Advisory Board for the Monash Business School, and a former member of the Federal Government's Asian Century Strategic Advisory Board. Ms Dee Bradbury brings to the Board significant experience in strategic brand marketing, customer relationship management and innovation.

COMPANY SECRETARIES

Michael Barron, Chief Legal Officer and Company Secretary, BEc, LLB, AGIA, ACIS

Responsible for the legal affairs of BlueScope Steel and for company secretarial matters. Joined the Company as Chief Legal Officer and Company Secretary in January 2002. Prior to that occupied position of Group General Counsel for Orica.

Clayton McCormack, BCom, LLB

Senior Corporate Counsel, Governance with BlueScope Steel. A lawyer with over 15 years' experience in private practice and corporate roles.

Darren Mackenzie, BA, LLB (Hons)

General Counsel, BANZ with BlueScope Steel. A lawyer with over 15 years' experience in private practice and corporate roles.

PARTICULARS OF DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF BLUESCOPE STEEL

As at the date of this report the interests of the Directors in shares and options of BlueScope Steel are:

Director	Ordinary shares	Share rights
G J Kraehe	106,883	-
P F O'Malley	189,394	2,728,837
D B Grollo	38,447	-
K A Dean	40,448	-
P Bingham-Hall	57,834	-
E G W Crouch	30,000	-
L H Jones	32,000	-
J A Bevan	22,926	-
R P Dee-Bradbury	22,300	-

MEETINGS OF DIRECTORS

Attendance of the current Directors at Board and Board Committee meetings from 1 July 2014 to 30 June 2015 is as follows:

	Board meetings		Audit and Risk Committee		Remuneration and Organisation Committee		Health, Safety and Environment Committee		Nomination Committee		Other Sub-Committees		Annual General Meeting	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
G J Kraehe	12	12	-	4 ¹	5	5	4	4	2	2	3	3	1	1
P F O'Malley	12	12	-	4 ²	-	5 ²	4	4	-	2 ²	2	2	1	1
D B Grollo	12	11 ³	-	-	5	5	4	4	2	2	-	-	1	1
K A Dean	12	12	4	4	-	-	4	4	2	2	3	3	1	1
P Bingham-Hall	12	11 ³	-	-	5	5	4	4	2	2	-	-	1	1
E G W Crouch	12	12	4	4	-	-	4	4	2	2	-	-	1	1
L H Jones	12	12	4	4	-	-	4	4	2	2	-	-	1	1
J A Bevan	12	12	4	4	-	-	4	4	2	2	-	-	1	1
R P Dee-Bradbury	12	12	-	-	5	5	4	4	2	2	-	-	1	1

All current Directors have held office for the entire year ended 30 June 2015.

A = number of meetings held during the period 1 July 2014 to 30 June 2015 during the time the Director was a member of the Board or the Committee, as the case may be.

B = number of meetings attended by the Director from 1 July 2014 to 30 June 2015.

1 The Chairman of the Board is not a Committee member and attends as part of his duties as Chairman.

2 The Managing Director and Chief Executive Officer is not a Committee member and attends by invitation as required.

3 A special purpose meeting was missed through unavailability due to other prior commitments. Special purpose meetings are generally held by telephone and often called at short notice to provide updates on particular matters. Any Directors unable to attend are provided with separate briefings.

There were 4 special purpose Board meetings held during the year.

The Non-Executive Directors met three times during the year ended 30 June 2015 (without the presence of management). Non-Executive Directors' meetings are chaired by the Chairman of the Board.

REMUNERATION REPORT (AUDITED)

Letter from the Chair of the Remuneration and Organisation Committee

Dear fellow Shareholder

I am pleased to present our Remuneration Report for 2015.

The Company has again delivered an improved financial performance this year with both reported and underlying net profit after tax (NPAT) increasing on the prior year, and underlying NPAT higher than any year since the onset of the GFC in 2009. The management team has continued to deliver on targets to stabilise the business, develop opportunities for growth, make measured investments and this was achieved while maintaining a conservative balance sheet.

However, the Board had set financial targets at a level that required a significant improvement on the prior year performance and notwithstanding the strong results delivered, not all financial targets were achieved. No Short Term Incentive (STI) was awarded for Company underlying NPAT performance, and as a result, STI awards are lower than last year. Awards for the MD & CEO and the KMP Executives are between 40% and 50% of Target reflecting achievements for cash flow performance, safety and delivery of projects and new initiatives.

The Company's strategy is currently subject to a major review to ensure we maximise the returns from our quality assets. To support the implementation of the strategic plan, the Board is proposing to make changes to the compensation arrangements for the MD & CEO with all incentives to be awarded in equity spread over 2 - 4 years. Changes proposed for FY2016 and FY2017 include:

- No fixed pay increases
- No cash STI awards
- Any STI awards to be in equity with performance hurdles
- Introduction of a second hurdle for the Long Term Incentive (LTI) plan based on an internal financial measure, subject to shareholder approval at this years' Annual General Meeting.

This Report has an overview of the proposed changes with further details to be included in the Notice of Annual General Meeting.

We appreciate that shareholders want a high level of detail and transparency on executive remuneration matters and we have received supportive feedback and strong "yes" votes on our last two reports. To ensure information is presented in a way that is easy to follow, we have restructured the report this year, to improve disclosure and the flow of information.

I trust you, our shareholders, find the 2015 Remuneration Report provides clear and informative insights into our executive remuneration policies, practices and outcomes.



Penny Bingham-Hall

Chair of the Remuneration & Organisation Committee

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1. INTRODUCTION

The Directors of the Company present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the Company and the consolidated entity for the year ended 30 June 2015. The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*. This Remuneration Report forms part of the Directors' Report.

1.1 KEY MANAGEMENT PERSONNEL

This Report focuses on the remuneration of Key Management Personnel (KMP) of BlueScope Steel Limited. These KMP include those members of the Executive Leadership Team (KMP Executives) who have the authority and responsibility for planning, directing and controlling the activities of the Company.

The following table lists the KMP for FY2015.

Name	Position	Dates position held during year (if not the full year)
Senior Executives		
Mr Paul O'Malley	Managing Director & CEO	
Mr Michael Barron	Chief Legal Officer and Company Secretary	
Mr Ian Cummin	Executive General Manager, People & Performance	
Mr Sanjay Dayal	Chief Executive, Building Products	
Mr Charlie Elias	Chief Financial Officer	
Mr Pat Finan	President, Global Building Solutions	
Mr Bob Moore	Chief Executive, Global Building Solutions	
Mr Mark Vassella	Chief Executive, BlueScope Australia and New Zealand	
Non-executive Directors		
Mr Graham Kraehe AO	Chairman of the Board	
Mr Ron McNeilly	Deputy Chairman	1 July 2014 - 7 April 2015
Mr John Bevan	Non-Executive Director	
Ms Penny Bingham-Hall	Non-Executive Director	
Mr Ewen Crouch AM	Non-Executive Director	
Mr Ken Dean	Non-Executive Director	
Ms Rebecca Dee-Bradbury	Non-Executive Director	
Mr Daniel Grollo	Non-Executive Director	
Mr Lloyd Jones	Non-Executive Director	

1.2 CONTEXT

Over recent years, the Board has taken great care to develop a remuneration strategy that has kept our executive team focused on delivering major restructuring initiatives and a return to profitability. Our reward programmes have evolved by consulting extensively with our shareholders and with governance advisory bodies, and the changes implemented through this process have been well received. As a result, the structures implemented for FY2014 have essentially remained in place for FY2015. Some additional changes are planned for FY2016, aimed at ensuring ongoing alignment between executive rewards and the current strategic review that will guide a significant business transformation over the coming years.

The improved financial performance this year, which again has been achieved by the Company in continued challenging circumstances, provides the context for Board decisions in regard to executive remuneration outcomes. These circumstances, partly offset by a falling Australian dollar throughout FY2015, include:

- Global steel industry continuing to have excess capacity that has placed downward pressure on global steel spreads and on domestic steel pricing.
- Australian domestic steel demand, while improving, remaining comparatively weak compared to historic levels.
- Weaker iron sand and steel pricing that has resulted in lower iron sand despatch volumes and prices in New Zealand.
- Strengthening market competition in our Asian businesses, particularly in China due to a further slowdown in building and construction activity.

Against this background, employees across BlueScope have responded to the need to improve the Company's financial performance and progress growth initiatives. Major achievements in FY2015 included:

- Reported net profit after tax (NPAT) was \$136.3M, a \$218.7M increase on FY2014.
- Underlying NPAT was \$134.1M, a 19% increase on the underlying profit as disclosed in FY2014 (prior to restatement for discontinued operations).
- Underlying EBIT was \$301.8M, a 14% increase on FY2014.
- Net cash flow from operating activities was \$538.7M, a 32% improvement on FY2014.
- Net debt has progressively reduced over the past four years from over \$1B at 30 June 2011 to \$275.2M at 30 June 2015.
- Business Unit underlying EBIT improved in all operating segments other than New Zealand and Pacific Steel Group (PSG) which was severely impacted by lower hot rolled coil and iron sands prices.

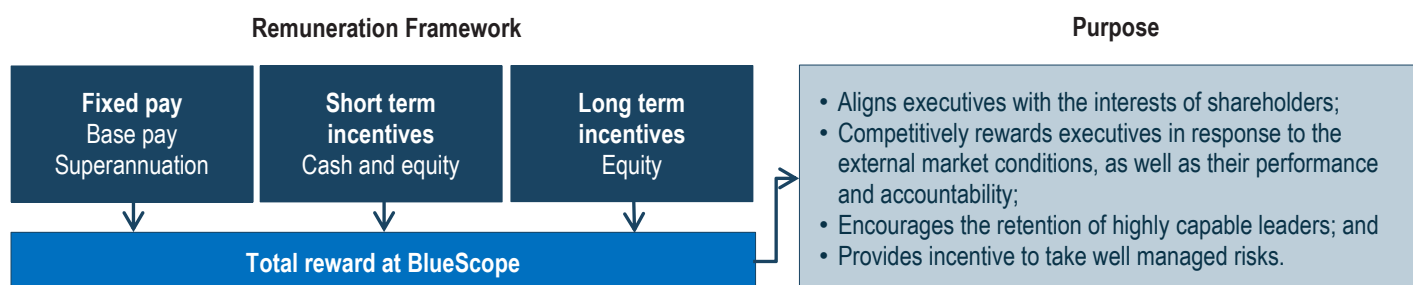
Notwithstanding that underlying performance continued to improve, challenging targets were set at the start of the year and not all were achieved.

These factors have been considered by the Board in reaching decisions regarding executive remuneration.

2. OVERVIEW

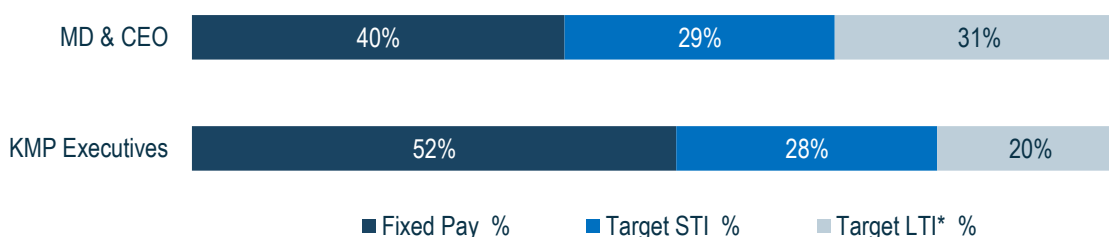
2.1 REMUNERATION FRAMEWORK AND PURPOSE

At BlueScope, executive remuneration packages typically comprise three elements – fixed pay, short term incentives and long term incentives, the purpose of which is to align executive reward with shareholder outcomes, executive performance, and the retention of key talent. Although these elements are described separately, they must nevertheless be viewed as part of an integrated package:



In exceptional circumstances, a further element relating to targeted retention may also be applied. No retention awards were made during FY2015.

The mix of elements differs depending on the level in the organisation with a higher skew towards fixed pay at lower levels. Overall the aim is to provide executives the opportunity to earn top quartile remuneration for stretch performance. For KMP the mix of elements as a proportion of total remuneration at target is shown below:



* Target LTI value based on an estimate of the fair value of target awards. Face value is used for allocation purposes.

2.2 REWARD OUTCOMES FOR FY2015

Over much of the last six years, the 'at risk' components of executive remuneration have been constrained, reflecting Company financial performance. As management has restructured the Company to address the challenging circumstances facing the industry, financial performance has improved and reward outcomes for FY2015 broadly reflect threshold performance outcomes.

- **Fixed pay:** Following market based reviews, a base pay increase of 3% was awarded to the MD & CEO and other KMP Executives on 1 September 2014. Mr Finan received a 7.5% increase on appointment as Chief Executive Global Building Solutions effective 1 July 2015. There will be no other increase to fixed remuneration for FY2016 and FY2017.
- **Short term incentive:** FY2015 STI payments were 48.6% of target for the MD & CEO and between 40% and 50% of target for other KMP Executives.
- **Long term incentive:** The FY2012 LTI Award vested in full during the year. A condition of this Award was that shares acquired on vesting have to be retained for 12 months following vesting. The only exception is to permit the release of a portion of the shares to pay tax liabilities incurred on vesting. The MD & CEO did not participate in the Award and hence has not had an LTI Award vest for seven years.

- **Non-executive Director fees:** In FY2015 there was no increase in base fees for Non-executive Directors. Following a market review this year, Committee fees have increased to align with market movement, effective 1 January 2015. The last increase in fees occurred on 1 January 2011.

2.3 CHANGES FOR FY2016 AND FY2017

The Board and management are currently undertaking a business strategy review for the Company. This review will be pivotal for completing the transformation of BlueScope from a business that was focussed on Australian steel production to one that provides diversified and value adding steel and building products across the globe. In conjunction with this review, the Board is also considering changes to the Company's remuneration strategy, with a view to ensuring that the MD & CEO's reward arrangements will be fully aligned with the business transformation objectives expected to be identified as part of the business strategy review. Whilst the modified remuneration strategy has yet to be finalised, pending the outcomes of the Company's strategy review, the Board is proposing the following features will apply to the MD & CEO's remuneration. Details will be included in the FY2016 and subsequent Remuneration Reports.

- **Fixed Pay:** There will be no increases in Fixed Pay for the MD & CEO for FY2016 and FY2017.
- **Short Term Incentives:** The annual STI Plans for FY2016 and FY2017 will be replaced by a two year STI programme which, subject to shareholder approval, will be awarded in equity. No amount will be paid in cash. In order to focus on delivering the priorities outlined in the business strategy review, performance will be assessed at the end of FY2017 against a range of financial and other measures aligned with the returns delivered to shareholders from the implementation of initiatives under the Company's strategic plan. Details of the performance measures and performance achievements will be included in the FY2016 and FY2017 Remuneration Reports.
- **Long Term Incentive Plan:** It is proposed, with shareholder approval, to introduce an internal financial hurdle for 50% of the LTI Award for FY2016 and FY2017 with the remaining 50% subject to a relative Total Shareholder Return (TSR) hurdle with both Awards to be made in FY2016. In effect, this brings forward the start date of the FY2017 award. In doing so, the MD & CEO's reward arrangements will be more emphatically aligned to the objectives and outcomes of the 2015 business strategy review (without increasing the overall reward opportunity). No further LTI Award will be made in FY2017.

Shareholders will be asked to approve the terms for the STI and LTI equity awards to the MD & CEO at the AGM on 19 November 2015.

The Board is confident these changes will enhance the alignment between shareholder and executive interests and will motivate executives to achieve the Company's strategy.

