BlueScope Steel Limited
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ASX Code: BSL

24 August 2015

The Manager – Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

Re: Compliance with Listing Rule 4.3A for the twelve months ended 30 June 2015

Attached in accordance with Listing Rule 4.3A is the financial report for BlueScope Steel Limited (ASX Code: BSL) for the twelve months ended 30 June 2015.

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.

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, whilst not subject to audit or review, has been extracted from the financial report that has been subject to audit by our external auditors.

Yours faithfully

Michael Barron
Company Secretary
BlueScope Steel Limited

RESULTS FOR ANNOUNCEMENT TO THE MARKET

24 August 2015: BlueScope today reported its financial results for the twelve months ended 30 June 2015.

$M unless marked	FY2015	FY2014	Variance %
Sales from continuing operations	8,520.7	7,897.8	8%
Reported NPAT / (NLAT)	136.3	(82.4)	265%
Underlying NPAT / (NLAT) [1]	134.1	123.5 [3]	9%
Final ordinary dividend (cents) [2]	3.0	Nil	n/a
Earnings per share (cents)	24.3	(14.8)	264%
Net tangible assets per share ($)	6.35	6.17	3%

1) Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. Please refer to Tables 2A and 2B for a reconciliation of this information to the financial report.
2) The 2015 final dividend is fully franked and its record date is Monday 21 September 2015.
3) 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 to ensure comparisons can be made on a like-for-like basis. This has increased FY2014 underlying NPAT by $11.2M. See Table 2C for further detail.

KEY POINTS

- Sales revenue of $8,520.7M was higher than FY2014 mainly due to higher export volumes in Australian Steel Products and domestic volumes in Buildings North America and the contribution from the recently acquired Fielders, Orrcon and Pacific Steel businesses. These were partly offset by lower despatch volumes in China and Thailand, and lower sales prices and export volumes at our New Zealand steel and iron sands operations.
- Reported NPAT of $136.3M increased by $218.7M on FY2014 due to improved underlying NPAT, no impairment charges and lower restructure and redundancy costs.
- Underlying NPAT of $134.1M grew by $10.6M on FY2014 as a result of higher spreads, offsetting an unfavourable sales mix.
- Underlying EBIT of $301.8M, a $37.7M lift on FY2014. 2H FY2015 underlying EBIT of $130.8M, compared to $113.3M in 2H FY2014 before restatement for reclassification of discontinued operations (guidance basis) and $120.4M on a restated basis.
- ASP underlying EBIT of $150.3M, a $102.8M increase on FY2014, driven by increased spread.
- New Zealand and Pacific Steel underlying EBIT loss of $33.2M, a $107.9M decrease on FY2014, driven mainly by weaker iron sand and steel pricing and lower iron sand despatch volumes, partly offset by improved steel product mix and contribution from the Pacific Steel acquisition.
- Building Products segment underlying EBIT of $98.3M, a $9.4M increase on FY2014 primarily due to better margins in Indonesia a better performance from our Indian joint venture, better cost performance and favourable foreign exchange translation, offset by lower volumes and margins in our Thailand and North American businesses and lower margins in Malaysia.
- Global Building Solutions underlying EBIT of $43.7M, a $16.8M increase on FY2014. Strong Buildings North America performance with higher volumes and margins, and an initiative to de-risk pension fund obligations by $11.0M. Steady performance in the China coating and painting operations, but weaker performance from Asian engineered buildings business.
- Hot Rolled Products North America underlying EBIT of $107.3M, a $2.7M increase on FY2014 primarily due to higher volumes and favourable foreign exchange translation impacts from a weaker AUD:USD, partly offset by weaker spreads.
- Net debt at 30 June 2015 was $275.2M (of which approximately $25M attributable to non-controlling interests). Continuing strong liquidity (undrawn debt plus cash) of A$1,591.0M.
- The Board has approved payment of a fully franked final dividend of 3.0 cents per share. Future dividends will be determined having regard to the Company's performance and its outlook.
- The Company's strategy is to focus on growing premium branded steel businesses with strong channels to market, and on delivering competitive commodity steel supply in its local markets.
  - In steelmaking in Australia, we are targeting the delivery of over $200M in annual permanent cost savings by FY2017.
  - In our steelmaking operations in New Zealand we are targeting the delivery of over NZ$50M in annual permanent cost savings by FY2017.
  - The Company is also reviewing the ongoing viability of steelmaking in both Australia and New Zealand and comparing the existing business model with an alternative business model of importing quality hot rolled coil and billet substrate.
  - The Company is also 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.

- 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:
  - Expect 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
  - Expect 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.

KEY FINANCIAL MEASURES

Key Financial Measures – Twelve months ended 30 June 2015 and 30 June 2014 [1]

$M unless marked	FY2015	FY2014	Variance %
Total revenue [2]	8,571.7	8,006.7	7%
EBITDA – underlying [3]	644.8	590.4	9%
EBIT – reported [3]	296.6	102.3	190%
EBIT – underlying [3]	301.8	264.1	14%
NPAT attributable to BSL holders			
- reported	136.3	(82.4)	265%
- underlying	134.1	123.5	9%
Earnings per share (cents)	24.3 cps	(14.8) cps	264%
Interim dividend (cents)	3.0 cps	Nil	n/a
Final dividend (cents)	3.0 cps	Nil	n/a
Return (underlying EBIT) on invested capital (%)	5.9%	5.5%	40bp
Net debt	275.2	261.6	5%
Gearing (%)	5.5%	5.5%	-
Net tangible assets per share ($)	6.35	6.17	3%

1) Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. Tables 2A and 2B explain why management has disclosed underlying results and reconcile underlying earnings to reported earnings.

		FY2015	FY2014
2)	Excludes the Company's 50% share of NSBSL revenue of:	762.6	743.9
	Includes revenue other than sales revenue of:	19.4	25.6
3)	Includes 50% share of net profit from NSBSL of:	112.5	105.4

BlueScope Steel Limited

ABN 16 000 011 058

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

	Revenue		Reported Result [1]		Underlying Result [2]	
$M	**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)**
Underlying adjustments:						
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**

1) 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).
2) 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.
3) 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).
4) 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.
5) FY2015 reflects the impact of the Port Kembla Steelworks sinter plant waste gas cleaning stack fire which occurred in October 2014.
6) 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).
7) 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.
8) 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).
9) 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).
10) 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.
11) 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.

	1H FY2015			FY2014		
$M	**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

	1H FY2014			2H FY2014		
$M	**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.

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

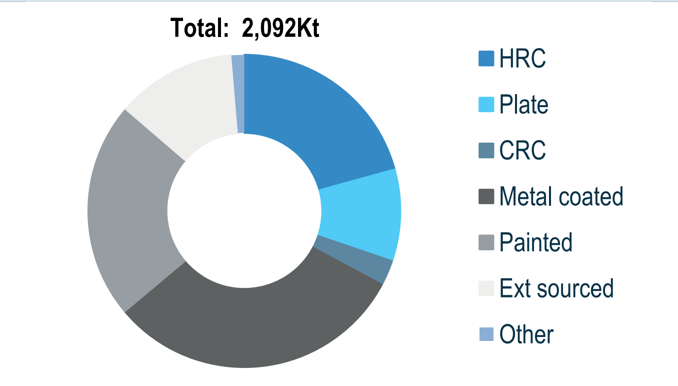
Table 4: Segment financial performance

$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.

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

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 tonne[2], dropping to mid US$50s per tonne[2] in 2H FY2016[3].
  - A phased approached 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 forecast[4].
  - Assuming a US$50/t iron ore price[2] the cumulative cash outflow (excluding growth capex) would be around NZ$20M from FY2016 to FY2018[5].
  - 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 price[6].
  - 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.

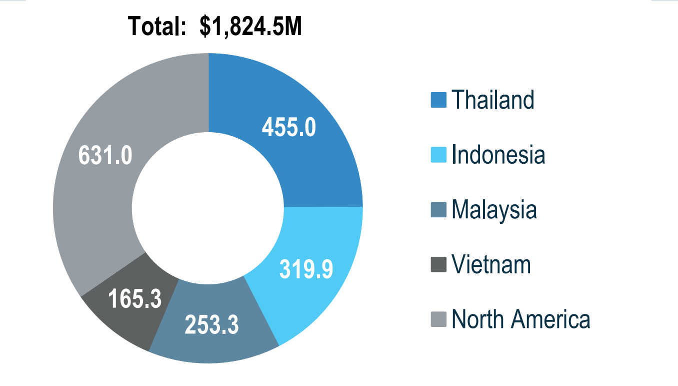
The Company has an extensive footprint of metallic coating, painting and steel building product operations in Thailand, Indonesia, Vietnam, Malaysia, India and North America, primarily servicing the residential and non-residential building and construction industries across Asia, and the non-residential 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, $M [1]



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 Steelscape (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).

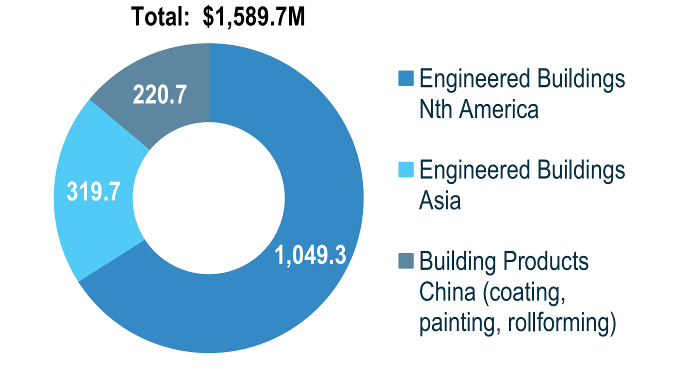
GBS is expanding its global engineering capabilities through the roll-out of a common engineering software system across BlueScope's Buildings businesses. This system is in place in North America and is currently being installed across businesses in Asia.

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, $M [1]



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

CONTENTS

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.

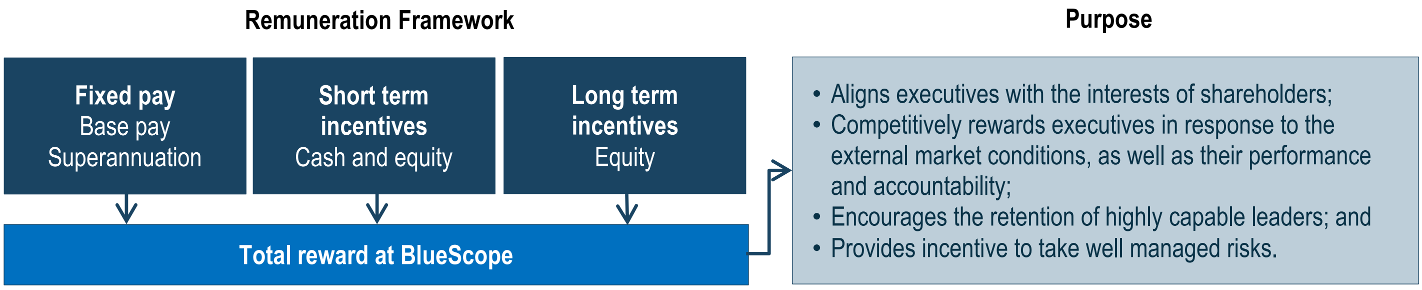
Notwithstanding that underlying performance continued to improve, challenging targets were set at the start of the year and not all were achieved.

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

2. OVERVIEW

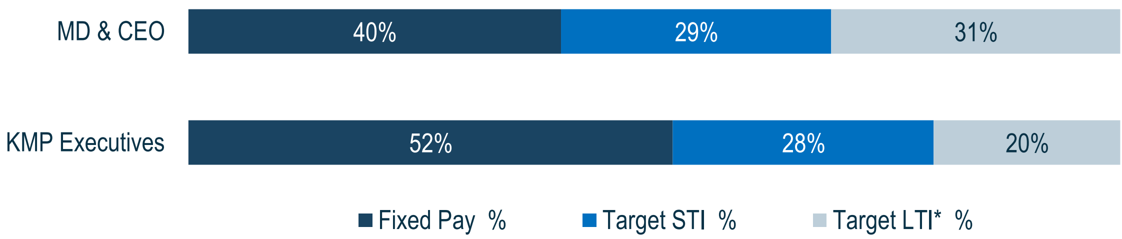
2.1 REMUNERATION FRAMEWORK AND PURPOSE

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.

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Purpose</td><td>To achieve BlueScope's overall strategic objectives by motivating executives to deliver on priority team-based outcomes.</td></tr>
<tr><td>Eligibility</td><td>All KMP Executives disclosed in this report (executives at the next level participate in a similar programme).</td></tr>
<tr><td>Value/opportunity</td><td>Target STI levels are set having regard to appropriate levels in the market and are:
▪ 80% of base pay (or 70% of fixed pay) for the MD & CEO
▪ 60% (or 53% of fixed pay) for the other KMP Executives
Maximum STI (for outstanding results or stretch outcomes) are capped at:
▪ 120% of base pay for the MD & CEO
▪ 90% of base pay for the other KMP Executives</td></tr>
<tr><td>Performance conditions</td><td>
<table>
<tr><th>Category</th><th>Performance measures</th><th>MD & CEO weighting</th><th>Other KMP Executives weighting</th></tr>
<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>
</table>
</td></tr>
</table>

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.

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Purpose</td><td>LTI is one of the means of aligning executives with the experience of shareholders.</td></tr>
<tr><td>Eligibility</td><td>All KMP Executives disclosed in this report (executives at the next level participate in a similar programme).</td></tr>
<tr><td>Value/opportunity</td><td>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.</td></tr>
<tr><td>Instrument</td><td>Share rights that vest into fully paid ordinary BSL shares subject to time and performance conditions being met.</td></tr>
<tr><td>Performance conditions</td><td>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.

Vesting schedule:
<table>
<tr><th>Percentile achievement</th><th>Vesting outcome (% of award that vests)</th></tr>
<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>
</table></td></tr>
<tr><td>Hedging</td><td>Executives are not permitted to hedge (such as 'cap and collar' arrangements) LTI awards.</td></tr>
<tr><td>Governance</td><td>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.</td></tr>
</table>

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 • 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 • 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 • 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.

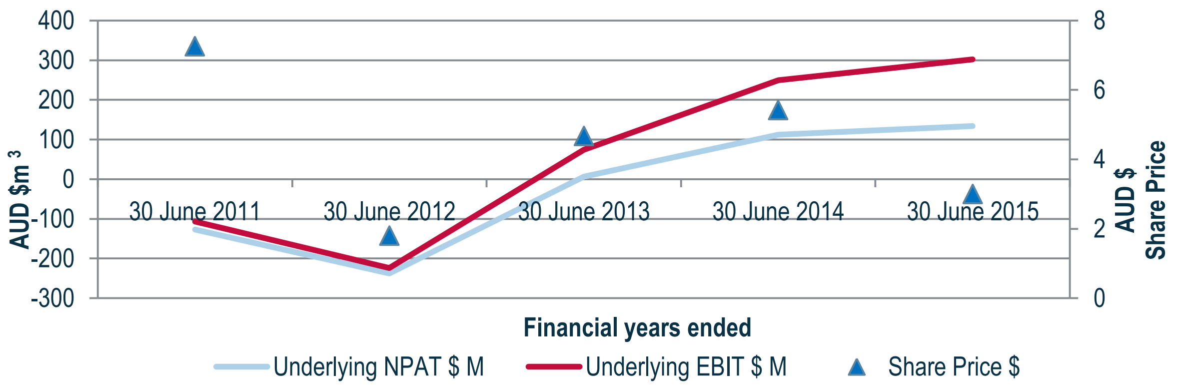
Business	Business outcomes
Australia and New Zealand Mark Vassella supported by Corporate executives Charlie Elias, Michael Barron and Ian Cummin	– The Australian Steel Products business delivered underlying EBIT of $150.3M, up 216% on FY2014. This performance was driven by increased spread. STI targets 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	– 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	– 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	– 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



1) 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.
2) 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.
3) 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

1) 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 month's 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.

