Bisalloy Steel

GROUP LIMITED

Bisalloy Steel
Group Limited

2016 Annual Report

Contents

Annual General Meeting

The Group will hold its 2016 Annual General Meeting in the Press Room at the Radisson Blu Plaza Hotel located at 27 O'Connell Street, Sydney NSW at 11.00am on Monday, 21 November 2016.

2016 Highlights

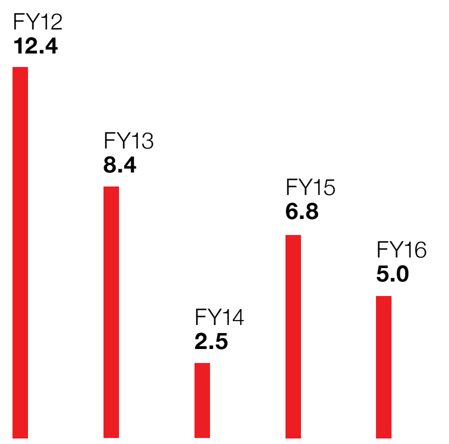
EBITDA of $5.0m (FY2015 – $6.8m)

Net debt of $7.7m (FY2015 – $3.6m)

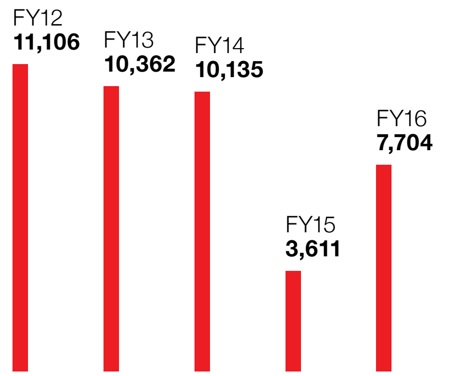
Final dividend for the FY2016 year of 2.5cps, fully franked

Revenue decreased by 9.8%

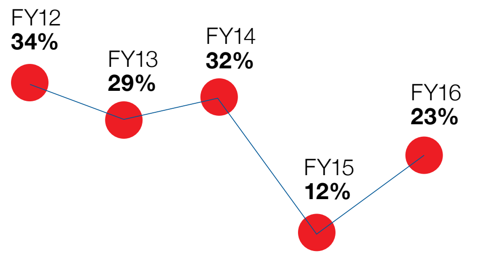
EBITDA $m



Debt $'000s



Gearing %



Chairman & Managing Director's Review

Mr Phil Cave, AM
Chairman

Mr Greg Albert
Managing Director and CEO

Bisalloy Steels Group achieved good results in FY2016 despite a weakening of demand in many of our traditional markets.

A combination of a further slowdown in the resource sector and the appointment of Voluntary Administrators in April 2016 to oversee the affairs of One Steel Metal Centre (a subsidiary of Arrium), one of Bisalloy Steels largest Australian distributors, adversely affected the Group's FY2016 trading performance compared to FY2015. The Group had an outstanding debt with this distributor at the time it entered voluntary administration and whilst the company has settled its claims this resulted in unusually higher levels of stock and debt as at 30th June 2016. This is seen as a one-off occurrence and the market is expected to normalise over the next 6 months. Despite these headwinds, our profitability remained solid and we also made good progress in making Bisalloy Steels an increasingly better and more competitive company in our current operating environment.

While the challenges facing the resource sector will take some time to normalise, further market share gains are being targeted during 2017 through a restructured sales organisation with a focus on significantly penetrating new markets away from the resource sector. Rather than passively lamenting the changes in our traditional resource market environment, we have embarked on aggressively renewing the company's way to market model, our branding, our product offering and our customer service levels. Although we are at an early stage in this development, we are in a strong position to create value for our customers and other stakeholders.

During FY2016 Bisalloy Steels Australia performed strongly in its domestic market despite a reduction in the Australian Quench & Tempered (Q&T) market. The main competitor from Sweden continued to import mainly from its mills in the USA. This was in response to the Group's successful Anti-Dumping case in 2014. Consistent with the Group's reasonable expectation to compete on a level playing field, Q&T imports are being closely monitored and, if dumping is apparent, further anti-dumping action will be considered.

The Group's distribution subsidiaries in Indonesia and Thailand continued to operate profitably despite difficult business conditions in both markets. Improvement plans to continue to increase profits from these businesses, in line with the Australian growth priorities to be delivered through FY2017, are now underway. During FY2016 the Indonesian operation was hampered by new import licence restrictions. The Group's Indonesian subsidiary has now successfully secured import licences for the coming year and we are already seeing increasing sales volumes return.

The Group's Cooperative Joint Venture (CJV) for the production and sale of Q&T steel plate into China and North Asian markets continues to operate profitably in a highly competitive market, albeit at relatively low tonnages for the domestic market. The sales resources have been strengthened, including the appointment of a Vice General Manager of Sales to drive the growth plan. A major upgrade is underway to improve product quality, brand awareness, as well as to provide timely supply and improve stock levels to better meet the unique needs of the Chinese domestic market.

Although the overall market environment in China has declined, there are significant growth opportunities for the CJV in both domestically in China and in select neighbouring international markets. The CJV is forecasting a steady increase in its financial contributions to the Group results in FY2017.

The Group's net debt increased to $7.7m at 30 June 2016, up from $3.6m at 30 June 2015, adversely impacted by the outstanding receivable due from One Steel Metal Centre, who appointed a Voluntary Administrator in April 2016. The Group also reintroduced the payment of a dividend to shareholders and a total of $1.7m was paid in November 2016.

We would like to highlight occupational safety alongside our financial performance. Safety has a direct impact on productivity, quality and customer satisfaction. We are pleased to report that again this year due to the Group's focus and diligent commitment to safety from employees and management, the Australian production operations reached 1,134 days without a lost time injury as at 30 June 2016, setting a new safety record for the Australian business. Our operations in Indonesia and Thailand continued their highly impressive commitment to safety and have now delivered eleven years without a lost time injury, and the Chinese Joint venture has now passed five years lost time injury free.

During the first half of 2016 a three year strategic plan was activated targeting higher profitability and growth.

In the first half of 2016 a new Collective Agreement to 30 June 2016 was reached with the Unanderra production workforce and was approved by Fair Work Australia. This has been a good outcome for both the employees and the company forming a strong collaborative approach and creating the environment for a productive motivated workforce.

Bisalloy continues to invest in R&D to develop new high performance steels to meet the ever changing needs of the market. During FY2016 and moving into FY2017, Bisalloy has established close partnerships with major defence contractors to collaboratively work on researching and developing innovative steels for defence applications. Through the efforts of the Bisalloy Steels technical and R&D centre these can be utilised in new non-defence related applications, requiring the highest level of strength and toughness.

As an example, the SEA1000 Future Submarine Program will be the largest defence program ever undertaken by Australia, and while submarines are the most complex, sensitive and expensive Defence acquisition Government can make, Bisalloy Steels is well positioned to provide the grades of steel required for longer range, higher endurance and greater breadth capabilities than the existing Collins Class Fleet, which used Bisalloy Steels products. During FY2017 Bisalloy steels will be working through the selection and design phase and will be strengthening our metallurgical technical personnel.

On the back of the strong and collaborative working relationship with the key companies working to deliver the Bushmaster IMV and Land 400 military vehicles, Bisalloy Steels is continuing engagement with key stakeholders and are forecasting armour orders in FY2017 for such projects.

During FY2016 Bisalloy Steels was successful in achieving accreditation with a number of international defence forces for the supply of ballistic and blast proof grade steels with an increase in sales forecasted in FY2017. Bisalloy Steels is fast becoming known worldwide as a premium trusted producer of Armour steels. A focus on this in FY2017 is a strategic priority.

Bisalloy Steels currently supplies a high proportion of its production in Australia to the resource sector which experienced a significant downturn in 2016. Low commodity prices have negatively impacted the mining sector's investment activity, prompting mining companies to cut costs and close some mines. These factors have also affected the maintenance and service side of mining companies.

Bisalloy Steels' objective is to increase its market share in the environment of a declining resource sector and simultaneously start widening its market penetration beyond the resource sector, and introduce products

Chairman and Managing Director's Review

continued

to allow it to compete more widely. We currently have a portfolio of products and knowledge that will allow us to enter markets we have serviced previously. These products are already being produced in our Unanderra plant.

High strength steel is a material of the future offering a number of advantages which can be exploited in developing solutions to both every day and difficult or unusual engineering problems. High strength steel can offer environmentally positive benefits such as weight savings, reduced production costs, the possibility of high loads or high fatigue operations, and greater load carrying capacities. To date, Australian engineers have not fully exploited higher strength materials in all its capacities, and there remains considerable scope for innovative design.

Following several years of strong activity in the broader mining markets in Australia and Asia, Bisalloy Steels is looking to the future where applications require high strength materials. These applications include specialised renewable energy applications, complex building structures, offshore applications and transportation. High strength steel is the ideal material of choice, not only offering cost saving, but able to extend operation life even in the most demanding conditions.

During the first half of 2016 a three year strategic plan was activated targeting higher profitability and growth. We continually strive for higher profitability and growth in our core business, and ensure value creation for our customers and shareholders. Bisalloy Steels will move to compete in a broader market base by developing partnerships that can fill product gaps, transfer knowledge and open new markets for the Group's high strength products in three main areas, being, wear, structural and armour grade performance steels, in Australia and internationally.

Our market positioning, our experience and well recognised brand in all our targeted industries provides attractive opportunities for us all. In addition the increasing focus on sustainability generates new types of demands from our customers requesting lighter, stronger and more sustainable steel solutions.

Our market positioning, our experience and well recognised brand in all our targeted industries provides attractive opportunities for us all.

In closing, we wish to thank all Bisalloy Steels employees for their commendable dedication and commitment during this tough time in the resource sector and the move towards a new way of working. We would like to thank our customers and shareholders for their trust in Bisalloy Steels, and we hope that we continue to be worthy of your trust for this coming year.

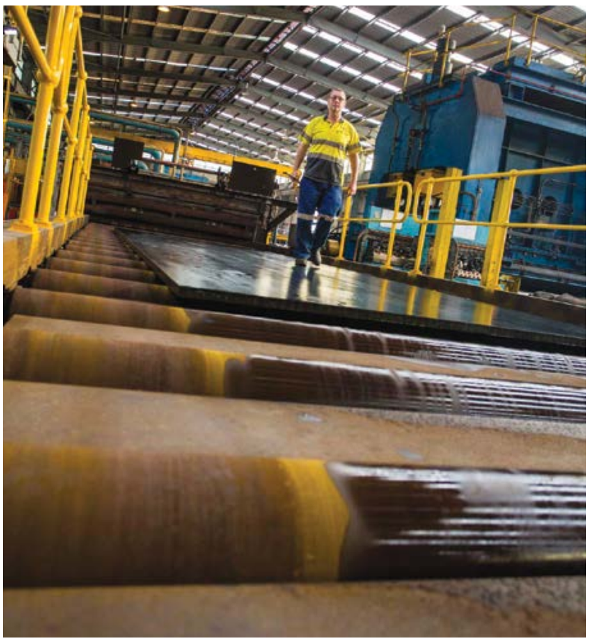
Bisalloy Steel Group Limited will hold its 2016 Annual General Meeting in the Press Room at the Radisson Blu Plaza Hotel located at 27 O'Connell Street, Sydney, NSW at 11:00am on Monday, 21st November 2016. We look forward to welcoming you to that meeting.

P J Cave

Mr Phillip Cave, AM
Chairman

G Albert

Mr Greg Albert
Managing Director and CEO

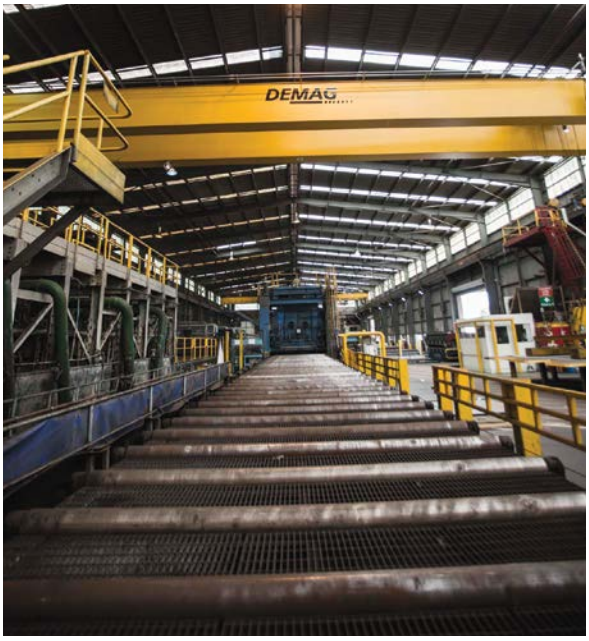


Review of Operations

Bisalloy Steel Group comprises Bisalloy Steels Pty Ltd in Australia, the majority owned distribution businesses in Indonesia (PT Bima Bisalloy) and Thailand (Bisalloy Thailand) and the investment in the Chinese CJV – Bisalloy Jigang (Shandong) Steel Plate Co, Ltd.

The Group is focused on leveraging off its significant intellectual property associated with the formulation of the raw material input ("greenfeed") and the quench & tempered (Q&T) steel plate production processes. While the primary value of this intellectual property has been delivered through the production of Bisplate® quench & tempered steel plate from our Unanderra production facility, the ability to replicate and therefore build upon this intellectual property, is now proven through the Joint Venture in China. The Group will continue to manufacture quench & tempered steel plate at its plant in Unanderra, with a maximum production capacity of around 65,000 tonnes per annum. Maximising the tonnes per day through our highly efficient continuous flow production process at Unanderra is fundamental to increasing Group profitability. Maintaining its position as the only Australian manufacturer of quench & tempered steel plate will continue to be an important element of our marketing strategy going forward.

The process used to consistently manufacture high quality quench & tempered steel plate is not easily replicated. Product quality and cost competitive output is highly dependent on the intellectual property associated with:



Review of Operations

continued

- Greenfeed formulations;
- Processes and timings required to achieve the metallurgical changes desired;
- Reliability and suitability of the continuous flow processing equipment; and
- Quality and experience of the management and workforce.

The greenfeed is heated and rapidly cooled to a carefully managed 'recipe' so as to alter the grain structure of the steel plate to achieve a homogenous grain profile and the associated physical properties.

Greenfeed is sourced from several steel mills located predominantly in Australia and North Asia, with greenfeed supply based on quality, reliability, technical competency and value proposition. In addition to maximising opportunities from movements in global steel pricing, this strategy has reduced the risks associated with a single dominant supply association.

Bisalloy Steels Australia

Bisalloy Steels is Australia's only manufacturer of high tensile, abrasion resistant and armour grade quench and tempered steel plates. Located on a 23,600 m² site in Unanderra, south of Sydney, Bisalloy Steels manufactures these products through a highly efficient, continuous flow process. Distribution is through a network of distributors across Australia, directly to end users, through its businesses in Indonesia, Thailand, the People's Republic of China and through agents in at least a dozen countries worldwide.

The Australian business has the ability to rapidly ramp up production to 24hr production over a maximum 300+ days per calendar year without any significant additional capital expenditure, which provides a base for future growth and increased profitability. The Joint Venture in the PRC provides an additional quench & temper heat treatment capacity of around 150,000 tonnes per annum.