3. REMUNERATION GOVERNANCE AND ROLE OF THE BOARD

3.1 REMUNERATION AND ORGANISATION COMMITTEE

The Board oversees the BlueScope human resources strategy, both directly and through the Remuneration and Organisation Committee of the Board (the Committee). The Committee consists entirely of independent Non-executive Directors.

The Committee's purview extends beyond remuneration matters and includes human resources strategy, policies, diversity, talent development, and the development and succession of executives. With respect to remuneration specifically, the Committee has responsibility for overseeing and recommending to the Board remuneration strategy, policies and practices applicable to Non-executive Directors, the MD & CEO, KMP Executives, senior managers and employees generally, and focuses on the following activities:

- An annual review of the Company's remuneration strategy (including consultation with shareholders and proxy advisors);
- Approving the terms of employment of the KMP, including determining the levels of remuneration;
- Ensuring a robust approach to performance management through approval of the STI objectives and awards and reviewing performance of KMP Executives;
- Considering all matters relating to the remuneration and performance of the MD & CEO prior to Board approval;
- Approving awards of equity to employees; and
- Ensuring the Company's remuneration policies and practices operate in accordance with good corporate governance standards, including approval of the Remuneration Report and communications to shareholders on remuneration matters.

The Committee seeks input from the MD & CEO and the Executive General Manager People & Performance, who attend Committee meetings, except where matters relating to their own remuneration are considered.

3.2 INDEPENDENT REMUNERATION CONSULTANT

The Committee engages and considers advice from independent remuneration consultants where appropriate. Remuneration consultants are engaged by, and report directly to, the Committee. Potential conflicts of interest are considered when remuneration consultants are selected and their terms of engagement regulate their level of access to, and require independence from, BlueScope's management. Any advice from external consultants is used as a guide, and is not a substitute for thorough consideration of all the issues by the Committee.

The Committee, on behalf of the Board, also seeks the advice of expert external remuneration consultants to ensure that Director fees and payments reflect the duties of Board members and are in line with the market. The Chairman and the Deputy Chairman of the Board do not participate in any discussions relating to the determination of their own fees.

During FY2015, the Remuneration and Organisation Committee proactively sought external perspectives on executive remuneration matters, employing the services of PwC to provide information and advice on remuneration strategy and structure including market practice which covers KMP. No remuneration recommendations as defined in section 9B of the *Corporations Act 2001* were provided.

PwC attended selected Committee meetings during the year, providing an independent perspective on matters of quantum and structure of executive remuneration. The Board is satisfied that any advice provided to the Committee was made free from undue influence from any members of the KMP.

4. REMUNERATION POLICY

4.1 BLUESCOPE STEEL REMUNERATION PEER GROUP

The Board has given careful consideration to the approach that should be used when benchmarking remuneration to market and in particular to the selection of an appropriate peer group for remuneration benchmarking purposes. The Board believes that the more traditional reliance on market capitalisation as the sole criteria is not appropriate for establishing BlueScope's remuneration benchmarks and would lead to unmanageable fluctuations in executive remuneration. Furthermore, a focus on market capitalisation alone could result in an inability to attract and retain the skills required to manage a business operating in the complex and volatile environment in which BlueScope operates globally. The current peer group is listed below:

- Adelaide Brighton Ltd
- Amcor Ltd
- Arrium Ltd
- Asciano Group
- Aurizon Holdings Ltd
- Boral Ltd
- Brambles Ltd
- Caltex Australia Ltd
- CSR Ltd
- Downer EDI Ltd
- Fletcher Building Ltd
- Incitec Pivot Ltd
- CIMIC Group Ltd (formerly Leighton Holdings Ltd)
- Lend Lease Corp Ltd
- Orica Ltd
- Qantas Airways Ltd
- Toll Holdings Ltd
- Transfield Services Ltd
- WorleyParsons Ltd

The companies in the peer group have been selected because they reflect the size and complexity of BlueScope with similarities on one or more of the following dimensions: operate in multiple geographies, have manufacturing or logistics operations in Australia, are involved in the building and construction industry, have similar number of employees, have similar revenue, or similar market capitalisation on the ASX. In the Board's view it is not relevant to benchmark against global steel companies, as these are not prime candidates for attracting our executives. This approach has been acknowledged as appropriate by shareholders and governance advisory bodies.

The Board reviews the composition of the peer group annually. As a result of this year's review, other than to exclude Toll Holdings as it has been delisted, no changes were made to the peer group for FY2016.

4.2 FIXED PAY

Fixed pay recognises the market value of an individual's skills, experience, accountability and their expected sustained contribution in delivering the fundamental requirements of their role. In order to attract and retain skilled leaders, BlueScope aims to maintain a competitive position for fixed pay – around the 60th percentile of the peer group.

4.3 SHORT TERM INCENTIVE (STI)

The following table summarises the STI plan that applied in FY2015.

Feature	Description																				
Purpose	To achieve BlueScope's overall strategic objectives by motivating executives to deliver on priority team-based outcomes.																				
Eligibility	All KMP Executives disclosed in this report (executives at the next level participate in a similar programme).																				
Value/opportunity	<p>Target STI levels are set having regard to appropriate levels in the market and are:</p> <ul style="list-style-type: none"> ▪ 80% of base pay (or 70% of fixed pay) for the MD & CEO ▪ 60% (or 53% of fixed pay) for the other KMP Executives <p>Maximum STI (for outstanding results or stretch outcomes) are capped at:</p> <ul style="list-style-type: none"> ▪ 120% of base pay for the MD & CEO ▪ 90% of base pay for the other KMP Executives 																				
Performance conditions	<table border="1"> <thead> <tr> <th>Category</th> <th>Performance measures</th> <th>MD & CEO weighting</th> <th>Other KMP Executives weighting</th> </tr> </thead> <tbody> <tr> <td>Company-wide Financial Measures</td> <td>Net Profit After Tax, Cash Flow from Operations</td> <td>60%</td> <td>25%</td> </tr> <tr> <td>Own Business Controllables</td> <td>Controllable Business Unit Financial and Operational Excellence measures based on approved business plans</td> <td>0%</td> <td>40%</td> </tr> <tr> <td>Zero Harm</td> <td>Safety performance measures, including Lost Time Injury Frequency Rates (LTIFR) and Medical Treatment Injury Frequency Rates (MTIFR)</td> <td>5%</td> <td>5%</td> </tr> <tr> <td>Projects and New Initiatives</td> <td>Performance measures based on results from the execution and implementation of business priorities included in the strategic plan</td> <td>35%</td> <td>30%</td> </tr> </tbody> </table>	Category	Performance measures	MD & CEO weighting	Other KMP Executives weighting	Company-wide Financial Measures	Net Profit After Tax, Cash Flow from Operations	60%	25%	Own Business Controllables	Controllable Business Unit Financial and Operational Excellence measures based on approved business plans	0%	40%	Zero Harm	Safety performance measures, including Lost Time Injury Frequency Rates (LTIFR) and Medical Treatment Injury Frequency Rates (MTIFR)	5%	5%	Projects and New Initiatives	Performance measures based on results from the execution and implementation of business priorities included in the strategic plan	35%	30%
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Projects and New Initiatives	Performance measures based on results from the execution and implementation of business priorities included in the strategic plan	35%	30%																		

Feature	Description
Mechanics and target setting	The weightings outlined above can vary from year to year to reflect business priorities and the individual's role. Performance targets are reset each year in the context of the specific business strategy and new priorities. Performance conditions, including Threshold, Target and Stretch hurdles, are set for each plan and approved by the Board for all KMP Executives. If the Threshold level is not reached, no payment is made in respect of that goal.
Payment/deferral	One third of the total STI awarded is withheld and awarded in restricted equity. The restricted equity has a one year trading lock. The Board has discretion to clawback deferred STI equity awards in the event of serious misconduct by management which undermines the Company's performance, financial soundness and reputation. These events include misrepresentation or material misstatements due to errors, omissions or negligence.
Governance	The Board retains the discretion to limit, defer or cancel any STI awards in exceptional circumstances, including determining that a reduced award or even no award is paid.

4.4 LONG TERM INCENTIVE (LTI)

The following table summarises the LTI plan that applied in FY2015.

Feature	Description										
Purpose	LTI is one of the means of aligning executives with the experience of shareholders.										
Eligibility	All KMP Executives disclosed in this report (executives at the next level participate in a similar programme).										
Value/opportunity	The quantum of LTI awards is calculated based on an agreed percentage of base salary divided by the face value of shares at the time of issue. Fair value is used for reporting purposes as required by accounting standards, and is also used in benchmarking executive remuneration against the selected peer group which reports fair value. These levels are reviewed annually.										
Instrument	Share rights that vest into fully paid ordinary BSL shares subject to time and performance conditions being met.										
Performance conditions	<p>BlueScope uses a three-year time period to test Total Shareholder Return (TSR) relative to the ASX 100, to determine whether or not an executive receives a reward from this element in their remuneration package. Reflecting the ongoing impact of volatility on the retention and incentive value of the LTI, the LTI has a single retest which operates to extend the performance period from three years to four years thus requiring significant outperformance in the fourth year before any vesting.</p> <p>Vesting schedule:</p> <table border="1"> <thead> <tr> <th>Percentile achievement</th> <th>Vesting outcome (% of award that vests)</th> </tr> </thead> <tbody> <tr> <td>Less than 51st percentile</td> <td>0%</td> </tr> <tr> <td>51st percentile</td> <td>40%</td> </tr> <tr> <td>Between 51st percentile and 75th percentile</td> <td>Straight line vesting</td> </tr> <tr> <td>75th percentile and above</td> <td>100%</td> </tr> </tbody> </table>	Percentile achievement	Vesting outcome (% of award that vests)	Less than 51 st percentile	0%	51 st percentile	40%	Between 51 st percentile and 75 th percentile	Straight line vesting	75 th percentile and above	100%
Percentile achievement	Vesting outcome (% of award that vests)										
Less than 51 st percentile	0%										
51 st percentile	40%										
Between 51 st percentile and 75 th percentile	Straight line vesting										
75 th percentile and above	100%										
Hedging	Executives are not permitted to hedge (such as 'cap and collar' arrangements) LTI awards.										
Governance	The Board retains the discretion to limit, defer or cancel any LTI awards in exceptional circumstances (such as change of control), including determining that a reduced award or even no award is paid.										

4.5 RETENTION EQUITY

In exceptional circumstances in the past, the Board has awarded retention shares to a limited number of executives, where their retention is critical to the successful delivery of business strategy. The Board resolved not to reissue Retention Rights to KMP Executives for FY2015 and they will not be issued to KMP in FY2016

4.6 EXECUTIVE SHAREHOLDING GUIDELINES

The Board considers executive shareholdings as a simple and transparent means of aligning the interests of shareholders and executives. To support this principle, an executive shareholding policy has been put in place which requires a KMP Executive to build a minimum value of shares equivalent to 50% of base pay to be accumulated over time.

4.7 EQUITY DILUTION

As described above, equity plays a key role in BlueScope remuneration structures. For this reason, the Board closely monitors the level of equity dilution to ensure it does not become a concern for investors. The following table shows that outstanding equity awards comprise less than 2% of the issued share capital of the Company as at 30 June 2015.

	LTIP rights	Retention shares	STI rights	Total equity awards	General employee share plan	Issued share capital
Number of awards	10,255,783	0	290,473	10,546,256	0	565,225,282
As a % of issued share capital	1.81%	0.00%	0.05%	1.87%	0.00%	100%

5. REWARD OUTCOMES - THE LINK BETWEEN REMUNERATION AND PERFORMANCE

5.1 OVERVIEW OF BUSINESS PERFORMANCE

FY2015 represents the first Reported Profit since FY2010 and the best financial performance across each of the metrics since FY2009:

- A significant increase in both Reported NPAT to \$136.3M and underlying NPAT to \$134.1M was achieved. This compares to a Reported Loss of \$(82.4)M and an underlying NPAT of \$112.3M (prior to restatement for discontinued operations) in FY2014.
- Despite the significant increase in NPAT, no STI was awarded for this KPI as the Threshold performance level was not achieved.
- Excellent cash management resulted in a continuing low net debt position at year-end of \$275.2M. Cash flow expectations for the year were exceeded, but the Board exercised discretion and STI was capped at Target for this KPI.
- The balance sheet remained strong, with a net debt position of \$275.2M. Cash flow from operations was particularly strong, driven by business performance and timing of working capital. Gearing at 30 June 2015 stood at 5.5%.

MD & CEO STI outcomes for FY2015

Objective	Weighting	Result	Achievement
Company Financials <ul style="list-style-type: none"> • Underlying NPAT (2/3) • Free Cash Flow (1/3) 	60%	Below Threshold Stretch 1 performance but capped at Target	The Board had set high targets for underlying NPAT performance. However, notwithstanding a 19% increase on FY2014 underlying NPAT performance was below Threshold, therefore the MD & CEO did not receive an STI for this objective. Cash flow exceeded Stretch performance but as underlying NPAT was below Threshold the Board exercised discretion to limit the STI for cash flow performance to Target.
Zero Harm <ul style="list-style-type: none"> • No fatality gateway • LTIFR <1 • MTIFR < 5 	5%	Threshold to Target	Zero Harm performance is based on achieving an LTIFR hurdle of <1 with actual performance measured against MTIFR performance during the year. This year we delivered our best ever LTIFR and MTIFR performance. The LTIFR outcome was 0.55 (exceeded the hurdle) and MTIFR was at 4.61 a Threshold to Target result.
Projects and New Initiatives <ul style="list-style-type: none"> • ANZ strategy and delivery of acquisitions business case • China business cost reduction and restructure • Indonesia turnaround • Innovation: brands, products and channel development 	35%	Target 1 performance but capped at 70% of Target	The business case on the growth initiatives was delivered during the year: the integration of the Orrcon, Fielders, One Steel Sheet and Coil and PSG were all completed during the year and all four business groups are performing in line with or better than business case. Restructure of the China business yielded savings in FY2015 of RMB64.1M (A\$12M) and savings on a full year basis of RMB83M (A\$17M). FY2015 EBIT for the Indonesian business was USD \$8.4M. Whilst this is a significant improvement over the FY2014 actual EBIT result of breakeven, the FY2015 EBIT result was below Threshold. Cash performance of USD \$18.5M was excellent and achieved Stretch. An Innovation Council was established during the year and agreed product innovation initiatives completed, resulting in quantifiable achievements in each business unit including EBIT improvement, additional revenue, sales and improved margin.
Total awarded	100%	48.6%	

1) As the underlying NPAT performance was below Threshold, the Board exercised discretion to cap the STI Awards for cash flow to Target and for Projects and New Initiatives to 70% of Target.