		Short-term employee benefits									Share-based payments			
Name	Year	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 [3 8]	Total	% of performance related pay [9]
		$	$	$	$	$	$	$	$	$	$	$	$	%
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	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	268,667	715,997	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	166,562	458,035	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	166,562	463,782	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	204,996	592,825	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	224,609	1,599,843	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	126,763	291,950	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	162,301	420,240	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	1,320,460	6,350,612	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:

	FY2010	FY2011	FY2012		FY2013[1]	
Grant Date	30 November 2009	30 November 2010	16 April 2012	1 September 2012	1 September 2012	1 September 2012 and 20 December 2012
Description	Legacy LTI - all KMP Executives including MD & CEO	Legacy LTI - all KMP Executives including MD & CEO	Legacy LTI with no retesting: (MD & CEO did not receive a grant)	Legacy LTI for MD & CEO	Current LTI structure but with no retesting, for other KMP Executives	Retention Rights for other KM P Executives
Vesting window (number of retests)	1 September 2012 to 31 October 2014 (4 retests)	1 September 2013 to 31 October 2015 (2 retests)	1 February 2015 to 31 January 2016	1 September 2015 to 31 October 2017	1 September 2015 to 31 October 2015	1 September 2015 to 31 October 2015
Fair Value per share at Grant	$10.20	$7.20	$1.26	$1.32	$1.01	$1.06 (1 Sept 2012) $2.52 (20 Dec 2012)
Performance measure	Relative TSR versus ASX 100	Relative TSR versus ASX 100	Relative TSR versus ASX 100	Relative TSR versus ASX 100	Relative TSR versus ASX 100 and absolute share price threshold	Absolute share price threshold
Vesting schedule	< 51st percentile = 0 vesting; ≥51st percentile 52% vests, increasing on a linear basis to 100% vesting at 75th percentile		< 51st percentile = 0 vesting; ≥51st percentile 40% vests, increasing on a linear basis to 100% vesting at 75th percentile	< 51st percentile = 0 vesting; ≥51st percentile 52% vests, increasing on a linear basis to 100% vesting at 75th percentile	Vesting subject to a minimum share price of $2.40. < 51st percentile = 0 vesting; ≥51st percentile 40% vests, increasing on a linear basis to 100% vesting at 75th percentile	Vesting subject to a minimum share price of $2.40
Vesting outcome (3 year performance period)	0%	0%	100%	-	-	-
Vesting outcome (3.5 year retest)	0%	0%	N/A	-	N/A	N/A
Vesting outcome (4 year retest)	0%	0%	N/A	-	N/A	N/A
Vesting outcome (4.5 year retest)	0%	0%	N/A	-	N/A	N/A
Vesting outcome (5 year retest)	0%	-	N/A	-	N/A	N/A

	FY 2014[1]		FY2015[1]		
Grant Date	14 November and 1 September 2013	12 November 2013	1 September 2014	10 December 2014	10 December 2014
Description	Current LTI structure with one retest for MD & CEO and other KMP Executives	Retention Rights for other Executives	Current LTI structure with one retest for MD & CEO and other KMP Executives	Share Rights for other Executives	Deferred Equity Awards for other Executives
Vesting window (number of retests)	1 September 2016 to 31 October 2017	1 September 2016 to 31 August 2016	1 September 2017 to 31 October 2018	1 September 2017 to 31 October 2018	1 September 2017 to 31 August 2017
Fair Value per share at Grant	$3.51 (14 Nov 2014) $3.30 (1 Sep 2013)	$4.57	$3.53	$3.41	$4.86
Performance measure	Relative TSR versus ASX 100	None	Relative TSR versus ASX 100	Relative TSR versus ASX 100	None
Vesting schedule	< 51st percentile = 0 vesting; ≥51st percentile 40% vests, increasing on a linear basis to 100% vesting at 75th percentile	None	< 51st percentile = 0 vesting; ≥51st percentile 40% vests, increasing on a linear basis to 100% vesting at 75th percentile	< 51st percentile = 0 vesting; ≥51st percentile 40% vests, increasing on a linear basis to 100% vesting at 75th percentile	None
Vesting outcome (3 year performance period)	-	-	-	-	N/A
Vesting outcome (3.5 year perf. period)	N/A	N/A	N/A	N/A	N/A
Vesting outcome (4 year retest)	-	N/A	-	-	N/A
Vesting outcome (4.5 year perf. period)	N/A	N/A	N/A	N/A	N/A
Vesting outcome (5 year retest)	N/A	N/A	N/A	N/A	N/A

[1] These grants are within the first performance period and are yet to be tested.

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								
P F O'Malley	-	-	-	-	-	-	-	-
KMP Executives								
M R Vassella	108,233	29-Aug-11	100	-	-	2015	-	-
I R Cummin	67,100	29-Aug-11	100	-	-	2015	-	-
M G Barron	67,100	29-Aug-11	100	-	-	2015	-	-
S R Elias	82,584	29-Aug-11	100	-	-	2015	-	-
S Dayal	80,634	29-Aug-11	100	-	-	2015	-	-
P J Finan	51,067	29-Aug-11	100	-	-	2015	-	-
R J Moore	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 Fees[1]	Non-monetary	Sub-total	Post-employment benefits [2]	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
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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.

Ernst & Young

Ernst & Young

R C Piltz

Rodney Piltz
Partner
24 August 2015

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

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

	Notes	Consolidated 2015 $M	*Restated 2014 $M
Revenue from continuing operations	2	**8,540.1**	7,923.4
Other income	3	**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	13, 14	**(343.0)**	(326.3)
Net impairment (expense) write-back of non-current assets	4	**(2.7)**	24.4
Direct carbon emission (expense) credit	4	**1.0**	(135.2)
Freight on external despatches		**(527.2)**	(498.4)
External services		**(888.3)**	(833.4)
Net restructuring costs	4	**(5.2)**	(36.0)
Finance costs	4	**(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	23, 24	**115.7**	102.2
Profit before income tax		**222.3**	88.1
Income tax expense	5(a)	**(47.4)**	(89.1)
Profit (loss) from continuing operations		**174.9**	(1.0)
Profit (loss) from discontinued operations after income tax	25(b)	**2.2**	(39.2)
Net profit (loss) for the year		**177.1**	(40.2)
Items that may be reclassified to profit or loss			
Gain (loss) on cash flow hedges taken to equity	19(b)	**(17.2)**	0.3
(Gain) loss on cash flow hedges transferred to inventory and PP&E	19(b)	**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	19(b)	**53.1**	(3.8)
Exchange fluctuations on translation of foreign operations attributable to BlueScope Steel Limited	19(b)	**101.3**	36.1
Income tax (expense) benefit		**0.1**	0.2
Items that will not be reclassified to profit or loss			
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 25).

	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	6	**23.9**	(7.7)
Diluted earnings (loss) per share	6	**23.2**	(7.7)
Earnings per share for profit (loss) attributable to the ordinary equity holders of the Company			
Basic earnings (loss) per share	6	**24.3**	(14.8)
Diluted earnings (loss) per share	6	**23.6**	(14.8)

*Certain amounts shown here have been restated to reflect retrospective changes made to discontinued operations (refer to note 25).

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

	Notes	Consolidated 2015 $M	2014 $M
ASSETS			
Current assets			
Cash and cash equivalents	16	**518.5**	466.6
Trade and other receivables	7	**1,087.4**	1,062.5
Inventories	8	**1,496.7**	1,503.1
Derivative financial instruments	33(c)	**1.4**	-
Intangible assets	9	**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
Non-current assets			
Trade and other receivables	7	**36.2**	46.1
Inventories	8	**63.9**	68.1
Investments accounted for using the equity method	23, 24	**144.6**	138.7
Property, plant and equipment	13	**3,732.6**	3,515.3
Intangible assets	14	**510.0**	448.7
Deferred tax assets	5	**196.0**	162.6
Deferred charges and prepayments		**8.4**	7.8
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	10	**1,306.1**	1,218.6
Borrowings	17	**107.6**	40.5
Current tax liabilities		**8.6**	9.7
Provisions	11	**419.2**	508.7
Deferred income		**153.2**	150.0
Derivative financial instruments	33(c)	**10.6**	2.2
		2,005.3	1,929.7
Total current liabilities		**2,005.3**	1,929.7
Non-current liabilities			
Trade and other payables	10	**11.5**	41.8
Borrowings	17	**686.1**	687.7
Deferred tax liabilities	5	**24.2**	31.2
Provisions	11	**190.2**	205.8
Retirement benefit obligations	12	**217.9**	162.6
Deferred income		**3.2**	3.4
Total non-current liabilities		**1,133.1**	1,132.5
Total liabilities		**3,138.4**	3,062.2
Net assets		**4,739.1**	4,456.7
EQUITY			
Contributed equity	18	**4,673.8**	4,659.4
Reserves	19(a)	**225.1**	73.8
Retained losses		**(623.3)**	(671.7)
Parent entity interest		**4,275.6**	4,061.5
Non-controlling interests		**463.5**	395.2
Total equity		**4,739.1**	4,456.7

Consolidated - 30 June 2015	Notes	**Contributed equity $M**	**Reserves $M**	**Retained losses $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	18(c)	1.9	-	-	-	1.9
FY11 LTIP share award		7.5	(7.5)	-	-	-
Retention share awards - Treasury shares	18(d)	3.7	(3.7)	-	-	-
FY13 STI and GESP 2012 share buybacks	18(c)	(0.6)	-	-	-	(0.6)
GESP 2012 share award vested		-	(0.8)	-	-	(0.8)
Share-based payment expense	19(b)	-	12.7	-	-	12.7
Dividends paid		-	-	(17.0)	(46.2)	(63.2)
Tax credit recognised directly in equity	18(c)	1.9	-	-	-	1.9
Transactions with non-controlling interests	19(b)	-	(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	Note	**Contributed equity $M**	**Reserves $M**	**Retained losses $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	19(a)	-	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**

	Notes	Consolidated 2015 $M	2014 $M
Cash flows from operating activities			
Receipts from customers		**8,989.0**	8,328.2
Payments to suppliers and employees		**(8,482.5)**	(7,953.6)
		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		**(49.7)**	(40.4)
Net cash inflow from operating activities	16(b)	**538.7**	407.1
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	21	**(52.7)**	(153.6)
Proceeds from sale of property, plant and equipment		**22.1**	23.4
Proceeds from sale of business	25	**7.2**	-
Net cash (outflow) from investing activities		**(410.8)**	(437.9)
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	20(d)	**(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	18(c)	**(0.6)**	-
Net cash (outflow) from financing activities		**(115.4)**	(14.5)
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		**39.5**	(1.7)
Cash and cash equivalents at end of financial year	16(a)	**517.9**	465.9
Financing arrangements	17(b)		
Non-cash financing activities	17(d)		

About this report

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 1(a) and the Directors' Report.

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.

Basis of preparation

This financial report is a general purpose financial report, prepared by a for-profit entity, which:

- Has been prepared in accordance with the requirements of the *Australian Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- Includes consolidated financial statements, incorporating the assets and liabilities of all subsidiaries of BlueScope Steel Limited ('Company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. BlueScope Steel Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity;
- Has been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value;
- Is presented in Australian dollars with values rounded to the nearest hundred thousand dollars or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investments Commission Class Order 98/100;
- Presents comparative information where required for consistency with the current year's presentation;
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2014 as disclosed in note 35(a); and
- Does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective as disclosed in note 35(b).

This financial report has been re-designed with the aim of streamlining and improving readability. The notes to the consolidated financial statements have been organised into logical groupings to help users find and understand the information. Where possible, related information has been provided in the same note.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is BlueScope Steel Limited's functional and presentation currency.

Key estimates and judgements

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the following notes:

Note 5:	Income Tax
Note 11:	Provisions
Note 12:	Retirement benefit obligations
Note 13:	Property, Plant and Equipment
Note 15:	Carrying value of non-financial assets
Note 29:	Share based payments

Contents to the notes to the consolidated financial statements

Financial Performance

This section of the notes includes segment information and provides further information on key line items relevant to financial performance that the directors consider most relevant, including accounting policies, key judgements and estimates relevant to understanding these items.

1 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	- 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	- 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	- 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	- 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	- 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.

1 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 North America $M	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 25).

1 Segment information (continued)

(c) Geographical information

The Group's geographical regions are 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 that is consistent with 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)
Revenue attributable to discontinued operations		**(31.6)**	(83.3)
Other revenue	2	**19.4**	25.6
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

1 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	
		Restated
	2015	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	
		Restated
	2015	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

2 Revenue

	Notes	Consolidated 2015 $M	*Restated 2014 $M
Revenue from operating activities			
Sales revenue		**8,520.7**	7,897.8
Other revenue			
Interest external		**4.1**	3.6
Interest related parties	30(d)	**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
Total revenue from operating activities		**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 25).

(a) Recognition and measurement

Sales revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. This is considered to have occurred when legal title of the product is transferred to the customer and the Group is no longer responsible for the product. The point at which title is transferred is dependent upon the specific terms and conditions of the contract of sale.

Contract revenue is recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where the outcome of the contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable the costs will be recovered, revenue is recognised to the extent of costs incurred.

Advance payments received from customers are recognised as a liability on the financial position as deferred income, until goods have been sold or services rendered.

3 Other income

	Consolidated	
	2015	2014
	$M	$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 21(a) for further details on these acquisitions.

(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.

4 Expenses

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

	Notes	Consolidated 2015 $M	*Restated 2014 $M
Impairment of non-current assets			
Australian Steel Products PP&E, goodwill and other intangibles		**0.2**	62.1
Castrip joint venture	24(f)	**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		**2.7**	(24.4)

	Consolidated 2015 $M	*Restated 2014 $M
Finance costs		
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

	Notes	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	11(d)	**5.2**	36.0
Employee redundancy provision expense	11(c)(ii)	**14.4**	47.2
Direct carbon emission expense (credit)	11(h)	**(1.0)**	135.2
Defined contribution superannuation expense		**90.9**	72.0
Gain on curtailment - North America	12(c)	**(11.2)**	-
Defined Benefit superannuation fund closure gain	12(c)	**(27.2)**	-

*Certain amounts shown here have been restated to reflect retrospective changes made to discontinued operations (refer to note 25).

5 Income tax

(a) Income tax expense (benefit)

	Notes	Consolidated 2015 $M	*Restated 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)
		46.8	78.0
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)
Total income tax expense		**46.8**	78.0
Deferred income tax (benefit) expense included in income tax expense comprises:			
Decrease (increase) in deferred tax assets	5(c)	**(20.2)**	22.5
(Decrease) increase in deferred tax liabilities	5(c)	**(2.7)**	13.5
		(22.9)	36.0

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

	Note	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	25(b)	**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 25).

5 Income tax (continued)

(c) Deferred tax assets (DTA) and liabilities (DTL)

	Consolidated			
	DTA		DTL	
	2015 $M	2014 $M	**2015 $M**	2014 $M
The balance comprises temporary differences attributable to:				
Doubtful debts provision	**2.3**	2.2	**(1.1)**	(1.6)
Employee benefits provision	**131.5**	138.0	**(52.1)**	(34.4)
Claims provision	**8.3**	11.7	**(5.3)**	(2.3)
Other provisions	**26.9**	28.7	**0.9**	(0.8)
Depreciation	**(209.5)**	(186.1)	**70.7**	57.0
Foreign exchange (gains) losses	**(66.8)**	(82.5)	**0.1**	0.2
Investments	**-**	-	**0.7**	0.6
Intangible assets	**(8.5)**	(9.2)	**21.2**	18.7
Inventory	**(13.2)**	(9.4)	**(3.9)**	(3.2)
Tax losses	**319.6**	261.2	**(5.5)**	(5.9)
Other	**5.4**	8.0	**(1.5)**	2.9
	196.0	162.6	**24.2**	31.2

	Consolidated			
	DTA		DTL	
	2015 $M	2014 $M	**2015 $M**	2014 $M
Movements:				
Opening balance at 1 July	**162.6**	153.8	**31.2**	13.7
Charged/credited:				
Charged (credited) to profit or loss	**20.2**	(22.5)	**(2.7)**	13.5
Charged (credited) to other comprehensive income	**14.4**	(6.3)	**(9.0)**	3.6
Exchange fluctuation	**(1.2)**	5.3	**4.7**	0.4
Transfer from (to) receivables	**-**	19.4	**-**	-
Business acquisitions	**-**	12.9	**-**	-
	196.0	162.6	**24.2**	31.2

(d) 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 26(iii)).

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.

5 Income tax (continued)

(e) 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.

(f) Recognition and measurement

Current taxes
The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxes
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Offsetting deferred tax balances
Deferred tax assets and liabilities are offset when deferred tax balances relate to the same taxation authority and there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

BlueScope Steel Limited and its wholly-owned Australian controlled entities have entered into a tax sharing and funding agreement in relation to their participation in the tax consolidation regime. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. Refer to note 31(d)(ii) for further details on tax consolidation legislation.

5 Income tax (continued)

(g) Key judgements and estimates

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences will impact the current and deferred tax provisions in the period in which the determination is made.

In addition, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future forecast taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the relevant tax legislation associated with their recoupment.

The Australian consolidated tax group has recognised a $84.6M deferred tax asset at 30 June 2015 (2014: $84.6M). The Australian consolidated tax group has incurred taxable losses in the current and preceding periods. 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.

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.

6 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 Cents	Restated 2014 Cents	**2015 Cents**	Restated 2014 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 $M	Restated 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)

6 Earnings (loss) per share (continued)

(c) Weighted average number of shares used as denominator

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

(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 25).

(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.

Working capital and provisions

This section of the notes provides further information about the Group's working capital and provisions, including accounting policies and key judgements and estimates relevant to understanding these items.

7 Trade and other receivables

		Consolidated			
		2015		2014	
	Notes	**Current $M**	**Non-current $M**	Current $M	Non-current $M
Trade receivables		**1,032.5**	**-**	1,018.3	-
Provision for impairment of receivables	7(a)	**(15.3)**	**-**	(15.5)	-
		1,017.2	**-**	1,002.8	-
Loans to related parties - associates	30(e)	**3.7**	**-**	1.3	-
Tax receivable	26(a)(iii)	**-**	**-**	-	21.2
Workers compensation receivables	11(f)	**-**	**27.8**	-	24.9
Other receivables		**66.5**	**8.4**	58.4	-
		70.2	**36.2**	59.7	46.1
		1,087.4	**36.2**	1,062.5	46.1

(a) Provision for impairment of receivables

Movements in the provision for impairment of current trade receivables are as follows:

	Consolidated	
	2015 $M	2014 $M
Opening balance	**15.5**	21.8
Additional provision recognised	**6.0**	9.3
Amounts used during the period	**(5.3)**	(14.5)
Business acquisitions	**-**	1.5
Unutilised provision written back	**(2.1)**	(2.5)
Exchange fluctuations	**1.2**	(0.1)
	15.3	15.5

(b) Past due but not impaired

	Consolidated	
	2015 $M	2014 $M
Within 30 days	**114.4**	111.2
31 to 60 days	**29.3**	29.2
61 to 90 days	**12.1**	7.1
Over 90 days	**11.1**	13.2
	166.9	160.7

None of the non-current receivables are impaired or past due.

7 Trade and other receivables (continued)

(c) Transferred financial assets which remain recognised

BlueScope Distribution and Lysaght Australia have entered into a sale of receivables securitisation program on a recourse basis. The business acts as a servicer under the program and continues to collect cash from its customers and is able to repurchase a receivable by paying the outstanding amount of that receivable.