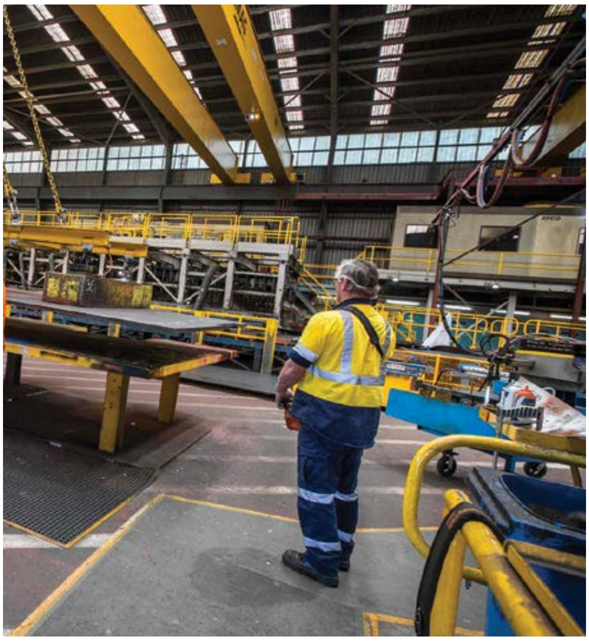
The facility in Unanderra maintains a stock of finished goods to reduce lead times to customers which is supported by smaller stock holdings in Queensland and West Australia. Sales offices operate in Queensland, New South Wales, Victoria, South Australia and West Australia to provide support to the local markets.

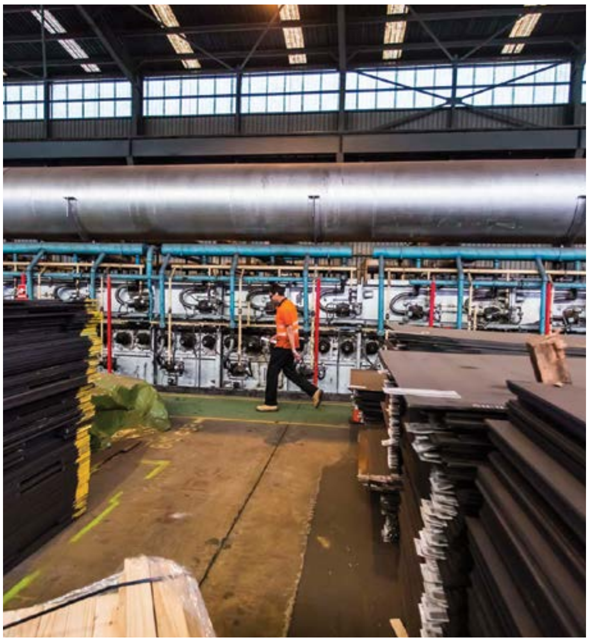
Bisalloy Steels is Australia's only manufacturer of high tensile, abrasion resistant and armour grade quench and tempered steel plates.

Products

Bisalloy Steels' high tensile and abrasion resistant quench and tempered steel plates are categorised across structural, wear and armour grades. The Bisplate grades produced are of a world competitive standard, successfully challenging the performance of imported products from the largest Q&T manufacturers in the world.

The increased strength of structural grades allow for advantages in building construction and in the manufacture of equipment including dump truck bodies, storage bins, hoppers and chutes where the strength to weight ratio is critical.





Wear grade Q&T plate is utilised in applications generating severe impacts and high rates of abrasion. The applications are varied but include the lining of dump trucks, the teeth of crushers, the mixer blade of a cement mixer and the compactor of a garbage truck.

Armour and Defence grades of Q&T provide personal protection from both blast and projectile threats.

Bisalloy has an on-going commitment to developing and enhancing its product line to meet the changing requirements of our customers. Toward this objective, an association with the Australian Government sponsored 'Steel Research Hub' is currently researching new technologies that can be applied in the Group's product development program.

Armour and Defence grades of Q&T provide personal protection from both blast and projectile threats.

Marketing Mix

Bisalloy Steels' Q&T steel plates are in demand across the different phases of the mining equipment life cycle. When new capital equipment is not in high demand, the need to refurbish and repair existing mining equipment provides a strong base for the consumption of abrasion resistant Q&T plate. As new mining equipment increases in volume some reduction in abrasion resistant Q&T plate is taken up by an increase in high tensile Q&T plate which gives the mining vehicles high strength at lower on-road weights. Q&T plate is used throughout the resource extraction process from 'pit to port'.

An increased exposure to structural applications has been established for Bisplate structural grades through the inclusion of quench & tempered steel in the Australian Steel Structures Standard AS4100-1998.

Armour plate sales are a niche market with demand for vehicle protection in both military and civilian applications. Bisalloy Steels has developed a suite of products that attract attention from customers all over the world. The inclusion of Bisalloy Steels personnel on international committees which develop the criteria for future product specifications continue to ensure that Bisalloy Steels remains competitive in this specialised application.

Bisalloy Asia

Bisalloy Steel Group owns 60% of PT Bima Bisalloy which commenced trading in 1995 and 85% of Bisalloy Thailand which commenced trading in 2002.

The businesses in Indonesia and Thailand both maintain niche market positions in their respective countries, distributing both Bisplate and associated wear related products. PT Bima Bisalloy services the Indonesian archipelago and operates across the resources, agriculture, cement and power industries with its business leveraged towards the ongoing development of the local

Review of Operations
continued

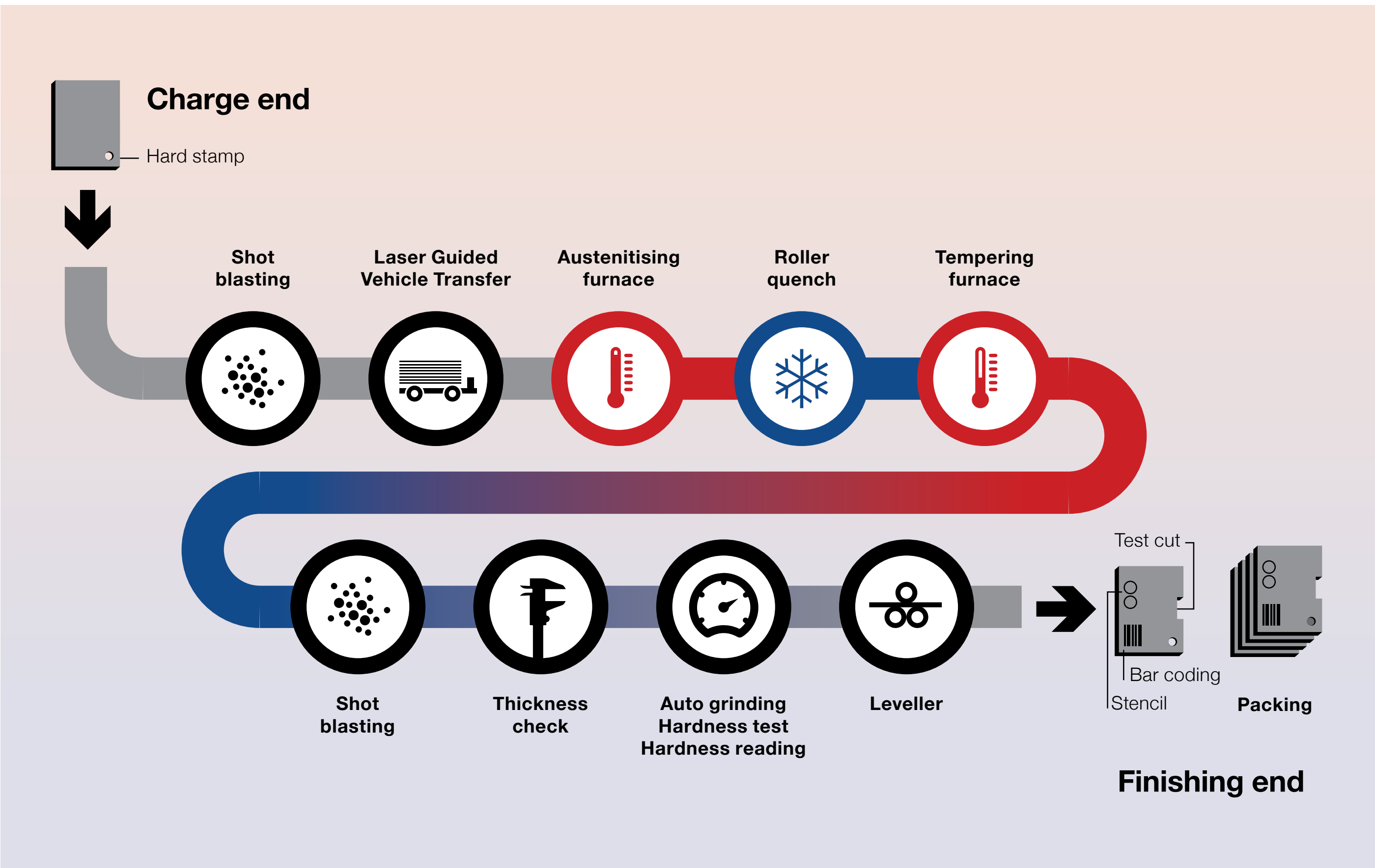
resources industry and infrastructure expansion. Bisalloy Thailand has a greater dependence on original equipment manufacturers involved in the export trade to Europe and the US. Both operations have low fixed cost bases, which combined with development work undertaken to broaden product and customer base, have proved effective in maintaining solid and reliable profitability.

Bisalloy's 50:50 Cooperative Joint Venture (CJV) with Shandong Iron & Steel Group Co., Limited involves the production and sale of quench & tempered steel plate in the substantial China market and other regional markets. The CJV provides Bisalloy access to at least 150,000 tonnes per annum of quench & tempered steel processing capacity, which is more than double Bisalloy Australia's current capacity. This is possible by utilising Jigang's state of the art, German designed quench & temper mill. The quench & tempered plate is produced to Bisalloy's exacting specifications and marketed under the respected Bisplate brand.

Safety

Safety is a key focus for the Group with an aim of zero harm to all employees, contractors and visitors through safety systems that involve and challenge all stakeholders. Every person at any Group operation is empowered to **S**top and **T**hink about what their role involves, **A**ssess any risks that may emerge and then pro-actively **R**espond to those risks with appropriate actions. The STAR program continues to deliver outstanding Work Health and Safety, quality and environmental outcomes.

Since the introduction of the STAR program into the Indonesian and Thailand businesses some eleven years ago, neither business has recorded an LTI. Similarly, the Chinese Joint Venture has now passed five years lost time injury free. Regular auditing of the Asian businesses ensures all processes and systems are uniform across the Group and that Group standards must be applied to the business where local standards are either lower or not specified.



Bisalloy Steel
GROUP LIMITED

Bisalloy Steel Group Limited

2016 Financial Report

Directors' Report

Your directors submit their report for the year ended 30 June 2016.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Phillip Cave, AM
B.Bus, FCPA
Chairman

Skills & Experience:
Mr Cave is an experienced director, Chairman and Chief Executive Officer with a career in major corporate turnaround projects, structured finance and corporate advisory service. Over a 35 year career, Mr Cave's experience has combined a mixture of operational management expertise across a wide variety of industries with an in depth knowledge of finance and banking.

Term of office:
A founding director of the Company and Chairman since appointed in November 2001 and is retiring by rotation pursuant to the requirements of the Company's constitution in order to seek re-election at the 2016 AGM.

Board Committees:
- Chairman of the Nominations & Remuneration Committee
- Audit & Risk Committee

Public company directorships during past three years:
- Chairman Dick Smith Holdings Ltd from December 2013 to February 2015.

Other directorships:
- Chairman Anchorage Capital Partners
- Chairman Excelsia College
- Chairman Ability First Australia
- Acrow Formwork & Scaffolding Pty Ltd
- First Engineering Ltd

Mr Greg Albert
Managing Director and CEO

Skills & Experience:
Mr Albert was appointed Managing Director / CEO on 4th January 2016. Mr Albert has professional qualifications in Mechanical Engineering, Marketing and has an MBA. Mr Albert brings a wealth of experience in the steel, mining and construction industries, as well as solid knowledge of international markets, having held postings in Asia and Europe. Mr Albert is a Director of Bisalloy Steel Group's joint venture businesses – PT Bima Bisalloy and Bisalloy Thailand. Mr Albert is also Chairman of the Group's Co-operative Joint Venture, Bisalloy Jigang (Shandong) Steel Plate Co., Limited.

Term of office:
Appointed in January 2016. As the managing director he is not subject to re-election by rotation.

Board Committees:
Nil

Other directorships:
Nil

Mr Robert Terpening
Former Managing Director and CEO

Skills & Experience:
Mr Terpening was appointed Managing Director / CEO on 6th November 2008 and retired on 4th January 2016. Mr Terpening is an experienced manager of industrial businesses having had 18 years in Sales & Marketing and Operations roles followed by 20 years in General Management of manufacturing businesses. Mr Terpening's management experience has included operations across Australia, Indonesia, Thailand, New Zealand and the PRC. Mr Terpening was a Director of Bisalloy Steel Group's joint venture businesses – PT Bima Bisalloy and Bisalloy Thailand. Mr Terpening was also the Vice Chairman of the Group's Co-operative Joint Venture, Bisalloy Jigang (Shandong) Steel Plate Co., Limited.

Term of office:
Appointed in November 2008. Retired on 4th January 2016.

Board Committees:
Nil

Other directorships:
Nil

Mr Kym Godson,
Dip Tech (Bus Admin), FAICD, FAIM
Non-executive Director

Skills & Experience:
Mr Godson is an experienced public company director and has extensive experience in the management of industrial businesses, particularly within the steel industry. He is a former Managing Director and CEO of the Company having retired from the position in November 2008.

Term of office:
A founding director of the Company appointed in November 2001 and is retiring by rotation pursuant to the requirements of the Company's constitution in order to seek re-election at the 2016 AGM.

Board Committees:
- Audit & Risk Committee
- Nominations & Remuneration Committee

Other directorships:
- The House of M&K Pty. Ltd

Directors' Report

continued

Mr Richard Grellman, AM
FCA
Non-executive Director

Skills & Experience:

Mr Grellman brings significant accounting and finance skills to the Company, having had over 32 years experience in the accounting profession. He was a partner at KPMG from 1982 to 2000 and a member of KPMG's National Board from 1995 to 1997 and National Executive from 1997 to 2000.

Term of office:

- Appointed in February 2003. Last re-elected in November 2015.

Board Committees:

- Chairman of the Audit & Risk Committee
- Nominations & Remuneration Committee

Public company directorships during past three years:

- Chairman, Crowe Horwath Australasia Ltd.
- Chairman, Genworth Mortgage Insurance Ltd
- Chairman, IPH Ltd

Other directorships:

- Chairman, Bible Society Australia
- Chairman, AMP Foundation

Mr Dario Pong,
AB in Economics
Non-executive Director

Skills & Experience:

Mr Pong is currently based in Hong Kong and has lived for extended periods in Shanghai and Beijing, with wide ranging experience in the steel industry in the People's Republic of China. Mr Pong provides valuable experience and insight as Bisalloy develops its Asian growth strategy, including its Chinese Joint Venture.

Term of office:

Appointed in September 2013. Last re-elected in November 2015.

Board Committees:

- Audit & Risk Committee
- Nominations & Remuneration Committee

Other directorships:

- Ferro Resources Ltd
- Shiu Wing Steel Ltd

Company Secretary
Mr Darren Collins
B Comm ACA

Skills & Experience

Mr Collins is a Chartered Accountant with 30 years professional experience working in senior financial positions with both listed and private companies.

Interests in shares of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares of Bisalloy Steel Group Limited were:

	Number of Ordinary Shares
P J Cave	7,573,562
G Albert	0
K Godson	1,344,766
R Grellman	41,693
D Pong	115,883

DIVIDENDS

	Cents	$'000
Final dividend recommended on ordinary shares (fully franked)	2.50	1,102
Dividends paid in the year	4.00	1,759

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was the processing and sale of quenched and tempered, high-tensile, and abrasion resistant steel plates ("Q&T plate").