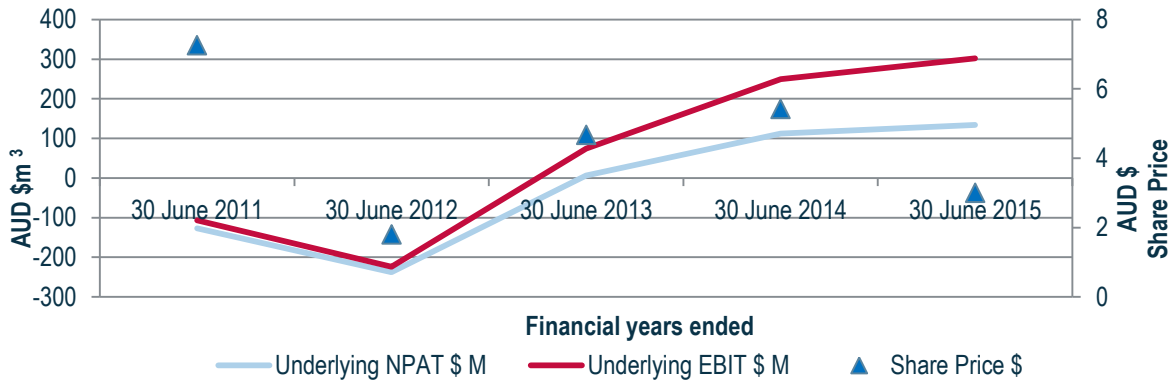
Business	Business outcomes
Australia and New Zealand Mark Vassella supported by Corporate executives Charlie Elias, Michael Barron and Ian Cummin	<ul style="list-style-type: none"> – The Australian Steel Products business delivered underlying EBIT of \$150.3M, up 216% on FY2014. This performance was driven by increased spread. STI targets for financial performance are set on the basis of the combined results of the Australian Steel Products business and the New Zealand business. As a result of the New Zealand business performance underlying EBIT was below Threshold and no STI was awarded for underlying EBIT performance. – Delivered on growth initiatives: the integration of the Orrcon, Fielders, One Steel Sheet and Coil and PSG were all completed during the year and all four business groups are performing in line with or better than business case. – Delivered cost reductions under a range of restructure initiatives implemented during the year yielding savings of \$41.4M on a full year basis. – Resolution of sale and leaseback tax dispute yielding at \$20M cash benefit.
Global Building Solutions (GBS) Bob Moore and Pat Finan supported by Corporate executives Charlie Elias, Michael Barron and Ian Cummin	<ul style="list-style-type: none"> – A 62% improvement in underlying EBIT to \$43.7M as a result of a strong performance in the North American business which exceeded its financial targets and a steady contribution from the China coated business. However, this result did not achieve the Threshold target for the GBS business and no STI was paid for underlying EBIT performance. – An initiative to de-risk the North American Pension Plan yielded a one off profit benefit in FY2015 of A\$11M. This was excluded from earnings to assess financial performance for STI purposes. – Cash flow from operations was \$45.8M which was between Threshold and Target. – Restructure of the China business yielded savings in FY2015 of RMB64.1M (A\$12M) and savings on a full year basis of RMB83M (A\$17M). – A further cost reduction plan was initiated during the year to identify a subsequent series of cost savings initiatives that are more focused on cost efficiency rather than business structure and on revenue growth actions. Further opportunities amounting to RMB58M (A\$12M) are now being pursued. – The Global Accounts pipeline increased substantially year on year with project opportunities of \$1.29B compared to last year of \$1.04B and an increased proposal backlog.
Building Products Sanjay Dayal supported by Corporate executives Charlie Elias, Michael Barron and Ian Cummin	<ul style="list-style-type: none"> – In Asia and North America our Building Products business delivered underlying EBIT of \$98.3M, up 11% on FY2014. This result achieved the Threshold target. – Indonesia underlying EBIT of US\$8.4M was a significant improvement over FY2014. – New in-line painting expansion on the metal coating line in Malaysia was successfully completed. Commercial production has commenced with deliveries to customers. – India restructure plan completed with EBIT achieving Target.
Hot Rolled Products North America Pat Finan	<ul style="list-style-type: none"> – In North America, our Hot Rolled Products segment delivered outstanding results with underlying EBIT of \$107.3M, a 3% increase on FY2014. North Star BlueScope Steel earnings improved with favourable foreign exchange translation impacts and higher volumes, partly offset by weaker spreads. This result achieved an STI outcome between Threshold and Target. – Continuous improvement projects delivered more than \$10M in savings and margin improvement contributing to the financial performance.

Our reward arrangements are aligned with a combination of the measures shown in the table and graph below:

- Significantly below target STI Awards were made in FY2011 and FY2012 with higher STI awards made in FY2013 and FY2014 reflecting the significant improvement in performance in those years.
- Notwithstanding the improvements in financial performance in FY2015, STI Awards have been less than 50% of target reflecting the challenging business circumstances faced by the Company, particularly in New Zealand, China and the lower than expected spreads in the Australian business.
- FY2012 has been the only LTI Award to vest in the past six years.

The table and graph below summarises the Company's performance for FY2015 and the previous four years.

Measure	30 June 2011	30 June 2012	30 June 2013 ¹	30 June 2014	30 June 2015
Share price (\$) ²	7.26	1.80	4.67	5.42	3.00
Dividend per Ordinary Share (cents)	10	0	0	0	6
Earnings per Share (cents)	-291.3	-234.6	-19.1	-14.8	24.3



- Changes to AASB 119 Employee Benefits came into effect for BlueScope on 1 July 2013. The impact of this revised accounting standard is to increase defined benefit plan pension expense. Australian Accounting Standards require that comparative period financial information be adjusted to reflect the revised approach. Accordingly, each of the FY 2013 earnings metrics are adjusted down by \$28.7M pre-tax and \$23.0M post-tax compared to those reported in the FY2013 financial statements. The comparative figures for FY2011 and FY2012 have not been restated.
- On 19 December 2012, the Company consolidated its share capital through the conversion of every six shares in the Company into one ordinary share in the Company. As a result, share prices and earnings per share for the prior periods have been restated to reflect this change.
- Underlying earnings are categorised as non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 – Disclosing non-IFRS financial information, issued in December 2011. Underlying adjustments have been considered in relation to their size and nature, and have been adjusted from the reported information to assist readers to better understand the financial performance of the underlying business in each reporting period. These adjustments are assessed on a consistent basis from period to period and include both favourable and unfavourable items.

5.2 SHORT TERM INCENTIVE (STI) OUTCOMES

Consistent with the STI objectives communicated last year, the Board has resolved that the MD & CEO and KMP Executives achieved the following STI outcomes for the year:

KMP	% of target STI achieved	Value of cash STI for FY2015 (\$)	Value of deferred STI for FY2015 (\$)	Total STI paid for FY2015 (\$)
Paul O'Malley	48.6	481,224	240,612	721,836
Michael Barron	49.4	129,973	64,986	194,959
Ian Cummin	49.4	129,973	64,986	194,959
Sanjay Dayal	46.6	177,401	88,700	266,101
Charlie Elias	49.4	163,057	81,528	244,585
Pat Finan	48.5	124,253	62,126	186,379
Bob Moore	44.2	140,675	70,338	211,013
Mark Vassella	47.6	201,995	100,998	302,993

5.3 LONG TERM INCENTIVE (LTI) OUTCOMES

The FY2012 LTI Award vested in full during the year. A condition of this Award was that shares acquired on vesting have to be retained for 12 months following vesting. The only exception was to permit the release of a portion of the shares to pay tax liabilities incurred on vesting. The MD & CEO did not participate in the Award and hence has not had an LTI Award vest for seven years. The table below shows the results of LTI awards made in prior years, and those that remain outstanding:

Allocation year:	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
LTI award vesting status ¹	Lapsed in full	1 retest remaining; likely to lapse in full	All KMP other than MD & CEO. Vested in full in FY2015 with 12 month holding condition to be released in FY2016	To be tested during FY2016	To be tested during FY2017	To be tested during FY2018

- Vesting is subject to relative TSR performance against the companies ASX100. Refer to section 7.3 for details.

5.4 RETENTION RIGHTS OUTCOMES

Awards made on 29 August 2011 to support retention of key executives crucial to the implementation of the Company's restructure vested on 1 July 2014. The Board is satisfied these awards were successful in achieving their retention objectives.

The Board resolved not to reissue Retention Rights to KMP Executives for FY2015.

6. KMP EXECUTIVES – SUMMARY OF TERMS OF EMPLOYMENT

6.1 MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Feature	Description
Contract term and notice period	Paul O'Malley was appointed to the position of Managing Director and Chief Executive Officer effective from 1 November 2007 and his contract is ongoing. The contract can be terminated by either party at any time on six months' notice.
Termination (without cause)	If BlueScope terminates Mr O'Malley's employment by notice, it may provide payment in lieu of notice and must make an additional payment of 12 months' annual base pay.
Termination (with cause)	Mr O'Malley will be immediately terminated by BlueScope if, among other things, he wilfully breaches his Service Contract, is convicted of various offences for which he can be imprisoned or is disqualified from managing a corporation, or engages in conduct which is likely to adversely impact the reputation of BlueScope. In this circumstance, Mr O'Malley will only be entitled to his annual base pay up to the date of termination.
Illness or disablement	BlueScope may terminate Mr O'Malley's employment if he becomes incapacitated by physical or mental illness, accident or any other circumstances beyond his control for an accumulated period of six months in any 12 month period and, in this circumstance, will make payment of six months' notice based on annual base pay.
Fundamental change of employment terms	Mr O'Malley may resign if a fundamental change in his employment terms occurs and within three months of the fundamental change Mr O'Malley gives notice to BlueScope. In this event, the Company will provide Mr O'Malley with six months' notice, or a payment in lieu of that notice, and a termination payment of 12 months' annual base pay.
Change of control	Mr O'Malley is entitled to early vesting, subject to satisfying performance testing requirements, of LTIP awards on a change of control.
Non-compete restriction	Mr O'Malley is subject to a 12 month non-compete restriction after his employment ceases with BlueScope. Mr O'Malley cannot solicit or entice away from BlueScope any supplier, customer or employee or participate in a business that competes with BlueScope during the 12 month period.

6.2 OTHER KEY MANAGEMENT PERSONNEL

Key features of the terms of employment for disclosed KMP Executives (other than the Managing Director and Chief Executive Officer) include the following:

- Employment continues until terminated by either the executive or BlueScope, with six months' notice required of both parties. In the event of termination by the Company other than for cause, a termination payment of 12 months' pay applies. The maximum amount payable on termination will not exceed 12 months' fixed pay.
- Agreements are also in place for KMP Executives detailing the approach the Company will take with respect to payment of their termination payments and with respect to exercising its discretion on the vesting of Share Rights in the event of a 'Change of Control' of the organisation.

7. EXECUTIVE REMUNERATION TABLES

7.1 KEY MANAGEMENT PERSONNEL – EXECUTIVES (INCLUDING MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER)

The audited information contained in the following tables represents the annual remuneration for the year ended 30 June 2015 for the KMP.

Name	Year	Short-term employee benefits										Share-based payments					Total	% of performance related pay ⁹								
		Salary and fees ¹	Movement in annual leave provision ²	Short Term Incentive ³	Non-monetary ⁴	Other ⁵	Sub-total	Post-employment benefits ⁶	Other long-term employee benefits ⁷	Termination benefits	Shares and units	Options and rights ⁸														
Executive Director																										
P F O'Malley	2015	1,847,459	(90,051)	481,224	1,133	228,645	2,468,410	30,000	57,929	0	0	0	1,814,810	4,371,149	52.5											
	2014	1,792,929	28,424	1,011,323	0	225,795	3,058,471	25,000	56,727	0	0	1,807,940	4,948,138	57.0												
KMP Executives																										
M R Vassella	2015	1,055,691	(67,134)	201,995	0	117,797	1,308,349	30,000	41,622	0	0	598,264	1,978,235	40.5												
	2014	1,023,654	(21,592)	457,732	0	118,311	1,578,105	25,000	40,687	0	0	268,667	2,628,456	44.7												
I R Cummin	2015	654,528	(5,206)	129,973	(137,920)	73,263	714,638	30,000	21,783	0	0	383,526	1,149,947	44.7												
	2014	636,198	11,833	274,598	46,834	61,161	1,030,624	24,221	18,937	0	0	166,562	1,698,379	43.1												
M G Barron	2015	654,702	24,892	129,973	0	73,263	882,830	30,000	22,344	0	0	383,526	1,318,700	38.9												
	2014	636,198	(13,669)	286,093	1,041	63,853	973,516	25,000	21,865	0	0	166,562	1,650,725	45.4												
S R Elias	2015	821,932	(3,602)	163,057	1,161	92,333	1,074,881	30,000	24,431	0	0	475,480	1,604,792	39.8												
	2014	794,969	70,501	403,139	1,041	86,031	1,355,681	25,000	25,893	0	0	204,996	2,204,395	45.2												
S Dayal ¹⁰	2015	947,047	24,673	177,401	(72,091)	119,413	1,196,443	30,000	27,962	0	0	50,784	1,305,189	17.5												
	2014	912,999	67,390	389,189	(206,349)	102,820	1,266,049	25,000	28,227	0	0	224,609	3,143,728	63.3												
P J Finan	2015	632,945	11,245	124,253	0	0	768,443	23,527	0	0	0	323,683	1,115,653	40.2												
	2014	539,991	8,268	142,771	643	0	691,673	21,609	0	0	0	126,763	1,131,995	38.4												
R J Moore	2015	791,768	(1,395)	140,675	211,140	94,915	1,237,103	35,000	27,466	0	0	419,122	1,718,691	32.6												
	2014	766,875	3,746	206,721	213,965	82,363	1,273,670	34,996	36,612	0	0	162,301	1,927,819	32.5												
Total 2015		7,406,072	(106,578)	1,548,551	3,423	799,629	9,651,097	238,527	223,537	0	0	4,449,195	14,562,356													
Total 2014		7,103,813	154,901	3,171,566	57,175	740,334	11,227,789	205,826	228,948	0	0	1,320,460	19,333,635													

1) All KMPs received a base pay increase of 3% apart from S R Elias and S Dayal who received 5%. Exchange rate differences also affected overseas based KMPs.

2) Negative movement in annual leave provision indicates leave taken during the year exceeded leave accrued during the current year.

3) The amount disclosed under the heading Short Term Incentive represents the 2/3 of STI payable in cash. The remaining 1/3 is withheld and payable in restricted equity which is included as a share based payment.

4) Non-monetary includes executive health check and benefits provided under the Company's international assignment policy e.g. accommodation, tax equalisation, relocation benefits and medical coverage.

5) Due to changes in the superannuation legislation resulting in maximum contribution levels, members of the Defined Contribution Division can elect to receive a proportion of their superannuation as a cash allowance.

6) Post-employment benefits relate to superannuation contributions. There are no other post-employment benefits.

7) This shows movement in long term benefits during the year, including long service leave and annual leave provisions.

8) Includes all awards of share rights including deferred STI Awards and Awards under Long Term Incentive Plans.

9) The % of remuneration that is performance related recognises LTI based on accounting values rather than the amounts actually received.

10) S Dayal had previously been awarded only cash rights due to certain Singapore restrictions. Changes were introduced in FY2015 to address these restrictions to enable equity rewards to be made.

7.2 SHORT TERM INCENTIVE AWARDS

For FY2015 STI Awards were made for the achievement of quantifiable objectives including excellent cash management and improvements in business operating performance. One third of any STI awarded has been withheld and delivered as equity with a 12 month restriction on trading. Eligibility to receive an STI Award is subject to the terms and conditions of the plan, including a minimum of six months' performance during the plan year and that employment during the period is not terminated due to resignation, for cause or performance-related reasons.

Under the Company's Short Term Incentive Plan each executive can earn between 0% and 150% (maximum) of the STI target award. The table below shows the actual percentage outcome achieved and percentage forfeited for the year ended 30 June 2015.

SHORT TERM INCENTIVES

Name	Actual STI as a % of maximum STI for year ended 30 June 2015 ¹	% of maximum STI forfeited for year ended 30 June 2015
	%	%
Executive Director		
P F O'Malley	32	68
KMP Executives		
M R Vassella	32	68
I R Cummin	33	67
M G Barron	33	67
S R Elias	33	67
S Dayal	31	69
P J Finan	32	68
R J Moore	29	71

1) One third of total STI awarded is withheld and payable in restricted equity.