The receivables securitisation program does not qualify for derecognition as per AASB 139 *Financial Instruments: Recognition and Measurement* as the Group has retained the credit risk associated with the trade receivables, by repurchase, and therefore the risks and rewards of the securitisation asset resides with the Group. As a result, the Group continues to recognise the trade receivables and has recognised a current borrowing for the consideration received for the transferred asset. The total carrying amount of the trade receivables is $229.2M (2014: $152.2M) and the associated borrowing is $Nil (2014: $Nil).

(d) Recognition and measurement

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 to 90 days.

Impairment of trade receivables
Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

8 Inventories

	Consolidated			
	2015		2014	
	Current $M	**Non-current $M**	Current $M	Non-current $M
Raw materials and stores - at lower of cost and net realisable value	**252.6**	**-**	218.0	-
Work in progress - at lower of cost and net realisable value	**579.4**	**-**	603.1	-
Finished goods - at lower of cost and net realisable value	**556.1**	**-**	590.5	-
Spares and other - at cost	**90.0**	**63.9**	80.1	68.1
Emission unit permits - held for trading - at cost	**18.6**	**-**	11.4	-
	1,496.7	**63.9**	1,503.1	68.1

(a) Inventory expense

Write-downs of inventories to net realisable value recognised as an expense at 30 June 2015 amounted to $45.8M (2014: $37.8M) for the Group. The expense has been included in ‘raw materials and consumables used’ in the profit and loss.

8 Inventories (continued)

(b) Recognition and measurement

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw materials. Costs are assigned to inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs on completion and the estimated costs necessary to make the sale.

Emission unit permits that are acquired as part of the New Zealand Emissions Trading Scheme (ETS) are initially recognised at cost. Emission unit permits that are held for trading in the ordinary course of business are classified as inventory and subsequently held at fair value less cost to sell.

9 Intangible assets - current

	Consolidated	
	2015 **$M**	2014 $M
Emission unit permits - not held for trading	**5.3**	35.9

(a) Recognition and measurement

Emission unit (EU) permits which are not held for trading are classified as intangible assets and are carried at cost. Intangible EU assets are not amortised or subject to impairment as the economic benefits are realised from surrendering the rights to settle obligations arising from the ETS.

10 Trade and other payables

		Consolidated			
		2015		2014	
	Note	**Current $M**	**Non-current $M**	Current $M	Non-current $M
Trade payables		**1,158.9**	**-**	1,053.0	-
Deferred business acquisition consideration	21(a)	**32.7**	**-**	48.7	33.5
Other payables		**114.5**	**11.5**	116.9	8.3
		1,306.1	**11.5**	1,218.6	41.8

(a) Recognition and measurement

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 62 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

11 Provisions

	Consolidated			
	2015		2014	
	Current $M	**Non-current $M**	Current $M	Non-current $M
Employee benefits - annual leave (c) (i)	**76.3**	**-**	74.9	-
Employee benefits - long service leave (c) (i)	**139.7**	**23.6**	137.9	26.3
Employee benefits - redundancy (c) (ii)	**27.6**	**-**	40.3	-
Employee benefits - other (c) (iii)	**87.1**	**8.1**	122.3	7.6
Restructure (d)	**24.3**	**21.9**	35.3	30.5
Product claims (e)	**32.8**	**21.3**	24.8	33.7
Workers compensation (f)	**12.4**	**82.9**	15.6	76.4
Restoration and rehabilitation (g)	**5.3**	**31.3**	7.2	30.3
Carbon emissions (h)	**2.6**	**-**	44.3	-
Other provisions	**11.1**	**1.1**	6.1	1.0
	419.2	**190.2**	508.7	205.8

(a) Movements in provisions

Movements in each class of provision during the period, other than employee benefits, are set out below.

	Restructure $M	Product claims $M	Workers compensation $M	Restoration and rehabilitation $M	Carbon emissions $M	Other $M	Total $M
Consolidated - 2015							
Current and non-current							
Carrying amount at start of the year	65.8	58.5	92.0	37.5	44.3	7.1	305.2
Additional provisions recognised	20.9	6.3	7.0	1.3	2.3	7.4	45.2
Unutilised provisions written back	(12.8)	-	-	-	-	-	(12.8)
Amounts used during the period	(31.6)	(14.4)	(6.8)	(1.9)	(44.0)	(3.0)	(101.7)
Exchange fluctuations	2.6	3.6	1.5	(0.6)	-	0.7	7.8
Transfers	0.7	(0.7)	(0.2)	(0.1)		-	(0.3)
Unwinding of discount	0.6	0.8	1.8	0.4	-	-	3.6
Carrying amount end of year	46.2	54.1	95.3	36.6	2.6	12.2	247.0

(b) Recognition and measurement and key judgements and estimates

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

11 Provisions (continued)

(c) Employee benefits

(i) Annual leave and long service leave

Liabilities for employee benefits expected to be settled within 12 months of the reporting period are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

The liability for annual leave and long service leave, expected to be settled after 12 months, is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on high quality corporate bonds, following recent findings of a deep market for high quality corporate bonds within Australia, and Government bonds in New Zealand, with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Change in accounting estimate on discount rates used for employee benefits
The 30 June 2015 Australian long service leave balances have been discounted using interest rates on high quality corporate bonds. Previously, these balances were discounted using Government bond rates. This change has reduced the long service leave liability by $4.9M for the year ended 30 June 2015.

Amounts not expected to be settled within 12 months for current leave provisions
The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service. The entire annual leave amount and vested portion of long service leave are presented as current since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued annual leave and long service leave or require payment within the next 12 months. The following amounts reflect leave classified as current that is not expected to be taken or paid within the next 12 months.

	Consolidated	
	2015 $M	2014 $M
Current annual and long service leave obligation expected to be settled after 12 months	**119.6**	128.8

(ii) Termination benefits

Liabilities for termination benefits, not in connection with a business combination, a restructure program or the closure of an operation, are recognised when the Group is demonstrably committed to either terminating the employment of current employees according to a formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

The employee redundancy provision balance reflects a range of internal reorganisations. All redundancies are expected to take effect within 12 months of the reporting date.

(iii) Short Term Incentive plans (STI)

The Group recognises a liability and an expense for STI plan payments made to employees. STI goals are based on both overall Company performance and the individual or team contribution to performance. The Group recognises a provision where past practice and current performance indicates that a probable constructive obligation exists.

11 Provisions (continued)

(d) Restructuring costs

Liabilities arising directly from undertaking a restructuring program, defined as the closure of an operating site, are recognised when a detailed plan of the restructuring activity has been developed and implementation of the restructuring program as planned has commenced, by either entering into contracts to undertake the restructuring activities or making a detailed announcement such that affected parties are in no doubt the restructuring program will proceed.

When acquiring another entity through a business combination, a restructuring liability is not recognised or included in the goodwill fair value calculation unless a liability has already been recognised by the acquiree.

Provisions for restructuring is based on the Group's best estimate of the outflow of resources required to settle commitments made by the Group to those likely to be affected. Where the outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income statement in the period in which such determination is made.

The restructuring provisions relate to Australian Steel Products and Global Building Solutions segments to cover estimated future costs of announced site closures. The majority of the provisions are expected to be utilised within the next three years.

(e) Product claims

Provision for claims is based on modelled data combining sales volumes with past experiences of repair and replacement levels in conjunction with any specifically identified product faults. The provision is based on assumptions of the level of future claims.

(f) Workers compensation

In Australia and North America, BlueScope Steel Limited is a registered self-insurer for workers compensation. Provisions are recognised based on calculations performed by an external actuary. These calculations require assumptions in relation to the expectation of future events. A contingent liability exists in relation to guarantees given to various state workers compensation authorities, due to self-insurance prerequisites (refer to note 26(a)).

For the Group, an actuarially determined asset of $27.8M (2014: $24.9M) has been recognised for expected future reimbursements associated with workers compensation recoveries from third parties. This amount is included in non-current other receivables (refer to note 7) as there is no legal right of offset against the workers compensation provision.

(g) Restoration and rehabilitation

Restoration and rehabilitation provisions include $13.3M (2014: $13.6M) for New Zealand Steel in relation to its operation of two iron sand mines. These provisions have been classified as non-current as the timing of payments to remedy these sites will not be made until cessation of their operations, which is not expected for many years. The balance of the provision relates to various businesses that have recorded provisions in relation to leased sites that require rectification and restoration work at the end of their respective lease periods.

Recognising restoration, remediation and rehabilitation provisions across the Group requires assumptions to be made as to the application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

11 Provisions (continued)

(h) Carbon emissions

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.

The emissions liability is recognised as a provision for carbon and is measured with reference to the carrying amount of Emission Units (EUs) held with any excess measured at the current market value of EUs. ETS costs passed through from suppliers are included as part of the underlying cost of the good or service rendered. The liability for this cost pass through is either included within trade creditors or recorded as an emissions liability within the carbon provision account when an agreement has been reached with the supplier to settle the ETS cost by transferring EUs.

When EUs are delivered to the government or a third party, the EU asset along with the corresponding carbon provision is derecognised from the statement of financial position.

The current year credit to carbon expense relates to the FY14 provision true-up in Port Kembla relating to the Australian Carbon Pricing Mechanism (CPM), with the $43.6M 30 June 2014 carbon provision balance fully acquitted via a repurchase and surrender of carbon permits in January 2015.

12 Retirement benefit obligations

(a) Superannuation benefits

COUNTRY	FUND TYPE	DESCRIPTION
Australia	Defined Benefit and Defined contribution	- Australian employees are entitled to benefits from a superannuation plan they select under the Australian Government's choice of fund legislation. - The Australian Group has two default defined contribution superannuation plans under choice of fund. New employees become members of one of those default plans if they do not actively choose an alternative plan. - One of the default plans, the BlueScope Steel Superannuation Fund has a defined contribution section. - The other default plan, Australian Super, and any other superannuation plans chosen by Australian employees, are defined contribution plans under which the Australian Group's legal or constructive obligation is limited to making fixed contributions. - The defined benefit division was closed as at 31 December 2014.
New Zealand	Pension Fund and Retirement Savings Plan	- New Zealand employees are members of either the New Zealand Steel Pension Fund, being a defined benefit plan, or the Retirement Savings Plan, a defined contribution master trust managed by Tower Employee Benefits Limited. - The defined benefit plan is closed to new participants.
North America	Butler Manufacturing Base Retirement Plan	- Employees previously belonging to the Butler Manufacturing Company are members of the Butler Manufacturing Base Retirement Plan, a defined benefit fund which has been closed to new participants since 31 December 2004. - Employees hired on or after 1 January 2005 receive a retirement contribution from the Butler Employee Savings Trust (BEST) which is a defined contribution plan - Employees previously sponsored by the VP Salaried, VP Hourly and IMSA Steel defined benefit plans were merged into the Butler Base Retirement Plan effective 31 December 2008.

12 Retirement benefit obligations (continued)

The Group also makes superannuation contributions to defined contribution funds in respect of the entity's employees located in other countries.

Defined benefit funds provide defined lump sum benefits based on years of service and final or average salary. The defined contribution plans receive fixed contributions from Group companies with the Group's legal obligation limited to these contributions.

Actuarial assessments of the defined benefit funds are made at no more than three-yearly intervals, with summary assessments performed annually. The last formal actuarial investigations were made of the New Zealand Steel Pension Fund as at 30 June 2012, and the Butler Base Retirement Plan as at 1 January 2015. Summary actuarial assessments were performed for all of these funds as at 30 June 2015, to provide information that is more up to date than that of the most recent formal actuarial investigation.

(b) Statement of financial position amounts

The following sets out details in respect of the defined benefit section only.

	Consolidated	
	2015	2014
	$M	$M
Present value of the defined benefit obligation	**(926.5)**	(1,245.7)
Fair value of defined benefit plan assets	**708.6**	1,083.1
Net (liability) asset in the statement of financial position	**(217.9)**	(162.6)

(c) Defined benefit funds to which BlueScope Steel employees belong

	BlueScope Steel Superannuation Fund		**New Zealand Pension Fund**		**Butler Manufacturing Base Retirement Plan**		**Total**	
	$M		**$M**		**$M**		**$M**	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Present value of the defined benefit obligation	**-**	(391.0)	**(493.8)**	(438.0)	**(432.7)**	(416.7)	**(926.5)**	(1,245.7)
Fair value of defined benefit plan assets	**-**	366.8	**383.4**	369.5	**325.2**	346.8	**708.6**	1,083.1
Net (liability) asset in the statement of financial position	**-**	(24.2)	**(110.4)**	(68.5)	**(107.5)**	(69.9)	**(217.9)**	(162.6)
Defined benefit expense (credit) (i)	**(20.0)**	16.6	**12.4**	13.8	**(5.4)**	4.7	**(13.0)**	35.1
Employer contribution	**22.2**	20.9	**18.2**	17.5	**0.2**	1.1	**40.6**	39.5
Average duration of defined benefit plan obligation	**-**	6.6	**13.8**	13.6	**13.1**	14.4		
Significant actuarial assumptions	**%**		**%**		**%**			
Discount rate (gross of tax)	**3.0**	4.0	**4.0**	4.7	**4.3**	4.2		
Future salary increases (ii)	**3.0**	3.0	**3.0**	3.0	**-**	-		

12 Retirement benefit obligations (continued)

(i) 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.

The North American pension plan was amended to allow one-off lump sum payouts to terminated employees with vested benefits. A $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.

(ii) Coated and Building Products North America has frozen future salary increases for the purpose of contributions to the superannuation fund as at 30 June 2013.

The net liability is not immediately payable. Any plan surplus will be realised through reduced future Group contributions.

(d) Categories of plan assets

The major categories of plan assets are as follows:

	Consolidated	
	2015	2014
	$M	$M
Cash	**3.1**	13.8
Equity instruments	**214.3**	454.8
Debt instruments	**434.9**	534.4
Property	**9.8**	40.0
Other assets	**46.5**	40.1
	708.6	1,083.1

(e) Actuarial assumptions and sensitivity

The sensitivity of the defined benefit obligation to changes in significant actuarial assumptions is as follows:

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption $M**	**Decrease in assumption $M**
Discount rate	+/- 1%	(139.0)	160.2
Salary growth rate	+/- 1%	23.0	(22.0)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions for the year ended 30 June 2015.

12 Retirement benefit obligations (continued)

(f) Reconciliations

	Consolidated			
	Plan assets		Defined benefit obligation	
	2015 $M	2014 $M	**2015 $M**	2014 $M
Reconciliation of the fair value of plan assets and present value of the defined benefit obligation (party funded):				
Balance at the beginning of the year	**1,083.1**	942.2	**1,245.7**	1,159.2
Current service cost	**-**	-	**16.4**	24.8
Interest income (net of tax paid)	**33.5**	35.7	**-**	-
Interest cost	**-**	-	**38.5**	43.3
Actuarial losses (gains) arising from changes in demographic assumptions	**-**	-	**23.8**	22.7
Actuarial losses (gains) arising from changes in financial assumptions	**16.4**	110.0	**86.2**	29.1
Foreign currency exchange rate changes	**53.4**	25.0	**68.6**	33.3
Benefits paid	**(431.5)**	(62.3)	**(431.5)**	(62.3)
Allowance for contributions tax on net liability	**-**	-	**(5.2)**	(4.4)
Contributions by the Group	**40.5**	39.5	**-**	-
Tax on employer contributions	**(9.3)**	(8.9)	**-**	-
Contributions by plan participants	**3.6**	4.4	**-**	-
Settlements	**(77.6)**	-	**(77.6)**	-
Plan expenses	**(3.5)**	(2.5)	**-**	-
Gain on curtailment - closure of defined benefit fund	**-**	-	**(27.2)**	-
Gain on curtailment - North America	**-**	-	**(11.2)**	-
Balance at the end of the year	**708.6**	1,083.1	**926.5**	1,245.7

(g) Amounts recognised in profit or loss

The amounts recognised in profit or loss in respect of defined benefit plans are as follows:

	Consolidated	
	2015 $M	2014 $M
Current service cost	**16.4**	24.8
Contributions by plan participants	**(3.6)**	(4.4)
Net interest	**5.0**	7.6
Plan expenses	**3.5**	2.5
Allowance for contributions tax on net liability	**4.1**	4.6
Gain on curtailment - defined benefit fund closure	**(27.2)**	-
Gain on curtailment - North America	**(11.2)**	-
Total included in employee benefits expense	**(13.0)**	35.1
Actual return on plan assets	**46.4**	143.2

(h) Amounts recognised in other comprehensive income

	Consolidated	
	2015 $M	2014 $M
Actuarial gains (losses) recognised in other comprehensive income during the year - DB plans	**(93.6)**	58.2
Cumulative actuarial (losses) recognised in other comprehensive income	**(366.2)**	(272.6)

12 Retirement benefit obligations (continued)

(i) Employer contributions

Employer contributions to the defined benefit section of the Group's plans are based on recommendations by the plan's actuaries. Actuarial assessments are made no less frequently than once every three years. The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable.

Total employer contributions expected to be paid by Group companies for the year ending 30 June 2016 are $11.7M.

Funding recommendations are made by the actuary based on their forecast of various matters, including future plan assets performance, interest rates and salary increases.

(j) Recognition and measurement

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position and is measured as the present value of the defined benefit obligation at the end of the reporting period less the fair value of the superannuation fund's assets at that date. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the end of the reporting period, calculated half yearly by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the end of the reporting period on government or corporate bonds where a deep market exists, with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

Past service costs are recognised immediately in profit or loss, unless the changes to the superannuation plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation (e.g. taxes on investment income and employer contributions) are taken into account in measuring the net liability or asset.