OPERATING AND FINANCIAL REVIEW

OPERATIONS

GROUP

Bisalloy Steel Group comprises Bisalloy Steels Pty Ltd in Australia, the majority owned distribution businesses in Indonesia (PT Bima Bisalloy) and Thailand (Bisalloy Thailand) and the investment in the Chinese CJV – Bisalloy Jigang (Shandong) Steel Plate Co, Ltd.

Safety is a key commitment of the Group with a continued focus on zero harm to all employees, contractors and visitors. All employees across the Group's operations are empowered under the STAR program to **S**top, **T**hink, **A**ct and **R**espond to any issue in regard to ensuring safe working conditions. For the second consecutive year, the Group recorded no Lost Time Injuries across its operations and as at 30 June 2016 had achieved 1,134 days Lost Time Injury free.

Bisalloy Steels is Australia's only processor of quenched and tempered high strength, abrasion resistant and armour grade alloyed steel plates. Bisalloy distributes wear and structural grade plates through both distributors and directly to select manufacturers and end users in Australia and internationally. For defence grade steels Bisalloy exclusively deals directly to select companies.

Bisalloy' s unique stand-alone heat treatment facility at Unanderra near Wollongong, is a highly automated and efficient operation providing a relatively low cost base, allowing it to compete with a variety of imported products. During the year Bisalloy utilised greenfeed steel supply mainly from neighbouring BlueScope Steel in Wollongong, complimented with selected supply from our partner in China.

FINANCIAL REVIEW

OPERATING RESULTS

The Group's net profit for the year after income tax was $1,741,000 (2015: $2,819,000).

Earnings for the year have been adversely impacted following the appointment of Voluntary Administrators to oversee the affairs of One Steel Metal Centre (a subsidiary of Arrium), one of Bisalloy's largest distributors in Australia. The Group had an outstanding debt from this distributor at the time it entered voluntary administration and whilst the company has settled its claims this has resulted in unusually higher levels of stock and debt levels, as at 30th June 2016. The Directors see this as a once off and the market should normalise over the next six months.

Operating results are summarised as follows:

	2016	
	Revenue $000s	Profit after tax $000s
Operating Segments		
Australia	**47,025**	**1,118**
Overseas	**14,153**	**715**
	61,178	**1,833**
Consolidated entity adjustments	**(6,148)**	**(92)**
Consolidated entity revenue and profit after tax for the year	**55,030**	**1,741**

SHAREHOLDER RETURNS

The return to shareholders reflect the difficult market conditions experienced in the second half of FY16, although the overall returns remained positive and have allowed the Board to maintain the payment of a dividend for the year ended 30 June 2016.

	2016	2015	2014	2013
Basic earnings / (loss) per share (cents)	**3.5c**	5.7c	(3.8c)	8.0c
Net profit / (loss) attributable to members ($'000)	**1,541**	2,490	(1,650)	3,483
Return on equity (reported PAT/equity) (%)	**6.8%**	11.9%	(5.9%)	16.0%
Gearing (net debt / net debt + equity) (%)	**23%**	12%	32%	29%
Dividends paid (cents)	**4.0c**	0.0c	0.0c	4.0c
Dividend franking	**100%**	–	–	100%

Directors' Report

continued

LIQUIDITY AND CAPITAL RESOURCES

The consolidated statement of cash flows details a decrease in cash and cash equivalents before exchange rate differences for the year ended 30 June 2016 of $3,557,000 (2015: increase of $3,513,000).

Operating activities resulted in a net cash outflow of $1,273,000 (2015: inflow of $6,208,000), adversely impacted by both the short-term reduction in demand following the appointment of a Voluntary Administrator to one of the one of the Group's three main distributors in Australia, and the outstanding receivable due from that distributor.

Investing activities required $958,000 (2015: $815,000) of net cash outflows for investment in operating plant and equipment. In addition a dividend of $346,000 (2016: $316,000) was received from the Bisalloy Jigang joint venture.

Net cash outflows from financing activities were $1,681,000 (2015: outflow of $2,196,000), including the dividend paid to shareholders in November 2015 totalling $1,706,000 (2015: $Nil).

FUNDING

The Group's net debt increased to $7.7m at 30 June 2016, up from $3.6m at 30 June 2015, adversely impacted by the outstanding receivable due from One Steel Metal Centre who appointed a Voluntary Administrator. The debt was settled in August 2016.

The Group maintains its objective of reducing debt to the most appropriate level with both capital expenditure and working capital continuing to be closely managed.

Bisalloy Steel Group Limited and Bisalloy Steels Pty Limited entered into a renewed facility agreement with GE Commercial Australasia Pty Limited on 30 June 2015.

The facility provides Bisalloy Steel Group Limited with a:

- $12m revolving loan facility; and
- $7.17m term loan facility.

The facility has a maturity date of 30 June 2018.

BUSINESS STRATEGY AND OUTLOOK

OUTLOOK

Further market share gains are being targeted during 2017 through a restructured sales organisation, a focus on new markets away from the resource sector, a refresh of the branding including a targeted marketing campaign, and a revitalisation of existing and past key partners in Australian industries. An initiative to significantly penetrate several new markets is already underway.

Bisalloy, through close partnerships and technology sharing with major defence contractors, are researching innovative defence offerings. Through Bisalloy's Technical and R&D centre these can be utilised in to new, non-defence related applications requiring the highest level of strength and toughness.

The SEA1000 Future Submarine Program will be the largest defence program ever undertaken by Australia, and while submarines are the most complex, sensitive and expensive Defence capability acquisition Government can make, Bisalloy are well positioned to provide the grades of steel required for longer range, higher endurance and a greater breadth of capabilities than the existing Collins Class fleet, which used Bisalloy Steels products.. Time for this programme is expected in the next 24 to 36 months.

On the back of a strong and collaborative working relationship with the key primes to deliver the Bushmaster IMV, Bisalloy are continuing engagement with key stakeholders in the Bushmaster replacement project, Land 400 Phase 2 and Phase 3 military vehicles.

The Group's distribution subsidiaries in Indonesia and Thailand should continue to operate profitably despite difficult business conditions in both markets, with improvement plans in line with the Australian growth priorities to be delivered through FY2017, to increase profits from these businesses.

The Group's Cooperative Joint Venture (CJV) for the production and sale of quench & tempered steel plate into China and other North Asian markets continues to operate profitably, albeit at relatively low tonnages for the domestic market. Profit is up 10% for the year. A strengthening of the sales resources was undertaken, which included the appointment of a Vice General Manager of Sales to drive the strategic growth plan. A major upgrade is under way to improve the quality of the products, supply and improve stock levels to better serve the needs of the market.

Although the overall market environment in China has declined, there are still significant growth opportunities and Bisalloy' s Cooperative Joint Venture in the People's Republic of China remains attractive with significant upside, in both the domestic China market and selected international markets. The CJV is forecasting a steady increase in its financial contributions to Group results through FY2017 with new resources in place to drive the business growth and improve operational efficiency and quality of products and supply.

Commenting on the result Managing Director, Greg Albert said "The challenges facing the mining services sector are well documented. Bisalloy currently supplies a high proportion of its production in Australia to the resource sector which experienced a significant downturn in 2016. Along with the resulting reduction in capital investment by the Australian mining companies, the market for repairs and maintenance spending was flat".

NEW MARKETS

Bisalloy's objective is to maintain its market share in the environment of a declining resource sector market and to start the process of widening its market penetration beyond the resource sector, and introduce products to allow it to compete more widely.

High strength steel is a material of the future offering a number of advantages which can be exploited in developing solutions to both every day and difficult or unusual engineering problems. High strength steel can offer environmentally positive benefits such as weight savings, reduced production costs, the possibility of high load or high fatigue operations, and greater load carrying capacities.

To date, Australian engineers have not fully exploited higher strength materials in all its capacities, and there remains considerable scope for innovative design.

Following several years of strong activity in the broader mining markets in Australia and Asia, Bisalloy is looking to the future where applications require high strength materials. These applications include specialised renewable energy applications, offshore applications and transportation. High strength steel is the ideal material of choice, not only offering cost saving, but able to extend operation life even in the most demanding conditions.

To provide the solutions for these advanced applications, Bisalloy are continuing with ongoing production and operational efficiency increases and improvements and have activated a three year strategic plan.

This has already created opportunities to develop partnerships that can fill product gaps and provide the transfer of technical know-how, and with partners who can relatively easily open new markets for the Group's high strength products both in Australia and internationally.

BUSINESS RISK MANAGEMENT

The Group takes a proactive approach to risk management. The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the board.

The board has established an Audit and Risk Committee comprising non-executive directors, whose meetings are also attended by the executive directors. In addition sub-committees are convened as appropriate in response to issues and risks identified by the board, and the sub-committee further examines the issue and reports back to the board.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses the Group's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature.
- Establishment of committees to report on specific business risks, including for example, such matters as environmental issues and concerns and occupational health and safety.
- Board review of financial risks such as the Group's liquidity, currency, interest rate and credit policies and exposures and monitors management's actions to ensure they are in line with Group policy.

The major high level business risk with the greatest potential to materially impact on the financial outlook for the Group is the prolonged deferral by the resource companies in undertaking the level of repairs and maintenance reflective of the reported levels of output. The Board is confident that Bisalloy has the products, strategies and management team to meet the challenges presented by any continued downturn in demand and is well positioned to take advantage of the eventual market recovery.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total equity decreased from $25,754,000 to $25,613,000, a decrease of $141,000 driven by the net profit for the year and by foreign currency translation gains of $154,000 relating to the overseas subsidiaries as a result of the revaluation of the Australian dollar at the end of the year. In addition a final dividend totalling $1,759,000 in respect of the year ended 30 June 2015 was paid to shareholders in November 2015.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events after the balance date.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group must, subject to certain exceptions set out in the constitution, indemnify each of its officers on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the officer, as an officer of the Group (including all liabilities incurred where the officer acts as an officer of any other body corporate at the request of the Group) including any liability for negligence and for reasonable legal costs.

Directors' Report
continued

During the year or since the end of the year, the Group has paid premiums in respect of a directors and officers liability insurance policy. Details of the nature of the liabilities covered or the amount of the premium paid in respect of the policy have not been disclosed, as such disclosure is prohibited under the terms of the contract.

ENVIRONMENTAL REGULATION

The Group's activities are governed by a range of environmental legislation and regulations. The Group utilises both internal and external environmental assessments to verify its compliance with applicable environmental legislation and regulations.

The Group is registered under *National Greenhouse and Energy Reporting Act 2007* under which it is required to report energy consumption and greenhouse gas emissions for its Australian facilities. The Group has implemented systems and processes for the collection and calculation of the data to meet its reporting requirements.

The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

AUDITOR INDEPENDENCE

The directors received the declaration on page 21 from the auditor of Bisalloy Steel Group Limited which forms part of this report.

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 (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

NON-AUDIT SERVICES

No non audit services were provided by the Company's auditor, Ernst & Young in relation to the year ended 30 June 2016.

DIRECTORS' MEETINGS

The number of directors meetings and number of meetings attended by each of the directors of the Company during the financial year are:

		Committee Meetings	
	Directors' Meetings	Audit & Risk	Nominations & Remuneration
Number of Meetings Held	8	4	2
Number of Meetings Attended			
P J Cave	8	4	2
R Terpening (retired 4th January 2016)	5	–	–
G Albert (appointed 4th January 2016)	3	–	–
K Godson	7	4	2
R Grellman	8	4	2
D Pong	8	4	2

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2016 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Group receiving the highest remuneration.

REMUNERATION POLICY

The remuneration policy is set in recognition that the performance of the Group depends upon the quality of its directors and executives. In order to perform, the Group must be successful in attracting, motivating and retaining directors and executives of the highest quality.

To assist in achieving this objective, the remuneration policy embodies the following principles:

1. Provide competitive remuneration to attract high calibre directors and executives.
2. Align executive rewards with creation of shareholder value.
3. Ensure a significant component of executive remuneration is 'at risk' dependant upon meeting pre-determined performance hurdles.
4. Establish appropriately demanding performance hurdles in relation to variable executive remuneration.

5. Provide the opportunity for non-executive directors to sacrifice a portion of their fees to acquire shares in the Company at market price.

NOMINATIONS AND REMUNERATION COMMITTEE

The Nominations and Remuneration Committee is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and other senior executives, and the review and recommendation of general remuneration principles.

REMUNERATION STRUCTURE

The structure of non-executive director and executive remuneration is separate and distinct, in accordance with good corporate governance principles.

NON-EXECUTIVE DIRECTOR REMUNERATION

Objective

The Board sets aggregate remuneration at a level which is intended to provide the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Company's constitution and the ASX listing rules specify that the non-executive director fee pool shall be determined from time to time by a general meeting. The non-executive director fee pool is currently set at $500,000. The board will not seek any increase for the fee pool at the 2016 AGM.

The remuneration of non-executive directors must not include a commission on, or a percentage of, profits or operating revenue but directors are entitled to be reimbursed for travelling and other expenses incurred in attending to the Company's affairs.

Each director receives a fee for being a director of the Company and an additional fee for each Board Committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees.

Non-executive directors are encouraged by the Board to hold shares in the Company and are able to participate in the Non-executive Director ("NED") Share Plan. Under the NED Share Plan a non-executive director can choose to sacrifice up to 100% of their annual director's fee and instead be allocated shares up to the equivalent value. The value of the allocated shares is determined by reference to the market value on the day they are acquired on market.

The remuneration of non-executive directors for the period ended 30 June 2016 is detailed in the table on page 12 of this report.

EXECUTIVE DIRECTOR AND EXECUTIVE MANAGER REMUNERATION

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their duties and responsibilities within the Group and to:

- reward executives for Group, business unit and individual performance measured against targets set by reference to appropriate benchmarks;
- link reward with the achievement of the Group's strategic goals;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive.

Structure

Executive director and executive manager remuneration consists of the following key components:

1. Fixed Remuneration
2. Variable Remuneration made up of:
   - Short Term Incentive (STI); and
   - Long Term Incentive (LTI)

The proportion of total remuneration that is fixed or variable (either short term or long term incentives) is determined for each individual executive by the Nominations & Remuneration Committee.

The remuneration of members of management who have the authority and responsibility for planning, directing and controlling the activities of the Group for the year ended 30 June 2016 is detailed in the table on page 12 of this report.

FIXED REMUNERATION

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both commensurate with the individual's duties and responsibilities within the Group and competitive in the market.

Fixed remuneration is reviewed annually by the Nominations and Remuneration Committee utilising a process of reviewing group-wide, business unit and individual performance, relevant comparative remuneration in the market and internal and external advice on policies and practice.

Structure

Executive directors and senior managers are provided with the opportunity to receive their fixed remuneration in a variety of forms, including cash, additional superannuation contributions and fringe benefits such as motor vehicles.

Directors' Report

continued

The aim is to provide payments in a form that is both optimal for the recipient and cost efficient for the Group.

The fixed remuneration component of executive directors and members of management who have the authority and responsibility for planning, directing and controlling the activities of the Group for the year ended 30 June 2016 is detailed in the table on page 12 of this report.

VARIABLE REMUNERATION – SHORT TERM INCENTIVES (STI)

Objective

The STI program has been designed to align the remuneration received by executives and senior managers with the achievement of the Group's operational and financial targets. The total potential STI available for payment is determined so as to provide sufficient incentive to executives and senior managers to achieve the targets and so that the cost to the Group is reasonable in the circumstances.

Structure

The actual STI payments granted to each executive and senior manager depends upon the extent to which specific operational and financial targets set at the beginning of the financial year are met. The targets consist of a number of both financial and non-financial Key Performance Indicators (KPIs).

After the end of each financial year, consideration is given to performance against each of these KPIs to determine the extent of any payment to an individual executive and senior manager. The aggregate of STI payments and STI payments to individuals is subject to the approval of the Nominations & Remuneration Committee.

