

17 February 2012

ASX/MEDIA RELEASE

Bisalloy Half Year NPAT up 42% to \$2.9m

- EBITDA (before CJV contribution) for the six months of \$5.6m – up 13% for same period last year
- Debt reduced from \$15.8m at June 2011 to \$13.9m at December 2011
- Well placed for 55% - 60% EBITDA earnings growth in FY2012 which includes net contribution from CJV for the first time.
- Joint Venture with Jinan presents significant profit opportunities in FY2013

Bisalloy Steel Group Limited (ASX:BIS) (**Bisalloy** or the **Group**) today reported net profit after tax (NPAT) of \$2.9m for the six months (HY2010: \$2.0m). EBITDA before a contribution from the Chinese Joint Venture (CJV) for the six months to 31 December 2011 was \$5.6m. This represents earnings growth of 13%, and has Bisalloy strongly positioned to deliver EBITDA earnings growth for the full year in the range of 40% to 50% before any contribution from the CJV.

The Directors have taken the decision not to pay an interim dividend as Bisalloy continues to focus on strengthening its balance sheet. Debt at 31 December 2011 has been reduced by a further \$1.9million to \$13.9million (June 2011: \$15.8 million). Gearing is at 44%.

Results Summary	December 2010 \$m	December 2011 \$m	Change %
Revenue	40.4	50.2	24%
EBITDA (before CJV contribution)	5.0	5.6	13%
Profit after tax	2.0	2.9	42%
Profit attributable to members	1.7	2.7	55%
Earnings per share – diluted (cents)	0.8c	1.2c	50%
Interim dividend per share	0.0c	0.0c	0%

As discussed at the AGM in November 2011, the Australian quenched and tempered steel market has remained attractive to overseas producers who are dealing with weak demand in their domestic economies. The strong Australian dollar has provided additional support to these overseas producers and has intensified competition in the Australian domestic market, while limiting opportunities for Bisalloy in export markets. Despite these challenges, the Group has increased tonnes sold by 35% over the same period last year, which has lifted Group revenue to \$50.2m – an increase of 24%. Orders taken for the Australian domestic market during October to December were 113% ahead of the same period last year, which sets the Group up for a strong start to the second half. Bisalloy continues to successfully use the



stronger Australian dollar to partially reduce input costs by sourcing a significant proportion of steel plate from its overseas suppliers.

Bisalloy's operations in Indonesia and Thailand remained profitable during the half. The operations in Thailand have faced specific challenges from the wide spread flooding that has reduced economic activity in the country, although our facilities were not directly damaged by the floodwaters.

Joint Venture (JV) with Jinan Iron & Steel Co., Limited

As reported at the AGM in November 2011, the JV facility is fully operational and producing a high quality product that meets all the specifications to be branded as Bisplate. The JV has secured its first orders and the first product was delivered to customers in December, with further dispatches scheduled in January. Despite still being in the start up phase and incurring establishment costs, the JV returned a small profit for the period ended 31 December 2011.

Funding

The Group remained focused on reducing its debt, and at 31 December 2011, debt was reduced by \$1.9 million to \$13.9 million (30 June 2011: \$15.8m). Debt reduction will be an ongoing focus for Bisalloy in FY 2012.

Bisalloy's financiers remain supportive of the company, however with the company's financing facilities due for renewal in October 2012, the outstanding debt has been classified as a current liability in accordance with the Accounting Standards. The Directors are confident that an appropriate financing facility will be in place prior to 30 June 2012.

Outlook

The Directors believe that despite the underlying strength of the Australian dollar and global economic conditions attracting overseas producers to the Australian domestic quench and tempered steel market, Bisalloy has the appropriate strategies to compete effectively in this environment.

Bisalloy Managing Director Robert Terpening commented: "The board has sound reasons for continued optimism for growth and believe Bisalloy is positioned to deliver EBITDA earnings growth of between 55% and 60% for the full year, which includes for the first time a net contribution from the CJV of between \$750,000 and \$1.2m following commencement of sales in December 2011".

"Significant progress is being made with the JV with Jinan Iron & Steel and it is pleasing to note that the Bisplate brand is now being established in the Chinese market. While the JV is already profitable, we expect a meaningful contribution to group profits from FY2013."



Strategic Review

The Directors believe that the Group's current share price does not appropriately reflect the underlying value of the Group and accordingly, are undertaking a review of the Group's strategic options with a focus on optimising shareholder value. All options will be considered as part of this review.

-ENDS-

Bisalloy is Australia's only manufacturer of high-strength structural, wear-resistant and armour steel plates using quenched and tempered steel. Bisplate is used in the mining, construction, general fabrication and defence sectors. Bisalloy has an extensive distribution network across Australasia Indonesia, Thailand and the People's Republic of China. See our website at www.bisalloy.com.au.

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