7.3 KEY TERMS OF OUTSTANDING LONG TERM INCENTIVE AWARDS

Share Rights granted, exercised and forfeited by the KMP during FY2015 were as follows:

The September 2009 Award was tested after the end of the final performance period (31 August 2014) and the September 2010 Award was tested after the third (31 August 2014) and fourth (28 February 2015) performance periods and no vesting occurred. The September 2011 Award was tested after the end of the performance period on 31 January 2015 and vested in full. (The MD & CEO did not participate in this award and for other participants vested awards are subject to a 12 month disposal restriction). The September 2010 Award will be tested after the conclusion of the fifth performance period on 31 August 2015.

The following summary table of Long Term Incentive Plan Awards outlines the key terms of LTI grants:

7.4 SHARE RIGHTS AWARDED AS REMUNERATION AND HOLDINGS

The numbers of rights over ordinary shares in the Company held during the financial year by each Director of BlueScope Steel Limited and other Key Management Personnel of the Group, including their related parties, as well as the value of share rights granted and exercised, are set out below:

Share Rights holdings for FY2015

2015	Balance at 30 June 2014	Granted in year ended 30 June 2015 ¹	Vested and exercised in year ended 30 June 2015 ²	Lapsed in year ended 30 June 2015	Balance at 30 June 2015	Vested and not yet exercised in year ended 30 June 2015	Unvested at 30 June 2015	Total Share Rights vested in year ended 30 June 2015	Value of Share Rights granted during the year at grant date ³	Value of Share Rights exercised during the year ⁴
	#	#	#	#	#	#	#	#	\$	\$
Executive Director										
P F O'Malley	2,502,735	593,210	212,108	155,000	2,728,837	-	2,728,837	212,108	2,274,065	1,049,998
KMP Executives										
M R Vassella	941,310	189,512	401,875	35,239	693,708	-	693,708	401,875	750,462	800,896
I R Cummin	589,716	116,658	244,692	26,495	435,187	-	435,187	244,692	460,686	474,423
M G Barron	593,661	117,708	248,637	26,495	436,237	-	436,237	248,637	466,440	493,952
S R Elias	729,980	151,708	305,429	30,715	545,544	-	545,544	305,429	607,295	605,133
S Dayal	828,050	168,054	350,183	30,000	615,921	-	615,921	350,183	662,512	687,628
P J Finan	473,298	93,961	199,689	16,667	350,903	-	350,903	199,689	358,926	359,310
R J Moore	622,099	129,667	244,067	17,625	490,074	-	490,074	244,067	494,525	490,349

- 1) The number of share rights granted includes rights awarded under the FY2014 short term incentive plan disclosed in the FY2014 Remuneration Report.
- 2) The number of shares issued is equal to the number of rights exercised and no amount was paid or remains unpaid for each share issued.
- 3) External advice from PWC Securities Limited has been used to determine the value of share rights awarded in the year ended 30 June 2015. The valuation has been made using the Black-Scholes Options Pricing Model (BSM) that includes a Monte Carlo simulation analysis.
- 4) Share Rights vested during the year under the FY2013 deferred STI Awards and 2011 Long Term Incentive Plan.

The table below sets out the details of each specific share right tranche and awards granted and vested during FY2015 for each KMP Executive.

2015	Number of Share Rights awarded	Date of grant	% vested in year ended 30 June 2015	% forfeited in year ended 30 June 2015	Share Rights yet to vest	Financial year in which awards may vest	Value of Share Rights not vested 30 June 2015 ¹	
							\$ Min	\$ Max
Executive Director								
P F O'Malley ³	155,000	30-Nov-09	-	100	-	2015	-	-
	200,037	30-Nov-10	-	-	200,037	2016	-	1,440,266
	0	16-Apr-12	-	-	-	-	-	-
	1,367,464	01-Sep-12	-	-	1,367,464	2016	-	1,805,052
	212,108	16-Aug-13	100	-	-	2015	-	-
	568,126	14-Nov-13	-	-	568,126	2018	-	1,994,122
	92,325	22-Aug-14	-	-	92,325	2016	-	505,941
500,885	01-Sep-14	-	-	500,885	2019	-	1,768,124	
KMP Executives								
M R Vassella	35,239	30-Nov-09	-	100	-	2015	-	-
	44,969	30-Nov-10	-	-	44,969	2016	-	323,777
	322,062	16-Apr-12	100	-	-	2015	-	-
	166,667	01-Sep-12	-	-	166,667	2016	-	168,334
	125,000	01-Sep-12	-	-	125,000	2016	-	132,500
	79,813	16-Aug-13	100	-	-	2015	-	-
	167,560	01-Sep-13	-	-	167,560	2018	-	552,948
	41,787	22-Aug-14	-	-	41,787	2016	-	228,993
147,725	01-Sep-14	-	-	147,725	2019	-	521,469	

2015	Number of Share Rights awarded	Date of grant	% vested in year ended 30 June 2015	% forfeited in year ended 30 June 2015	Share Rights yet to vest	Financial year in which awards may vest	Value of Share Rights not vested 30 June 2015 ¹	
							\$ Min	\$ Max
KMP Executives								
I R Cummin	26,495	30-Nov-09	-	100	-	2015	-	-
	33,810	30-Nov-10	-	-	33,810	2016	-	243,432
	199,679	16-Apr-12	100	-	-	2015	-	-
	103,334	01-Sep-12	-	-	103,334	2016	-	104,367
	77,500	01-Sep-12	-	-	77,500	2016	-	82,150
	45,013	16-Aug-13	100	-	-	2015	-	-
	103,885	01-Sep-13	-	-	103,885	2018	-	342,821
	25,068	22-Aug-14	-	-	25,068	2016	-	137,373
91,590	01-Sep-14	-	-	91,590	2019	-	323,313	
M G Barron	26,495	30-Nov-09	-	100	-	2015	-	-
	33,810	30-Nov-10	-	-	33,810	2016	-	243,432
	199,679	16-Apr-12	100	-	-	2015	-	-
	103,334	01-Sep-12	-	-	103,334	2016	-	104,367
	77,500	01-Sep-12	-	-	77,500	2016	-	82,150
	48,958	16-Aug-13	100	-	-	2015	-	-
	103,885	01-Sep-13	-	-	103,885	2018	-	342,821
	26,118	22-Aug-14	-	-	26,118	2016	-	143,127
91,590	01-Sep-14	-	-	91,590	2019	-	323,313	
S R Elias	30,715	30-Nov-09	-	100	-	2015	-	-
	40,909	30-Nov-10	-	-	40,909	2016	-	294,545
	245,734	16-Apr-12	100	-	-	2015	-	-
	127,167	01-Sep-12	-	-	127,167	2016	-	128,439
	95,375	01-Sep-12	-	-	95,375	2016	-	101,098
	59,695	16-Aug-13	100	-	-	2015	-	-
	130,385	01-Sep-13	-	-	130,385	2018	-	430,271
	36,803	22-Aug-14	-	-	36,803	2016	-	201,680
114,905	01-Sep-14	-	-	114,905	2019	-	405,615	
S Dayal ²	30,000	30-Nov-09	-	100	-	2015	-	-
	40,885	30-Nov-10	-	-	40,885	2016	-	294,372
	283,414	16-Apr-12	100	-	-	2015	-	-
	146,667	01-Sep-12	-	-	146,667	2016	-	148,134
	110,000	01-Sep-12	-	-	110,000	2016	-	116,600
	66,769	16-Aug-13	100	-	-	2015	-	-
	150,315	01-Sep-13	-	-	150,315	2018	-	496,040
	35,529	22-Aug-14	-	-	35,529	2016	-	194,699
132,525	01-Sep-14	-	-	132,525	2019	-	467,813	
P J Finan	16,667	30-Nov-09	-	100	-	2015	-	-
	29,202	30-Nov-10	-	-	29,202	2016	-	210,254
	170,504	16-Apr-12	100	-	-	2015	-	-
	78,280	01-Sep-12	-	-	78,280	2016	-	79,063
	58,710	01-Sep-12	-	-	58,710	2016	-	62,233
	29,185	16-Aug-13	100	-	-	2015	-	-
	90,750	01-Sep-13	-	-	90,750	2018	-	299,475
	13,971	22-Aug-14	-	-	13,971	2016	-	76,561
79,990	01-Sep-14	-	-	79,990	2019	-	282,365	
R J Moore	17,625	30-Nov-09	-	100	-	2015	-	-
	30,570	30-Nov-10	-	-	30,570	2016	-	220,104
	194,525	16-Apr-12	100	-	-	2015	-	-
	116,667	01-Sep-12	-	-	116,667	2016	-	117,834
	87,500	01-Sep-12	-	-	87,500	2016	-	92,750
	49,542	16-Aug-13	100	-	-	2015	-	-
	125,670	01-Sep-13	-	-	125,670	2018	-	414,711
	18,872	22-Aug-14	-	-	18,872	2016	-	103,419
110,795	01-Sep-14	-	-	110,795	2019	-	391,106	

1) External valuation advice from PWC Securities Limited has been used to determine the value of Share Rights held by KMP at 30 June 2015.

2) Due to restrictions relating to awards of equity in Singapore, S Dayal was awarded Cash Rights in FY2014 which delivers a cash payment on vesting. As such, he holds 283,414 Cash Rights that were awarded under the LTIP 2011. Under the terms of LTIP 2011 (Revised), these shares are held in restriction for 12 months until 30 January 2016.

3) P F O'Malley received 212,108 shares during FY2015 upon exercise of Share Rights received under the FY2013 deferred STI Award. These shares were purchased on market on 26 August 2014 at an average price of \$5.3960 per share.

7.5 SHARES AWARDED AS REMUNERATION

The following table shows retention shares awarded during FY2012 which vested on 1 July 2014 (FY2015). No shares were awarded during FY2015.

2015	Number of Shares awarded	Date of grant	% vested in year ended 30 June 2015	% forfeited in year ended 30 June 2015	Shares yet to vest	Financial year in which awards may vest	Value of Shares not vested 30 June 2015	
							\$ Min	\$ Max
Executive Director								
	-	-	-	-	-	-	-	-
KMP Executives								
	108,233	29-Aug-11	100	-	-	2015	-	-
	67,100	29-Aug-11	100	-	-	2015	-	-
	67,100	29-Aug-11	100	-	-	2015	-	-
	82,584	29-Aug-11	100	-	-	2015	-	-
	80,634	29-Aug-11	100	-	-	2015	-	-
	51,067	29-Aug-11	100	-	-	2015	-	-
	65,384	29-Aug-11	100	-	-	2015	-	-

7.6 SHARE HOLDINGS IN BLUESCOPE STEEL LIMITED

The numbers of shares in the Company held during the financial year by each Director of BlueScope Steel Limited and other Key Management Personnel of the Group, including their personally related parties are set out below: ¹

Name	Ordinary shares held as at 30 June 2014	Received during the year on the exercise of share rights ²	Shares granted as compensation	Net changes (other) ³	Ordinary shares held as at 30 June 2015
Non-executive Directors					
G J Kraehe	106,883	-	-	-	106,883
R J McNeilly ⁴	396,452	-	-	-	396,452
D B Grollo	38,447	-	-	-	38,447
K A Dean	35,488	-	-	5,000	40,488
P Bingham-Hall	57,834	-	-	-	57,834
E G W Crouch	25,000	-	-	5,000	30,000
L H Jones	20,000	-	-	12,000	32,000
J A Bevan	3,881	-	-	19,045	22,926
R P Dee-Bradbury	0	-	-	22,300	22,300
Executive Director					
P F O'Malley	83,286	212,108	-	-106,000	189,394
KMP Executives					
M R Vassella	117,654	401,875	-	-181,000	338,529
I R Cummin	123,079	244,692	-	0	367,771
M G Barron	99,255	248,637	-	-116,050	231,842
S R Elias	93,581	305,429	-	0	399,010
S Dayal	3,334	66,769	-	0	70,103
P J Finan	88,616	199,689	-	-100,252	188,053
R J Moore	204,453	244,067	-	-202,476	246,044

1) Including related party interests.

2) Exercise of share rights awarded under the FY2013 STI Plan and 2011 Long Term Incentive Plan.

3) These amounts represent 'on market' acquisitions and disposals of shares, including shares sold to pay tax liabilities arising on vested STI equity awards.

4) Mr McNeilly retired from the Board effective 7 April 2015. The shareholding is represented as at 7 April 2015.

8. NON-EXECUTIVE DIRECTORS' REMUNERATION

8.1 OVERVIEW

Fees are normally reviewed annually on 1 January. The Board decided that there would be no increase in Directors' base fees for 2015. Directors' base and Committee fees have not been increased since 1 January 2011. Following a review this year, Committee fees increased to align with market movement, effective 1 January 2015.

Non-executive Directors are expected to build a shareholding in the Company equivalent to one year's base fees.

The schedule of fees (exclusive of superannuation) effective 1 January 2015, and which currently applies, is as follows:

Role	Fees effective 1 Jan 2015
Chairman ¹	\$472,500
Deputy Chairman ¹	\$273,000
Non-executive Director	\$157,500
Chairman of Audit and Risk Committee	\$40,000
Member of Audit and Risk Committee	\$20,000
Chairman of Remuneration and Organisation Committee	\$34,000
Member of Remuneration and Organisation Committee	\$16,000
Chairman of Health, Safety and Environment Committee	\$28,000
Member of Health, Safety and Environment Committee	\$14,000

1) Additional fees are not payable to the Chairman and Deputy Chairman for membership of Committees.

The maximum fee pool limit is currently \$2,925,000 per annum (inclusive of superannuation) as approved by shareholders at the Annual General Meeting in 2008. Total fees paid to Directors for the year ended 30 June 2015 amounted to \$2,229,714 (FY2014 \$1,979,632).

Compulsory superannuation contributions per Director capped at \$19,308 per annum (commencing 1 July 2015) are paid on behalf of each Director. Compulsory superannuation contributions for the year ended 30 June 2015 were \$18,783 per annum. Non-executive Directors do not receive any other retirement benefits.

8.2 DIRECTORS' REMUNERATION TABLE

Details of the audited remuneration for FY2015 for each Non-executive Director of BlueScope are set out in the following table.

Name	Year	Short-term benefits			Post-employment benefits ²	Total
		Fees ¹	Non-monetary	Sub-total		
		\$	\$	\$	\$	\$
Director - Current						
G J Kraehe	2015	472,500	10,913	483,413	18,783	502,196
	2014	472,500	10,227	482,727	17,775	500,502
R J McNeilly ³	2015	210,241	5,498	215,739	14,465	230,204
	2014	273,000	-	273,000	17,775	290,775
Y P Tan ⁴	2015	-	-	-	-	-
	2014	79,154	-	79,154	6,837	85,991
D B Grollo	2015	199,426	-	199,426	18,768	218,194
	2014	199,157	-	199,157	17,775	216,932
K A Dean	2015	209,679	-	209,679	18,783	228,462
	2014	207,900	-	207,900	17,775	225,675
P Bingham-Hall	2015	201,403	-	201,403	18,768	220,171
	2014	197,400	-	197,400	17,775	215,175
E G W Crouch	2015	190,767	-	190,767	18,123	208,890
	2014	190,050	-	190,050	17,580	207,630
L H Jones ⁵	2015	190,767	-	190,767	18,123	208,890
	2014	147,521	-	147,521	12,482	160,003
J A Bevan ⁵	2015	190,767	-	190,767	18,123	208,890
	2014	44,762	-	44,762	4,140	48,902
R P Dee-Bradbury ⁵	2015	186,134	-	186,134	17,683	203,817
	2014	25,672	-	25,672	2,375	28,047
Total 2015		2,051,684	16,411	2,068,095	161,619	2,229,714
Total 2014		1,837,116	10,227	1,847,343	132,289	1,979,632

1) There was no increase in Directors' base fees during the year. Committee fees increased effective 1 January 2015 to align with market movement.