Contributions to the defined contribution fund are recognised as an expense as they become payable.

Invested capital

This section of the notes provides further information about property, plant and equipment, non-current intangibles assets and carrying amount of these non-financial assets, including accounting policies, key judgements and estimates relevant to understanding these items.

13 Property, plant and equipment

	Land and Buildings $M	Plant, machinery and equipment $M	Total $M
Year ended 30 June 2015			
Opening net book amount	676.2	2,839.1	3,515.3
Additions	7.6	365.8	373.4
Business acquisitions	1.8	0.2	2.0
Depreciation charge	(32.6)	(286.4)	(319.0)
Disposals	(1.4)	(6.1)	(7.5)
Asset reclassifications within class	2.8	(2.8)	-
Asset reclassifications to computer software	-	(5.3)	(5.3)
Exchange fluctuations	82.8	90.9	173.7
Closing net book amount	737.2	2,995.4	3,732.6
At 30 June 2015			
Cost	1,390.9	9,854.2	11,245.1
Accumulated depreciation and impairment	(653.7)	(6,858.8)	(7,512.5)
Net book amount	737.2	2,995.4	3,732.6
Assets under construction included above:	0.8	381.2	382.0

13 Property, plant and equipment (continued)

	Land and buildings $M	Plant, machinery and equipment $M	Total $M
At 1 July 2013			
Cost	1,255.8	9,299.0	10,554.8
Accumulated depreciation and impairment	(603.5)	(6,531.7)	(7,135.2)
Net book amount	652.3	2,767.3	3,419.6
Year ended 30 June 2014			
Opening net book amount	652.3	2,767.3	3,419.6
Additions	9.3	333.3	342.6
Business acquisitions	20.3	5.1	25.4
Depreciation charge	(29.4)	(270.9)	(300.3)
Disposals	(4.5)	(15.0)	(19.5)
Asset reclassifications within class	7.6	(7.6)	-
Asset reclassifications to computer software	-	(1.1)	(1.1)
Assets classified as held for sale	(3.6)	(0.1)	(3.7)
Assets reclassified from held for sale to PP&E	-	8.5	8.5
Impairment (loss) write-back (note 15(d))	28.9	(7.9)	21.0
Exchange fluctuations	(4.7)	27.5	22.8
Closing net book amount	676.2	2,839.1	3,515.3
At 30 June 2014			
Cost	1,274.4	9,553.5	10,827.9
Accumulated depreciation and impairment	(598.2)	(6,714.4)	(7,312.6)
Net book amount	676.2	2,839.1	3,515.3
Assets under construction included above:	1.5	297.1	298.6

(a) Leases

Total property, plant and equipment includes the following amounts where the Group is a lessee under a finance lease:

	Consolidated	
	2015 $M	2014 $M
Leasehold assets		
Cost	**221.2**	227.2
Accumulation depreciation	**(64.2)**	(51.4)
Net book amount	**157.0**	175.8

(b) Non-current assets pledged as security

Refer to note 17(a) for information on non-current assets pledged as security by the Group.

(c) Recognition and measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost also includes transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

13 Property, plant and equipment (continued)

Depreciation
Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives or, in the case of leasehold improvements and finance leases, the shorter lease term, unless there is reasonable certainty that the Group will obtain ownership at the end of the lease term. The useful lives of major categories of property, plant and equipment are as follows:

Category	***Useful life***
Land	Not depreciated
Buildings	30-40 years
Iron and steel making plant and machinery	20-40 years
Coating lines	20-30 years
Building products plant and equipment	12-18 years
Other plant and equipment	5-15 years

Derecognition
An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in profit or loss on a net basis as either income (a gain) or an expense (a loss).

(d) Key estimates

The estimation of the useful lives of plant and machinery has been based on historical experience and judgement with respect to technical obsolescence, physical deterioration and usage capacity of the asset in addition to any legal restrictions on usage. The condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

14 Intangible assets

Consolidated	**Goodwill $M**	**Patents, trademarks and other rights $M**	**Computer Software $M**	**Customer relationships $M**	**Other intangible assets* $M**	**Total $M**
Year 30 June 2015						
Opening net book amount	287.0	7.1	74.2	43.3	37.1	448.7
Additions	-	-	9.1	-	-	9.1
Business acquisitions (note 21)	-	-	-	0.5	-	0.5
Impairment charge (note 15 (d))	(0.2)	-	-	-	-	(0.2)
Amortisation charge	-	(0.9)	(16.9)	(4.5)	(1.7)	(24.0)
Reclassifications from PP&E	-	-	5.3	-	-	5.3
Exchange fluctuations	55.6	1.4	5.1	9.0	(0.5)	70.6
Closing net book amount	342.4	7.6	76.8	48.3	34.9	510.0
At 30 June 2015						
Cost	804.1	20.8	290.4	105.1	39.8	1,260.2
Accumulated amortisation and impairment	(461.7)	(13.2)	(213.6)	(56.8)	(4.9)	(750.2)
Net book amount	342.4	7.6	76.8	48.3	34.9	510.0

14 Intangible assets (continued)

Consolidated	**Goodwill $M**	**Patents, trademarks and other rights $M**	**Computer software $M**	**Customer relationships $M**	**Other intangible assets* $M**	**Total $M**
At 1 July 2013						
Cost	742.2	17.7	259.9	90.1	6.8	1,116.7
Accumulation amortisation and impairment	(439.6)	(9.7)	(171.9)	(35.7)	(2.2)	(659.1)
Net book amount	302.6	8.0	88.0	54.4	4.6	457.6
Year 30 June 2014						
Opening net book amount	302.6	8.0	88.0	54.4	4.6	457.6
Additions	-	-	8.3	-	-	8.3
Business acquisitions (note 21)	-	-	-	-	32.8	32.8
Impairment charge (note 15 (d))	(11.6)	-	(1.7)	(5.6)	-	(18.9)
Amortisation charge	-	(0.9)	(21.1)	(4.9)	(0.4)	(27.3)
Reclassifications from PP&E	-	-	1.1	-	-	1.1
Exchange fluctuations	(4.0)	-	(0.4)	(0.6)	0.1	(4.9)
Closing net book amount	287.0	7.1	74.2	43.3	37.1	448.7
At 30 June 2014						
Cost	737.4	17.5	263.1	88.9	39.8	1,146.7
Accumulation amortisation and impairment	(450.4)	(10.4)	(188.9)	(45.6)	(2.7)	(698.0)
Net book amount	287.0	7.1	74.2	43.3	37.1	448.7

*The $32.8M addition in other intangible assets in the prior period represents a restrictive covenant for the billet supply recognised as part of the Pacific Steel acquisition from Fletcher Steel Limited in June 2014 (refer to note 21(a)). The intangible asset is being amortised over 26.5 years being the transition period (approximately 1.5 years) plus the life of the new billet mill (25 years).

(a) Recognition and measurement

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Patents, trademarks and other rights

Patents, trademarks and other rights are recognised at cost less accumulated amortisation and impairment losses. Amortisation on patents, trademarks and other rights that have finite lives is calculated using the straight-line method to allocate the cost over their estimated useful lives (generally ranging from 7 to 15 years).

(iii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably.

14 Intangible assets (continued)

(iv) Computer software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 10 years.

Computer software costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

(v) Customer relationships

Customer relationships and items of similar substance are only recognised as an intangible asset if they are acquired as part of a business combination and meet the recognition criteria as set out in the business combinations accounting policy (refer to note 21(b)). Amortisation is calculated on a straight-line basis generally ranging from 10 to 20 years.

Amortisation on customer relationships with finite lives is calculated using the straight-line method to allocate the asset carrying amount over its estimated useful life.

15 Carrying value of non-financial assets

The Group tests property, plant and equipment (note 13) and intangible assets with definite useful lives (note 14) when there is an indicator of impairment. Goodwill and other intangible assets with indefinite useful lives are tested at least annually for any impairment.

(a) Allocation of goodwill and intangible assets with indefinite useful lives to cash generating units

Goodwill is allocated to the Group’s cash generating units (CGUs) for impairment testing purposes as follows:

Cash generating unit	**Reportable segment**	**2015 $M**	2014 $M
Australian Steel Products	Australian Steel Products	**38.7**	38.9
Building Products North America	Building Products ASEAN, North America & India	**3.6**	3.0
Buildings North America	Global Building Solutions	**285.3**	232.4
Buildings Asia	Global Building Solutions	**14.8**	12.7
Total goodwill		**342.4**	287.0

The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. In addition to goodwill, the Group has other intangible assets with indefinite useful lives of $3.8M (2014: $3.1M) allocated to the Buildings North America CGU which relate to trade names recognised as part of the IMSA Group business combination acquired in February 2008.

All of the above CGUs were tested for impairment at the reporting date. The recoverable amounts of CGUs have been determined based on the key assumptions listed below.

(b) Key assumptions and estimates

The recoverable amount of each CGU is determined on the basis of value-in-use (VIU), unless there is evidence to support a higher fair value less cost to sell. The following describes assumptions on which the Group has based its projections when determining the recoverable amount of each CGU.

Future cash flows
VIU calculations use pre-tax cash flows, inclusive of working capital movements which are based on financial projections approved by the Group covering a three-year period, being the basis of the Group’s forecasting and planning processes or up to five years where the circumstances pertaining to a specific CGU support a longer period. Cash flows beyond the projection period are extrapolated to provide a maximum of 30 years of cash flows with adjustments where necessary to reflect changes in long-term operating conditions. No terminal value is calculated.

15 Carrying value of non-financial assets (continued)

The key operating assumptions and their basis of estimation are:

- Raw material costs are based on commodity price forecasts derived from a range of external global commodity forecasters.

- Selling prices are management forecasts, taking into account commodity steel price forecasts derived from a range of external global commodity forecasters.

- Sales volumes are management forecasts, taking into account external forecasts of underlying economic activity for the market sectors and geographies in which each CGU operates.

- The strength of the Australian dollar relative to the US dollar is based on forecasts derived from a range of external banks. This assumption is relevant as foreign currency exchange rates, in particular the Australian dollar relative to the US dollar, impact the competitiveness of domestically manufactured product relative to imported product.

Growth rate
The growth rate used to extrapolate the cash flows for each CGU beyond the forecast period does not exceed 2.5% (2014: 2.5%). The growth rate represents a steady indexation rate which does not exceed the Group's expectations of the long-term average growth rate for the business in which each CGU operates.

Discount rate
The discount rate applied to the cash flow projections has been assessed to reflect the time value of money and the perceived risk profile of the industry in which each CGU operates. The post-tax discount rates range from 7.7% to 9.0% (2014: 8.7% to 9.8%).

Given the differing characteristics, currencies and geographical locations of the Group's CGUs, where appropriate the base discount rate is adjusted by a country risk premium (CRP) to reflect country specific risks. Such adjustments do not reflect risks for which cash flow forecasts have already been adjusted. The CRP is derived from a range of externally sourced foreign country risk ratings.

The adjusted post-tax discount rate is translated to a pre-tax rate for each CGU based on the specific tax rate applicable to where the CGU operates.

All foreign currency cash flows are discounted using a discount rate appropriate for that currency.

(c) Cash generating units with significant goodwill

The significant proportion of the Group’s goodwill has been allocated to BlueScope Buildings North America (a business within the Global Building Solutions segment).

BlueScope Buildings North America
BlueScope Buildings North America has $285.3M of goodwill (83.3% of the Group's goodwill) and is tested for impairment on a VIU basis using three year cash flow projections, followed by a long-term growth rate of 2.5% for a further 27 years. Pre-tax VIU cash flows are discounted utilising a 11.9% pre-tax discount rate (2014: 13.4%).

At 30 June 2015 the recoverable amount of this CGU is 1.5 times the carrying amount of $509.6M, including non-current assets and net working capital. This CGU is most sensitive to assumptions in relation to North American non-residential building and construction activity, in particular the magnitude and timing of a recovery to pre global financial crisis activity levels. Taking into account external forecasts, the Group expects non-residential building and construction activity to increase significantly (9% per annum from the current base over the three-year projection period) as general market conditions improve in North America but remain 22% below the levels experienced prior to the 2008 global financial crisis.

However, the timing and extent of this recovery is uncertain and in the absence of mitigating factors, a permanent 36% reduction in non-residential construction activity below pre global financial crisis levels, or more than a three year period to achieve the projected recovery, would reduce the recoverable amount to be equal to the carrying amount.

15 Carrying value of non-financial assets (continued)

(d) Recognised impairment charges (write-backs)

Impairment charges (write-backs) are included in the line item 'net impairment expense (write-back) 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.

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 and 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) Building Solutions Australia
At 30 June 2014, within the discontinued operations, property, plant and equipment totalling $7.2M and $16.7M of intangibles including goodwill were impaired as a result from challenging market conditions. Building Solutions Australia comprised of BlueScope Buildings which has been closed and BlueScope Water which was sold in June 2015.

(iii) 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, Buildings Australia and BlueScope Water Australia, 13.8% for CIPA and 13.0% for Building Products China.

(e) Sensitivity of carrying amounts

The carrying value of property, plant and equipment of the Group is most sensitive to cash forecasts for the Group's largest CGU, Australian Steel Products (ASP) which are determined taking into the key assumptions set out above.

Recognised forecasters estimate the US dollar relative to the Australian dollar to remain around current levels and an increase in global commodity steel prices in excess of any increase in iron ore and coal raw material costs. The Group believes that the long term assumptions adopted are appropriate. However, to illustrate the sensitivity of these assumptions, if they were to differ such that the expected cash flows were to decrease materially, approximately 5-10% across the forecast period, without implementation of mitigation plans, the cash flow forecasts would continue to support the carrying value of this CGU.

Capital structure and financing activities

This section of the notes provides further information about the Group's cash, borrowings, contributed equity, reserves and dividends, including accounting policies relevant to understanding these items.

16 Cash and cash equivalents

	Consolidated 2015 $M	Consolidated 2014 $M
Cash at bank and on hand	**516.2**	463.8
Deposits at call	**2.3**	2.8
	518.5	466.6

(a) Reconciliation to cash at the end of the year

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	Note	Consolidated 2015 $M	Consolidated 2014 $M
Balances as above		**518.5**	466.6
Bank overdrafts	17	**(0.6)**	(0.7)
Balances per statement of cash flows		**517.9**	465.9

(b) Reconciliation of profit (loss) after income tax to net cash inflow from operating activities

	Consolidated 2015 $M	Consolidated 2014 $M
Profit (loss) for the year	**177.1**	(40.2)
Depreciation and amortisation	**343.0**	327.6
Net impairment charge of non-current assets	**2.7**	2.3
Non-cash employee benefits expense - share-based payments	**12.7**	14.4
Net (gain) on disposal of non-current assets	**(16.8)**	(3.5)
Share of (profits) losses of associates and joint venture partnership	**(115.7)**	(102.3)
Associate and joint venture partnership dividends received	**131.9**	98.4
Discount on acquisition	**-**	(8.1)
Change in operating assets and liabilities:		
Decrease (increase) in trade receivables	**83.6**	(54.2)
Decrease (increase) in other receivables	**(18.1)**	17.8
Decrease (increase) in other operating assets	**39.5**	5.1
Decrease (increase) in inventories	**77.3**	(24.7)
Increase (decrease) in trade payables	**44.2**	81.1
Increase (decrease) in other payables	**(2.8)**	14.2
Increase (decrease) in borrowing costs payable	**3.9**	7.9
Increase (decrease) in income taxes payable	**(3.4)**	1.5
Increase (decrease) in deferred tax balances	**0.3**	36.1
Increase (decrease) in other provisions and liabilities	**(201.9)**	7.0
Other variations	**(18.8)**	26.7
Net cash inflow from operating activities	**538.7**	407.1

16 Cash and cash equivalents (continued)

(c) Recognition and measurement

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

17 Borrowings

	Consolidated			
	2015		2014	
	Current $M	**Non-current $M**	Current $M	Non-current $M
Secured				
Bank loans	**-**	**-**	-	26.6
Lease liabilities	**9.6**	**174.5**	9.0	189.5
Other loans	**5.4**	**-**	-	-
Total secured borrowings	**15.0**	**174.5**	9.0	216.1
Unsecured				
Bank loans	**93.0**	**129.1**	30.5	166.5
Other loans	**-**	**391.0**	0.3	318.7
Bank overdrafts	**0.6**	**-**	0.7	-
Deferred borrowing costs	**(1.0)**	**(8.5)**	-	(13.6)
Total unsecured borrowings	**92.6**	**511.6**	31.5	471.6
Total borrowings	**107.6**	**686.1**	40.5	687.7

(a) Secured liabilities and assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Consolidated	
	2015 $M	2014 $M
Bank loans		
Trade receivables	**335.7**	403.2
Inventories	**1,075.4**	1,179.5
	1,411.1	1,582.7
Lease liabilities		
Property, plant and equipment	**157.0**	175.8
Total assets pledged as security	**1,568.1**	1,758.5

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

17 Borrowings (continued)

(b) Financing arrangements

FINANCING FACILITIES AVAILABLE	DESCRIPTION
Australian bank loan	- $500M syndicated bank facility with a syndicate of banks. - Comprises three tranches, maturing in November 2015, 2017 and 2019. The facility is currently undrawn. - Facility is secured against trade receivables and inventories of the Australian, New Zealand and North American businesses, excluding Building Products North America.
Non-Australian bank loans	- Two facilities totalling THB 1,750M (AUD 57M), maturing August 2015 and January 2017, available for the NS BlueScope Steel (Thailand) Ltd cash requirements. - One facility totalling MYR 30M (AUD 10M), maturing April 2016, to support working capital and other short-term cash requirements for NS BlueScope Steel (Malaysia) Sdn Bhd. - Two USD 100M revolving facilities maturing March 2017 and March 2018 for NS BlueScope Coated Products joint venture. - Two USD 50M term facilities maturing March 2016 and July 2016 for NS BlueScope Coated Products joint venture.
Senior Unsecured Notes	- USD 300M senior unsecured notes offered to qualified institutional buyers in the United States of America, which mature May 2018. Interest of 7.125% on the Notes will be paid semi-annually on 1 May and 1 November of each year.
Working capital facility	- $150M trade receivables securitisation program with NAB for BlueScope Distribution, maturing 7 September 2016. The facility is currently undrawn. - $80M trade receivables securitisation program with Westpac for Lysaght Australia, maturing 26 December 2016. The facility is currently undrawn. - An inventory iron ore financing facility for BlueScope Steel (AIS) was implemented in February 2015, maturing February 2016. The USD 55M (inclusive of GST) facility limit operates as a sale and repurchase facility whereby the iron ore is sold to Westpac upon shipment and repurchased by BSL at the point of consumption. The facility is currently undrawn.