Payments made are normally paid as cash but the recipient is also able to elect to receive payment in alternative forms.

VARIABLE REMUNERATION – LONG TERM INCENTIVES (LTI)

Objective

The LTI program has been designed to align the remuneration received by executive directors and senior managers with the creation of shareholder wealth.

Consequently LTI grants are only made to executives who are in a position to influence shareholder wealth and thus have the opportunity to influence the company's performance against the relevant long term performance hurdles.

Structure

At the 2015 Annual General Meeting, a LTI plan was renewed for LTI grants to executives in the form of share rights.

These rights are granted in two equal parts. The first part is based on retention and requires the holder remain an employee for three years from grant date. The second part is based on delivering superior long-term performance as measured by Return on Equity ("ROE"), with each grant of rights divided into three equal tranches. For each tranche, actual ROE is measured against a budget ROE and a stretch ROE as determined annually by the board in respect of the forthcoming year. The proportion of the rights which vest depend on where within this range the Group performs, with 100% vesting on achieving the stretch ROE and no rights vesting if actual ROE is less than 90% of the budgeted ROE. For the 2016 year, the stretch ROE was set at 115% of the budget ROE. Any rights to which the employee may become entitled on achieving the performance criteria, are still subject to the three year retention criteria before they can vest.

Any share rights which do not vest, as a result of the relevant performance condition not being satisfied, lapse. If the holder leaves the business, the unvested rights lapse on the leaving date unless the board determines otherwise. In the event of a change in control of the Group, the vesting date will generally be brought forward to the date of change of control and share rights will vest subject to performance over this shortened period, subject to ultimate board discretion.

Once vested a holder may exercise his share rights and be allocated a fully paid ordinary share of Bisalloy Steel Group Ltd at no cost to the employee.

No share rights were granted under this scheme during the year.

GROUP PERFORMANCE

The board have determined that the Group did not meet its budgeted ROE for the year and so the performance components of the 2016 share rights have not vested.

For further detail of historical performance, refer to the shareholder returns section earlier in this Directors' report.

Details of key management personnel of the Company and Group

(i) Directors

P J Cave	Non-executive Chairman
R Grellman	Non-executive Director
K Godson	Non- executive Director
D Pong	Non-executive Director
G Albert	Managing Director (appointed 4th January 2016)
R Terpening	Managing Director (retired 4th January 2016)

(ii) Executives

D Collins	Chief Financial Officer and Company Secretary
T Matinca	Business Development & Strategy Manager (ceased employment 1 July 2016)
M Bradmore	Operations Manager (ceased employment 1 July 2016)
M Sampson	Sales and Marketing Manager

EXECUTIVE CONTRACTS

Remuneration arrangements for the key management personnel are formalised in employment contracts.

Details of these contracts are provided below.

G Albert – Managing Director

- Regular employment contract without fixed term
- Participation in STI and LTI schemes
- 6 months notice required for termination of employment by employee
- 12 months notice required for termination by company

D Collins – Chief Financial Officer & Company Secretary

- Regular employment contract without fixed term
- Participation in STI and LTI schemes
- 3 months notice required for termination of employment by employee
- 6 months notice required for termination by company

T Matinca – Business Development & Strategy Manager

- Regular employment contract without fixed term
- Participation in STI and LTI schemes
- 3 months notice required for termination of employment

M Bradmore – Operations manager

- Regular employment contract without fixed term
- Participation in STI and LTI schemes
- 3 months notice required for termination of employment

M Sampson – Sales & Marketing manager

- Regular employment contract without fixed term
- Participation in STI and LTI schemes
- 1 month notice required for termination of employment

Directors' Report
continued

REMUNERATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY AND GROUP

	Short-term		Long-term	Post employment		Termination benefits	Share-based payments	Total	
Year ended 30 June 2016	Salary and fees $	Cash bonus $	Long service leave $	Super-annuation $	Retirement benefits $	$	Share Rights $	$	Performance Related %
Non-Executive Directors									
P Cave	120,000	–	–	–	–	–	–	120,000	–
R Grellman	80,000	–	–	7,600	–	–	–	87,600	–
K Godson	80,000	–	–	7,600	–	–	–	87,600	–
D Pong	100,000	–	–	–	–	–	–	100,000	–
Sub-total Non-Executive Directors	**380,000**	**–**	**–**	**15,200**	**–**	**–**	**–**	**395,200**	**–**
Executive Directors									
G Albert[1]	280,404	–	7,306	11,263	–	–	23,973	322,945	7%
R Terpening[2]	264,647	131,250	31,344	35,000	274,857	–	11,031	748,130	19%
Sub-total Executive Directors	**545,051**	**131,250**	**38,650**	**46,263**	**274,857**	**–**	**35,004**	**1,071,075**	**16%**
Other key management personnel									
D Collins	277,890	–	5,545	18,997	–	–	5,973	308,404	2%
T Matinca[3]	250,771	34,392	6,042	35,170	–	–	4,479	330,855	12%
M Bradmore[3]	193,385	25,145	4,426	17,070	–	–	2,986	243,012	12%
M Sampson	161,564	23,444	5,688	35,000	–	–	1,493	227,189	11%
Sub-total executive KMP	**883,609**	**82,981**	**21,701**	**106,238**	**–**	**–**	**14,931**	**1,109,460**	**9%**
Totals	**1,808,660**	**214,231**	**60,351**	**167,701**	**274,857**	**–**	**49,935**	**2,575,735**	**11%**

1. Mr Albert commenced 1 December 2015.
2. Mr Terpening retired on 4 January 2016.
3. Mr Matinca and Mr Bradmore ceased employment on 1 July 2016.

Year ended 30 June 2015	Short-term Salary and fees $	Short-term Cash bonus $	Long-term Long service leave $	Post employment Super-annuation $	Post employment Retirement benefits $	Termination benefits $	Share-based payments Share Rights $	Total $	Performance Related %
Non-Executive Directors									
R Grellman	80,000	–	–	7,600	–	–	–	87,600	–
K Godson	80,000	–	–	7,600	–	–	–	87,600	–
D Pong	100,000	–	–	–	–	–	–	100,000	–
Sub-total Non-Executive Directors	**260,000**	**–**	**–**	**15,200**	**–**	**–**	**–**	**275,200**	**–**
Executive Directors									
R Terpening	490,000	–	8,456	35,000	–	–	33,025	566,481	6%
Other key management personnel									
D MacLaughlin[1]	65,717	–	–	3,744	–	–	(41,096)	28,365	–
A Elliott[2]	145,954	–	–	16,097	–	55,000	–	217,051	–
D Collins[3]	40,320	–	–	–	–	–	–	40,320	–
T Matinca	240,092	–	9,554	34,401	–	–	–	284,047	–
M Bradmore	185,577	–	4,017	15,583	–	–	–	205,177	–
M Sampson	136,742	–	4,282	34,996	–	–	–	176,020	–
Sub-total executive KMP	**1,304,401**	**–**	**26,309**	**139,821**	**–**	**55,000**	**(8,071)**	**1,517,460**	**–**
Totals	**1,564,401**	**–**	**26,309**	**155,021**	**–**	**55,000**	**(8,071)**	**1,792,660**	–

1. Mr MacLaughlin resigned effective 22 August 2014.
2. Mr Elliott was appointed 22 August 2014 and resigned 8 May 2015.
3. Mr Collins was appointed 11 May 2015 and was contracted from Talent2 Pty Limited. Remuneration disclosed reflects payments to Talent2 Pty Limited.

SHARE RIGHTS

Share rights holders do not have any entitlement, by virtue of the rights, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

PERFORMANCE RIGHTS HOLDINGS OF KEY MANAGEMENT PERSONNEL OF THE COMPANY AND GROUP

	Balance at 1 July 2015	Granted during the year	Rights exercised during the year	Forfeited or Lapsed	Balance at 30 June 2016	Vested and exercisable	Unvested
Executives							
G Albert	–	1,000,000	–	–	**1,000,000**	–	1,000,000
D Collins	–	400,000	–	–	**400,000**	–	400,000
T Matinca	–	300,000	–	–	**300,000**	–	300,000
M Bradmore	–	200,000	–	–	**200,000**	–	200,000
M Sampson	–	100,000	–	–	**100,000**	–	100,000
R Terpening	250,000	–	(250,000)	–	**–**	–	–
	250,000	2,000,000	(250,000)	–	**2,000,000**	–	2,000,000

Directors' Report

continued

	G Albert	D Collins	T Matinca	M Bradmore	M Sampson	R Terpening	Total
Grant date	26-Feb-16	23-Mar-16	23-Mar-16	23-Mar-16	23-Mar-16	4-Jan-13	
Vesting date	25-Feb-19	22-Mar-19	22-Mar-19	22-Mar-19	22-Mar-19	4-Jan-16	
Fair value at grant date	$0.42	$0.33	$0.33	$0.33	$0.33	$1.19	
Balance at 1 July 2015	–	–	–	–	–	250,000	250,000
New grants in the year	1,000,000	400,000	300,000	200,000	100,000	–	2,000,000
Exercised in the year[1]	–	–	–	–	–	(250,000)	(250,000)
Lapsed during the year	–	–	–	–	–	–	–
Balance at 30 June 2016	1,000,000	400,000	300,000	200,000	100,000	–	2,000,000
Vested at 30 June 2016	–	–	–	–	–	–	–

1. During the year the cash equivalent of 250,000 ordinary shares was paid to key management personnel on the exercise of vested performance rights.

The budget Return on Equity as set by the Board for the 2016 financial year was not achieved and so none of the performance portion of the LTI vested for 2016. Final vesting of the share rights are subject to each Executive remaining employed by the Group until the vesting date.

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Shareholdings include shares held personally and through related parties.

	Balance at 30 June 2015	Performance Rights exercised	Other	Balance at 30 June 2016
Executives				
D Collins	–	–	–	**–**
T Matinca	72,667	–	–	**72,667**
M Bradmore	67,239	–	(19,000)	**48,239**
M Sampson	66,855	–	(66,855)	**–**
	206,761	–	(85,855)	**120,906**

AUDIT

The information contained in the Remuneration Report has been audited.

Signed in accordance with a resolution of the directors.

The directors have received the Auditors independence declaration which is included on page 21 of the annual report.

Greg Albert
Managing Director

1 November 2016

Corporate Governance Statement 2016

The board of directors of Bisalloy Steel Group Limited is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The board guides and monitors the business and affairs of Bisalloy on behalf of the shareholders by whom they are elected and to whom they are accountable.

The tables below summarise the Group's compliance with the CGC's recommendations.

The Company's website from which the documents referred to can be accessed is at www.bisalloy.com.au

	Recommendation	Comply Yes/No	Reference/Explanation
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	The board has a formal Corporate Governance Code which sets out the respective roles and responsibilities of the board and management. In addition, the board committees have specific Charters which provide further details on the matters reserved for the board or its committees.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	A formal structured review is undertaken each year for each employee. Senior executives are reviewed by the CEO and input provided by the Chair. This process generally takes place in May each year.
1.3	Additional information.		The Corporate Governance Code and other relevant charters are available on the Company's website.
PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE			
2.1	A majority of the board should be independent directors.	Yes	The board currently has five directors, three of whom are considered independent. The board has adopted the CGC's guidelines as the basis for determining whether a director can be considered independent and has set relevant thresholds for materiality. Whether or not a director meets the CGC guidelines for independence, each director is expected to exercise unfettered and independent judgement. • Mr Grellman • Mr Godson • Mr Pong
2.2	The chair should be an independent director.	No	The board believes that while the Chairman is not independent, the current composition of the board with its combined skills and capability, best serves the interests of the shareholders.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	The roles of chair and chief executive officer are not exercised by the same individual.
2.4	The board should establish a nomination committee.	Yes	The Company has a combined Remuneration & Nominations Committee. The charter can be reviewed on the Company's website.

Corporate Governance Statement 2016

continued

Recommendation	Comply Yes/No	Reference/Explanation
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	The Chair monitors the performance of the board and conducts informal meetings with the other directors during the year. The board undertakes a formal review every 12 to 18 months. The review includes: • examination of the effectiveness and composition of the board, including the required mix of skills, experience and other qualities which the non-executive directors should bring to the board for it to function competently and efficiently; • review of Bisalloy's strategic direction and objectives; • assessment of the Managing Director's performance by the non-executive directors; • assessment of whether corporate governance practices are appropriate and reflect "good practice"; and • assessment of whether the expectations of differing stakeholders have been met. As part of this process the Chairman also: • meets with the senior executives to discuss with them their views of the board's performance and level of involvement; • discusses each individual director's contributions face-to-face as appropriate; and • meets with the other non-executive directors without any management present (this is in addition to the consideration of the Managing Director's performance and remuneration which is conducted in the absence of the Managing Director).
2.6 Additional information		Details of the composition, skills, experience, term in office, attendance at meetings of the members of the board at the date of this statement are set out in the Directors' Report.

Recommendation		Comply Yes/No	Reference/Explanation
PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	The Group has an established Code of Conduct which applies to all employees, officers and directors of the Group. An annual adherence declaration is required of each employee as part of their performance appraisal discussed at Principle 1.2. The Code of Conduct has four key principles as follows: *1. We respect each other and treat all people fairly* *2. We respect the law and act accordingly* *3. We act honestly and fairly in all our business activities and relationships* *4. We use Bisalloy's property responsibly and in the best interests of Bisalloy:* The Group also has a number of other policies and standards which underpin the Code of Conduct including policies on Appropriate Workplace Behaviour, Equal Employment Opportunity, Safety, Fitness for Work, Workplace Harassment and Discrimination. Together these form a framework for ethical and responsible decision making and proscribe how the individuals of the Group behave internally and externally. In addition, the board has an established Corporate Governance Code as discussed under Recommendation 1.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	No	The Company has an Equal Employment Opportunity Policy under which it commits to ensuring applicants for employment are drawn from a full cross section of the community and that the merit principle forms the basis of recruitment and promotion. In light of the total number of employees and low turnover levels in all management levels of the Group, the board believes that little effective benefit would be achieved from the setting of measurable objectives for achieving gender diversity and that the interests of the Group are best served in this case by rigorous application of the merit principle in all recruitment and promotion decisions.
3.3	3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress toward achieving them.	No	Measurable objectives for achieving gender diversity are not set by the board as discussed under Principle 3.2.
3.4	3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	10% of employees across the organisation are women and there are no women in senior executive positions or on the board.
3.5	3.5 Additional information		The Equal Employment Opportunity Policy is available on the Company website.

Corporate Governance Statement 2016

continued

Recommendation	Comply Yes/No	Reference/Explanation
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING		
4.1 The board should establish an audit committee.	Yes	The Company has an Audit & Risk Committee.
4.2 The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members	Yes	At the date of this report and throughout the reporting period the Company's Audit and Risk Committee was: • comprised of non-executive directors being Mr Grellman, Mr Cave, Mr Godson and Mr Pong. • chaired by Mr Grellman • governed by a Charter approved by the Board • sufficiently autonomous to be able to discharge its duties and responsibilities including the authority to select, retain and terminate external advisers as the Committee considers necessary without seeking approval of the board or management.
4.3 The audit committee should have a formal charter.	Yes	The Audit & Risk Committee is governed by a formal Charter and is responsible for ensuring that an effective internal control framework exists within the Group. This includes internal controls for effective reporting of financial information, the appropriate application and amendment of accounting policies and the identification and management of risk.
4.4 Additional information.		Full details in relation to names, skills, term of office and attendance at meetings for each member of the Committee are set out in the Directors' Report. The Audit & Risk Committee Charter is available on the Company's website.
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE		
5.1 Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	The Group has a formal Continuous Disclosure Policy. The policy aims to ensure that once management becomes aware of any information concerning the Group that a reasonable person would expect to have a material effect on the price or value of the Company's shares (subject to the relevant exceptions), that such information is released to the market. The board is committed to ensuring all investors have equal and timely access to material information concerning the Group and that the Group's announcements are factual and presented in a clear and balanced way. The Company Secretary is the person responsible for continuous disclosure and communicating with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements under the ASX Listing Rules and overseeing and co-ordinating information disclosed to the ASX, market participants and the public.
5.2 Additional information		The Company's Continuous Disclosure Policy is available on the Company's website.