2) Post-employment benefits relate to government compulsory superannuation contributions.

3) R J McNeilly retired with effect 7 April 2015.

4) Y P Tan retired with effect 31 October 2013.

5) L H Jones, J A Bevan and R P Dee-Bradbury were appointed to the Board with effect from 2 September 2013, 12 March 2014 and 22 April 2014 respectively.

9. RELATED PARTY TRANSACTIONS

9.1 LOANS TO KEY MANAGEMENT PERSONNEL

There have been no loans granted to directors and executives or their related entities.

9.2 OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Mr Daniel Grollo is a director of Grocon Group Holdings Pty Ltd, a privately owned company. Grocon occasionally purchases Lysaght building products from the BlueScope Steel Group on normal terms and conditions. Total amounts purchased from the BlueScope Steel Group by Grocon for FY2015 were less than \$1,000 (2014: \$1,919,839).

In the normal course of business the Company occasionally enters into transactions with various entities that have directors in common with BlueScope Steel. Transactions with these entities are made on commercial arm's length terms and conditions. The relevant directors do not participate in any decisions regarding these transactions.

OTHER MATTERS

ENVIRONMENTAL REGULATION

BlueScope's Australian manufacturing operations are subject to significant environmental regulation. Throughout its Australian operations in the 12 months to 30 June 2015, the Company notified relevant authorities of 15 incidents resulting in statutory non-compliances and received three minor Penalty Infringement Notices from the NSW Environment Protection Authority (NSW EPA). The Company notified its site at Erskine Park, Sydney as a contaminated site; the EPA is currently investigating whether the contamination has migrated from an adjacent site not owned or operated by BlueScope. Boundary remediation has continued at the former stainless steel manufacturing site at Port Kembla, which had been previously notified to NSW EPA and declared as 'significantly contaminated' by NSW EPA. In October 2014, a fire destroyed the stack of the Sinter Plant Waste Gas Cleaning Plant at the Port Kembla Steelworks. With the EPA's approval, the Sinter Plant continued to operate under stringent licence conditions while a new stack was constructed. In December 2014, the Victorian EPA served two Clean-Up Notices on BlueScope relating to its site at Sunshine, Victoria, requiring the assessment of asbestos contamination at the site. The site is adjacent to a former asbestos factory. The Clean-Up Notices have now been revoked and the EPA is considering its response to BlueScope's assessment of the asbestos contamination at the site. During the period there were no environmental prosecutions against the Company.

BlueScope submits annual reports to the Department of the Environment, which detail greenhouse gas emissions and energy consumption and production under the National Greenhouse Gas and Energy Reporting scheme, and substance emissions to air and water for the National Pollutant Inventory.

Each year BlueScope publishes a Community Safety and Environment Report, which is available on our website. The report provides further details of the Company's environmental performance and initiatives.

INDEMNIFICATION AND INSURANCE OF OFFICERS

BlueScope Steel has entered into directors' and officers' insurance policies and paid an insurance premium in respect of the insurance policies, to the extent permitted by the *Corporations Act 2001*. The insurance policies cover former Directors of BlueScope Steel along with the current Directors of BlueScope Steel (listed on page 20). Executive officers and employees of BlueScope Steel and its related bodies corporate are also covered.

In accordance with Rule 21 of its Constitution, BlueScope Steel to the maximum extent permitted by law:

- must indemnify any current or former Director or Secretary; and
- may indemnify current or former executive officers,

of BlueScope Steel or any of its subsidiaries, against all liabilities (and certain legal costs) incurred in those capacities to a person, including a liability incurred as a result of appointment or nomination by BlueScope Steel or its subsidiaries as a trustee or as a director, officer or employee of another corporation.

Directors of BlueScope Steel, the Chief Financial Officer and the Chief Legal Officer and Company Secretary have entered into an Access, Insurance and Indemnity Deed with BlueScope Steel. The Deed addresses the matters set out in Rule 21 of the Constitution and includes, among other things, provisions requiring BlueScope Steel to indemnify an officer to the extent to which they are not already indemnified as permitted under law, and to use its best endeavours to maintain an insurance policy covering the period while they are in office and seven years after ceasing to hold office.

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 insurance contract, as (in accordance with normal commercial practice) such disclosure is prohibited under the terms of the contract.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF BLUESCOPE STEEL

As at the date of this report, there are no leave applications or proceedings brought on behalf of BlueScope Steel under section 237 of the *Corporations Act 2001*.

ROUNDING OF AMOUNTS

BlueScope Steel is a company of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars, or in certain cases, the nearest thousand or the nearest dollar.

AUDITOR INDEPENDENCE DECLARATION

Ernst & Young was appointed as auditor for BlueScope Steel at the 2002 Annual General Meeting.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Auditor's Independence Declaration for the year ended 30 June 2015 has been received from Ernst & Young. This is set out at page 44 of the Directors' Report. Ernst & Young provided \$608,905 of non-audit services during the year ended 30 June 2015, comprising:

Assurance Services

\$104,905 for taxation compliance services

\$7,000 for environmental compliance services

Advisory Services

\$250,000 for working capital advisory services

\$247,000 for market research advisory services

The Directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors in accordance with the *Corporations Act 2001*. The nature, value and scope of each type of non-audit service provided is considered by the Directors not to have compromised auditor independence.

This report is made in accordance with a resolution of the Directors.



G J KRAEHE AO
Chairman



P F O'MALLEY
Managing Director and Chief Executive Officer

Melbourne
24 August 2015



Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
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Auditor's Independence Declaration to the Directors of BlueScope Steel Limited

In relation to our audit of the financial report of BlueScope Steel Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Rodney Piltz'.

Rodney Piltz
Partner
24 August 2015



Concise Financial Report

BlueScope Steel Limited ABN 16 000 011 058
Concise Financial Report - 30 June 2015

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BlueScope Steel Limited
Statement of comprehensive income
For the year ended 30 June 2015

		Consolidated	
		2015	*Restated 2014
		\$M	\$M
	Notes		
Revenue from continuing operations	5	8,540.1	7,923.4
Other income	6	20.3	165.0
Changes in inventories of finished goods and work in progress		(86.9)	29.6
Raw materials and consumables used		(4,750.5)	(4,523.7)
Employee benefits expense		(1,581.0)	(1,558.0)
Depreciation and amortisation expense		(343.0)	(326.3)
Net impairment (expense) write-back of non-current assets	7	(2.7)	24.4
Direct carbon emission (expense) credit	7	1.0	(135.2)
Freight on external despatches		(527.2)	(498.4)
External services		(888.3)	(833.4)
Net restructuring costs	7	(5.2)	(36.0)
Finance costs		(76.8)	(67.8)
Other expenses		(193.2)	(177.7)
Share of net profits (losses) of associates and joint venture partnerships accounted for using the equity method		115.7	102.2
Profit before income tax		222.3	88.1
Income tax expense	8	(47.4)	(89.1)
Profit (loss) from continuing operations		174.9	(1.0)
Profit (loss) from discontinued operations after income tax	11(b)	2.2	(39.2)
Net profit (loss) for the year		177.1	(40.2)
<i>Items that may be reclassified to profit or loss</i>			
Gain (loss) on cash flow hedges taken to equity		(17.2)	0.3
(Gain) loss on cash flow hedges transferred to inventory and PP&E		12.7	(0.6)
Loss on cash flow hedges taken to equity attributable to non-controlling interests		(1.5)	-
Loss on cash flow hedges transferred to PP&E attributable to non-controlling interests		1.0	-
Net gain (loss) on hedges of net investments in foreign subsidiaries		53.1	(3.8)
Exchange fluctuations on translation of foreign operations attributable to BlueScope Steel Limited		101.3	36.1
Income tax (expense) benefit		0.1	0.2
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial gain (loss) on defined benefit superannuation plans attributable to BlueScope Steel Limited		(93.2)	56.5
- Income tax (expense) benefit		23.5	(10.0)
Actuarial gain (loss) on defined benefit superannuation plans attributable to non-controlling interests		(0.4)	1.7
Exchange fluctuations on translation of foreign operations attributable to non-controlling interests		74.5	(13.5)
Other comprehensive income for the year		153.9	66.9
Total comprehensive income for the year		331.0	26.7
Profit (loss) is attributable to:			
Owners of BlueScope Steel Limited		136.3	(82.4)
Non-controlling interests		40.8	42.2
		177.1	(40.2)
Total comprehensive income for the year is attributable to:			
Owners of BlueScope Steel Limited		216.6	(3.7)
Non-controlling interests		114.4	30.4
		331.0	26.7

*Certain amounts shown here have been restated to reflect retrospective changes made to discontinued operations (refer to note 11).

BlueScope Steel Limited
Statement of comprehensive income
For the year ended 30 June 2015
(continued)

	Notes	2015 Cents	*Restated 2014 Cents
Earnings per share for profit (loss) from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings (loss) per share	14	23.9	(7.7)
Diluted earnings (loss) per share	14	23.2	(7.7)
Earnings per share for profit (loss) attributable to the ordinary equity holders of the Company			
Basic earnings (loss) per share	14	24.3	(14.8)
Diluted earnings (loss) per share	14	23.6	(14.8)

*Certain amounts shown here have been restated to reflect retrospective changes made to discontinued operations (refer to note 11).

BlueScope Steel Limited
Statement of financial position
As at 30 June 2015

Consolidated
2015 **2014**
\$M **\$M**

ASSETS

Current assets

Cash and cash equivalents	518.5	466.6
Trade and other receivables	1,087.4	1,062.5
Inventories	1,496.7	1,503.1
Derivative financial instruments	1.4	-
Intangible assets	5.3	35.9
Deferred charges and prepayments	71.2	59.8
	3,180.5	3,127.9

Non-current assets classified as held for sale

	5.3	3.7
--	-----	-----

Total current assets

	3,185.8	3,131.6
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Non-current assets

Trade and other receivables	36.2	46.1
Inventories	63.9	68.1
Investments accounted for using the equity method	144.6	138.7
Property, plant and equipment	3,732.6	3,515.3
Intangible assets	510.0	448.7
Deferred tax assets	196.0	162.6
Deferred charges and prepayments	8.4	7.8
	4,691.7	4,387.3

Total non-current assets

	4,691.7	4,387.3
--	----------------	----------------

Total assets

	7,877.5	7,518.9
--	----------------	----------------

LIABILITIES

Current liabilities

Trade and other payables	1,306.1	1,218.6
Borrowings	107.6	40.5
Current tax liabilities	8.6	9.7
Provisions	419.2	508.7
Deferred income	153.2	150.0
Derivative financial instruments	10.6	2.2
	2,005.3	1,929.7

Total current liabilities

Non-current liabilities

Trade and other payables	11.5	41.8
Borrowings	686.1	687.7
Deferred tax liabilities	24.2	31.2
Provisions	190.2	205.8
Retirement benefit obligations	217.9	162.6
Deferred income	3.2	3.4
	1,133.1	1,132.5

Total non-current liabilities

Total liabilities

	3,138.4	3,062.2
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Net assets

	4,739.1	4,456.7
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EQUITY

Contributed equity	4,673.8	4,659.4
Reserves	225.1	73.8
Retained profits (loss)	(623.3)	(671.7)
Parent entity interest	4,275.6	4,061.5
	4,275.6	4,061.5

Non-controlling interest

	463.5	395.2
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Total equity

	4,739.1	4,456.7
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BlueScope Steel Limited
Statement of changes in equity
For the year ended 30 June 2015

Consolidated - 30 June 2015	Contributed equity \$M	Reserves \$M	Retained earnings \$M	Non-controlling interests \$M	Total \$M
Balance at 1 July 2014	4,659.4	73.8	(671.7)	395.2	4,456.7
Profit (loss) for the period	-	-	136.3	40.8	177.1
Other comprehensive income (loss)	-	150.0	(69.7)	73.6	153.9
Total comprehensive income for the year	-	150.0	66.6	114.4	331.0
Transactions with owners in their capacity as owners:					
Shares issued:					
FY13 KMP STI share awards	1.9	-	-	-	1.9
FY11 LTIP share award	7.5	(7.5)	-	-	-
Retention share awards - Treasury shares	3.7	(3.7)	-	-	-
FY13 STI and GESP 2012 share buybacks	(0.6)	-	-	-	(0.6)
GESP 2012 share award vested	-	(0.8)	-	-	(0.8)
Share-based payment expense	-	12.7	-	-	12.7
Dividends paid	-	-	(17.0)	(46.2)	(63.2)
Tax credit recognised directly in equity	1.9	-	-	-	1.9
Transactions with non-controlling interests	-	(0.5)	-	-	(0.5)
Other	-	1.1	(1.2)	0.1	-
	14.4	1.3	(18.2)	(46.1)	(48.6)
Balance at 30 June 2015	4,673.8	225.1	(623.3)	463.5	4,739.1

Consolidated - 30 June 2014	Contributed equity \$M	Reserves \$M	Retained earnings \$M	Non-controlling interests \$M	Total \$M
Balance at 1 July 2013	4,650.1	37.5	(634.7)	407.4	4,460.3
Profit (loss) for the period	-	-	(82.4)	42.2	(40.2)
Other comprehensive income (loss)	-	32.2	46.5	(11.8)	66.9
Total comprehensive income (loss) for the year	-	32.2	(35.9)	30.4	26.7
Transactions with owners in their capacity as owners:					
Shares issued:					
FY12 KMP STI share awards	1.3	-	-	-	1.3
Retention share awards - Treasury shares	8.0	(8.0)	-	-	-
Share-based payment expense	-	14.4	-	-	14.4
Dividends paid	-	-	-	(42.9)	(42.9)
Transactions with non-controlling interests	-	(3.3)	-	0.3	(3.0)
Other	-	1.0	(1.1)	-	(0.1)
	9.3	4.1	(1.1)	(42.6)	(30.3)
Balance at 30 June 2014	4,659.4	73.8	(671.7)	395.2	4,456.7

BlueScope Steel Limited
Statement of cash flows
For the year ended 30 June 2015

		Consolidated	
		2015	2014
Notes		\$M	\$M
Cash flows from operating activities			
	Receipts from customers	8,989.0	8,328.2
	Payments to suppliers and employees	<u>(8,482.5)</u>	<u>(7,953.6)</u>
		506.5	374.6
	Associate dividends received	4.6	3.3
	Joint venture partnership distributions received	127.3	95.1
	Interest received	3.0	3.7
	Other revenue	16.6	26.4
	Finance costs paid	(69.6)	(55.6)
	Income taxes (paid)/received	<u>(49.7)</u>	<u>(40.4)</u>
	Net cash inflow from operating activities	<u>538.7</u>	<u>407.1</u>
Cash flows from investing activities			
	Payments for property, plant and equipment	(375.8)	(297.8)
	Payments for intangibles	(9.1)	(8.3)
	Payments for investments in joint venture partnerships	(2.5)	(1.6)
	Payments for purchase of business assets, net of cash acquired	(52.7)	(153.6)
	Proceeds from sale of property, plant and equipment	22.1	23.4
	Proceeds from sale of business	<u>7.2</u>	<u>-</u>
	Net cash (outflow) from investing activities	<u>(410.8)</u>	<u>(437.9)</u>
Cash flows from financing activities			
	Proceeds from borrowings	2,114.8	1,365.3
	Repayment of borrowings	(2,165.9)	(1,338.5)
	Dividends paid to Company's shareholders	(17.0)	-
	Dividends paid to non-controlling interests in subsidiaries	(46.2)	(42.9)
	Transactions with non-controlling interests	(0.5)	1.6
	Share buybacks	<u>(0.6)</u>	<u>-</u>
	Net cash (outflow) from financing activities	<u>(115.4)</u>	<u>(14.5)</u>
	Net increase (decrease) in cash and cash equivalents	12.5	(45.3)
	Cash and cash equivalents at the beginning of the financial year	465.9	512.9
	Effects of exchange rate changes on cash and cash equivalents	<u>39.5</u>	<u>(1.7)</u>
	Cash and cash equivalents at end of financial year	<u>517.9</u>	<u>465.9</u>
	Non-cash financing activities	13	

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1 Basis of preparation of the concise financial report

The concise financial report relates to the consolidated entity consisting of BlueScope Steel Limited and the entities it controlled at the end of or during the year ended 30 June 2015. The accounting policies adopted have been consistently applied to all years presented.