Bank overdrafts

Bank overdraft facilities are arranged with a number of banks with the general terms and conditions agreed to on a periodic basis.

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated	
	2015 **$M**	2014 $M
Total facilities		
Bank overdrafts	**50.5**	44.1
Bank loan facilities	**1,294.6**	1,228.4
	1,345.1	1,272.5
Used at balance date		
Bank overdrafts	**0.6**	0.7
Bank loan facilities	**222.1**	223.7
	222.7	224.4
Unused at balance date		
Bank overdrafts	**49.9**	43.4
Bank loan facilities	**1,072.5**	1,004.7
	1,122.4	1,048.1

17 Borrowings (continued)

(c) Contractual maturity analysis

The table below reflects all contractual repayments of principal and interest resulting from recognised financial liabilities at 30 June 2015 and 30 June 2014. The amounts disclosed represent undiscounted, contractual cash flows for the respective obligations in respect of upcoming fiscal years and therefore do not equate to the values shown in the statement of financial position.

Non-derivatives			**Contractually maturing in:**				
30 June 2015	**< 1 year** $M	**1 - 2 years** $M	**2 - 3 years** $M	**3 - 4 years** $M	**4 - 5 years** $M	**> 5 years** $M	**Total** $M
Payables	1,306.1	-	-	-	-	11.5	1,317.6
Borrowings							
-Principal	108.6	87.9	458.2	13.0	14.1	121.4	803.2
-Interest	47.9	44.6	38.7	14.1	12.9	67.1	225.3
	156.5	132.5	496.9	27.1	27.0	188.5	1,028.5
Derivatives							
Gross settled							
Commodity forward exchange contracts							
- Cash outflow	7.4	-	-	-	-	-	7.4
Forward foreign exchange contracts							
- Cash outflow	4.9	-	-	-	-	-	4.9
- Cash (inflow)	(1.7)	-	-	-	-	-	(1.7)
	3.2	-	-	-	-	-	3.2

Non-derivatives			**Contractually maturing in:**				
30 June 2014	**< 1 year** $M	**1 - 2 years** $M	**2 - 3 years** $M	**3 - 4 years** $M	**4 - 5 years** $M	**> 5 years** $M	**Total** $M
Payables	1,218.6	33.5	-	-	-	8.3	1,260.4
Borrowings							
-Principal	40.5	149.3	64.3	335.1	13.2	139.4	741.8
-Interest	44.0	42.3	39.4	34.5	14.4	85.9	260.5
	84.5	191.6	103.7	369.6	27.6	225.3	1,002.3
Derivatives							
Gross settled							
Commodity forward exchange contracts							
- Cash outflow	1.2	-	-	-	-	-	1.2
Forward foreign exchange contracts							
- Cash outflow	2.1	-	-	-	-	-	2.1
- Cash (inflow)	(1.1)	-	-	-	-	-	(1.1)
	1.0	-	-	-	-	-	1.0

17 Borrowings (continued)

(d) Non-cash financing activities

	Consolidated	
	2015 **$M**	2014 $M
Acquisition of plant and equipment by means of finance leases (i)	**1.1**	29.1

(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).

(e) Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs and are consequently recognised in profit or loss over the term of the associated borrowing.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Derecognition
Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

18 Contributed equity

(a) Share capital

	Parent Entity		Parent Entity	
	2015 **Shares**	2014 Shares	**2015** **$M**	2014 $M
Issued fully paid ordinary shares	**565,225,282**	558,848,896	**4,673.8**	4,663.1

(b) Other equity securities

Treasury Shares	**-**	(494,952)	**-**	(3.7)
Total Contributed equity			**4,673.8**	4,659.4

18 Contributed equity (continued)

(c) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	$M
1 July 2014	**Opening balance**	**558,848,896**		**4,663.1**
	FY13 KMP STI share awards (i)	**378,975**	$4.95	1.9
	FY13 KMP STI share buy-back (ii)	**-**	-	(0.1)
	FY11 LTIP share award (iii)	**5,997,411**	$1.26	7.5
	GESP 2012 share buy-back (iv)			(0.5)
	Share rights - Tax deduction (v)	**-**	-	1.9
30 June 2015	**Balance**	**565,225,282**		**4,673.8**

(i) *FY13 KMP STI share awards*
In August 2014, 378,975 shares ($1.9M) were issued to Key Management Personnel (KMP) executives as part of the FY13 KMP STI share awards.

(ii) *FY13 STI share buyback*
The FY2013 STI share award for the Chief Executive Officer (CEO) award was purchased on market during the year. The share buyback represents the difference between the cost of the shares acquired and the STI provision held.

(iii) *Long Term Incentive Plan (LTIP) 2012 share award*
The LTIP 2012 share scheme award vested on 30 January 2015 resulting in 5,997,411 new shares issued (fair value at date of grant $7.5M, $1.26 per share).

(iv) *General Employee Share Plan (GESP) 2012 share buyback*
The GESP 2012 award vested in February 2015 and shares were purchased on market. The share buyback represents the difference between the cost of the shares acquired and the fair value of the GESP award.

(v) *Share rights - Tax deduction*
A $1.9M tax credit was recorded in share capital for the estimated tax deduction in excess of accounting expense recognised for share right awards issued to employees in North America.

(d) Movement in treasury shares

Date	Details	Number of shares	$M
1 July 2014	**Opening balance**	**(494,952)**	**(3.7)**
	July-11 Retention shares vested (i)	**494,952**	3.7
30 June 2015	**Balance**	**-**	**-**

(i) *Share plan Retention Awards*
The July 2011 ELT retention share scheme vested in August 2014, resulting in 494,952 shares being released by the BlueScope employee share plan trust to ELT members.

18 Contributed equity (continued)

(e) Capital risk management

Management monitors its capital structure through various key financial ratios with emphasis on the gearing ratio (net debt/total capital). The Group's gearing ratio is managed through the steel price cycle to ensure access to finance at reasonable cost regardless of the point in the cycle. On occasions, the Group will take advantage of certain investment opportunities where an increased level of gearing will be tolerated, provided there is sufficient future cash flow strength and flexibility to be confident of credit strengthening rather than uncertainty and risk of credit weakening.

In order to achieve the objectives above, management actively manages debt and equity. In terms of managing equity, all methods of returning funds to shareholders outside of dividend payments or raising funds are considered within the context of its balance sheet objectives. In managing debt, the Group seeks a diversified range of funding sources and maturity profiles. Sufficient flexibility is maintained within committed facilities in order to provide the business with the desired liquidity support for operations and to pursue its strategic objectives.

The Group's gearing ratio is as follows:

		Consolidated	
	Notes	**2015 $M**	2014 $M
Total borrowings	17	**793.7**	728.2
Less: cash and cash equivalents	16	**(518.5)**	(466.6)
Net debt		**275.2**	261.6
Total equity		**4,739.1**	4,456.7
Total capital		**5,014.3**	4,718.3
Gearing ratio		**5.5%**	5.5%

(f) Recognition and measurement

Ordinary shares
Ordinary shares are classified as equity. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If BlueScope Steel Limited reacquires its own equity instruments, e.g. as the result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in profit or loss and the consideration paid, including any directly attributable incremental costs (net of income taxes), is recognised directly in equity.

Treasury shares
Treasury shares are shares in BlueScope Steel Limited that are held by the BlueScope Employee Share Trust for the purpose of issuing shares under the Share Plan Retention Scheme. As at 30 June 2015, the balance of treasury shares held was Nil.

19 Reserves

(a) Reserves

	Consolidated 2015 $M	2014 $M
Hedging (c) (i)	**(5.7)**	(1.2)
Share-based payments (c) (ii)	**48.1**	47.4
Foreign currency translation (c) (iii)	**0.3**	(154.2)
Non-distributable profits (c) (iv)	**15.5**	14.4
Asset realisation (c) (v)	**188.8**	189.3
Controlled entity acquisition (c) (vi)	**(21.9)**	(21.9)
	225.1	73.8

(b) Movements in reserves

Consolidated - June 2015	Hedging $M	Share-based payments $M	Foreign currency translation $M	Non-Distributable profits $M	Asset realisation $M	Controlled entity acquisition $M	Total $M
Opening balance	(1.2)	47.4	(154.2)	14.4	189.3	(21.9)	73.8
Net gain (loss) on cash flow hedges	(17.2)	-	-	-	-	-	(17.2)
Net gain (loss) on hedges of subsidiaries	-	-	53.1	-	-	-	53.1
Share-based payments expense	-	12.7	-	-	-	-	12.7
Vesting of share awards	-	(12.0)	-	-	-	-	(12.0)
Transaction costs	-	-	-	-	(0.5)	-	(0.5)
Transfer to inventory	12.0	-	-	-	-	-	12.0
Transfer to PP&E	0.7	-	-	-	-	-	0.7
Transfers from retained profits	-	-	-	1.1	-	-	1.1
Exchange fluctuations	-	-	101.3	-	-	-	101.3
Other	-	-	0.1	-	-	-	0.1
Closing balance	(5.7)	48.1	0.3	15.5	188.8	(21.9)	225.1

Consolidated - June 2014	Hedging $M	Share-based payments $M	Foreign currency translation $M	Non-Distributable profits $M	Asset realisation $M	Controlled entity acquisition $M	Total $M
Opening balance	(0.9)	41.0	(186.8)	13.5	192.6	(21.9)	37.5
Net gain (loss) on cash flow hedges	0.3	-	-	-	-	-	0.3
Net gain (loss) on hedges of subsidiaries	-	-	(3.8)	-	-	-	(3.8)
Share-based payments expense	-	14.4	-	-	-	-	14.4
Vesting of share awards	-	(8.0)	-	-	-	-	(8.0)
Deferred tax	0.1	-	-	-	-	-	0.1
Transaction costs	-	-	-	-	(0.3)	-	(0.3)
Transfer to inventory	(0.6)	-	-	-	-	-	(0.6)
Transfers from retained profits	-	-	-	1.0	-	-	1.0
Transfer to non-controlling interests	-	-	-	-	(3.0)	-	(3.0)
Exchange fluctuations	(0.1)	-	36.1	(0.1)	-	-	35.9
Other	-	-	0.3	-	-	-	0.3
Closing balance	(1.2)	47.4	(154.2)	14.4	189.3	(21.9)	73.8

19 Reserves (continued)

(c) Nature and purpose of reserves

(i) Hedging reserve

The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship as described in note 33(d).

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including Key Management Personnel, as part of their remuneration. Refer to note 29(a) for further details of these plans.

(iii) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange fluctuations arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations. The cumulative amount is reclassified to profit and loss when the net investment is disposed of.

(iv) Non-distributable profit reserve

In certain overseas operations local regulations require a set amount of retained profit to be set aside and not be distributed as a dividend.

(v) Asset realisation reserve

The asset realisation reserve arises from the net after tax accounting gain from disposing of a 50% interest in BlueScope's ASEAN and North American building product businesses into the BlueScope and Nippon Steel and Sumitomo Metal Corporation joint venture as at 28 March 2013.

(vi) Controlled entity acquisition reserve

The controlled entity acquisition reserve arises from the Group's acquisition of the remaining 40% non-controlling interest in BlueScope Steel (Malaysia) Sdn Bhd and 5% of Lysaght Thailand Ltd and BlueScope Steel Thailand Ltd, adjusted for the subsequent 50% disposal of their additional interests into BlueScope and Nippon Steel and Sumitomo Metal Corporation joint venture. This item represents the difference between the amount paid and the balance of the non-controlling interest acquired.

20 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).

20 Dividends (continued)

(c) Franked dividends

	Parent entity	
	2015 **$M**	2014 $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.

(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.

(e) Recognition and measurement

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period. A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the balance sheet date.

Group structure

This section of the notes provides information which will help users understand how the group structure affects the financial position and performance of the Group.

21 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.

21 Business combinations (continued)

(b) Recognition and measurement

The acquisition method of accounting is used to account for all business combinations, excluding business combinations involving entities or businesses under common control which are transferred using the underlying carrying values of the entity being acquired regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition-date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a discount on acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Restructuring costs associated with a business combination are brought to account on the basis described in note 11(d).

22 Subsidiaries and non-controlling interests

(a) Investments in subsidiaries

Name of entity	Note	Principal place of business	Equity holding 2015 %	Equity holding 2014 %
Amari Wolff Steel Pty Ltd	(a)	Australia	**100**	100
Australian Iron & Steel Pty Ltd		Australia	**100**	100
BlueScope Distribution Pty Ltd	(a)	Australia	**100**	100
BlueScope Steel Asia Holdings Pty Ltd		Australia	**100**	100
BlueScope Steel (AIS) Pty Ltd		Australia	**100**	100
BlueScope Steel Employee Share Plan Pty Ltd		Australia	**100**	100
BlueScope Steel (Finance) Ltd		Australia	**100**	100
BlueScope Pacific Steel (Fiji) Pty Limited	(a)	Australia	**100**	100
BlueScope Steel Americas Holdings Pty Ltd		Australia	**100**	100
BlueScope Pty Ltd		Australia	**100**	100
BlueScope Solutions Holdings Pty Ltd	(a)	Australia	**100**	100
BlueScope Water Australia Pty Ltd	(a)	Australia	**100**	100
BlueScope Building and Construction Ltd	(a)	Australia	**100**	100
Permalite Aluminium Building Solutions Pty Ltd	(e)	Australia	**100**	100
Glenbrook Holdings Pty Ltd		Australia	**100**	100
Fielders Manufacturing Pty Ltd		Australia	**100**	100
John Lysaght (Australia) Pty Ltd		Australia	**100**	100
Laser Dynamics Australia Pty Ltd	(a)	Australia	**100**	100
Lysaght Building Solutions Pty Ltd	(a)	Australia	**100**	100
Orrcon Distribution Pty Ltd	(a)	Australia	**100**	100
Orrcon Manufacturing Pty Ltd	(a)	Australia	**100**	100
Metalcorp Steel Pty Ltd	(a)	Australia	**100**	100
New Zealand Steel (Aust) Pty Ltd	(a)	Australia	**100**	100
The Roofing Centre (Tasmania) Pty Ltd	(a)	Australia	**100**	100
Butler do Brazil Limitada	(f)	Brazil	**100**	100
NS BlueScope Lysaght (Brunei) Sdn Bhd	(b)	Brunei	**30**	30
BlueScope Buildings (Guangzhou) Ltd		China	**100**	100
BlueScope Lysaght (Shanghai) Ltd		China	**100**	100
BlueScope Steel (Shanghai) Co Ltd		China	**100**	100
BlueScope Steel Investment Management (Shanghai) Co Ltd		China	**100**	100
BlueScope Lysaght (Langfang) Ltd		China	**100**	100
BlueScope Lysaght (Chengdu) Ltd		China	**100**	100
BlueScope Building Systems (Xi'an) Co Ltd		China	**100**	100
BlueScope Steel (Suzhou) Ltd		China	**100**	100
Butler (Shanghai) Inc		China	**100**	100
Butler (Tianjin) Inc		China	**100**	100
Shanghai BlueScope Butler Construction Engineering Co. Ltd		China	**100**	100
BlueScope Lysaght Fiji Ltd		Fiji	**64**	64
BlueScope Steel North Asia Ltd		Hong Kong	**100**	100
BlueScope Steel India (Private) Ltd		India	**100**	100
PT NS BlueScope Steel Indonesia	(b)	Indonesia	**50**	50
PT NS BlueScope Lysaght Indonesia	(b)	Indonesia	**50**	50
BlueScope Buildings (Malaysia) Sdn Bhd		Malaysia	**100**	100
BlueScope Steel Transport (Malaysia) Sdn Bhd		Malaysia	**100**	100
NS BlueScope Engineering Systems Sdn Bhd (Malaysia)	(b)	Malaysia	**50**	50
NS BlueScope (Malaysia) Sdn Bhd	(b)	Malaysia	**50**	50
NS BlueScope Lysaght (Malaysia) Sdn Bhd	(b)	Malaysia	**30**	30
NS BlueScope Lysaght (Sabah) Sdn Bhd	(b)	Malaysia	**25**	25
NS BlueScope Asia Sdn Bhd	(b)	Malaysia	**50**	50
Global BMC (Mauritius) Holdings Ltd		Mauritius	**100**	100
Butler Manufacturas S de R.L. de C.V.		Mexico	**100**	100
Butler de Mexico S. de R.L. de C.V.		Mexico	**100**	100