Recommendation	Comply Yes/No	Reference/Explanation
PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS		
6.1 Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	In order to facilitate shareholders accessing information about the Group, all Group announcements, briefings, presentations and reports are posted on the Company's website after release. The website includes additional news items about the activities of the Group which are not market sensitive. Shareholders are entitled to receive a copy of the Annual Report and can elect the method by which it is delivered. The Group encourages shareholders to elect to receive the Annual Report and other correspondence from the Company electronically and requires shareholders to 'opt in' if they wish to receive a hard copy of the report. Shareholders are encouraged to attend for the Annual General Meeting as full use is made of the occasion to inform shareholders of current developments through presentations and the opportunity to ask questions of management and the Group's external auditors.
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK		
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	The board has allocated responsibility to the Audit & Risk Committee to ensure there are adequate polices, procedures and control systems in relation to risk management and compliance. The Committee reviews and approves polices pertaining to material business risks to ensure they are current and adequately address the necessary aspects of risk management.
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	The Company has developed and implemented a risk management process to ensure that there are up-to-date risk management policies and procedures which reflect the board's appetite for risk and which are consistently applied across the Group. Conformance with policies and procedures is the responsibility of management and compliance reviewed on a periodic basis. The Company has an Audit & Risk Committee which meets regularly during the year. At the meetings the Committee receives explanations from management on any breakdowns in internal controls identified and the actions proposed to resolve them. Items remain open and are reviewed at following committee meetings until resolved to the Committee's satisfaction.
7.3 The board should disclose whether it has received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	In accordance with section 295A of the *Corporations Act*, the CEO and CFO have provided a written statement to the board that: • their view provided on the Group's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the board. • the Company's risk management and internal compliance and control system is operating effectively in all material respects.

Corporate Governance Statement 2016

continued

Recommendation		Comply Yes/No	Reference/Explanation
7.4	Additional information.		The risk management process, discussed at Principle 7.3, includes a wide range of proprietary policies and procedures which have been developed specifically for the Company and its business. The Company believes it would be unreasonably prejudicial to its interests and inappropriate to disclose this information publically.
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board should establish a remuneration committee.	Yes	The Company has a Nominations and Remuneration Committee which meets as required each year.
8.2	The remuneration committee should be structured so that it: • Consists of a majority of independent directors • Is chaired by an independent chair • Has at least three members	Yes	At the date of this report and throughout the reporting period the Company's Remuneration Committee was: • comprised of non-executive directors being Mr Cave, Mr Grellman, Mr Godson, and Mr Pong. • chaired by Mr Cave, with 3 independent directors. • governed by a Charter approved by the Board sufficiently autonomous to be able to discharge its duties and responsibilities including the authority to select, retain and terminate external advisers as the Committee considers necessary without seeking approval of the board or management.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Full details of the Company's remuneration policy are set out in the Remuneration Report.
8.4	Additional information		Full details in relation to names, skills, term of office and attendance at meetings for each member of the Committee are set out in the Directors' Report. The Nominations and Remuneration Committee Charter is available on the Company's website.

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Auditor's Independence Declaration to the Directors of Bisalloy Steel Group Limited

As lead auditor for the audit of Bisalloy Steel Group Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bisalloy Steel Group Limited and the entities it controlled during the financial year.

Ernst & Young

Glenn Maris
Partner
Sydney
1 November 2016

Statement of Profit or Loss

for the year ended 30 June 2016

	Notes	Consolidated Year ended 30 June 2016 $'000	Consolidated Year ended 30 June 2015 $'000
Continuing operations			
Sales of goods		**55,030**	60,979
Revenue		**55,030**	60,979
Cost of goods sold	5(c)	**(42,225)**	(47,529)
Gross profit		**12,805**	13,450
Other income	5(a)	**450**	550
Distribution expenses		**(1,309)**	(1,352)
Marketing expenses		**(2,924)**	(2,510)
Occupancy expenses		**(643)**	(651)
Administration expenses		**(5,550)**	(4,803)
Operating profit		**2,829**	4,684
Finance costs	5(b)	**(664)**	(946)
Finance income	5(b)	**7**	11
Share of profit of joint venture	6	**593**	532
Profit before income tax		**2,765**	4,281
Income tax expense	7(a)	**(1,024)**	(1,462)
Profit after income tax		**1,741**	2,819
Attributable to:			
Non-controlling interest	21(d)	**200**	329
Owners of the parent		**1,541**	2,490
		1,741	2,819
Other comprehensive income:			
Profit for the year		**1,741**	2,819
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on cash flow hedges		**13**	96
Income tax effect		**(4)**	(29)
		9	67
Foreign currency translation		**154**	1,598
Income tax effect		**–**	–
		154	1,598
Other comprehensive income for the period, net of tax		**163**	1,665
Total comprehensive income for the period, net of tax		**1,904**	4,484
Attributable to:			
Non-controlling interest		**288**	646
Owners of the parent		**1,616**	3,838
		1,904	4,484
Earnings per share for profit attributable to ordinary equity holders of the parent			
– Basic earnings per share (cents)	8	**3.5**	5.7
– Diluted earnings per share (cents)	8	**3.4**	5.6

Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	10(a)	**896**	4,446
Trade and other receivables	11	**10,310**	12,222
Inventories	12	**15,579**	16,433
Other current assets	13	**1,037**	947
Derivative financial instruments	20	**13**	–
Total current assets		**27,835**	34,048
Non-current assets			
Other financial assets	13	**57**	99
Investment in joint venture	6	**1,450**	1,203
Property, plant and equipment	14	**14,762**	15,155
Total non-current assets		**16,269**	16,457
Total assets		**44,104**	50,505
LIABILITIES			
Current liabilities			
Trade and other payables	17	**6,085**	13,043
Interest bearing loans and borrowings	18	**1,433**	391
Income tax payable	7(e)	**297**	171
Provisions	19	**1,294**	1,593
Total current liabilities		**9,109**	15,198
Non-current liabilities			
Interest bearing loans and borrowings	18	**7,167**	7,666
Provisions	19	**1,264**	960
Deferred tax liabilities	7(d)	**951**	927
Total non-current liabilities		**9,382**	9,553
Total liabilities		**18,491**	24,751
NET ASSETS		**25,613**	25,754
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	21(a)	**11,531**	11,478
Accumulated profits	21(e)	**8,778**	8,967
Other reserves	21(f)	**2,202**	2,231
Parent interests		**22,511**	22,676
Non-controlling interests	21(d)	**3,102**	3,078
TOTAL EQUITY		**25,613**	25,754

Consolidated Statement of Cash Flows

for the year ended 30 June 2016

	Notes	Consolidated Year ended 30 June 2016 $'000	Consolidated Year ended 30 June 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**61,121**	63,931
Payments to suppliers and employees (inclusive of GST)		**(60,864)**	(56,225)
Interest received		**7**	11
Borrowing costs		**(664)**	(946)
Income tax paid		**(873)**	(563)
Net cash (outflow)/inflow from operating activities	10(b)	**(1,273)**	6,208
Cash flows from investing activities			
Proceeds from sale of fixed assets		**9**	–
Payments for property, plant and equipment		**(958)**	(815)
Dividends received from investments		**346**	316
Net cash outflow from investing activities		**(603)**	(499)
Cash flows from financing activities			
Increase/(decrease) in borrowings		**289**	(1,873)
Dividends paid to non-controlling interests		**(264)**	(323)
Dividends paid to shareholders of the parent		**(1,706)**	–
Net cash outflow from financing activities		**(1,681)**	(2,196)
Net (decrease)/increase in cash held		**(3,557)**	3,513
Net foreign exchange differences		**7**	119
Cash at the beginning of the financial year		**4,446**	814
Cash at the end of the financial year	10(a)	**896**	4,446

Consolidated Statement of Changes in Equity

for the year ended 30 June 2016

	Attributable to equity holders of the Company									
	Issued capital $'000	Employee equity benefits reserve $'000	Net gain/(loss) on cash flow hedges $'000	Foreign currency translation reserve $'000	Asset revaluation reserve $'000	Equity Settlement Reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
At 30 June 2015	**11,478**	**270**	**–**	**(573)**	**2,684**	**(150)**	**8,967**	**22,676**	**3,078**	**25,754**
Profit for the period	–	–	–	–	–	–	1,541	1,541	200	1,741
Other comprehensive income	–	–	9	66	–	–	–	75	88	163
Depreciation transfer for building revaluation	–	–	–	–	(29)	–	29	–	–	–
Total comprehensive income	**–**	**–**	**9**	**66**	**(29)**	**–**	**1,570**	**1,616**	**288**	**1,904**
Transactions with owners in their capacity as owners:										
Ordinary dividends paid to shareholders (Note 9)	–	–	–	–	–	–	(1,759)	(1,759)	–	(1,759)
Dividend Reinvestment Plan (Note 21)	53	–	–	–	–	–	–	53	–	53
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(264)	(264)
Share based payments (Note 15)	–	50	–	–	–	–	–	50	–	50
Modification of performance rights	–	(281)	–	–	–	156	–	(125)	–	(125)
At 30 June 2016	**11,531**	**39**	**9**	**(507)**	**2,655**	**6**	**8,778**	**22,511**	**3,102**	**25,613**
At 30 June 2014	**11,478**	**396**	**(67)**	**(1,854)**	**2,713**	**(188)**	**6,448**	**18,926**	**2,755**	**21,681**
Profit for the period	–	–	–	–	–	–	2,490	2,490	329	2,819
Other comprehensive income	–	–	67	1,281	–	–	–	1,348	317	1,665
Depreciation transfer for building revaluation	–	–	–	–	(29)	–	29	–	–	–
Total comprehensive income	**–**	**–**	**67**	**1,281**	**(29)**	**–**	**2,519**	**3,838**	**646**	**4,484**
Transactions with owners in their capacity as owners:										
Ordinary dividends paid to shareholders (Note 9)	–	–	–	–	–	–	–	–	–	–
Dividend Reinvestment Plan (Note 21)	–	–	–	–	–	–	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(323)	(323)
Share based payments (Note 15)	–	(8)	–	–	–	–	–	(8)	–	(8)
Settlement of performance rights	–	(118)	–	–	–	38	–	(80)	–	(80)
At 30 June 2015	**11,478**	**270**	**–**	**(573)**	**2,684**	**(150)**	**8,967**	**22,676**	**3,078**	**25,754**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

NOTE 1. CORPORATE INFORMATION

The financial report of Bisalloy Steel Group Limited and its subsidiaries ("the Group") for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 25 August 2016.

Bisalloy Steel Group Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

TABLE OF CONTENTS

a. Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for land and buildings classified as property, plant and equipment and derivative financial instruments, which are measured at fair value.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, all financial information presented in Australian Dollars has been rounded to the nearest thousand unless otherwise stated.

The consolidated financial statements provide comparative information in respect of the previous period.

New Accounting Standards and Interpretations
The accounting policies adopted are consistent with those of the previous financial year except the following which the Group adopted from 1 July 2015:

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2016.

Comparative information
Certain comparative information was amended in these financial statements to conform to the current year presentation. These amendments do not impact the group's financial result and do not have any significant impact on the Group's balance sheet.

b. Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

c. Basis of consolidation and investments in joint venture

The consolidated financial statements comprise the financial statements of the Company, being Bisalloy Steel Group Limited, and its subsidiaries ("the Group") as at the reporting date.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

The Group has an interest in a joint venture, which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The Group's investment in the joint venture is accounted for using the equity method and is not part of the consolidated Group.

Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. When there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The Group's share of profit of the joint venture is shown on the face of the statement of profit or loss outside operating profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

d. Significant accounting judgements, estimates and assumptions

In the application of the Group's accounting policies as described below, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

Significant accounting judgements

In applying the Group's accounting policies, management have not made any significant accounting judgements which affect the amounts recognised in the financial statements.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Net realisable value of inventory

The Group undertakes a detailed review of its inventory by major product category to ensure its provisions reflect inventory at the lower of cost and net realisable value. This review takes into consideration management's assessment of current and forecast market conditions, including drivers of the price of quenched and tempered steel and alloyed steel plate.

Impairment of other non-financial assets

Non-financial assets other than goodwill and indefinite life intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group conducts an annual review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have been reversed.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees (including directors and other senior executives) by reference to the fair value

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

at the date on which they are granted. The fair value is determined by an external valuer using discounted cash flow models using the assumptions dealt with in note 2(n).

e. Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified and based on the information provided to the chief operating decision makers – being the executive management team.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- nature of the products and services,
- nature of production processes,
- type or class of customer for their products and services,
- methods use to distribute their products or provide their services, and if applicable
- nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

f. Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates or interests in joint ventures, when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, deferred tax asset are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

g. Cash and cash equivalents

Cash and short term deposits in the statement of financial position and the cash flow statement is comprised of cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

h. Trade and other receivables

Trade and other receivables are carried at amounts due less an allowance for any uncollectible amounts. The collectability of debts is assessed at balance date and provision is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. Trade debtors are generally on 30-60 day terms. These are non-interest bearing.

i. Inventories

Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials

- Purchase cost is on an average cost basis.

Work in progress and finished good

- Cost of direct materials, labour and an appropriate proportion of manufacturing overheads is based on normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

j. Property, plant and equipment

Plant and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if the recognition criteria are satisfied. All other repairs and maintenance are recognised in the profit or loss as incurred.

Land and buildings are measured at fair value using the revaluation model, less accumulated depreciation on buildings and any impairment losses recognised after the date of the revaluation. Valuations are performed every three years, or sooner should there be a significant change in market conditions, to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Land — not depreciated
- Buildings — 50 years
- Plant and equipment — 5 – 10 years
- Leasehold improvements — 5 – 10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, at each financial year end.

Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit or loss.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the period the item is derecognised.

Information technology costs

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and / or cost reduction are capitalised to information technology costs. Amortisation is calculated on a straight line basis over periods not exceeding 10 years.

k. Trade and other payables

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 the financial year that are unpaid and arise when the Group becomes obliged to

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

make future payments in respect of the purchase of these goods and services.

l. Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity, net of tax, as a reduction of the share proceeds received.

m. Employee benefits

Liabilities arising in respect of short-term employee benefits such as wages, salaries, annual leave and sick leave represent the amount which the entity has a present obligation to pay resulting from employees' services provided up to the balance date. Liabilities in respect of short-term employee benefits are measured at their nominal amounts.

Long-term employee benefit liabilities such as long service leave represent the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date. Long-term employee benefit liabilities are measured at their present values using corporate bond rates which most closely match the terms of maturity of the related liabilities.

In determining the employee benefit liabilities, consideration has been given to future increases in wage and salary rates, and the consolidated entity's experience with staff departures. Related on-costs have also been included in the liability.

The Group contributes to several defined contribution superannuation plans. Contributions are charged against income as they are made.

n. Share-based payment transactions

Employees (including directors and other senior executives) of the Group receive remuneration in the form of a grant of Rights, whereby employees render services as consideration for equity instruments ('equity-settled transactions'). There is currently a Share Rights Plan in place to provide these benefits.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a discounted cash flow methodology. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the issuer ('market conditions'), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. This opinion is formed based on the best available information at balance date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for Rights that do not ultimately vest. Any Rights that do not become vested Rights, lapse.