The full financial report on which this concise financial report is based complies with the Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). This concise financial report has been prepared in accordance with the *Corporations Act 2011* and *Accounting Standard 1039 Concise Financial Reports*.

The concise financial report is an extract from the full financial report for the year ended 30 June 2015. The concise financial report cannot be expected to provide as an full understanding of the financial performance, financial position and financing and investing activities as the full financial report. Further financial information can be obtained from the full financial report.

Presentation Currency

The presentation currency used in this concise financial report is Australian Dollars.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars.

2 Corporate information

The financial report of BlueScope Steel Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 24 August 2015.

BlueScope Steel Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The registered office of the Company is Level 11, 120 Collins Street, Melbourne, Victoria, Australia 3000.

The nature of the operations and principal activities of the Group are described in note 4 and the directors' report.

3 Full Financial report

Further financial information can be obtained from the full financial report which is available from the Company, free of charge, on request. A copy may be requested by contacting the Company's share registrar whose details appear in the Corporate Directory. Alternatively, the full financial report can be accessed via the internet at www.bluescopesteel.com.

4 Segment information

(a) Description of segments

The Group's operating segments are reported in a manner which is materially consistent with the internal reporting provided to the chief operating decision maker. The Managing Director and Chief Executive Officer is responsible for allocating resources and assessing performance of the operating segments.

During the year, the Group re-organised its business structure to better reflect the way the current business is being managed. As a result, the Group's external reporting has changed in respect of the year ended 30 June 2015. Additionally, following the closure of Building Solutions Australia, including the sale of the Australian Water business in June 2015, these businesses have been included as part of discontinued operations. Comparatives for June 2014 have been restated for these retrospective changes.

SEGMENT	DESCRIPTION
Australian Steel Products	<ul style="list-style-type: none"> - Combination of two previously separately reported segments, Coated & Industrial Products Australia (CIPA) and Building Components & Distribution Australia (BCDA). - Includes Port Kembla Steelworks, a steel making operation and a leading supplier of flat steel in Australia, manufacturing slab, hot rolled coil and plate products with an annual production capacity of approximately 2.6 million tonnes of crude steel. - Comprises two main metallic coating and painting facilities located in Springhill, New South Wales and Western Port, Victoria together with steel painting facilities in Western Sydney and Acacia Ridge, Queensland. Steel from the Port Kembla Steelworks is processed by these facilities to produce a range of COLORBOND® pre-painted steel and ZINCALUME® zinc/aluminium branded products. - Operates a network of service centres and distribution sites from which it is a key supplier to the Australian building and construction industry, automotive sector, major white goods manufacturers and general manufacturers. - Holds the Lysaght steel solutions business, providing a range of LYSAGHT® branded products to the building and construction sector. - Export offices are also incorporated within this segment to trade steel manufactured at these facilities on global markets.
New Zealand & Pacific Steel	<ul style="list-style-type: none"> - Includes iron sand mining at Waikato North Head and Taharoa, New Zealand, producing iron sands for internal use at the Glenbrook, New Zealand, steel making operation and for export. - The Glenbrook facility produces a range of flat steel products for both domestic and export markets and has an annual production capacity of approximately 0.6 million tonnes. - Includes facilities in New Caledonia, Fiji and Vanuatu, which manufacture and distribute the LYSAGHT® range of products. - Includes the Auckland based long products rolling mill and wire drawing facility acquired from Fletcher Steel Limited in June 2014.
Global Building Solutions	<ul style="list-style-type: none"> - Global leader in custom engineered steel buildings and comprises the Company's engineered buildings solutions businesses in North America, China, Indonesia, Malaysia, Thailand and Vietnam. - The segment also includes metal coating, painting and Lysaght businesses in China.
Building Products ASEAN, North America & India	<ul style="list-style-type: none"> - Operates metallic coating and painting lines and LYSAGHT® roll-forming facilities in Indonesia, Malaysia, Thailand, Vietnam and North America, primarily servicing the building and construction industries. BlueScope Steel's Building Products operations also include LYSAGHT® roll-forming facilities in Singapore and Brunei. - These businesses comprise the NS BlueScope Coated Products joint venture, a 50/50 joint venture with Nippon Steel and Sumitomo Metal Corporation which BlueScope controls and therefore consolidates in the Group financial statements. - Includes Tata BlueScope Steel, a 50/50 joint venture with Tata Steel, with operations in India that include a recently established metal coating and painting line, LYSAGHT® roll-forming operations and a BUTLER® manufacturing and engineering facility. Tata BlueScope Steel's operations also include a LYSAGHT® roll-forming facility in Sri Lanka. These businesses are jointly controlled and are therefore equity accounted for in the Group financial statements.
Hot Rolled Products North America	<ul style="list-style-type: none"> - Includes a 50% interest in the North Star BlueScope Steel joint venture, a steel mini mill in the United States and a 47.5% shareholding in Castrip LLC. These businesses are jointly controlled and are therefore equity accounted for in the Group financial statements.

4 Segment information (continued)

(b) Reportable segments

The segment information provided to the Managing Director and Chief Executive Officer for the reportable segments for the year ended 30 June 2015 is as follows:

30 June 2015	Australian Steel Products \$M	New Zealand & Pacific Steel \$M	Global Building Solutions \$M	Building Products ASEAN, North America & India \$M	Hot Rolled Products North America \$M	Discontinued Operations \$M	Total \$M
Total segment sales revenue	4,792.1	972.1	1,538.1	1,790.8	-	31.6	9,124.7
Intersegment revenue	(363.4)	(112.1)	(0.4)	(96.5)	-	-	(572.4)
Revenue from external customers	4,428.7	860.0	1,537.7	1,694.3	-	31.6	8,552.3
Segment EBIT	128.4	(30.3)	56.0	97.1	107.3	1.8	360.3
Depreciation and amortisation	189.1	60.0	38.5	55.0	-	-	342.6
Impairment of non-current assets	0.2	-	-	-	2.5	-	2.7
Share of profit (loss) from associates and joint venture partnerships	-	4.1	1.2	(2.1)	112.5	-	115.7
Total segment assets	3,491.4	998.8	1,294.1	1,352.9	112.8	1.4	7,251.4
Total assets includes:							
Investments in associates and joint venture partnerships	-	3.8	2.2	25.8	112.8	-	144.6
Additions to non-current assets (other than financial assets and deferred tax)	172.8	104.1	30.3	72.8	-	-	380.0
Total segment liabilities	1,058.6	364.0	567.0	346.9	-	16.6	2,353.1
30 June 2014	Australian Steel Products \$M	New Zealand & Pacific Steel \$M	Global Building Solutions \$M	Building Products ASEAN, North America & India \$M	Hot Rolled Products North America \$M	*Restated Discontinued Operations \$M	Total \$M
Total segment sales revenue	4,522.1	870.9	1,384.3	1,742.9	-	83.3	8,603.5
Intersegment revenue	(392.9)	(130.8)	(3.9)	(94.8)	-	-	(622.4)
Revenue from external customers	4,129.2	740.1	1,380.4	1,648.1	-	83.3	7,981.1
Segment EBIT (restated*)	(115.7)	73.6	96.6	81.4	101.6	(49.9)	187.6
Depreciation and amortisation	188.7	52.8	33.5	51.1	-	1.3	327.4
Impairment of non-current assets	62.1	-	(88.1)	-	1.6	26.7	2.3
Share of profit (loss) from associates and joint venture partnerships	-	4.3	0.5	(8.0)	105.4	0.1	102.3
Total segment assets	3,687.1	923.9	1,087.2	1,124.1	103.3	17.5	6,943.1
Total assets includes:							
Investments in associates and joint venture partnerships	-	9.2	1.3	24.8	103.3	0.1	138.7
Additions to non-current assets (other than financial assets and deferred tax)	180.5	151.6	23.5	48.3	-	0.4	404.3
Total segment liabilities	1,154.1	278.3	492.2	279.3	-	42.6	2,246.5

*Certain amounts shown here have been restated to reflect the new external reporting segments adopted, effective 1 December 2014 and retrospective change made to discontinued operations (refer to note 11).

4 Segment information (continued)

(c) Geographical information

The Group's geographical regions are determined based on the location of markets and customers. Segment non-current assets exclude tax assets and are allocated based on where the assets are located.

	Segment revenues from sales to external customers		Non-current assets	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Australia	3,800.9	3,705.6	2,128.1	2,140.2
New Zealand	397.5	376.5	629.4	617.7
Asia	1,884.1	1,733.2	953.0	795.7
North America	1,807.1	1,538.2	770.0	638.1
Other	662.7	627.6	15.2	11.8
	8,552.3	7,981.1	4,495.7	4,203.5

(d) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in a manner consistent with that in the statement of comprehensive income.

	Note	Consolidated	
		2015 \$M	Restated 2014 \$M
Total segment revenue		9,124.7	8,603.5
Intersegment eliminations		(572.4)	(622.4)
Other revenue	5	19.4	25.6
Revenue attributable to discontinued operations		(31.6)	(83.3)
Total revenue from continuing operations		8,540.1	7,923.4

(ii) Segment EBIT

Performance of the operating segments is based on EBIT. This measurement basis excludes the effects of Group financing (including interest expense and interest income) and income taxes as these items are managed on a Group basis.

	Consolidated	
	2015 \$M	Restated 2014 \$M
Total segment EBIT	360.3	187.6
Intersegment eliminations	0.1	1.8
Interest income	4.3	3.7
Finance costs	(76.8)	(67.8)
EBIT (gain) loss attributable to discontinued operations	(1.8)	49.9
Corporate operations	(63.8)	(87.1)
Profit before income tax from continuing operations	222.3	88.1

4 Segment information (continued)

(iii) Segment assets and liabilities

Segment assets and liabilities are measured in a manner consistent with the financial statements and are allocated based on the operations of the segment and the physical location of the asset and liability.

Cash and liabilities arising from borrowing and funding initiatives, including deferred purchase price on business acquisitions, are not considered to be segment assets and liabilities respectively due to these being managed by the Group's centralised treasury function.

As the segment performance is measured based on EBIT, tax assets and tax liabilities, which by their nature do not contribute towards EBIT, are not allocated to operating segments.

	Consolidated	
	2015	Restated 2014
	\$M	\$M
Segment assets	7,251.4	6,943.1
Intersegment eliminations	(112.2)	(84.3)
Unallocated:		
Deferred tax assets	196.0	162.6
Cash	518.5	466.6
Corporate operations	23.8	9.7
Tax receivable	-	21.2
Total assets as per the statement of financial position	7,877.5	7,518.9

	Consolidated	
	2015	Restated 2014
	\$M	\$M
Segment liabilities	2,353.1	2,246.5
Intersegment eliminations	(111.3)	(83.3)
Unallocated:		
Current borrowings	107.6	40.5
Non-current borrowings	686.1	687.7
Current tax liabilities	8.6	9.7
Deferred tax liabilities	24.2	31.2
Accrued borrowing costs payable	5.7	6.5
Corporate operations	31.7	41.2
Deferred purchase price on business acquisition	32.7	82.2
Total liabilities as per the statement of financial position	3,138.4	3,062.2

5 Revenue

	Consolidated	
	2015 \$M	*Restated 2014 \$M
Revenue from operating activities		
Sales revenue	8,520.7	7,897.8
<i>Other revenue</i>		
Interest external	4.1	3.6
Interest related parties	0.2	0.1
Royalties external	3.9	2.5
Rental external	4.0	6.2
Other	7.2	13.2
Total other revenue	19.4	25.6
<i>Total revenue from operating activities</i>	8,540.1	7,923.4
From discontinued operations		
Sales revenue	31.6	83.3

*Certain amounts shown here have been restated to reflect retrospective changes made to discontinued operations (refer to note 11).

6 Other income

	Consolidated	
	2015 \$M	2014 \$M
Carbon permit income (a)	4.4	148.8
Government grant - other	0.7	1.9
Discount on acquisition (b)	-	8.1
Net gain on disposal of non-current assets (c)	11.3	3.7
Proceeds from sale of held for sale non-current asset (d)	0.7	1.3
Insurance recoveries	0.1	1.2
Foreign exchange gains (net)	3.1	-
	20.3	165.0

(a) Carbon permit income

The Group is a participant in the New Zealand Government's uncapped Emissions Trading Scheme (ETS) which was implemented with effect from 1 July 2010. The Australian Carbon Pricing Mechanism (CPM), which came into effect 1 July 2012, was abolished by the Australian Federal Government in July 2014.

Emission unit permits (EUs) received are accounted for at fair value at the date of grant with a corresponding entry to deferred income. Income is recognised based on the production outputs from the defined activity. EUs that are acquired are initially recognised at cost.

(b) Discount on acquisition

On 28 February 2014, the Group acquired Orrcon and Fielders businesses from Hills Holdings Limited, which resulted in a gain of \$8.1M recognised on acquisition. Refer to note 12 for further details on these acquisitions.

6 Other income (continued)

(c) Net gain on sale of non-current assets

Current year gain on sale of property, plant and equipment includes \$9.4M in Building Products ASEAN, North America and India, from the sale of the San Marcos manufacturing facility in December 2014. The prior period included \$11.0M gain on sale of land in Australian Steel Products segment, offset by a \$6.0M loss on the sale of the Buildings Products North America Fairfield facility.

(d) Proceeds from sale of Western Port Hot Strip Mill (HSM) asset

The current \$0.7M and prior period \$1.3M EBIT proceeds from sale represents the non-refundable deposit received in relation to the HSM held for sale asset. The asset was fully impaired for \$8.5M in June 2014, resulting in an EBIT loss of \$7.2M.

7 Expenses

Profit (loss) before income tax includes the following specific expenses for continuing operations:

	Consolidated	
	2015	*Restated 2014
	\$M	\$M
<i>Impairment of non-current assets</i>		
Australian Steel Products PP&E, goodwill and other intangibles	0.2	62.1
Castrip joint venture	2.5	1.6
Total impairment charge of non-current assets	2.7	63.7
Reversal of impairment loss - China Coated	-	(88.1)
Net impairment expense (write-back) of non-current assets (a)	2.7	(24.4)

	Consolidated	
	2015	*Restated 2014
	\$M	\$M
<i>Finance costs</i>		
Interest and finance charges paid/payable	55.0	46.8
Ancillary finance charges	17.4	17.3
Provisions: unwinding of discount	4.4	4.3
	76.8	68.4
Amount capitalised	-	(0.6)
Finance costs expensed	76.8	67.8

7 Expenses (continued)

	Consolidated	
	2015 \$M	*Restated 2014 \$M
Net foreign exchange losses	-	9.6
Rental expense relating to operating leases	101.9	96.1
Research and development expense	20.1	19.8
Net restructure provision expense (b)	5.2	36.0
Employee redundancy provision expense (c)	14.4	47.2
Direct carbon emission expense (credit) (d)	(1.0)	135.2
Defined contribution superannuation expense	90.9	72.0
Gain on curtailment - North America (e)	(11.2)	-
Defined Benefit superannuation fund closure gain (f)	(27.2)	-

*Certain amounts shown here have been restated to reflect retrospective changes made to discontinued operations (refer to note 11).