22 Subsidiaries and non-controlling interests (continued)

Name of entity	**Note**	**Principal place of business**	**Equity holding 2015 %**	Equity holding 2014 %
BlueScope Acier Nouvelle Caledonie SA	(c)	New Caledonia	**65**	65
BlueScope Steel Finance NZ Ltd		New Zealand	**100**	100
Tasman Steel Holdings Ltd		New Zealand	**100**	100
New Zealand Steel Holdings Ltd		New Zealand	**100**	100
New Zealand Steel Ltd		New Zealand	**100**	100
Pacific Steel (NZ) Limited		New Zealand	**100**	100
New Zealand Steel Development Ltd		New Zealand	**100**	100
Toward Industries Ltd		New Zealand	**100**	100
Steltech Structural Ltd		New Zealand	**100**	100
BlueScope Steel Trading NZ Ltd		New Zealand	**100**	100
New Zealand Steel Mining Ltd		New Zealand	**100**	100
Waikato North Head Mining Limited		New Zealand	**100**	100
BlueScope Steel International Holdings SA		Panama	**100**	100
BlueScope Steel Philippines Inc		Philippines	**100**	100
BlueScope Buildings (Singapore) Pte Ltd		Singapore	**100**	100
Steelcap Insurance Pte Ltd		Singapore	**100**	100
NS BlueScope Lysaght Singapore Pte Ltd	(b)	Singapore	**50**	50
NS BlueScope Pte Ltd	(b)	Singapore	**50**	50
NS BlueScope Holdings Thailand Pte Ltd	(b)	Singapore	**50**	50
BlueScope Steel Southern Africa (Pty) Ltd		South Africa	**100**	100
BlueScope Lysaght Taiwan Ltd		Taiwan	**80**	80
NS BlueScope Steel (Thailand) Ltd	(b)	Thailand	**40**	40
Steel Holdings Co Ltd	(b)	Thailand	**40**	40
NS BlueScope Lysaght (Thailand) Ltd	(b)	Thailand	**40**	40
BlueScope Buildings (Thailand) Ltd		Thailand	**80**	80
BlueScope Steel International Ltd		UK	**100**	100
ASC Profiles LLC	(b)	USA	**50**	50
BlueScope Steel Finance (USA) LLC		USA	**100**	100
BlueScope Steel Holdings (USA) Partnership		USA	**100**	100
BlueScope Steel North America Corporation		USA	**100**	100
BlueScope Steel Technology Inc		USA	**100**	100
BlueScope Steel Americas LLC		USA	**100**	100
BlueScope Steel Investments Inc		USA	**100**	100
VSMA Inc		USA	**100**	100
BIEC International Inc		USA	**100**	100
BMC Real Estate Inc		USA	**100**	100
Butler Holdings Inc		USA	**100**	100
BlueScope Construction Inc		USA	**100**	100
Butler Pacific Inc		USA	**100**	100
Steelscape LLC	(b)	USA	**50**	50
Steelscape Washington LLC	(b)	USA	**50**	50
BlueScope Buildings North America Inc		USA	**100**	100
NS BlueScope Holdings USA LLC	(b)	USA	**50**	50
BlueScope Lysaght (Vanuatu) Ltd	(c) (d)	Vanuatu	**39**	39
NS BlueScope Lysaght (Vietnam) Ltd	(b)	Vietnam	**50**	50
NS BlueScope Vietnam Ltd	(b)	Vietnam	**50**	50

22 Subsidiaries and non-controlling interests (continued)

All subsidiaries incorporated in Australia are members of the BlueScope Steel Ltd tax consolidated group. Refer to note 31(d)(ii).

(a) These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. For further information refer to note 32.

(b) On 28 March 2013, the Group sold 50% of its interest in ASEAN Building products businesses (Indonesia, Malaysia, Thailand, Vietnam, Singapore and Brunei) and North America (Steelscape and ASC Profiles) as part of the new joint venture established between BlueScope and Nippon Steel & Sumitomo Metal Corporation. As part of the transaction the Group acquired a 50% interest respectively in each of the newly created joint venture holding entities, including NS BlueScope Lysaght Singapore Pte Ltd, NS BlueScope Holdings Thailand Pte Ltd and NS BlueScope Holdings USA LLC. These entities have been classified as controlled entities pursuant to AASB 10 *Consolidated Financial Statements* as the Group continues to retain control and therefore consolidate these investments because of its unilateral right to appoint the CEO (and other Key Management Personnel), approval of the operating budget and retaining significant decision making authority.

(c) These controlled entities are audited by firms other than Ernst & Young and affiliates.

(d) The Group's ownership of the ordinary share capital in this entity represents a beneficial interest of 39% represented by its 65% ownership in BlueScope Acier Nouvelle Caledonie SA, which in turn has 60% ownership of the entity.

(e) On 24 February 2015, BlueScope Cold Form Solutions Pty Ltd changed its name to Permalite Aluminium Building Solutions Pty Ltd

(f) This entity is in the process of being liquidated and deregistered.

(b) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(c) Non-controlling interests (NCI)

Financial information of subsidiaries that have material non-controlling interests, as determined by reference to the net assets of the Group, are provided below:

Proportion of equity interest held by non-controlling interests:	**Place of business/ country of incorporation**		
Name of entity		**2015 %**	2014 %
NS BlueScope (Steel) Thailand Ltd	Thailand	**60**	60
Steelscape LLC	USA	**50**	50

22 Subsidiaries and non-controlling interests (continued)

Accumulated balances of material non-controlling interest:	2015 $M	2014 $M
NS BlueScope (Steel) Thailand Ltd	**159.5**	140.4
Steelscape LLC	**133.3**	115.6
Profit (loss) allocated to material non-controlling interest:		
NS BlueScope (Steel) Thailand Ltd	**23.8**	25.5
Steelscape LLC	**1.1**	2.1

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

	NS BlueScope (Steel) Thailand Ltd		Steelscape LLC	
Summarised statement of financial position	**30 June 2015 $M**	30 June 2014 $M	**30 June 2015 $M**	30 June 2014 $M
Current assets	**201.6**	188.5	**228.8**	189.4
Non-current assets	**173.7**	137.3	**136.9**	113.3
Total assets	**375.3**	325.8	**365.7**	302.7
Current liabilities	**106.0**	89.0	**83.4**	58.4
Non-current liabilities	**3.4**	2.8	**15.7**	13.1
Total liabilities	**109.4**	91.8	**99.1**	71.5
Net assets	**265.9**	234.0	**266.6**	231.2
Attributable to:				
Owners of BlueScope Steel Limited	**106.4**	93.6	**133.3**	115.6
Non-controlling interests	**159.5**	140.4	**133.3**	115.6
Summarised statement of comprehensive income				
Revenue	**425.3**	416.7	**552.1**	573.3
Expenses	**(382.0)**	(369.8)	**(549.9)**	(569.0)
Profit before tax	**43.3**	46.9	**2.2**	4.3
Income tax (expense)	**(3.7)**	(4.4)	**-**	-
Profit after tax	**39.6**	42.5	**2.2**	4.3
Attributable to non-controlling interests	**23.8**	25.5	**1.1**	2.1
Dividends paid to NCI	**22.9**	22.0	**8.9**	3.4

	NS BlueScope (Steel) Thailand Ltd		Steelscape LLC	
Summarised statement of cash flows	**30 June 2015 $M**	30 June 2014 $M	**30 June 2015 $M**	30 June 2014 $M
Cash inflow from operating activities	**38.2**	64.5	**26.6**	50.7
Cash (outflow) inflow from investing activities	**(21.4)**	(11.0)	**(9.9)**	2.4
Cash (outflow) from financing activities	**(52.9)**	(27.0)	**(23.2)**	(35.5)
Net increases (decrease) in cash and cash equivalents	**(36.1)**	26.5	**(6.5)**	17.6

23 Investments in associates

	Consolidated	
	2015	2014
	$M	$M
Investment in associates	**7.3**	12.0

Name of company

	Principal Place of Business	Ownership interest 2015 %	2014 %
Saudi Steel Building Manufacturing Company	Saudi Arabia	**30**	30
Saudi Building Systems Ltd	Saudi Arabia	**30**	30
NS BlueScope Lysaght (Sarawak) Sdn Bhd	Malaysia	**25**	25
SteelServ Limited	New Zealand	**50**	50
McDonald's Lime Ltd (a) (ii)	New Zealand	**28**	28
BlueScope Bartlett Liners Pty Ltd (a) (i)	Australia	**-**	50

(a) Movements in carrying amounts

	Consolidated	
	2015	2014
	$M	$M
Carrying amount at the beginning of year	**12.0**	12.3
Share of profits after income tax	**5.4**	5.1
Dividends received/receivable	**(4.6)**	(3.3)
Impairment of investment (i)	**-**	(2.8)
Reclass to held for sale asset (ii)	**(5.3)**	-
Currency fluctuation	**-**	0.9
Reserve movements	**(0.2)**	(0.2)
Carrying amount at the end of the year	**7.3**	12.0

(i) At 30 June 2014, BlueScope Water Australia impaired its 50% equity accounted investment in BlueScope Barlett Liners Pty Ltd for $2.8M, as a result of challenging market conditions. The entity was sold in June 2015 as part of the Australian Water business sale (refer to note 25).

(ii) On 1 July 2015, New Zealand Steel sold its 28% equity accounted investment in McDonald's Lime for NZD 41M (NZD 36M pre-tax profit). The investment has been classified as held for sale as at 30 June 2015.

(b) Contingent assets and liabilities relating to associates

There were no contingent assets and liabilities relating to investments in associates.

(c) Recognition and measurement

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates in the consolidated financial statements reduce the carrying amount of the investment.

23 Investments in associates (continued)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

24 Interests in joint ventures

(a) Joint ventures

	Consolidated	
	2015	2014
	$M	$M
Interest in joint venture partnerships	**137.3**	126.7

The Group has a 50% interest in North Star BlueScope Steel LLC, a USA resident, the principal activity of which is to manufacture hot rolled steel products. The Group also has a 50% interest in Tata BlueScope Steel Ltd, an Indian resident, the principal activity of which is to manufacture metallic coated and painted steel products and pre-engineered steel building systems.

(b) Movements in carrying amounts

	North Star BlueScope Steel		Tata BlueScope Steel	
	2015	2014	**2015**	2014
	$M	$M	**$M**	$M
Carrying amount at beginning of year	**103.3**	94.9	**23.4**	31.9
Share of profit (loss) after income tax	**112.5**	105.4	**(2.2)**	(8.2)
Dividends received/receivable	**(127.3)**	(95.1)	**-**	-
Exchange fluctuations	**24.3**	(1.9)	**3.3**	(0.3)
Carrying amount at the end of the year	**112.8**	103.3	**24.5**	23.4

24 Interests in joint ventures (continued)

(c) Summarised financial information

	North Star BlueScope Steel		Tata BlueScope Steel		Consolidated	
	2015 $M	2014 $M	**2015 $M**	2014 $M	**2015 $M**	2014 $M
Summarised statement of financial position						
Current assets						
Cash and cash equivalents	**12.1**	16.4	**22.6**	2.9	**34.7**	19.3
Receivables	**107.4**	141.9	**41.8**	44.9	**149.2**	186.8
Inventories	**86.9**	82.4	**46.9**	38.3	**133.8**	120.7
Other	**1.3**	0.7	**-**	-	**1.3**	0.7
Non-current assets						
Property plant and equipment	**177.6**	131.7	**204.5**	188.4	**382.1**	320.1
Other	**0.3**	0.4	**0.1**	0.1	**0.4**	0.5
Total assets	**385.6**	373.5	**315.9**	274.6	**701.5**	648.1
Current liabilities						
Payables	**68.7**	85.7	**108.9**	77.6	**177.6**	163.3
Provisions	**25.6**	27.4	**4.0**	2.7	**29.6**	30.1
Non-current liabilities						
Payables	**0.6**	0.2	**-**	-	**0.6**	0.2
Borrowings	**65.2**	53.6	**153.9**	147.5	**219.1**	201.1
Total liabilities	**160.1**	166.9	**266.8**	227.8	**426.9**	394.7
Net assets	**225.5**	206.6	**49.1**	46.8	**274.6**	253.4
Proportion of the Group's ownership (%)	**50.0**	50.0	**50.0**	50.0	**50.0**	50.0
Carrying amount of the investment	**112.8**	103.3	**24.5**	23.4	**137.3**	126.7

	North Star BlueScope Steel		Tata BlueScope Steel		Consolidated	
	2015 $M	2014 $M	**2015 $M**	2014 $M	**2015 $M**	2014 $M
Summarised statement of comprehensive income:						
Revenues	**1,525.3**	1,487.8	**297.8**	267.8	**1,823.1**	1,755.6
Expenses	**(1,282.5)**	(1,261.1)	**(264.2)**	(248.6)	**(1,546.7)**	(1,509.7)
Depreciation and amortisation expense	**(16.9)**	(15.1)	**(13.8)**	(14.1)	**(30.7)**	(29.2)
Finance costs	**(0.9)**	(0.8)	**(24.2)**	(21.5)	**(25.1)**	(22.3)
Profit (loss) before income tax	**225.0**	210.8	**(4.4)**	(16.4)	**220.6**	194.4
Income tax (expense) benefit	**-**	-	**-**	-	**-**	-
Group's share of profit (loss) for the year	**112.5**	105.4	**(2.2)**	(8.2)	**110.3**	97.2
Capital commitments	**-**	-	**1.0**	0.2	**1.0**	0.2
Group's share of capital commitments	**-**	-	**0.5**	0.1	**0.5**	0.1

24 Interests in joint ventures (continued)

(d) Contingent liabilities relating to joint ventures

Tata BlueScope Steel Limited has imported goods under the Export Promotion Capital Goods Scheme (EPCG), under the Government of India, at the concessional rates of duty with an obligation to fulfill the specified exports. Failure to meet this export obligation within the stipulated timeframe as per foreign trade policy 2004-09 would result in payment of the aggregate differential duty saved along with interest there on. Tata BlueScope Steel is confident of meeting the obligation and the item continues to be disclosed as a contingent liability as at 30 June 2015. BlueScope's 50% share of this contingent liability is $5.2M (2014: $6.3M).

Tata BlueScope Steel Limited (TBSL) has been charging VAT in Maharashtra (MVAT) at 4% on its PEB sales under the Structural Steel classification in the MVAT legislation. The MVAT authority has challenged this, saying that the PEB sales should be under a different classification which attracts VAT at 12.5%. In the event that TBSL is unsuccessful in its attempts to overturn the order, TBSL has calculated that the differential VAT liability for FY08 to FY15 would be around INR 530 million ($11.4M) with the potential for interest and penalties (BSL 50% equity share $5.7M).

(e) Secured liabilities and assets pledged as security

The Tata BlueScope Steel borrowings are secured against property, plant and equipment.

(f) Impairment losses

Impairment losses of $2.5M (2014: $1.6M) were recognised in relation to the Group's investment in Castrip LLC (refer to note 4). The Group's 47.5% interest in Castrip resides within the Hot Rolled Products North America segment and has a carrying value of $Nil (2014: $Nil).

(g) Recognition and measurement

Joint arrangements are classified as joint operations or joint ventures based on the rights and obligations of the parties to the joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement ("joint operators") have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement ("joint venturers") have rights to the net assets of the arrangement.

The interests in joint ventures are accounted for in the financial statements using the equity method and are carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnerships are recognised in profit or loss, and the share of post-acquisition movements in reserves is recognised in other comprehensive income.

Profits or losses on transactions establishing a joint venture and transactions with a joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

25 Discontinued operations

(a) Description

Building Solutions Australia
During the year the Group discontinued it's Building Solutions Australia business, including the sale of its industrial water tank operations on 19 June 2015. Building Solutions 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.

Lysgaht 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

	Consolidated					
	2015			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.

25 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	7.2
Carrying amount of net assets sold	(1.8)
Gain on sale before income tax	5.4
Income tax expense	(0.4)
Gain on sale after income tax	5.0

(c) Cash flow information - discontinued operations

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

	Consolidated						
	2015			2014			
	Building Solutions Australia $M	**Lysaght Taiwan $M**	**Total $M**	Restated Building Solutions 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	**(8.2)**	**(0.9)**	**(9.1)**	(5.5)	(0.1)	(0.3)	(5.9)

Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not yet satisfy the recognition criteria but could potentially have an impact on the Group's financial position and performance.

26 Contingencies

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2015 in respect of:

(i) Outstanding legal matters

	Consolidated	
	2015 $M	2014 $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 provided and purchases of goods and services. 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.

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.

27 Commitments

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated	
	2015 **$M**	2014 $M
Property, plant and equipment		
Payable:		
Within one year	**75.7**	77.6
Later than one year but not later than five years	**3.5**	0.5
	79.2	78.1

Joint ventures
For commitments relating to joint ventures refer to note 24.

(b) Lease commitments: Group as lessee

(i) Non-cancellable operating leases

The Group leases various property, plant and equipment under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. There are no restrictions placed upon the lessee by entering into these leases.

	Consolidated	
	2015 **$M**	2014 $M
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**117.1**	115.1
Later than one year but not later than five years	**294.6**	276.4
Later than five years	**304.2**	259.9
	715.9	651.4

(ii) Finance leases

The Group leases various property, plant and equipment with a carrying amount of $157.1M (2014: $175.8M).

The terms and conditions of other leases include varying terms, purchase options and escalation clauses. On renewal, the terms of these are renegotiated.

There are no restrictions of use placed upon the lessee by entering into any of these leases.

27 Commitments (continued)

	Notes	Consolidated 2015 $M	2014 $M
Commitments in relation to finance leases are payable as follows:			
Within one year		**26.2**	27.2
Later than one year but not later than five years		**112.1**	138.0
Later than five years		**184.4**	194.4
Minimum lease payments		**322.7**	359.6
Future finance charges		**(138.6)**	(161.1)
Recognised as a liability		**184.1**	198.5
Representing lease liabilities:			
Current	17	**9.6**	9.0
Non-current	17	**174.5**	189.5
		184.1	198.5

(c) Recognition and measurement - Lease liabilities

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

28 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.