The dilutive effect, if any, of outstanding Rights is reflected as additional share dilution in the computation of diluted earnings per share.

o. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 related to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

p. Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

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 reporting date.

q. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), or GST equivalents, such as Value Added Tax, except:

- where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO), or equivalent foreign organisations. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses;
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

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

r. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, which is on delivery of the goods. Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Interest income
Interest income is recognised as it accrues using the effective interest (EIR) method. The EIR is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Dividend income
Dividend income is recognised when the Group's right to receive the payment is established.

s. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Bisalloy Steel Group Limited does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

t. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception of the lease. The arrangement is, or contains, a lease if 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 or assets, even if that right is not explicitly specified in an agreement.

Group as a lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in finance costs in the statement of profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

u. Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars (A$), which is the Company's functional and presentation currency.
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The functional currency of the foreign operations is the currency in circulation in the country they each reside in. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the Company's presentation currency (A$) at the rate of exchange ruling at balance date, and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in the foreign currency translation reserve within equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

v. Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

w. Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges: when hedging the exposure to changes in the fair value of a recognised asset or liability; or
- cash flow hedges: when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly forecast transaction.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as described below:

Cash Flow Hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the statement of profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

Fair Value Hedges

The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as a finance cost.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedge financial instrument for which the effective interest method is used is amortised to the profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

x. Fair Value Measurement

The Group measure financial instruments such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period.

y. Changes in accounting standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2016. Those that may be applicable to the Group are outlined on the following page.

z. Amendment to the Annual Report Subsequent to Lodgement Date

Subsequent to the lodgement of the 2016 Annual Report on 25 August 2016 with the ASX and the Australian Securities and Investments Commission ("ASIC"), additional information has come to light which revealed an omission in the table disclosing "Remuneration of Key Management Personnel" detailed on page 12 and in Note 23 Related Parties on page 60. Both the table on page 12, and Note 23 on page 60 have been amended to rectify this omission.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9/IFRS 9	*Financial Instruments*	*On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.* *IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.* *The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.* *The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.* *AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.* *These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.*	*1 January 2018*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2018*
AASB 2015-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*	*The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.*	*1 January 2016*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2016*

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
IFRS 15	*Revenue from Contracts with Customers*	*IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.* *IFRS 15 supersedes:* *a. IAS 11 Construction Contracts* *b. IAS 18 Revenue* *c. IFRIC 13 Customer Loyalty Programmes* *d. IFRIC 15 Agreements for the Construction of Real Estate* *e. IFRIC 18 Transfers of Assets from Customers* *f. SIC-31 Revenue—Barter Transactions Involving Advertising Services* *The core principle of IFRS 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:* *a. Step 1: Identify the contract(s) with a customer* *b. Step 2: Identify the performance obligations in the contract* *c. Step 3: Determine the transaction price* *d. Step 4: Allocate the transaction price to the performance obligations in the contract* *e. Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation* *Early application of this standard is permitted.*	*1 January 2018*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2018*
AASB 2014-10	*Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	*AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:* *a. a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and* *b. a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.* *AASB 2014-10 also makes an editorial correction to AASB 10.* *AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.*	*1 January 2016*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2016*

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2015-1	*Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle*	*The subjects of the principal amendments to the Standards are set out below:* *AASB 5 Non-current Assets Held for Sale and Discontinued Operations:* • *Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or vice versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.* *AASB 7 Financial Instruments: Disclosures:* • *Servicing contracts – clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.* • *Applicability of the amendments to AASB 7 to condensed interim financial statements – clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134.* *AASB 119 Employee Benefits:* • *Discount rate: regional market issue – clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.* *AASB 134 Interim Financial Reporting:* • *Disclosure of information 'elsewhere in the interim financial report' -amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.*	*1 January 2016*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2016*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*	*IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.* *The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.* *The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.*	*1 January 2016*	*The amendments are not expected to have a significant impact on the financial statements.*	*1 July 2016*

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB16	*Leases*	*The key features of AASB 16 are as follows:* *Lessee accounting* • *Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.* • *A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.* • *Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.* • *AASB 16 contains disclosure requirements for lessees.* *Lessor accounting* • *AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.* • *AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.* *AASB 16 supersedes:* *a. AASB 117 Leases* *b. Interpretation 4 Determining whether an Arrangement contains a Lease* *c. SIC-15 Operating Leases—Incentives* *d. SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease* *The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.*	*1 January 2019*	*The amendments are not expected to have a significant impact on the financial statements.*	*1 July 2019*

NOTE 3. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the board.

The board has established an Audit and Risk Committee comprising non-executive directors, whose meetings are also attended by the executive directors. In addition sub-committees are convened as appropriate in response to issues and risks identified by the board, and the sub-committee further examines the issue and reports back to the board.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses the Group's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature.
- The establishment of committees to report on specific business risks, including for example, matters such as environmental issues and concerns and occupational health and safety.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

- The board reviews financial risks such as the Group's liquidity, currency, interest rate and credit policies and exposures and monitors management's actions to ensure they are in line with Group policy.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a narrow customer base and has the potential to be exposed to credit risk on a specific customer.

A credit policy is in place, the objective of which is:

- To ensure all credit worthiness checks are carried out prior to opening new credit accounts and appropriate authorisations obtained;
- To ensure the approved credit limit is appropriate to the inherent risk of trading with any particular customer;
- To ensure all orders are converted into cash within trading terms;
- To minimise late payments and any potential bad debts through the constant application of sound commercial debtor management on a continuing basis;

The credit policy requires credit insurance to be taken out against customers where the concentration risk of trading with any specific customer is assessed as high.

Goods are sold subject to retention of title clauses that permit the Group to reclaim stock from a customer up to the value of monies owed in the event:

- Official Manager
- Receiver and Manager
- Administrator
- Liquidator

or similar business administration is appointed to the customer's business.

The Group has established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss is based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for these financial assets is limited to their carrying amounts as disclosed in note 11.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as and when they fall due without incurring unacceptable losses or risking damaging the Group's reputation.

On 30 June 2015 the Group renewed its facility agreement which currently comprises a $7.17m term loan and $12m revolver borrowing facility. The drawn revolver facility balance is limited to the value of the available collateral and fluctuates daily. Eligible trade receivables, eligible inventory, plant and equipment and real property constitute available collateral. At reporting date, the carrying amount of assets pledged as collateral was $34.2m (2015: $40.1m).

In addition to the eligible collateral, the Group have several general and financial undertakings which they must comply with including a $6m (2015: $6m) limit on capital expenditure, a Tangible Net Worth covenant, and a Fixed Charge Coverage Ratio covenant.

Due to the nature of the facility, cashflow is managed on a daily basis, comparing actual against forecast collateral, receipts and payments. Each month a complete review is undertaken of the projected daily cashflow.

Contractual maturity of financial liabilities

The table below reflects all contractually fixed payments for settlement, repayments and interest resulting from recognised financial liabilities, including derivative financial instruments as at 30 June 2016.

For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2016.

	Consolidated	
	2016 $'000	2015 $'000
6 months or less	**7,539**	13,421
6-12 months	**666**	849
1-5 years	**8,642**	9,239
Over 5 years	**–**	–
	16,847	23,509

Management analysis of financial assets and liabilities

The table below is based on management expectations of the timing of cash inflows and outflows from its financial assets and liabilities which reflect a balanced view of cash inflows and outflows. Net settled derivatives comprise forward exchange contracts that are used to hedge future sales and purchase commitments.

Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital (e.g., inventories and trade receivables). These assets are considered in the Group's overall liquidity risk.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting covering its operation that reflects expectations of management of expected settlement of financial assets and liabilities.

Year ended 30 June 2016	<=6 months $'000	6-12 months $'000	1-5 years $'000	>5 years $'000	Total $'000
Consolidated					
Financial assets					
Cash and cash equivalents	896	–	–	–	896
Trade and other receivables	10,310	–	–	–	10,310
Income tax receivable	–				–
Derivatives[1]					
Inflows	–	–	–	–	–
Outflows	13	–	–	–	13
	11,219	–	–	–	11,219
Financial liabilities					
Trade and other payables	6,085	–	–	–	6,085
Interest bearing loans and borrowings	1,157	666	8,642	–	10,465
Income tax payable	297	–	–	–	297
Derivatives – gross settled[1]					
Inflows	–	–	–	–	–
Outflows	–	–	–	–	–
	7,539	666	8,642	–	16,847
Net inflow/(outflow)	3,680	(666)	(8,642)	–	(5,628)

1. Derivatives are measured at fair value through other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Year ended 30 June 2015	<=6 months $'000	6-12 months $'000	1-5 years $'000	>5 years $'000	Total $'000
Consolidated					
Financial assets					
Cash and cash equivalents	4,446	–	–	–	4,446
Trade and other receivables	12,222	–	–	–	12,222
Income tax receivable	–				–
Derivatives[1]					
Inflows	–	–	–	–	–
Outflows	–	–	–	–	–
	16,668	–	–	–	16,668
Financial liabilities					
Trade and other payables	13,043	–	–	–	13,043
Interest bearing loans and borrowings	207	849	9,239	–	10,295
Income tax payable	171	–	–	–	171
Derivatives – gross settled[1]					
Inflows	–	–	–	–	–
Outflows	–	–	–	–	–
	13,421	849	9,239	–	23,509
Net inflow/(outflow)	3,247	(849)	(9,239)	–	(6,841)

1. Derivatives are measured at fair value through other comprehensive income.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in different currency from the Group's functional currency) and the Group's net investment in foreign subsidiaries.

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum twelve month period. The Group generally adopts a policy of covering exchange exposures related to purchases and sales of product at the time they are incurred or committed.

Throughout the year the foreign exchange risk has been actively managed through periodic risk assessments. The objective of these assessments is to stratify foreign exchange exposure into risk categories and enable available hedge facilities to be applied to those assessed as higher risk.

Risk assessments take into account macro economic lead indicators such as interest rate differentials, inflation rate differentials and externally published market analytical data to determine the likelihood of movement in exchange rates. The likelihood is applied to the Group's foreign currency exposure to determine financial impact on a sensitivity basis.

Sensitivity analysis

The following table summarises the sensitivity of financial instruments held at balance date to possible movements in the exchange rate of the Australian dollar to foreign currencies, with all other variables held constant. The +10%/-10% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding 5 year period, along with consideration for current market trends.

	Post tax profit Higher / (Lower)		Effect on equity Higher / (Lower)	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Sensitivity to USD				
Consolidated				
AUD/USD +10%	**(27)**	(149)	**–**	–
AUD/USD -10%	**33**	182	**–**	–

Interest rate risk

The Group's borrowing facility has a variable interest rate attached to it. The Group monitors the underlying interest rate outlook and considers the use of interest rate derivatives (principally swaps) to manage the exposure to interest rate fluctuations.

The Group's exposure to market interest rates relates primarily to the Group's interest bearing borrowings. At 30 June 2016, the Group had the following mix of financial assets and liabilities exposed to variable interest rates that are not designated in cash flow hedges.

	Consolidated	
	2016 $'000	2015 $'000
Financial Assets		
Cash and cash equivalents	**894**	877
Financial Liabilities		
Bank loans	**(8,600)**	(8,057)
Net exposure	**(7,706)**	(7,180)

Interest rate sensitivity analysis

The following table summarises the sensitivity of the fair value of financial instruments held at the balance date following a movement in interest rates, with all other variables held constant. The +1.0/-1.0 basis points sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding 5 year period.

	Post tax profit Higher / (Lower)		Other comprehensive income Higher / (Lower)	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Consolidated				
+1.0% (100 basis points)	**(54)**	(50)	**–**	–
-1.0% (100 basis points)	**54**	50	**–**	–

COMMODITY RISK

The Group does not hedge for movements in the underlying price of product, but manages commodity risk within the parameters of the markets within which it trades.

Assets/Liabilities Measured at Fair value

The Group uses various methods in estimating the fair value of assets and liabilities. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is calculated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

The fair value of the assets and liabilities as well as the methods used to estimate the fair value are summarised in the table below. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At 30 June 2016 the fair values of land, buildings and improvements were determined by reference to valuations performed in June 2014. For properties not subject to independent valuations, fair value was determined by Directors' valuation.

	Year ended 30 June 2016				Year ended 30 June 2015			
	Quoted market price (Level 1) $000	Valuation technique-market observable inputs (Level 2) $000	Valuation technique-non market observable inputs (Level 3) $000	Total $000	Quoted market price (Level 1) $000	Valuation technique-market observable inputs (Level 2) $000	Valuation technique-non market observable inputs (Level 3) $000	Total $000
Consolidated								
Assets								
Land & Buildings	–	–	7,733	7,733	–	–	7,837	7,837
Foreign exchange contracts	–	13	–	13	–	–	–	–
	–	13	7,733	7,746	–	–	7,837	7,837
Liabilities								
Foreign exchange contracts	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Transfer between categories

There were no transfers between levels during the year. The fair value of interest bearing loans and borrowings approximates the carrying value.

NOTE 4. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on country of origin. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of economic characteristics.

Geographical areas

Australian operations

The Australian operations are comprised of Bisalloy Steels Pty Limited and Bisalloy Steel Group Limited.

Bisalloy Steels Pty Limited distributes wear-grade and high tensile plate through distributors and directly to original equipment manufacturers in both Australia and Overseas. Bisalloy Steels is located in Unanderra, near Wollongong, NSW.

Bisalloy Steel Group Limited is the corporate entity, also located in Unanderra NSW, which incurs expenses such as head office costs and interest. All corporate charges relate to the Australian operations and are linked to Australian segment revenue only.

Overseas operations
The overseas operations comprise of PT Bima Bisalloy and Bisalloy (Thailand) Co Limited located in Indonesia and Thailand respectively. These businesses distribute Bisalloy Q&T plate as well as other steel plate products. The overseas operations include the co-operative joint venture Bisalloy Jigang Steel Plate (Shandong) Co. Ltd in the People's Republic of China for the marketing and distribution of quench & tempered steel plate.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2 to the accounts and in the prior period except as detailed below:

Inter-entity sales
Inter-entity sales are recognised based on an internally set transfer price. This price is set monthly and aims to reflect what the business operation could achieve if they sold their output to external parties at arm's length.

Major customers

The group has a number of customers to which it provides products. There are three major distributors who account for 21% (2015: 18%), 14% (2015: 16%) and 13% (2015: 11%) of total external revenue. All these customers are in the Australian operating segment.

Year ended 30 June 2016	Australia $'000	Overseas $'000	Total $'000
Revenue:			
Sales to external customers	40,877	14,153	55,030
Inter-segment sales	6,148	–	6,148
Total segment revenue	47,025	14,153	61,178
Inter-segment elimination			(6,148)
Total consolidated revenue			**55,030**
Segment net operating profit after tax	**1,026**	**715**	**1,741**
Interest income	–	7	7
Interest expense	655	9	664
Depreciation	1,298	66	1,364
Share of profit of joint venture	–	593	593
Income tax expense	689	335	1,024
Segment assets	**38,493**	**14,224**	**52,717**
Capital expenditure	907	52	959
Segment liabilities	**16,051**	**2,829**	**18,880**

Year ended 30 June 2015	Australia $'000	Overseas $'000	Total $'000
Revenue:			
Sales to external customers	47,379	13,600	60,979
Inter-segment sales	6,954	–	6,954
Total segment revenue	54,333	13,600	67,933
Inter-segment elimination			(6,954)
Total consolidated revenue			**60,979**
Segment net operating profit after tax	**1,630**	**1,189**	**2,819**
Interest income	9	2	11
Interest expense	905	41	946
Depreciation	1,242	68	1,310
Share of profit of joint venture	–	532	532
Income tax expense	1,034	428	1,462
Segment assets	**43,876**	**14,395**	**58,271**
Capital expenditure	798	17	815
Segment liabilities	**22,234**	**2,153**	**24,387**

	Consolidated	
	Year ended 30 June 2016 $'000	Year ended 30 June 2015 $'000
i) Segment revenue reconciliation to the statement of comprehensive income		
Total segment revenue	**61,178**	67,933
Inter-segment sales elimination	**(6,148)**	(6,954)
Total revenue	**55,030**	60,979

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 4. OPERATING SEGMENTS (CONTINUED)

Revenue from external customers by geographical location is detailed below. Revenue is attributed to geographic location based on the location of the customers.