(a) Net impairment expense (write-back) of non-current assets

The Group tests for impairment and measures recoverable amount based on value in use based on the discounted future cash flows derived from continued use of assets. Refer to note 15 of the full financial report for the testing methodology and details of assumptions, including discount rates used. Impairment expense (write-backs) are included in the line item 'net impairment expense (write-backs) of non current assets' in the profit or loss.

Current period

As part of the sale of the Lysaght Advance Fencing business in July 2014, \$0.2M goodwill within the Australian Steel Products CGU was written off to the profit and loss.

A review on the carrying value of non-current assets for the Group for the year ended 30 June 2015 was undertaken by management. The analysis supports the current asset carrying value for all CGUs and therefore no further impairments have been recognised for the year ended 30 June 2015.

Hot Rolled Products North America

Impairment losses of \$2.5M (June 2014: \$1.6M) were recognised in relation to the Group's 47.5% investment in Castrip LLC which has a carrying value of \$Nil (June 2014: \$Nil).

Prior period

(i) Australian Steel Products

At 30 June 2014, within the Australian Steel Products segment, property, plant and equipment totalling \$51.4M and \$2.2M intangibles were impaired primarily within the BlueScope Distribution operating business due to lower sales volumes, challenges of a high AUD/USD improving the affordability of imports and strong market competition negatively impacting margins. While financial performance is expected to improve its extent is uncertain.

Additionally, \$8.5M of property, plant and equipment was impaired relating to the Western Port Hot Strip Mill within Coated & Industrial Products Australia (CIPA) as a result of a review of the likely recoverable value of this previously held for sale asset. The net profit and loss impact was a \$7.2M loss, net of the \$1.3M proceeds received.

(ii) Write-back - Building Products China

The Global Building Solutions segment has fully reversed impairments by \$88.1M, previously recognised for plant and equipment at the metallic coating and painting facility in Suzhou, China, as a result of strong historical and projected financial performance.

The prior period impairments were determined using discount rates of 13.6% for BlueScope Distribution, 13.8% for CIPA and 13.0% for Building Products China.

7 Expenses (continued)

(b) Net restructure provision expense

Current period restructuring costs relate to Australian Steel Products segment to cover estimated future costs of announced site closures.

(c) Employee redundancy provision expense

Current period employee redundancy costs reflects a range of internal reorganisations.

(d) Direct carbon emission expense (credit)

The Australian Carbon Pricing Mechanism (CPM), which came into effect 1 July 2012, was abolished by the Australian Federal Government in July 2014. The current year credit to carbon expense relates to the FY14 provision true-up in Port Kembla.

(e) Gain on curtailment - North America

The North American pension plan was amended to allow one-off lump sum payouts to terminated employees with vested benefits. An \$11.2M (USD 8.6M) one-off curtailment gain arising from the difference between the accounting liability (Defined Benefit Obligation) and the lump sum payout value has been recognised in the profit and loss in June 2015.

(f) Defined Benefit superannuation fund closure gain

The defined benefit division of the BlueScope Steel Superannuation Fund closed as at 31 December 2014. A \$27.2M curtailment gain arising from the fund closure was recognised in the profit and loss.

8 Income tax

(a) Income tax expense (benefit)

	Consolidated	
	2015	Restated*
	\$M	2014 \$M
Current tax	69.4	52.6
Deferred tax	(22.9)	36.0
Adjustments for current tax of prior periods	0.3	(10.6)
	<u>46.8</u>	<u>78.0</u>
Income tax expense (benefit) is attributable to:		
Profit (loss) from continuing operations	47.4	89.1
Profit (loss) from discontinued operations	(0.6)	(11.1)
Aggregate income tax expense	<u>46.8</u>	<u>78.0</u>
Deferred income tax (benefit) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets	(20.2)	22.5
(Decrease) increase in deferred tax liabilities	(2.7)	13.5
	<u>(22.9)</u>	<u>36.0</u>

8 Income tax (continued)

(b) Reconciliation of income tax expense to prima facie tax payable

	Consolidated	
	2015 \$M	Restated* 2014 \$M
Profit (loss) from continuing operations before income tax expense	222.3	88.1
Profit (loss) from discontinuing operations before income tax expense	1.6	(50.3)
	223.9	37.8
Tax at the Australian tax rate of 30.0% (2014 - 30.0%)	67.2	11.3
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Depreciation and amortisation	0.3	0.6
Manufacturing credits	(4.5)	(3.1)
Research and development incentive	(4.3)	(6.5)
Withholding tax	4.9	7.2
Non-taxable (gains) losses	(5.2)	(5.5)
Share of net (profits) losses of associates	(0.5)	2.0
Entertainment	1.6	1.7
Share-based payments	-	1.8
Sundry items	1.7	5.9
	61.2	15.4
Difference in overseas tax rates	0.9	(7.6)
Adjustments for current tax of prior periods	0.3	(10.6)
Temporary differences and tax losses not recognised	17.2	116.9
Previously unrecognised tax losses now recouped to reduce current tax expense	(36.9)	(37.9)
Previously recognised temporary differences and tax losses now derecognised	4.1	1.8
Income tax expense	46.8	78.0

*Certain amounts shown here have been restated to reflect retrospective changes made to discontinued operations (refer to note 11).

(c) Tax losses

	Consolidated	
	2015 \$M	2014 \$M
Unused tax losses for which no deferred tax asset has been recognised	2,086.9	2,312.3
Potential tax benefit	619.0	687.5

As at 30 June 2015, \$24.8M of Australian deferred tax liabilities generated during the period have been utilised (2014:\$103.2M impairment) within tax expense. A \$5.4M debit (2014: \$7.3M credit) has been recorded directly against retained earnings due to actuarial losses from the Australian Defined Benefit Superannuation Plan. The Company has deferred the recognition of any further tax asset for the Australian tax Group until a return to taxable profits has been demonstrated. Although \$2,004.3M of the Australian \$2.87 billion tax losses have been impaired and are not currently carried as a deferred tax asset, these past losses are able to be booked and used in the future, as Australian tax losses are able to be carried forward indefinitely (refer to note 9(iii)).

New Zealand Steel has recognised a NZD 99.5M deferred tax asset at 30 June 2015, which includes NZD 44.0M relating to tax losses. The utilisation of this deferred tax asset amount depends upon future taxable amounts in excess of profits arising from the reversal of temporary differences. The Group believes this amount to be recoverable based on taxable income projections. The Company has deferred the recognition of any further tax credits for the New Zealand Steel Group until a return to taxable profits has been demonstrated.

8 Income tax (continued)

The Group also has unrecognised tax losses arising in Vietnam of \$7.6M (2014: \$2.2M) and China of \$44.2M (2014: \$62.5M) which are able to be offset against taxable profits within five years of being incurred. Other unrecognised tax losses can be carried forward indefinitely but can only be utilised in the same tax group in which they are generated.

(d) Unrecognised temporary differences

	Consolidated	
	2015	2014
	\$M	\$M
Temporary difference relating to investment in subsidiaries for which deferred tax liabilities have not been recognised	517.1	345.7
Tax effect of the above unrecognised temporary differences	51.8	34.7

Overseas subsidiaries have undistributed earnings, which, if paid out as dividends, would be subject to withholding tax. An assessable temporary difference exists, however no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from their subsidiaries and is not expected to distribute these profits in the foreseeable future.

Unrecognised deferred tax assets for the Group totalling \$109.7M (2014: \$115.5M) in respect of temporary differences have not been recognised as they are not probable of realisation.

9 Contingencies

(a) Contingent liabilities

(i) Outstanding legal matters

	Consolidated	
	2015	2014
	\$M	\$M
Contingencies for various legal disputes	-	6.2
	-	6.2

The prior period represents a range of outstanding legal matters that were contingent on court decisions, arbitration rulings and private negotiations to determine amounts required for settlement. As at 30 June 2015, these legal matters were all settled. It is not practical to provide disclosure requirements relating to each and every case.

(ii) Guarantees

In Australia, BlueScope Steel Limited has provided \$88.7M (2014: \$103.4M) in guarantees to various state workers compensation authorities as a prerequisite for self insurance. An amount, net of recoveries, of \$59.0M (2014: \$59.6M) has been recorded in the consolidated financial statements as recommended by independent actuarial advice.

Bank guarantees have been provided to customers and suppliers in respect of the performance of goods and services supplied. Bank guarantees outstanding at 30 June 2015 totalled \$81.8M (2014: \$74.6M), resulting in a net contingent liability of \$22.8M (2014: \$15.0M).

(iii) Taxation

The Group operates in many countries across the world, each with separate taxation authorities, which results in significant complexity. At any point in time there are tax computations which have been submitted but not agreed by those tax authorities and matters which are under discussion between Group companies and the tax authorities. The Group provides for the amount of tax it expects to pay taking into account those discussions and professional advice it has received. While conclusion of such matters may result in amendments to the original computations, the Group does not believe that such adjustments will have a material adverse effect on its financial position, although such adjustments may be significant to any individual year's income statement.

9 Contingencies (continued)

The following contingent liability was resolved during the year:

The Australian Taxation Office (ATO) issued BlueScope Steel Limited (BSL) with amended assessments in relation to a sale and leaseback transaction entered into by BSL in the 2007 income tax year. In accordance with ATO guidelines, BSL made a \$21.2M part payment on 9 July 2012 pending determination of the dispute.

This matter was settled with the ATO in February 2015. As a result of the settlement, including interest receivable on the previous part payment, BlueScope received a cash refund of \$19.9M. BSL also agreed to cancel an amount of unbooked carry forward tax losses.

(b) Contingent assets

There are no material contingent assets required for disclosure as at 30 June 2015.

(c) Associates and joint ventures

For contingent assets and liabilities relating to associates and joint ventures refer to notes 23 and 24 respectively of the full financial report.

10 Dividends

(a) Ordinary shares

	Parent entity	
	2015	2014
	\$M	\$M
There was no final dividend paid in the years ended 30 June 2015 and 30 June 2014.	-	-
An interim dividend of 3 cents per fully paid ordinary share was paid on 1 April 2015 in relation to the year ended 30 June 2015. There was no interim dividend paid in the year ended 30 June 2014.		
Fully franked based on tax paid at 30%	17.0	-
Total dividends provided for or paid	17.0	-

(b) Dividends not recognised at year-end

For the year ended 30 June 2015, the Directors have approved the payment of a final dividend of 3 cents per fully paid ordinary share, fully franked based on tax paid at 30% (2014: Nil).

(c) Franked dividends

	Parent entity	
	2015	2014
	\$M	\$M
Actual franking account balance as at the reporting date	46.0	72.1
Franking credits available for subsequent financial years based on a tax rate of 30%	46.0	72.1

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (a) franking credits (debits) that will arise from the payment (receipt) of the amount of the provision for income tax;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

10 Dividends (continued)

(d) Dividend cash flows

The total cash paid to shareholders in respect of dividends during the period was \$17.0M (2014: \$Nil) as presented in the statement of cash flows.

11 Discontinued operations

(a) Description

Building Solution Australia

During the year the Group discontinued its Building Solution Australia business, including the sale of its industrial water tank operations on 19 June 2015. Building Solution Australia has been included as part of discontinued operations, with retrospective changes made to the comparative period results.

Metl-Span

On 22 June 2012, the Group sold Metl-Span, its North American insulated metal panels business, to NCI Group Inc.

Lysaght Taiwan

Following a series of construction contract losses in the financial year 2006, the Group closed down and sold the assets of its Lysaght Taiwan business.

(b) Financial performance of discontinued operations

	2015		Consolidated			2014
	Building Solutions Australia \$M	Lysaght Taiwan \$M	Total \$M	Restated Building Solutions Australia \$M	Metl-Span \$M	Total \$M
Revenue	31.6	-	31.6	83.3	-	83.3
Other income	5.4	-	5.4	-	-	-
Depreciation and amortisation	-	-	-	(1.3)	-	(1.3)
Impairment of non-current assets (i)	-	-	-	(26.7)	-	(26.7)
Restructuring costs	(2.9)	-	(2.9)	-	-	-
Finance costs	(0.3)	-	(0.3)	(0.4)	-	(0.4)
Other expenses	(31.7)	(0.5)	(32.2)	(105.0)	(0.3)	(105.3)
Share of net profits of associates	-	-	-	0.1	-	0.1
Profit (loss) before income tax	2.1	(0.5)	1.6	(50.0)	(0.3)	(50.3)
Income tax (expense) benefit	0.6	-	0.6	11.1	-	11.1
Profit (loss) after income tax from discontinued operations	2.7	(0.5)	2.2	(38.9)	(0.3)	(39.2)

The results and cash flows from discontinued operations are required to be presented on a consolidated basis. Therefore, the impact of intercompany sales, profit in stock eliminations, intercompany interest income and expense and intercompany funding have been excluded. The profit attributable to the discontinued segment is not affected by these adjustments. As a result of these adjustments the discontinued operations result and cash flows do not represent the operations as stand-alone entities.

(i) Impairment charges

At 30 June 2014, a total of \$26.7M of property, plant and equipment, goodwill and other intangibles were impaired in Building Solution Australia resulting from challenging market conditions.

11 Discontinued operations (continued)

Details on sale of Australian Water operations

Included in the June 2015 Building Solutions Australia results is a \$5.4M pre-tax disposal gain.

	2015
	\$M
Cash consideration received	7.4
Selling expenses	(0.2)
Net disposal consideration	<u>7.2</u>
Carrying amount of net assets sold	(1.8)
Gain on sale before income tax	<u>5.4</u>
Income tax expense	(0.4)
Gain on sale after income tax	<u>5.0</u>

(c) Cash flow information - discontinued operations

The net cash flows of discontinued operations held are as follows:

	2015		Consolidated			2014	
	Buildings Australia \$M	Lysaght Taiwan \$M	Total \$M	Restated Buildings Australia \$M	Metl-Span \$M	Lysaght Taiwan \$M	Total \$M
Net cash inflow (outflow) from operating activities	(15.1)	(0.9)	(16.0)	(5.3)	(0.1)	(0.3)	(5.7)
Net cash inflow (outflow) from investing activities	6.9	-	6.9	(0.2)	-	-	(0.2)
Net cash inflow (outflow) from financing activities	-	-	-	-	-	-	-
Net increase in cash generated by the operation	<u>(8.2)</u>	<u>(0.9)</u>	<u>(9.1)</u>	<u>(5.5)</u>	<u>(0.1)</u>	<u>(0.3)</u>	<u>(5.9)</u>

12 Business combinations

(a) Summary of acquisitions

(i) On 28 February 2014, BlueScope acquired two businesses from Hills Limited: Orrcon, a pipe and tube manufacturer and distributor and Fielders, a building products business for a purchase consideration of \$89.6M.

(ii) On 1 April 2014, BlueScope acquired the OneSteel sheet and coil processing and distribution businesses in Sydney, Brisbane, Adelaide and Perth, from Arrium Limited for a purchase consideration of \$25.7M.

(iii) In June 2014, BlueScope acquired the Auckland long products rolling mill and wire drawing facility from Pacific Steel Group (PSG), a division of Fletcher Steel Limited, for a total purchase price of AUD 107.2M (NZD 113.9M), of which \$82.2M was deferred as at 30 June 2014. During the year, a total of \$47.7M (NZD 52.3M) was paid.