Other Information

This section of the notes includes information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements but are not considered critical in understanding the financial performance or position of the Group.

29 Share-based payments

The Group provides benefits in the form of share-based payment transactions to employees. Information relating to these schemes is set below. Further information is provided in the 30 June 2015 Remuneration Report.

(a) Additional information on award schemes

(i) STI share rights

For FY2015, the Board approved 1/3 of the total STI awarded for the CEO and Key Management Executives to be withheld and awarded in restricted shares. The restricted shares have a one year trading lock and will lapse on resignation or termination for cause.

(ii) The Long Term Incentive Plan

The Long Term Incentive Plan (LTIP) is a program determined annually by the Board, which awards share rights to eligible senior management of BlueScope Steel Limited. LTIPs are designed to reward senior management for long-term value creation, and are part of the Group's overall recognition and retention strategy. The share rights give the right to receive an ordinary share in BlueScope Steel Limited at a later date subject to the satisfaction of certain performance criteria and continued employment with the Group.

The share rights available for exercise are contingent on the Group's Total Shareholder Return (TSR) percentile ranking relative to the TSR of companies in the S&P/ASX 100 index at the reward grant date. Share rights that fail to meet performance vesting conditions will lapse upon the LTIP's expiry date, or sooner upon employee resignation or termination. Plans have been granted to senior management, all at $Nil exercise price.

(iii) Retention share awards

The Board has awarded retention shares to limited Key Management Personnel and senior management throughout the Group, where their retention is particularly critical to the successful delivery of business strategy. Retention rights have a retention hurdle of three years from the time of award. These will lapse in circumstances of resignation or termination for cause. The Board retains discretion in other circumstances.

(iv) Deferred Equity Award

In December 2014, the Board awarded deferred equity awards to executives at a share price of $4.86, with no performance hurdles required to be met. The equity award gives the right to receive an ordinary share in BlueScope Steel Limited at a later date subject to continued employment with the Group.

(v) General Employee Share Plans

General Employee Share Plans (GESPs) are share award plans which, at the determination of the Board, issue eligible employees with a grant of ordinary BlueScope Steel shares (or a cash equivalent in countries where the issue of shares is not practical).

The objective of GESPs is to recognise and reward employees for their contribution to BlueScope Steel's financial results and workplace safety performance and provide them with the opportunity to benefit from dividends paid on the shares and growth in the market value of shares. Employees may elect to not participate in the plan.

29 Share-based payments (continued)

The form of GESPs depends on local regulations and tax laws. Due to this, GESPs comprise three components as follows:

Regular share grants
The majority of the Group's eligible employees, including those in Australia are offered shares with a restriction on trading of three years or as elected by the employee, dependent on the tax deferral period. Once the shares are granted, employees can fully participate in all dividends paid. Fair value is measured at grant date for shares issued. For regular share grants to overseas employees, it is a condition that shares are forfeited and sold on market if employees leave before the expiration of the three-year restriction period.

Cash plan
Eligible employees in certain Asian and Pacific regions are entitled to receive cash bonuses three years from grant date, in place of shares, the fair value of which is calculated as the sum of the market value of shares and dividends that would have otherwise been received

Deferred share grants
In some Asian countries shares vest three years from the grant date and cash rewards are received for dividends forgone during this period. Fair value is calculated as the market value of shares to be received as at grant date in addition to the dividends forgone during the three-year vesting period.

Shares issued under GESPs rank equally with other fully paid ordinary shares on issue (refer to note 18(c) for number of shares issued and fair value at grant date).

The allocation of GESPs is considered on a year by year basis. The April 2012 GESP vested in April 2015 with 312,290 shares purchased on market at $4.07 per share and 352,036 cash rights issued at $3.99 per share. At 30 June 2015 there were no other GESP outstanding.

(vi) The Employee Share Purchase Plan

The Employee Share Purchase Plan (ESPP) provides facilities for Australian employees to purchase shares at market prices through salary sacrifice of STI bonus payments. The Group has had an ESPP in place since 2003. Under the plan, shares can be provided on a tax deferred basis and therefore sale or transfer is restricted. Shares provided under the plan are entitled to participate in dividends and rank equally with other fully paid ordinary shares on issue (refer to note 18(c)). No employee benefit expense is recognised in respect of the ESPP other than the administrative costs of the plan, which are met by the Group.

(b) Fair value of share rights granted

The fair value of the share rights granted during the year ended 30 June 2015 are determined using the Black-Scholes option pricing model as outlined in note 29(e) with the following inputs:

Fair Value inputs	CEO share rights & LTIP (KMP Executives)	LTIP (Senior management)	Deferred Equity Awards (Senior management)
Grant date	1 September 2014	10 December 2014	10 December 2014
Latest expiry date	31 August 2018	31 August 2018	31 August 2017
Share rights granted	1,270,005	1,020,175	904,000
Fair value estimate at grant date ($)	3.53	3.41	4.86
Cash rights (i)	-	37,750	50,900
Grant date share price ($)	5.49	5.27	5.27
Expected dividend yield (%)	3.00	3.00	3.00
Expected risk-free interest rate (%)	2.71	2.31	2.25
Expected share price volatility (%)	40.00	40.00	-

(i) The cash rights have been issued to eligible employees in Asia who are entitled to receive cash bonuses three years from grant date, in place of shares. The fair value of the cash rights is calculated as the sum of the market value of shares and dividends that would have otherwise been received.

29 Share-based payments (continued)

(c) Cash and equity settled awards outstanding

	STI share awards (CEO & KMP)	LTIP (CEO, KMP & Senior management)	Retention share awards (KMP & Senior management)	Deferred Equity (Senior management)	GESP (Eligible employees)
Outstanding at the beginning of the year	591,083	12,166,678	7,315,062	-	908,333
Granted during the year	290,473	2,327,930	-	954,900	-
Exercised during the year	(591,083)	(6,493,543)	(494,955)	-	(663,658)
Lapsed during the year	-	(1,003,239)	(507,605)	(22,750)	(244,675)
Outstanding at the end of the year	290,473	6,997,826	6,312,502	932,150	-
Exercisable at the end of the year	-	-	-	-	-

The average share price for the year ended 30 June 2015 was $4.87 (2014: $5.52).

The weighted average remaining contractual life of share rights outstanding at the end of the period was 1.4 years (2014:1.4 years).

(d) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2015	2014
	$M	$M
Employee share rights expense	**12.4**	14.2
Employee share awards expense	**0.3**	0.2
Total expense arising from share-based payments	**12.7**	14.4

The carrying amount of the liability relating to share-based payment plans at 30 June 2015 is $2.9M (30 June 2014: $5.5M). This liability represents the deferred cash amounts payable under LTIPs and Retention schemes.

(e) Recognition and measurement

Equity settled transactions
The fair values of equity settled awards are recognised as an employee benefit expense with a corresponding increase to the share based payments reserve within equity. The total amount to be expensed is determined by reference to the fair value of the share awards or share rights granted, which includes any market performance conditions but excludes the impact of non-market performance vesting conditions.

The fair value of equity settled awards at grant date is independently determined by an external valuer using Black-Scholes option pricing model that includes a Monte Carlo simulation analysis, which takes into account the exercise price, the term of the share right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the share right.

Non-market vesting conditions are included in assumptions about the number of share awards or share rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are expected to be satisfied. At the end of each period, the entity revises its estimates of the number of share awards and share rights that are expected to vest based on non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

29 Share-based payments (continued)

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the expected vesting period has expired and the number of rights that are expected to ultimately vest. This number is based on the best available information at the reporting date. No expense is recognised for awards that do not ultimately vest due to a performance condition not being met, except for share rights where vesting is only conditional upon a market condition. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Upon the exercise of equity settled share awards, the balance of the share-based payments reserve relating to those rights and awards is transferred to share capital. The dilutive effect, if any, of outstanding rights is reflected as additional share dilution in the computation of diluted earnings per share.

Cash settled transactions
The ultimate expense recognised in relation to cash-settled transactions will be equal to the actual cash paid to the employees, which will be the fair value at settlement date. The expected cash payment is estimated at each reporting date and a liability is recognised to the extent that the vesting period has expired and in proportion to the amount of the awards that are expected to ultimately vest.

30 Related party transactions

(a) Parent entities

The ultimate parent entity within the Group is BlueScope Steel Limited, which is incorporated in Australia.

(b) Subsidiaries

Interests in subsidiaries are set out in note 22(a).

(c) Key Management Personnel compensation

	Consolidated	
	2015	2014
	$'000	$'000
Short-term employee benefits	**11,719.2**	13,075.1
Post-employment benefits	**400.1**	338.1
Other long-term benefits	**223.5**	228.9
Share-based payments	**4,449.2**	7,671.1
	16,792.0	21,313.2

Detailed remuneration disclosures for directors and executives are provided in the 30 June 2015 Remuneration Report.

(d) Transactions with other related parties

The following transactions occurred with related parties other than Key Management Personnel or entities related to them:

		Consolidated	
	Note	**2015** **$M**	2014 $M
Sales of goods and services			
Sales of goods to associates		**5.9**	3.6
Sales of goods to joint venture partnerships		**0.1**	0.8
Interest revenue			
Associates	2	**0.2**	0.1
Superannuation contributions			
Contribution to superannuation funds on behalf of employees		**132.2**	113.1

30 Related party transactions (continued)

(e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties other than key management personnel:

	Note	Consolidated 2015 $M	2014 $M
Current receivables (sales of goods and services)			
Joint venture partnerships		**0.4**	0.9
Current receivables (loans)			
Associates	7	**3.7**	1.3
Current payable (purchase of goods and services)			
Associates		**3.3**	3.5

(f) Terms and conditions

Sales of finished goods and purchases of raw materials from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

The terms and conditions of the tax funding agreement are set out in note 31(d)(ii).

With the exception that there are no fixed terms for the repayment of loans between the parties, all other transactions were made on normal commercial terms and conditions and at market rates.

Outstanding balances are unsecured and are repayable in cash.

Other director transactions with Group entities

Transactions with related parties of directors of wholly owned subsidiaries within the BlueScope Steel Group total $1.1M (2014: $1.0M). These transactions have been made on commercial arm's length terms and conditions.

31 Parent entity financial information

(a) Summary financial information

The financial statements for the parent entity, BlueScope Steel Limited, show the following aggregate amounts:

Statement of comprehensive income

	2015 $M	2014 $M
Revenue	**3,244.9**	2,463.7
Other Income	**2.2**	3.2
Changes in inventories of finished goods and work in progress	**9.4**	(23.5)
Raw materials and consumables used	**(1,457.2)**	(1,420.6)
Employee benefits expense	**(377.6)**	(420.5)
Depreciation and amortisation expense	**(63.3)**	(61.0)
Net impairment (expense) write-back of non-current assets	**(34.0)**	(4.3)
Freight on external despatches	**(152.4)**	(156.2)
External services	**(209.8)**	(213.8)
Restructuring costs	**(8.4)**	(10.1)
Carbon emission expense	**-**	(3.2)
Finance cost	**(124.9)**	(106.8)
Other expenses	**(15.8)**	(36.0)
Profit before income tax	**813.1**	10.9
Income tax expense	**(20.3)**	(70.5)
Net profit (loss) for the year	**792.8**	(59.6)
Items that may be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plans recognised directly in retained profits	**(10.4)**	14.2
Income tax on items taken directly to or transferred from equity	**1.9**	-
Other comprehensive income (loss) for the year, net of tax	**(8.5)**	14.2
Total comprehensive income (loss) for the year	**784.3**	(45.4)
Summary of movements in retained profits		
Retained losses at the beginning of the year	**(975.6)**	(930.2)
Net profit (loss) for the year	**792.8**	(59.6)
Actuarial gains (losses) on defined benefit plans recognised directly in retained profits	**(10.4)**	14.2
Dividends paid to BSL shareholders	**(17.0)**	-
Transfer to profits reserve	**(775.8)**	-
Retained losses at the end of the year	**(986.0)**	(975.6)

Profits reserve
Profits reserve represents profits available for distribution to BlueScope Steel Limited shareholders as dividends.

31 Parent entity financial information (continued)

Statement of financial position

	2015 $M	2014 $M
Current assets		
Cash and cash equivalents	**2.9**	2.4
Trade and other receivables	**4,213.5**	3,476.6
Inventories	**265.3**	293.1
Deferred charges and prepayments	**9.8**	9.6
Total current assets	**4,491.5**	3,781.7
Non-current assets		
Receivables	**8.4**	-
Tax receivable	**-**	18.3
Inventories	**16.5**	16.3
Other financial assets	**1,542.0**	1,574.1
Property, plant and equipment	**584.3**	602.0
Intangible assets	**37.9**	39.7
Deferred tax assets	**84.6**	84.6
Prepayment	**5.0**	5.0
Total non-current assets	**2,278.7**	2,340.0
Total assets	**6,770.2**	6,121.7
Current liabilities		
Payables	**312.8**	340.2
Borrowings	**1,731.5**	1,815.5
Provisions	**135.5**	149.3
Deferred income	**3.3**	3.0
Total current liabilities	**2,183.1**	2,308.0
Non-current liabilities		
Payables	**1.1**	-
Borrowings	**11.9**	12.2
Provisions	**59.3**	54.6
Retirement benefit obligations	**-**	12.2
Other	**3.1**	3.5
Total non-current liabilities	**75.4**	82.5
Total liabilities	**2,258.5**	2,390.5
Net assets	**4,511.7**	3,731.2
Equity		
Contributed equity	**4,673.8**	4,659.4
Share-based payments reserve	**48.1**	47.4
Profits reserve	**775.8**	-
Retained losses	**(986.0)**	(975.6)
Total equity	**4,511.7**	3,731.2

31 Parent entity financial information (continued)

(b) Guarantees entered into by the parent entity

In Australia, the parent entity has given $88.8M (2014: $103.4M) in guarantees to various state workers compensation authorities as a prerequisite for self-insurance and has entered into a deed of cross-guarantee with certain Australian wholly-owned subsidiaries (note 32). Additionally, the parent entity has provided financial guarantees in respect to subsidiaries amounting to:

	Parent entity	
	2015 **$M**	2014 $M
Bank overdrafts and loans of subsidiaries (unsecured)	**565.2**	675.0
Other loans (unsecured)	**391.0**	318.7
Trade finance facilities	**195.5**	159.3
	1,151.7	1,153.0

(c) Capital commitments

As at 30 June 2015, the parent entity had capital commitments of $4.6M (June 2014: $6.1M). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

(d) Recognition and measurement

The financial information for the parent entity BlueScope Steel Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the financial statements of BlueScope Steel Limited.

(ii) Tax consolidation legislation

BlueScope Steel Limited and its wholly-owned Australian controlled entities have entered into a tax sharing and funding agreement in relation to their participation in the tax consolidation regime. Under the terms of this agreement, the wholly-owned entities reimburse BlueScope Steel Limited for any current tax payable assumed and are compensated by BlueScope Steel Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to BlueScope Steel Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from BlueScope Steel Limited, which is issued as soon as practicable after the end of each financial year. BlueScope Steel Limited may require payment of interim funding amounts to assist with its obligations to pay tax instalments.

The tax sharing agreement limits the joint and several liability of the wholly-owned entities in the case of a default by BlueScope Steel Limited. At balance date, the possibility of default is considered remote.

The tax consolidated group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group. Intercompany receivables of $79.0M (2014: $40.1M) and intercompany payables of $100.4M (2014: $108.5M) of BlueScope Steel Limited have been recognised as a tax consolidated adjustment.

32 Deed of cross - guarantee

BlueScope Steel Limited and certain Australian wholly owned subsidiaries are parties to a deed of cross-guarantee under which each company guarantees the debts of the others. The companies in the deed are as follows:

Amari Wolff Steel Pty Ltd
BlueScope Building and Construction Ltd
BlueScope Construction Ltd
BlueScope Distribution Pty Ltd
BlueScope Pacific Steel (Fiji) Pty Limited
BlueScope Steel Limited
BlueScope Solutions Holdings Pty Ltd
BlueScope Water Australia
Fielders Manufacturing Pty Ltd
Glenbrook Holdings Pty Ltd
Lysaght Building Solutions Pty Ltd
Laser Dynamics Australia Pty Ltd
Metalcorp Steel Pty Ltd
New Zealand Steel (Aust) Pty Ltd
Orrcon Distribution Pty Ltd
Orrcon Manufacturing Pty Ltd (a)
Permalite Aluminium Building Solutions Pty Ltd (former name BlueScope Cold Form Solutions Pty Ltd)
The Roofing Centre (Tasmania) Pty Ltd

(a) This entity is in the process of being removed from the deed of cross-guarantee.

By entering into the deed, with the exception of Glenbrook Holdings Pty Ltd, the wholly owned subsidiaries have been relieved from the requirement to prepare a financial report and Directors’ report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. Glenbrook Holdings Pty Ltd continues to form part of the deed of cross-guarantee and closed group, however is denied Class Order 98/1418 relief due to direct ownership being held from outside of the closed group.

32 Deed of cross - guarantee (continued)

(a) Consolidated income statement and a summary of movements in consolidated retained losses

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross-guarantee that are controlled by BlueScope Steel Limited, they also represent the 'extended closed group'.