	Consolidated Year ended 30 June 2016 $'000	Consolidated Year ended 30 June 2015 $'000
Australia	**35,837**	37,396
Indonesia	**11,088**	9,290
Thailand	**3,586**	4,641
Other foreign countries	**4,519**	9,652
Total revenue	**55,030**	60,979

ii) Segment net operating profit after tax reconciliation to the statement of comprehensive income

The executive management committee meets on a monthly basis to assess the performance of each segment by analysing the segment's net operating profit after tax. A segment's net operating profit after tax excludes non-operating income and expense such as dividends received, fair value gains and losses and impairment charges.

	Consolidated Year ended 30 June 2016 $'000	Consolidated Year ended 30 June 2015 $'000
Reconciliation of segment net operating profit after tax to net profit before tax		
Segment net operating profit after tax	**1,741**	2,819
Income tax expense	**1,024**	1,462
Total net profit before tax per the statement of profit or loss	**2,765**	4,281

iii) Segment assets reconciliation to the statement of financial position

In assessing the segment performance on a monthly basis, the executive management committee analyses the segment result as described above and its relation to segment assets. Segment assets are those operating assets of the entity that the management committee views as directly attributing to the performance of the segment. These assets include plant and equipment, receivables, inventory and intangibles and exclude available-for-sale assets, derivative assets, deferred tax assets, and pension assets.

	Consolidated Year ended 30 June 2016 $'000	Consolidated Year ended 30 June 2015 $'000
Reconciliation of segment operating assets to total assets		
Segment operating assets	**52,717**	58,271
Inter-segment eliminations	**(8,626)**	(7,766)
Derivative assets	**13**	–
Total assets per the statement of financial position	**44,104**	50,505

The analysis of the location of non-current assets other than financial instruments, deferred tax assets, pension assets is as follows:

	Year ended 30 June 2016 $'000	Year ended 30 June 2015 $'000
Australia	**15,747**	15,934
Overseas	**522**	523
Total assets	**16,269**	16,457

iv) Segment liabilities reconciliation to the statement of financial position

Segment liabilities include trade and other payables and debt. The Group has a centralised finance function that is responsible for raising debt and capital for the Australia operations. Each Australian entity or business uses this central function to invest excess cash or obtain funding for its operations. The executive management committee reviews the level of debt for each segment in the monthly meetings.

	Consolidated Year ended 30 June 2016 $'000	Consolidated Year ended 30 June 2015 $'000
Reconciliation of segment operating liabilities to total liabilities		
Segment operating liabilities	**18,880**	24,387
Inter-segment eliminations	**(4,195)**	(4,164)
Income tax payable	**297**	171
Provisions	**2,558**	2,553
Deferred tax liabilities	**951**	1,804
Total liabilities per the statement of financial position	**18,491**	24,751

NOTE 5. REVENUE AND EXPENSES

	Consolidated Year ended 30 June 2016 $'000	Year ended 30 June 2015 $'000
(a) Other income		
Foreign exchange gains	**390**	528
Other income	**60**	22
	450	550
(b) Finance (income) and costs		
Bank interest and borrowing costs	**664**	946
Total finance costs	**664**	946
Bank interest	**(7)**	(11)
Total finance income	**(7)**	(11)
(c) Depreciation and costs of inventories included in statement of comprehensive income		
Depreciation and amortisation	**1,364**	1,310
Costs of inventories recognised as an expense	**42,225**	47,529
(d) Lease payment and other expenses included in statement of profit or loss		
Rental – operating leases	**285**	300
(e) Employee benefits expense		
Wages and salaries	**9,607**	9,410
Superannuation costs	**787**	722
Expense of share-based payments	**50**	(8)
	10,444	10,124

NOTE. 6. INVESTMENT IN A JOINT VENTURE

In July 2011 the Group signed a Cooperative Joint Venture Agreement with Jigang Iron & Steel Co., Limited to establish Bisalloy Jigang Steel Plate (Shandong) Co., Limited ('the joint venture') for the marketing and distribution of quench & tempered steel plate in the People's Republic of China and other international markets.

Under the terms of the JV, Bisalloy has contributed US$1 million in capital and licenced its Q&T intellectual property and brand name to the joint venture to produce quench & tempered steel plate at Jinan's production facility in Shandong Province, PRC for a 33% ownership of the equity and a 50% share in the operating result of the joint venture.

Dividends of $345,829 (2015: $316,416) were received from the JV during the year.

	Consolidated 30 June 2016 $'000	30 June 2015 $'000
Joint venture's statement of financial position:		
Current assets, including cash of $2,140,953 (2015: $2,604,000)	**6,227**	6,724
Non-current assets	**79**	97
Current liabilities	**(598)**	(1,546)
Equity	**5,708**	5,275
Joint venture's revenue and profit:		
Revenue	**7,608**	12,315
Expenses	**(5,907)**	(10,748)
Finance income	**62**	49
Profit before income tax	**1,763**	1,616
Income tax and statutory reserves	**(577)**	(552)
Profit for the year	**1,186**	1,064
Group's share of profit	**593**	532
Carrying amount of the investment	**1,450**	1,203

The assets and liabilities are disclosed at their carrying value which is assumed to approximate their fair value.

The joint venture has no capital commitments or contingent liabilities at 30 June 2016 (2015: None).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 7. INCOME TAX

	Consolidated	
	Year ended 30 June 2016 $'000	Year ended 30 June 2015 $'000
(a) Income Tax Expense		
The major components of income tax expense are:		
Income Statement		
Current income tax		
Current income tax charge	**983**	799
Adjustments in respect of current income tax of previous years	**20**	–
	1,003	799
Deferred income tax		
Relating to origination and reversal of temporary differences	**21**	663
Income tax expense	**1,024**	1,462
The income tax expense for the period is disclosed as follows:		
Income tax expense attributable to continuing operations	**1,024**	1,462
	1,024	1,462
(b) Amounts charged or credited directly to equity		
Deferred income tax related to items charged or credited directly to equity		
Net gain on revaluation of derivative assets	**4**	29
Income tax expense reported in equity	**4**	29
(c) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate		
Accounting profit before tax	**2,765**	4,281
At the Group's statutory income tax rate of 30% (2015: 30%)	**830**	1,284
Consolidation adjustment to prior year CFC temporary tax difference	**92**	4
Income assessable for tax purposes	**283**	405
Expenditure not allowable for tax purposes	**99**	76
De-recognition of foreign income tax credits	**(177)**	(160)
Income not assessable for tax purposes	**20**	(57)
Expenditure allowable for tax purposes	**(178)**	(182)
Non-allowable withholding tax on foreign joint venture dividend	**35**	32
Adjustments in respect of deferred income tax of previous years	**20**	60
Income tax expense on pre-tax net profit	**1,024**	1,462

	Statement of financial position		Statement of comprehensive income		Equity	
	Year ended 30 June 2016 $'000	Year ended 30 June 2015 $'000	Year ended 30 June 2016 $'000	Year ended 30 June 2015 $'000	Year ended 30 June 2016 $'000	Year ended 30 June 2015 $'000
(d) Deferred income tax						
Deferred income tax at 30 June relates to the following:						
CONSOLIDATED						
Accelerated depreciation for tax purposes	**(1,713)**	(1,737)	**(24)**	3		
Tax losses available for offset against future taxable benefits	**–**	–	**–**	732	**–**	–
Employee entitlement provisions	**507**	548	**41**	4	**–**	–
Other provisions and accruals	**52**	40	**(12)**	(20)	**–**	–
Inventory	**28**	92	**64**	(27)	**–**	–
Other	**179**	130	**(48)**	(27)	**–**	–
Foreign income tax credits	**–**	–	**–**	–	**–**	–
Derivatives	**(4)**	–	**–**	(2)	**4**	29
Deferred tax (liabilities)/assets reflected in the balance sheet	**(951)**	(927)				
Deferred tax credit/expense			**21**	663		
Equity					**4**	29

(e) Current income tax at 30 June relates to the following:

The current tax payable for the Consolidated entity of $297,297 (2015: $171,047) represents the amount of income tax payable in respect of the current and prior periods that arises from the payment of tax in deficit of the amounts due to the relevant tax authority.

The Consolidated entity liability includes both the income tax payable by all members of the tax consolidated group and those members outside the tax consolidated group and outside the Australian tax jurisdiction.

(f) Unrecognised temporary differences

At 30 June 2016, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries, as the Group has no liability for additional taxation should unremitted earnings be remitted (2015: Nil).

(g) Tax consolidation

(i) Members of the tax consolidation group and the tax sharing arrangement
Effective 1 July, 2003, for the purposes of income taxation, the Company and its 100% owned Australian subsidiaries formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement. This arrangement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of a default is remote. The head entity of the group is Bisalloy Steel Group Limited.

(ii) Tax effect accounting by members of the tax consolidated group
Members of the tax consolidated group have entered into a tax funding agreement. The allocation of taxes under the tax funding agreement is recognised under the separate tax payer within a group approach. Allocations under the tax funding agreement are made on a semi-annual basis.

The amount that is allocated under the tax funding agreement is done so in accordance with a method permitted by UIG1052 and is recognised by way of an increase or decrease in the subsidiaries intercompany accounts.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 8. EARNINGS PER SHARE (EPS)

	Year ended 30 June 2016 $'000	Year ended 30 June 2015 $'000
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Net profit for the period	**1,741**	2,819
Net profit attributable to non-controlling interest holders	**(200)**	(329)
Net profit attributable to equity holders of the parent (used in calculating basic and diluted EPS)	**1,541**	2,490
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	**44,047**	43,987
Effects of dilution:		
Performance rights	**885**	423
Adjusted weighted average number of ordinary shares for diluted earnings per share	**44,932**	44,410
Weighted average number of lapsed or cancelled potential ordinary shares included in diluted earnings per share	**–**	–

NOTE 9. DIVIDENDS PAID OR PROPOSED

	Consolidated	
	Year ended 30 June 2016 $'000	Year ended 30 June 2015 $'000
(a) Dividends paid during the year		
Interim 2016 – Nil (2015: Nil)	**–**	–
Final 2015 Nil (2014: Nil)	**1,759**	–
	1,759	–
(b) Proposed dividend (not recognised as a liability as at 30 June)		
Final dividend for 2016: 2.5 cents per share (2015: 4.0 cents per share)	**1,102**	1,759
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30%	**4,174**	4,519
Franking debits that will arise from the refund of tax as at the end of the financial year	**260**	10
Franking debits that will arise from the payment of dividends as at the end of the financial year	**(330)**	(528)
	4,104	4,001

NOTE 10. CASH AND CASH EQUIVALENTS

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
(a) Reconciliation of cash		
For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 30 June:		
Cash at bank	**894**	4,444
Cash at hand	**2**	2
Total	**896**	4,446

As at 30 June 2015 $3.57M of the above cash related to a surplus in the working capital facility with GE. This cash can only be used by the group for working capital purposes in the ordinary course of business. Refer to Note 18 for further information about this facility.

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
(b) Reconciliation of net profit after income tax to net cash provided by operations		
Net profit after tax	**1,741**	2,819
Non cash items		
Depreciation and amortisation	**1,364**	1,310
Share-based payments expense	**50**	(8)
Impairment and write-off of current assets	**(23)**	31
Share of profit of a joint venture	**(593)**	(532)
Net fair value change on derivatives	**13**	24
Change in operating assets and liabilities		
Decrease /(increase) in receivables and other assets	**1,912**	(2,387)
Decrease/(increase) in foreign currency translation	**361**	360
Decrease /(increase) in inventories	**877**	(672)
Increase/(decrease) in tax assets and liabilities	**151**	899
Decrease/(increase) in other financial assets	**99**	43
(Increase)/decrease in prepayments	**(147)**	(88)
(Decrease)/increase in trade creditors	**(6,958)**	4,301
Increase/(decrease) in provisions	**5**	184
Settlement of share rights	**(125)**	(76)
Net cash used in operating activities	**(1,273)**	6,208

(c) Disclosure of financing facilities

Refer note 18.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 11. TRADE AND OTHER RECEIVABLES

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Current		
Trade receivables	**10,258**	12,205
Less: Provision for doubtful debts	**(260)**	(45)
	9,998	12,160
Other	**312**	62
	10,310	12,222

Trade receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

At 30 June, the ageing analysis of trade receivables is as follows:

	Total $'000	0-30 Days $'000	31-60 Days $'000	61-90 Days PDNI* $'000	61-90 Days CI* $'000	+91 Days PDNI* $'000	+91 Days CI* $'000
2016 Consolidated	**10,258**	**6,624**	**1,644**	**1,256**	**–**	**474**	**260**
2015 Consolidated	12,205	7,619	3,583	649	–	309	45

* Past due not impaired ('PDNI')
Considered impaired ('CI')

Receivables past due and considered impaired are $260,415 (2015: $45,480) which relate to specific receivables. Credit has been stopped on these accounts until full payment is made. Receivables over 91 days past due not impaired relate accounts for which repayment terms have been renegotiated. The Group reports the aged status of receivables against original terms of trade and does not adjust for renegotiated terms.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 3.

NOTE 12. INVENTORIES

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Current		
Raw materials and stores	**801**	2,438
Finished goods	**14,778**	13,995
	15,579	16,433

(a) Inventory expense

Inventories recognised as an expense for the year ended 30 June 2016 totalled $42,225,000 (2015: $47,529,000). This expense has been included in the cost of sales line item as a cost of inventories.

The amount expensed includes $16,512 (2015: $30,914) for the Group relating to inventory write-downs.

NOTE 13. OTHER FINANCIAL ASSETS

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Current		
Prepayments	**1,037**	947
	1,037	947
Non-current		
Prepayments	**57**	99
	57	99

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amounts at the beginning and end of the period

Consolidated	Freehold land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Year ended 30 June 2016				
At 1 July 2015, net of accumulated depreciation and impairment	7,837	25	7,293	15,155
Additions	–	–	958	958
Disposals	–	–	(9)	(9)
Revaluations	–	–	–	–
Depreciation and amortisation charge for the year	(123)	(1)	(1,240)	(1,364)
Exchange adjustment	19	–	3	22
At 30 June 2016, net of accumulated depreciation and impairment	7,733	24	7,005	14,762
At 1 July 2015				
Cost or fair value	9,234	60	17,250	26,544
Accumulated depreciation and impairment	(1,397)	(35)	(9,957)	(11,389)
Net carrying value	7,837	25	7,293	15,155
At 30 June 2016				
Cost or fair value	9,277	65	18,256	27,598
Accumulated depreciation and impairment	(1,544)	(41)	(11,251)	(12,836)
Net carrying value	7,733	24	7,005	14,762

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Consolidated	Freehold land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Year ended 30 June 2015				
At 1 July 2014, net of accumulated depreciation and impairment	7,922	25	7,653	15,600
Additions	–	–	815	815
Disposals	–	–	–	–
Revaluations	–	–	–	–
Depreciation and amortisation charge for the year	(123)	–	(1,187)	(1,310)
Exchange adjustment	38	–	12	50
At 30 June 2015, net of accumulated depreciation and impairment	7,837	25	7,293	15,155
At 1 July 2014				
Cost or fair value	9,248	58	16,482	25,788
Accumulated depreciation and impairment	(1,326)	(33)	(8,829)	(10,188)
Net carrying value	7,922	25	7,653	15,600
At 30 June 2015				
Cost or fair value	9,234	60	17,250	26,544
Accumulated depreciation and impairment	(1,397)	(35)	(9,957)	(11,389)
Net carrying value	7,837	25	7,293	15,155

(b) Revaluation of freehold land and freehold buildings

In 2014, the Group engaged Colliers International, an accredited independent valuer, to determine the fair value of its Australian land and buildings. Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Group, and to market based yields for comparable properties. The effective date of the valuation was 30 June 2014 and fair value was determined as $7,850,000.