(iv) On 1 August 2014, BlueScope acquired the Fiji rolling mill from Pacific Steel Group (PSG), a division of Fletcher Steel Limited. The fair value of net identifiable assets acquired was \$5.4M (NZD 5.9M) which included \$2.0M for property, plant and equipment with the balance representing working capital.

13 Non-cash financing activities

	Consolidated	
	2015	2014
	\$M	\$M
Acquisition of plant and equipment by means of finance leases (i)	1.1	29.1
<p>(i) The prior period represents the remaining 50% of the value of the finance lease of NZD 31.4M in New Zealand Steel for the construction of a new Air Separation Unit (ASU).</p>		

14 Earnings (loss) per share

(a) Basic and Diluted earnings (loss) per share attributable to the ordinary equity holders of the Company

	Consolidated			
	Basic		Diluted	
	2015	Restated	2015	Restated
	Cents	2014	Cents	2014
		Cents		Cents
Continuing operations	23.9	(7.7)	23.2	(7.7)
Discontinued operations	0.4	(7.1)	0.4	(7.1)
Earnings (loss) per share	24.3	(14.8)	23.6	(14.8)

(b) Reconciliation of earnings used in calculating earnings (loss) per share

	Consolidated	
	2015	Restated
	\$M	2014
		\$M
Profit (loss) used in calculating basic earnings (loss) per share:		
Continuing operations	134.1	(43.2)
Discontinued operations	2.2	(39.2)
	136.3	(82.4)

(c) Weighted average number of shares used as denominator

	Consolidated	
	2015	2014
	Number	Number
<i>Weighted average number of ordinary shares (Basic)</i>	561,285,388	558,640,171
Weighted average number of share rights	16,602,014	14,922,525
<i>Weighted average number of ordinary and potential ordinary shares (Diluted)</i>	577,887,402	573,562,696

14 Earnings (loss) per share (continued)

(d) Earnings (loss) per share restated

In accordance with AASB 133 *Earnings per Share*, the comparative earnings (loss) per share calculations have been restated for the retrospective adjustment made to discontinued operations (refer to note 11).

(e) Calculation of earnings per share

(i) *Basic earnings (loss) per share*

Calculated as net profit (loss) attributable to the ordinary equity holders of the Company, adjusted to exclude any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the period.

(ii) *Diluted earnings (loss) per share*

Calculated by dividing the net profit (loss) attributable to the ordinary equity holders of the Company adjusted for:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential shares;

by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued upon the conversion of all dilutive potential ordinary shares into ordinary shares.

There are 1,033,495 share rights relating to the 2010 LTIP that are not included in the calculation of diluted earnings per share because they are not dilutive for the year ended 30 June 2015.

15 Events occurring after balance date

(i) *Sale of interest in McDonald's Lime*

In December 2014, BlueScope's wholly owned subsidiary, New Zealand Steel, agreed to sell its non-core 28% shareholding in McDonald's Lime Limited to Graymont Limited. New Zealand Steel will receive NZ\$41M in cash before final adjustments and recognise a NZ \$36M pre-tax profit on the sale of its interest.

The sale completed on 1 July 2015, after NZ Overseas Investment Office approval was received. The transaction is subject to a NZ Government statutory review period in relation to mining permits following a change of control event. Final completion is expected in early October 2015. The investment has been classified as held for sale as at 30 June 2015.

(ii) *Chairman to retire*

On the 20 August 2015, the Company's chairman, Mr Graham Kraehe AO, announced his intention to retire from the Board, effective at the conclusion of the AGM on 19 November 2015. He will be succeeded by Mr John Bevan, currently a non-executive director of the Company.

Directors' declaration

The Directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2015 as set out in pages 1 to 23 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

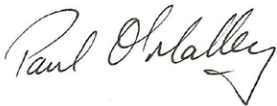
The concise financial report is an extract from the full financial report for the year ended 30 June 2015 . The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available on request.

This declaration is made in accordance with a resolution of the Directors.



G J Kraehe, AO
Chairman



P F O'Malley
Managing Director & CEO

Melbourne
24 August 2015



Auditor's Report

Independent Auditor's report to the members of BlueScope Steel Limited Report on the Concise Financial Report

We have audited the accompanying concise financial report of BlueScope Steel Limited which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and related notes, derived from the audited financial report of BlueScope Steel Limited for the year ended 30 June 2015. The concise financial report also includes the directors' declaration. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' Responsibility for the Concise Financial Report

The Directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal controls as the directors determine are necessary to enable the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of BlueScope Steel Limited for the year ended 30 June 2015. We expressed an unmodified audit opinion on the financial report in our report dated 24 August 2015. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with AASB 1039 *Concise Financial Reports*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion, the concise financial report including the directors' declaration of BlueScope Steel Limited for the year ended 30 June 2015 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

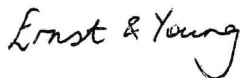
Report on the Remuneration Report

The following paragraphs are copied from our Report on the Remuneration Report for the year ended 30 June 2015.

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of BlueScope Steel Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Rodney Piltz
Partner
Melbourne
24 August 2015



Extended Financial History

10 Year Financial History

A\$M unless marked; years ended 30 June

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Income Statement Key Items										
Total Revenue ⁽¹⁾	8,031	8,913	10,495	10,329	8,624	9,134	8,622	7,290	8,007	8,572
EBITDA ⁽²⁾ - Reported	850	1,423	1,420	380	590	(687)	(489)	339	430	640
- Underlying	1,130	1,373	1,615	511	598	254	106	393	590	645
EBIT ⁽²⁾ - Reported	556	1,099	1,063	15	240	(1,043)	(820)	23	102	297
- Underlying	844	1,058	1,267	160	259	(91)	(215)	79	264	302
NPAT - Reported	338	686	596	(66)	126	(1,054)	(1,044)	(107)	(82)	136
- Underlying	559	645	812	44	119	(110)	(225)	14	124	134
Segment underlying EBIT										
Australian Steel Products	594	773	1,061	185	109	(270)	(365)	(55)	48	150
New Zealand and Pacific Steel Products	105	90	85	87	73	83	69	34	75	(33)
Building Products ASEAN, Nth Am & India	43	66	110	(62)	107	82	51	80	89	98
Global Building Solutions	12	15	62	28	(9)	(2)	38	16	27	44
Hot Rolled Products North America	167	155	105	(58)	61	72	62	67	105	107
Corporate & Group	(84)	(42)	(64)	(122)	(68)	(68)	(69)	(63)	(80)	(65)
Inter-segment	(2)	2	(93)	101	(12)	11	(1)	(1)	2	0
Continuing businesses underlying EBIT	834	1,058	1,266	160	260	(91)	(215)	78	264	302
Financial Performance Measures										
Return on invested capital ⁽³⁾	11.0%	19.6%	18.2%	0.2%	3.8%	-16.2%	-16.0%	1.2%	2.1%	5.8%
Return on equity ⁽⁴⁾	10.4%	20.3%	15.7%	-1.4%	2.3%	-19.6%	-25.5%	-2.3%	-2.0%	3.2%

Capital, Earnings Per Share & Dividends

Weighted average number of ordinary shares	(millions)	704.1	719.7	744.2	930.6	1,823.3	1,836.5	2,668.7	558.2	558.6	561.2
Earnings per share (reported) ⁽⁵⁾	¢/s	47.9	95.3	80.1	(7.1)	6.9	(57.4)	(39.1)	(19.2)	(14.8)	24.3
Earnings per share (adjusted) ⁽⁶⁾	¢/s	201.1	399.5	335.9	(36.0)	35.0	(291.3)	(234.6)	(19.1)	(14.8)	24.3
Dividends per share (reported) ⁽⁵⁾	¢/s	44.0	47.0	49.0	5.0	5.0	2.0	0.0	0.0	0.0	6.0
Dividends per share (adjusted) ⁽⁷⁾	¢/s	179.2	191.5	199.6	20.4	25.4	10.2	0.0	0.0	0.0	6.0

Cash Flow Summary

Net cash inflow (outflow) from operating activities		232	964	1,304	424	377	28	267	161	407	539
Net cash inflow (outflow) from investing activities		(793)	(541)	(1,510)	(728)	(327)	(367)	(80)	(310)	(438)	(411)
Net cash inflow (outflow) from financing activities		537	(454)	203	639	(160)	273	(148)	429	(15)	(115)
Net increase (decrease) in cash held		(25)	(31)	(3)	336	(110)	(65)	39	281	(45)	13

Financial Position

Total assets		7,261	7,506	8,466	8,865	8,998	7,793	6,734	7,331	7,519	7,878
Total liabilities		4,176	3,641	4,524	3,201	3,242	3,397	2,955	2,871	3,062	3,138
Net assets		3,085	3,865	3,942	5,663	5,756	4,396	3,779	4,460	4,457	4,739
Net Operating Assets (pre-tax)		5,195	5,598	6,025	6,480	6,559	5,399	4,047	4,441	4,664	4,888
Net Debt		1,890	1,502	1,722	756	743	1,068	384	148	262	275
Gearing (net debt / net debt plus equity)		38.0%	28.0%	30.4%	11.8%	11.4%	19.5%	9.2%	3.2%	5.5%	5.5%

(1) Excludes the company's 50% share of North Star BlueScope Steel revenue. Includes revenue other than sales revenue. Includes revenue from discontinued businesses - that is, total revenue has not been restated for sale or closure of any businesses after that date - for example, FY2011 financials have not been adjusted to reflect divestment of Mett-Span

(2) Includes 50% share of net profit from North Star BlueScope Steel.

(3) Return on invested capital is defined as earnings before interest and tax (annualised in case of half year comparison) over average monthly capital employed.

(4) Return on equity is defined as net profit after tax attributable to shareholders over average monthly shareholders' equity.

(5) Per share calculation has not been restated for the bonus element of the one-for-one share rights issue undertaken in May and June 2009, and the four-for-five share rights issue undertaken in December 2011, the six for one share consolidation undertaken in December 2012, and adjustments required in applying the revised AASB119 Employee Benefits standard in 2013.

(6) In accordance with AASB 133 Earnings per Share, comparative earnings per share calculations have been restated for the bonus element of the one-for-one share rights issue undertaken in May and June 2009, and the four-for-five share rights issue undertaken in December 2011, the six for one share consolidation undertaken in December 2012, and adjustments required in applying the revised AASB119 Employee Benefits standard in 2013.

(7) Dividends per share adjusted for December 2012 share consolidation, and to reflect deemed 'bonus component' of the May 2009 and November 2011 entitlement offers

Underlying results are re-stated for all periods for re-classifications of any businesses to discontinued.



Shareholder Information & Corporate Directory

SHAREHOLDER INFORMATION

As at 1 September 2015

Distribution Schedule

Range	No of Holders	Securities	%
1 to 1,000	72,735	22,278,241	3.94
1,001 to 5,000	15,860	33,706,762	5.96
5,001 to 10,000	2,113	14,997,127	2.65
10,001 to 100,000	1,248	29,315,114	5.19
100,001 and Over	82	465,082,768	82.26
Total	92,038	565,380,012	100.00

Based on a closing share price of \$4.31 on 1 September 2015, the number of shareholders holding less than a marketable parcel of 117 shares is 19,214 and they hold 976,803 shares.

Twenty Largest Registered Shareholders

Rank	Name	Securities	%IC
1	NATIONAL NOMINEES LIMITED	86,846,782	15.36%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	83,002,775	14.68%
3	CITICORP NOMINEES PTY LIMITED	80,322,849	14.21%
4	J P MORGAN NOMINEES AUSTRALIA LIMITED	72,870,307	12.89%
5	BNP PARIBAS NOMS PTY LTD <DRP>	30,504,350	5.40%
6	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PI POOLED A/C>	28,192,503	4.99%
7	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	17,353,290	3.07%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	14,932,573	2.64%
9	UBS NOMINEES PTY LTD	9,571,161	1.69%
10	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	3,996,588	0.71%
11	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PIIC A/C>	3,708,639	0.66%
12	AMP LIFE LIMITED	2,789,703	0.49%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,553,300	0.45%
14	NATIONAL NOMINEES LIMITED <DB A/C>	2,385,697	0.42%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	1,933,102	0.34%
16	PAN AUSTRALIAN NOMINEES PTY LIMITED	1,388,625	0.25%
17	UBS NOMINEES PTY LTD	1,328,776	0.24%
18	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PISELECT>	1,296,369	0.23%
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,190,812	0.21%
20	BOND STREET CUSTODIANS LIMITED <MACQ HIGH CONV FUND A/C>	1,100,797	0.19%
	TOTAL	447,268,998	79.11%
	Balance of Register	118,111,014	20.89%
	Grand TOTAL	565,380,012	100.00%

Substantial Shareholders

As at 1 September 2015, BlueScope has been notified of the following substantial shareholdings:

Name	Number of securities held
Sumitomo Mitsui Trust Holdings, Inc.	33,944,444
Dimensional Entities	28,290,408
Perpetual Limited	80,421,229
Ausbil Dexia Limited	41,566,202
Commonwealth Bank of Australia	43,379,866

Voting Rights for Ordinary Shares

The Constitution provides for votes to be cast:

- (a) on a show of hands, one vote for each shareholder; and
- (b) on a poll, one vote for each fully paid share.

CORPORATE DIRECTORY

Directors	G J Kraehe AO <i>Chairman</i> P F O'Malley <i>Managing Director and Chief Executive Officer</i> D B Grollo K A Dean P Bingham-Hall E G W Crouch AM L H Jones J A Bevan R P Dee-Bradbury
Secretary	M G Barron
Executive Leadership Team	P F O'Malley <i>Managing Director and Chief Executive Officer</i> M G Barron <i>Chief Legal Officer and Company Secretary</i> I R Cummin <i>Executive General Manager, People and Performance</i> S Dayal <i>Chief Executive, Building Products</i> S R Elias <i>Chief Financial Officer</i> P Finan <i>Chief Executive, Global Building Solutions</i> R Moore <i>President, ASEAN Global Building Solutions</i> M R Vassella <i>Chief Executive, BlueScope Australia and New Zealand</i>
Notice of Annual General Meeting	The Annual General Meeting of BlueScope Steel Limited will be held at the Wesley Conference Centre, 220 Pitt Street, Sydney, New South Wales at 2.00 pm on Thursday 19 November 2015
Corporate Governance Statement	An overview of BlueScope Steel's corporate governance structures is presented in the 2015 Corporate Governance Statement which is available online at: http://www.bluescope.com/about-us/governance
Registered Office	Level 11, 120 Collins Street, Melbourne, Victoria 3000 Telephone: +61 3 9666 4000 Fax: +61 3 9666 4111 Email: bluescopesteel@linkmarketservices.com.au Postal Address: PO Box 18207, Collins Street East, Melbourne, Victoria 8003
Share Registrar	Link Market Services Limited Level 12, 680 George Street, Sydney, NSW 2000 Postal address: Locked Bag A14, Sydney South, NSW 1235 Telephone (within Australia): 1300 855 998 Telephone (outside Australia): +61 1300 855 998 Fax: +61 2 9287 0303 Email: bluescopesteel@linkmarketservices.com.au
Auditor	Ernst & Young 8 Exhibition Street, Melbourne, Victoria 3000
Securities Exchange	BlueScope Steel Limited shares are quoted on the Australian Securities Exchange (ASX code: BSL)
Website Address	www.bluescope.com

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LEVEL 11, 120 COLLINS STREET
MELBOURNE, VICTORIA 3000 AUSTRALIA
ABN 16 000 011 058



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