	2015 $M	2014 $M
Statement of comprehensive income		
Revenue	**4,597.8**	3,477.3
Other income	**7.8**	10.0
Changes in inventories of finished goods and work in progress	**(32.1)**	(12.1)
Raw materials and consumables used	**(2,307.3)**	(2,178.5)
Employee benefits expense	**(578.1)**	(595.7)
Depreciation and amortisation expense	**(66.4)**	(74.0)
Net impairment (charge) write-back of non-current assets	**-**	2.5
Freight on external despatches	**(208.6)**	(189.1)
External services	**(298.9)**	(290.0)
Finance costs	**(133.2)**	(113.7)
Carbon emission expense	**-**	(3.2)
Share of net profits of associate	**-**	0.1
Other expenses from ordinary activities	**(55.5)**	(37.8)
Profit (loss) before income tax	**925.5**	(4.2)
Income tax expense	**(1.3)**	(73.2)
Net profit (loss) for the year	**924.2**	(77.4)
Items that may be reclassified to profit or loss		
Actuarial gain (loss) on defined benefit superannuation plans	**(10.3)**	14.4
Total comprehensive income (loss) for the year	**913.9**	(63.0)
Summary of movements in consolidated retained losses		
Retained losses at the beginning of the year	**(959.4)**	(896.4)
Net profit (loss) for the year	**924.2**	(77.4)
Actuarial gains (losses) on defined benefit plans recognised directly in retained profits	**(10.3)**	14.4
Dividends paid to BSL shareholders	**(17.0)**	-
Transfer to profits reserve	**(775.8)**	-
Retained losses at the end of the year	**(838.3)**	(959.4)

32 Deed of cross - guarantee (continued)

(b) Statement of financial position

	2015 $M	2014 $M
Current assets		
Cash and cash equivalents	**31.8**	27.6
Trade and other receivables	**4,418.6**	3,747.3
Inventories	**500.7**	565.9
Deferred charges and prepayments	**11.6**	12.1
Total current assets	**4,962.7**	4,352.9
Non-current assets		
Receivables	**8.4**	-
Inventories	**16.5**	16.3
Other financial assets	**1,673.6**	1,673.5
Property, plant and equipment	**597.9**	605.5
Deferred tax assets	**84.6**	84.6
Tax receivable	**-**	18.3
Intangible assets	**78.8**	82.6
Prepayment	**5.0**	5.0
Total non-current assets	**2,464.8**	2,485.8
Total assets	**7,427.5**	6,838.7
Current liabilities		
Payables	**686.9**	843.0
Borrowings	**1,795.9**	1,908.1
Provisions	**173.9**	200.8
Deferred income	**6.6**	9.3
Total current liabilities	**2,663.3**	2,961.2
Non-current liabilities		
Payables	**1.1**	-
Borrowings	**20.1**	20.5
Provisions	**80.4**	93.8
Retirement benefit obligations	**-**	12.3
Deferred income	**3.2**	3.5
Total non-current liabilities	**104.8**	130.1
Total liabilities	**2,768.1**	3,091.3
Net assets	**4,659.4**	3,747.4
Equity		
Contributed equity	**4,673.8**	4,659.4
Share-based payments reserve	**48.1**	47.4
Profits reserve	**775.8**	-
Retained losses	**(838.3)**	(959.4)
Total equity	**4,659.4**	3,747.4

33 Financial instruments and risk

(a) Financial assets and liabilities

30 June 2015	Notes	**Loans and receivables**	**Derivative instruments**	**Financial liabilities at amortised cost**	**Total carrying amount**
		$M	**$M**	**$M**	**$M**
Financial assets					
Receivables (current)	7	1,087.4	-	-	1,087.4
Receivables (non-current)	7	36.2	-	-	36.2
Derivative financial instruments	33(c)	-	1.4	-	1.4
		1,123.6	1.4	-	1,125.0
Financial liabilities					
Payables (current)	10	-	-	(1,306.1)	(1,306.1)
Payables (non-current)	10	-	-	(11.5)	(11.5)
Borrowings (current)	17	-	-	(107.6)	(107.6)
Borrowings (non-current)	17	-	-	(686.1)	(686.1)
Derivative financial instruments	33(c)	-	(10.6)	-	(10.6)
		1,123.6	(9.2)	(2,111.3)	(996.9)

30 June 2014	Notes	**Loans and receivables**	**Derivative instruments**	**Financial liabilities at amortised cost**	**Total carrying amount**
		$M	**$M**	**$M**	**$M**
Financial assets					
Receivables (current)	7	1,062.5	-	-	1,062.5
Receivables (non-current)	7	46.1	-	-	46.1
		1,108.6	-	-	1,108.6
Financial liabilities					
Payables (current)	10	-	-	(1,218.6)	(1,218.6)
Payables (non-current)	10	-	-	(41.8)	(41.8)
Borrowings (current)	17	-	-	(40.5)	(40.5)
Borrowings (non-current)	17	-	-	(687.7)	(687.7)
Derivative financial instruments	33(c)	-	(2.2)	-	(2.2)
		1,108.6	(2.2)	(1,988.6)	(882.2)

(b) Risk management - governance

The Board of Directors has overall responsibility for overseeing the management of financial risks, and approves policies for financial risk management with the objective of supporting the delivery of financial targets while protecting future financial security.

The Group's Audit & Risk Committee regularly reviews the financial risk management framework to ensure it is appropriate when considering any changes in market conditions. It reviews financial risk management controls and procedures and oversees how management monitors compliance with these, and monitors the levels of exposure to fluctuations in commodity prices, interest rates, and foreign exchange rates.

33 Financial instruments and risk (continued)

(c) Hedging and derivatives

The Group uses derivative instruments to manage commodity price risk and foreign exchange risk by entering into forward contracts. Derivatives are used only for the purposes of managing these risks and not for speculative purposes.

	Consolidated	
	2015 **$M**	2014 $M
Financial assets		
Forward foreign exchange contracts - cash flow hedges (i)	**1.2**	-
Forward foreign exchange contracts - fair value hedges (i)	**0.2**	-
	1.4	-
Financial liabilities		
Forward foreign exchange contracts - cash flow hedges (i)	**3.1**	0.8
Forward foreign exchange contracts - fair value hedges (i)	**0.1**	0.2
Forward commodity contracts - cash flow hedges (ii)	**7.4**	1.2
	10.6	2.2
	(9.2)	(2.2)

(i) *Forward foreign exchange contract*
The Group has entered into forward foreign exchange contracts designated as cash flow ledges and fair value hedges relating to foreign currency sales and purchases and hedging of net working capital exposures. For the cash flow hedges, the effective portion of gains and losses recognised directly in equity. The fair value hedges are being marked to market through the profit and loss in line with the Group's risk management strategy.

(ii) *Forward commodity contracts*
The Group has entered into forward contracts for the purchase of electricity for its New Zealand Steel business and iron ore purchases at Port Kembla Steel Works as a means of hedging its exposure to electricity and iron ore price fluctuations. Both of these forward contracts have been designated as cash flow hedges with the effective portion of gains and losses recognised directly in equity.

(d) Recognition and measurement of derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

The relationship between hedging instruments and hedged items, the risk management objective and the strategy for undertaking hedge transactions, are documented at the inception of the hedge transaction. The ongoing effectiveness of the derivatives in offsetting changes in fair values or cash flows of hedged items is assessed and documented on an ongoing basis.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

33 Financial instruments and risk (continued)

(ii) Cash flow hedges

Changes in the fair value of derivatives that are designated as cash flow hedges are recognised in other comprehensive income and accumulated in the hedging reserve in equity. The gain or loss relating to the effective portion is recognised in other comprehensive income and accumulated in the hedging reserve, whilst ineffective portions are recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in the hedging reserve are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in the hedging reserve are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation in the case of fixed assets.

(iii) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses. Gains and losses accumulated in the foreign currency translation reserve are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(iv) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

(v) Discontinuation of hedge accounting

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the hedging reserve is immediately reclassified to profit or loss.

(e) Managing financial risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of movements in foreign exchange rates. The Group is primarily exposed to changes in the US dollar (USD) exchange rate, with the most significant exposure arising from USD receipts and payments on receivables, payables and interest bearing liabilities denominated in USD as held by Australian based entities, some of which are used to hedge net investments in foreign operations. The Group periodically enters into hedges to manage exposure to fluctuations in foreign exchange rates (refer to note 33(c) for details on forward foreign exchange contracts currently in place).The Group is also exposed to exchange rate movements on foreign currency financial assets and financial liabilities. In certain currencies the Group has a full or partial natural hedge between investments, in net foreign assets and interest bearing liabilities.

33 Financial instruments and risk (continued)

The Group's exposure to its external non-functional currency USD financial assets and financial liabilities is as follows:

	Consolidated	
	2015 $M	2014 $M
Financial assets		
Cash and cash equivalents	**102.2**	49.7
Trade and other receivables	**63.7**	52.2
Forward foreign exchange contracts	**1.4**	-
	167.3	101.9
Financial liabilities		
Trade and other payables	**153.0**	156.0
Borrowings	**87.6**	100.9
Forward foreign exchange contracts	**3.2**	0.9
Forward commodity contracts	**6.7**	-
	250.5	257.8
Net exposure	**(83.2)**	(155.9)

This exposure for the Group does not reflect the natural hedge of USD assets against USD borrowings of AUD 13.5M (2014: AUD 4.8M).

The Group is also economically exposed to currency risk in relation to future purchases and sales. As this risk is embedded within normal purchases and sales (which are not financial instruments), this exposure is not disclosed here.

Sensitivity disclosure analysis (based on observed historical and future market expectations)

	Post-tax profit higher (lower)		Equity higher (lower)	
Judgement of reasonably possible movements:	**2015 $M**	2014 $M	**2015 $M**	2014 $M
AUD/USD + 10% (2014: +10%)	**5.9**	11.0	**5.9**	11.0
AUD/USD - 10% (2014: -10%)	**(7.2)**	(13.5)	**(7.2)**	(13.5)

(ii) Credit risk

Credit risk arises from financial assets of the Group, such as cash and cash, receivables and derivative financial instruments. Credit risk arises from the possibility that counterparties to the Group's financial assets will fail to settle their obligations under their contracts with the Group.

To manage this risk, the Group:

- Has a policy for establishing credit approvals and limits, including the assessment of counterparty creditworthiness;
- May require collateral when appropriate;
- Undertakes monitoring procedures such as periodic assessments of the financial viability of its counterparties, ageing analysis and reassessment of credit allowances provided; and
- Manages exposures to individual entities it enters into derivative contracts with (a maximum exposure threshold is applied and transaction approval is required).

The maximum exposure of the Group's credit risk is represented by the carrying amount of the financial assets it holds (without taking account of the value of any collateral obtained), reduced by the effects of any netting arrangements with financial institution counterparties. As at 30 June 2015 and 30 June 2014, the Group held minimal amounts of collateral as security relating to any of its financial assets.

33 Financial instruments and risk (continued)

Counterparties

The Group has a large number of customers internationally dispersed. Sales to the Group's customers are made either on open terms or subject to independent payment guarantees with prime financial institutions. The Group obtains letters of credit from these institutions to guarantee the underlying payment from trade customers or undertake debtor insurance to cover selective receivables for both commercial and sovereign risks.

The Group has significant transactions with major customers, being Arrium Limited and Fletcher Building's Group. These entities are major customers of the Group's Australian operations and credit risk with these businesses is managed on an active and ongoing basis, using both quantitative and qualitative evaluation (based on transactional and credit history).

The Group's receivable counterparties consist of a number of prime financial institutions in the relevant markets. The Group has no significant transaction with any single counterparty or group of counterparties and generally does not require collateral in relation to the settlement of financial instruments.

Geographical

The Group trades in several major geographical regions and when appropriate export finance insurance and other risk mitigation facilities as appropriate. Regions in which the Group has a significant credit exposure are Australia, USA, China, South-East Asia and New Zealand. Terms of trade are continually monitored by the Group.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate due to changes in interest rates. The Group's exposure arises from floating rate interest bearing liabilities (2015: $226.5M; 2014: $223.5M) and investments in cash and cash equivalents (2015: $518.5M; 2014: $466.6M). Given this level of exposure, any impact from reasonably possible movements in interest rates (+/- 50 basis points) will be immaterial.

(iv) Commodity price risk

The Group is exposed to price risk on steel products that it sells, purchased steel feed and on the commodities that it utilises in its production processes, in particular iron ore, coal, scrap, zinc, aluminium and electricity. As this risk is embedded within normal purchases and sales (which are not financial instruments), this exposure is not disclosed here.

The Group takes a portfolio approach to price risk management. The Group's most significant price risks arise in relation to international steel prices (particularly hot rolled coil and slab), coal and iron ore. The absence of deep liquidity in derivative markets for these commodities means that any hedging program for other price risks will not have a material impact on reducing cash flow at risk. Hedging of price risks is therefore undertaken infrequently.

The Group periodically enters into hedges to manage exposure to fluctuations in electricity (New Zealand operations) and iron ore prices (Australian Steel Products) (refer to note 33(c) for details on forward commodity contracts currently in place). Any impact from reasonably possible movements based on an historical basis and market expectations (+/- 20%) in electricity and iron ore prices will be immaterial.

(v) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group expects to satisfy its ongoing capital expenditure requirements and meet its working capital needs through cash generated from operations, together with cash on hand and borrowings available under existing and new financing facilities. The total amount of financing facilities carried by the Group takes into account a liquidity buffer which is reviewed at least annually. The Group monitors liquidity risk through the development of future rolling cash flow forecasts.

The Group's net exposure to liquidity risk is not significant based on available funding facilities and cash flow forecasts. Refer to note 17(b) for a summary of the Group's material financing facilities.

33 Financial instruments and risk (continued)

(f) Fair values

The carrying amounts and estimated fair values of the Group's financial instruments recognised in the financial statements are materially the same, with the exception of the following:

	At 30 June 2015		At 30 June 2014	
	Carrying amount $M	**Fair value $M**	Carrying amount $M	Fair value $M
Non-traded financial liabilities				
Other loans	**391.0**	**463.1**	318.7	393.2
Net assets (liabilities)	**(391.0)**	**(463.1)**	(318.7)	(393.2)

The above financial liability is not readily traded on organised markets in standardised form. The fair value of interest bearing financial liabilities where no market exists is based upon discounting the expected future cash flows by the current market interest rates on liabilities with similar risk profiles that are available to the Group.

Valuation of financial instruments

(*i*) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
(*ii*) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (i.e. derived from prices); and
(*iii*) Level 3 - inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Derivatives valued using valuation techniques with market observable inputs are primarily foreign exchange forward contracts and commodity forward contracts. These valuations reference forward pricing using present value calculations. The forward price incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, and forward rate curves of the underlying commodity. The fair value of forward commodity exchange contracts ($7.4M) and forward foreign exchange contracts ($1.8M) are considered level 2 valuations.

34 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group, and its related practices:

(a) Audit services

	Consolidated	
	2015 $	2014 $
Audit and review of financial statements and other audit work under the Corporations Act 2001:		
Ernst & Young (including overseas Ernst & Young firms)	**4,575,000**	4,537,526

34 Remuneration of auditors (continued)

(b) Other services

	Consolidated	
	2015 **$**	2014 $
Other non-audit services		
Ernst & Young Australian firm		
Tax compliance services	**48,810**	16,315
Advisory services	**490,000**	-
Assurance related	**7,000**	-
Related practices of Ernst & Young Australian firm (including overseas Ernst & Young firms)		
Tax compliance services	**56,095**	70,337
Advisory services	**7,000**	-
	608,905	86,652

35 Other accounting policies

(a) New and amended Standards and Interpretations adopted by the Group

The following standards and amendments apply for first time in the annual reporting period commencing 1 July 2014:

- AASB 2012-3 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities; and
- AASB 2014-1 Amendments to Australian Accounting Standards - Part A - Annual Improvements to IFRSs 2011-2013 Cycle

The above standards did not impact the consolidated financial statements and disclosures of the Group.

(b) New Accounting Standards and Interpretations not yet adopted by the Group

Certain new Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 July 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets. The standard is not applicable until 1 January 2018 but is available for early adoption. When adopted, the standard will impact accounting for available - for - sale financial assets, as AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 also include new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

35 Other accounting policies (continued)

(ii) AASB 15 Revenue from Contracts with Customers

The AASB has issued AASB 15 *Revenue from Contracts with Customers.* AASB 15 will replace AASB 111 *Construction Contracts*, AASB 118 *Revenue and related AASB Interpretations* (Interpretation 13 *Customer Loyalty Programmes*, Interpretation 15 *Agreements for the Construction of Real Estate*, Interpretations 18 *Transfers of Assets from Customers* and Interpretation 131 *Revenue-Barter Transactions Involving Advertising Services*).

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

(1) Identify the contract(s) with a customer
(2) Identify the performance obligations in the contract
(3) Determine the transaction price
(4) Allocate the transaction price to the performance obligations in the contract
(5) Recognise revenue when (or as) the entity satisfies a performance obligation

The IASB has decided to defer the effective date of IFRS 15 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard for the Group will move from 1 July 2017 to 1 July 2018.

The standard is not expected to have a material impact on the Group's financial statements and disclosures.

(c) Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on available-for-sale financial assets are included in equity until such time as the available-for-sale asset is sold and the translated amount is reported in the profit or loss.

(ii) Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is reclassified to profit or loss as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(d) Other taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

35 Other accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 1 to 81 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 32 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross-guarantee described in note 32.

(d) The financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001.*

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

G J Kraehe, AO
Chairman

Paul O'Malley

P F O'Malley
Managing Director & CEO

Melbourne
24 August 2015

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Independent auditor's report to the members of BlueScope Steel Limited

Report on the financial report

We have audited the accompanying 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. The directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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*. We have given to the directors of the company a written Auditor’s Independence Declaration, a copy of which is included in the directors’ report.

Opinion

In our opinion:

a. the financial report of BlueScope Steel Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards*.

Report on the remuneration report

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

Ernst & Young

Rodney Piltz
Partner
Melbourne
24 August 2015