In determining the current Fair Value of the property a Depreciated Replacement Cost (DRC) Approach was adopted. This method is used when there is limited transaction evidence, and principally applies to specialised property assets. The DRC Approach involves the addition of the deprecated value of the existing improvements to the underlying land value.

There has been no change in the valuation technique in current or prior period.

For June 2015 and June 2016, it was determined by Directors valuation that there was no significant change in fair value.

(c) Carrying amounts if land and buildings were measured at cost less accumulated depreciation and impairment

If land and buildings were measured using the cost model the carrying amounts would be as follows:

	2016 Freehold land and buildings $'000	2015 Freehold land and buildings $'000
Cost	**5,277**	5,234
Accumulated depreciation and impairment	**(1,339)**	(1,274)
Net carrying amount	**3,938**	3,960

15. SHARE-BASED PAYMENTS PLANS

Long Term Incentives (LTI) Plan

The LTI program has been designed to align the remuneration received by executive directors and senior managers with the creation of shareholder wealth.

Consequently LTI grants are only made to executives who are in a position to influence shareholder wealth and thus have the opportunity to influence the company's performance against the relevant long term performance hurdles.

Structure

At the 2015 Annual General Meeting, an LTI plan was renewed for LTI grants to executives in the form of share rights.

These rights are granted in two equal parts. The first part is based on retention and requires the holder remain an employee for three years from grant date. The second part is based on delivering superior long-term performance as measured by Return on Equity ("ROE"), with each grant of rights divided into three equal tranches. For each tranche, actual ROE is measured against a budget ROE and a stretch ROE as determined annually by the board in respect of the forthcoming year. The proportion of the rights which vest depend on where within this range the Group performs, with 100% vesting on achieving the stretch ROE and no rights vesting if actual ROE is less than 90% of the budgeted ROE. For the 2016 year, the stretch ROE was set at 115% of the budget ROE. Any rights to which the employee may become entitled on achieving the performance criteria, are still subject to the three year retention criteria before they can vest.

Any share rights which do not vest, as a result of the relevant performance condition not being satisfied, lapse. If the holder leaves the business, the unvested rights lapse on the leaving date unless the board determines otherwise. In the event of a change in control of the Group, the vesting date will generally be brought forward to the date of change of control and share rights will vest subject to performance over this shortened period, subject to ultimate board discretion.

Once vested a holder may exercise his share rights and be allocated a fully paid ordinary share of Bisalloy at no cost to the employee.

During the 30 June 2016 financial year 2,000,000 share rights were granted to executives under this scheme.

The share rights have been valued by Mercer (Australia) Pty Ltd. A fair value expressed as a value per share right has been determined as at the grant date for each grant of rights. The rights have been valued according to a discounted cash flow (DCF) methodology. The share price at valuation date and a 7.7% dividend yield for Grant 6; and a 7.7% dividend yield for Grant 7 (based on historic and future estimates at the time) formed the basis of the valuation. Refer to note 2(n) for further details on the valuation methodology.

The following table lists the valuation outputs for outstanding grants as at 30 June 2016:

	Expiry term of three years	
	Value of one right	Proportion of rights that vest
Grant 6	$0.42	100%
Grant 7	$0.33	100%

The fair value of the performance rights granted is brought to account as an expense in the profit and loss over the three year vesting period. The following table shows the number of rights outstanding during the year and in the previous year. The expense recognised in the statement of comprehensive income in relation to share based payments is disclosed in note 5(e).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

15. SHARE-BASED PAYMENTS PLANS (CONTINUED)

	Grant 3 Vested	Grant 4 Unvested	Grant 5 Unvested	Grant 6 Unvested	Grant 7 Unvested	Total
Grant date	1 July 2011	4 Jan 2013	1 July 2013	26 Feb 2016	23 Mar 2016	
Expiry date	30 June 2014	4 Jan 2016	30 June 2016	25 Feb 2019	22 Mar 2019	
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	
Balance at 30 June 2014	**200,001**	**–**	**–**	**–**	**–**	**200,001**
New grants in the year	–	–	–	–	–	–
Exercised in the year	(200,001)	–	–	–	–	(200,001)
Lapsed during the year	–	(83,333)	(166,667)	–	–	(250,000)
Balance at 30 June 2015	**–**	**250,000**	**–**	**–**	**–**	**250,000**
Exercisable at 30 June 2015	**–**	**–**	**–**	**–**	**–**	**–**
New grants in the year	–	–	–	1,000,000	1,000,000	2,000,000
Exercised in the year	–	(250,000)	–	–	–	(250,000)
Lapsed during the year	–	–	–	–	–	–
Balance at 30 June 2016	**–**	**–**	**–**	**1,000,000**	**1,000,000**	**2,000,000**
Exercisable at 30 June 2016	**–**	**–**	**–**	**–**	**–**	**–**

The weighted average remaining contractual life for the share rights outstanding as at 30 June 2016 is 2.75 years (2015: 0.25 years).

Share Rights Plan

The net amount entered in the Profit or Loss in relation to the above for the current year was a debit of $ 49,935 (2015: income $8,071).

NOTE 16. PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

Superannuation commitments

The Company makes superannuation contributions on behalf of employees to externally managed defined contribution superannuation funds. The contributions are defined by the terms of each individual employee's employment and fully vest at the time the contributions are made.

NOTE 17. TRADE AND OTHER PAYABLES

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Current		
Trade payables	**4,804**	11,634
Other payables and accruals	**1,337**	1,432
Goods and services tax	**(56)**	(23)
	6,085	13,043

Trade payables are non-interest bearing and are normally settled on 30 day terms.

Other payables and accruals are non-interest bearing and have an average term of three months.

Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 3.

NOTE 18. INTEREST-BEARING LOANS AND BORROWINGS

	Consolidated	
	30 June 2016 $'000	30 June 2015 $'000
Current		
Borrowings secured by fixed and floating charges	**1,433**	391
Non-current		
Borrowings secured by fixed and floating charges	**7,167**	7,666

Fair values

Unless disclosed below, the carrying amount of the Group's current and non-current borrowings approximate their fair value.

Interest rate, foreign exchange and liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in note 3.

Assets pledged as security

The fixed and floating charge covers all current and future assets of the Bisalloy Closed Group (note 23).

	Consolidated	
	30 June 2016 $'000	30 June 2015 $'000
At reporting date, the following financing facilities had been negotiated and were available:		
Total facilities		
– revolver facility (i)	**12,000**	12,000
– term loan (i)	**7,167**	7,666
– Bisalloy Thailand facility (ii)	**956**	964
– PT Bima facility (iii)	**2,795**	1,530
	22,918	22,160
Facilities used at reporting date		
Current		
– revolver facility (incl. bank guarantees)	**962**	–
– PT Bima facility	**471**	391
	1,433	391
Non-current		
– term loan	**7,167**	7,666
– Bisalloy Thailand facility	**–**	–
	7,167	7,666
	8,600	8,057
Facilities unused at reporting date		
– revolver facility (incl. bank guarantees)	**11,038**	12,000
– term loan	**–**	–
– Bisalloy Thailand facility	**956**	964
– PT Bima facility	**2,324**	1,139
	14,318	14,103

(i) On 30 June 2015 Bisalloy Steel Group Ltd entered into a renewed facility with GE Commercial Australasia Pty Ltd, with a maturity date of 30 June 2018. This facility currently provides Bisalloy Steel Group Limited and Bisalloy Steels Pty Ltd with a:

- $12m revolving loan facility; and
- $7.17m term loan facility

The facility is secured by a fixed and floating charge over all assets of the Closed Group. The facility is subject to usual provisions such as negative covenants and various undertakings, including compliance with a fixed charge coverage ratio. The drawn revolver facility balance is limited to the value of the available collateral and fluctuates daily. Eligible trade receivables, eligible

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 18. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

inventory, plant and equipment and real property constitute available collateral. The facility is variable rate linked to an interest rate plus a fixed margin. The average variable interest rate for the year is 4.73% (2015: 5.51%).

(ii) The Group had a THB 22m promissory note facility and a THB 3m bank overdraft facility available to its Thailand based subsidiary as at 30 June 2016. These facilities are secured by a guarantee from Bisalloy Steel Group Limited.

(iii) The Group has IDR 1billion and USD$1,500,000 revolver facilities as well as a USD$500,000 Letter of Credit facility available to its Indonesian based subsidiary. These facilities are secured by a charge over the assets of the Indonesian subsidiary.

NOTE 19. PROVISIONS

Consolidated	Employee entitlements $'000	Total $'000
At 1 July 2015	2,553	2,553
Arising during the year	893	893
Utilised	(888)	(888)
At 30 June 2016	2,558	2,558
Current 2016	1,294	1,294
Non-current 2016	1,264	1,264
	2,558	2,558
Current 2015	1,593	1,593
Non-current 2015	960	960
	2,553	2,553

NOTE 20. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Current Assets		
Forward currency contracts – Cash flow hedges	**13**	–
Forward currency contracts – Fair value hedges	**–**	–
	13	–
Current Liabilities		
Forward currency contracts – Cash flow hedges	**–**	–
Forward currency contracts – Fair value hedges	**–**	–
	–	–

Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates.

Forward currency contracts

Inventory purchases

During the year ended 30 June 2016, in order to protect against exchange rate movements and to manage the inventory costing process, the Group had entered into forward exchange contracts to purchase US$685,000. These contracts hedged highly probable forecasted purchases and they were timed to mature when payments are scheduled to be made.

Cash flow hedges

These hedges are considered cash flow hedges to the point where a purchase invoice is received (and a payable financial liability generated). From this point the hedge protects the financial liability from exchange rate movements and is, therefore, a fair value hedge.

The cash flows of these hedges were expected to occur between 1 – 6 months from balance date and the profit and loss will be affected over 12 months as the inventory is either used in production or sold. As at balance date, the details of outstanding contracts in respect of inventory purchases were:

	30 June 2016 $'000	30 June 2015 $'000	30 June 2016 Avg Exchange Rate	30 June 2015 Avg Exchange Rate
Buy US$/Sell Australian $	**910**	–	**0.7529**	–

Fair value hedges

As referred to above, once a purchase invoice has been received for a forecast purchase for which a cash flow hedge was taken out, the hedge now protects the financial liability from exchange rate movements and is, therefore, reclassified as a fair value hedge. As at balance date, the details of outstanding contracts in respect of fair value hedges were:

	30 June 2016 $'000	30 June 2015 $'000	30 June 2016 Avg Exchange Rate	30 June 2015 Avg Exchange Rate
Buy US$/Sell Australian $	**–**	–	**–**	–

Interest rate risk

Information regarding interest rate risk exposure is set out in note 3.

Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations at maturity of contracts. This arises on derivative financial instruments with unrealised gains. Management only undertakes such contracts with major Australian banks and financial institutions.

NOTE 21. CONTRIBUTED EQUITY AND RESERVES

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
(a) Ordinary shares, issued and fully paid	**11,531**	11,478

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Shares have no par value.

	2016 Number of Shares	2016 $'000	2015 Number of Shares	2015 $'000
(b) Movements in shares on issue				
Balance at 1 July	**43,987,234**	**11,478**	43,987,234	11,478
Shares issued under Dividend Reinvestment Plan	**95,539**	**53**	–	–
Balance at 30 June	**44,082,773**	**11,531**	43,987,234	11,478

(c) Capital management

When managing capital, the Groups objective is to maintain optimal returns to shareholders and benefits for other When managing capital, the Group's objective is to maintain optimal returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that delivers the lowest cost of capital available to its operations.

The Group adjusts the capital structure to take advantage of favourable costs of capital or high returns on assets. As the economic conditions change, the Group may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2016 and 2015.

The Group monitors capital through the gearing ratio (net debt/ total equity plus net debt) and currently targets a gearing ratio of between 10% and 35% while focus remains on reducing the Groups net debt position. The Group includes within

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 21. CONTRIBUTED EQUITY AND RESERVES (CONTINUED)

net debt interest bearing loans and borrowings less cash and cash equivalents. The gearing ratios based on continuing operations at 30 June 2016 and 2015 were as follows:

	Consolidated	
	30 June 2016 $'000	30 June 2015 $'000
Total borrowings	**8,600**	8,057
Less cash and cash equivalents	**(896)**	(4,446)
Net debt	**7,704**	3,611
Total equity	**25,613**	25,754
Total capital	**33,317**	29,365
Gearing ratio	**23%**	12%

The Group is not subject to any externally imposed capital requirements.

	Consolidated	
	30 June 2016 $'000	30 June 2015 $'000
(d) Non-controlling interests		
Balance at 1 July	**3,078**	2,755
Gain on translation of overseas controlled entities	**88**	317
Share of net profit for the year	**200**	329
Dividends paid	**(264)**	(323)
Balance at 30 June	**3,102**	3,078

	Consolidated	
	30 June 2016 $'000	30 June 2015 $'000
(e) Retained earnings		
Balance at 1 July	**8,967**	6,448
Net profit for the year	**1,541**	2,490
Depreciation transfer on revaluation of buildings	**29**	29
Dividends paid	**(1,759)**	–
Balance at 30 June	**8,778**	8,967

	Consolidated					
	Employee equity benefits reserve $'000	Foreign currency translation reserve $'000	Cash flow hedge reserve $'000	Asset revaluation reserve $'000	Equity settlement reserve $'000	Total $'000
(f) Reserves						
At 30 June 2014	396	(1,854)	(67)	2,713	(188)	1,000
Currency translation differences	–	1,281	–	–	–	1,281
Share-based payments	(8)	–	–	–	–	(8)
Equity settlement	(118)	–	–	–	38	(80)
Net gain on cash flow hedge	–	–	67	–	–	67
Depreciation transfer for revaluation of buildings	–	–	–	(29)	–	(29)
At 30 June 2015	**270**	**(573)**	**–**	**2,684**	**(150)**	**2,231**
Currency translation differences	**–**	**66**	**–**	**–**	**–**	**66**
Share-based payments	**50**	**–**	**–**	**–**	**–**	**50**
Equity settlement	**(281)**	**–**	**–**	**–**	**156**	**(125)**
Net gain on cash flow hedge	**–**	**–**	**9**	**–**	**–**	**9**
Depreciation transfer on revaluation of buildings	**–**	**–**	**–**	**(29)**	**–**	**(29)**
At 30 June 2016	**39**	**(507)**	**9**	**2,655**	**6**	**2,202**

Nature and purpose of reserves

Employee equity benefits reserve
This reserve is used to record the value of share-based payments provided to employees and directors as part of their remuneration. Refer to note 15 for further details of these plans.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Cash flow hedge reserve
This 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.

Asset Revaluation Reserve
The asset revaluation reserve is used to record increases and decreases in the fair value of land and buildings (net of tax) to the extent that they offset one another. The reserve can only be used to pay dividends in limited circumstances.

Equity Settlement Reserve
The equity settlement reserve records the net difference between payment for shares upon the exercise of performance rights under the LTIP and the amount expensed in the profit and loss and recorded in the employee equity benefits reserve over the three year vesting period.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 22. COMMITMENTS AND CONTINGENCIES

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
(a) Capital expenditure commitments		
Estimated capital expenditure contracted for at balance date, but not provided for payable:		
Not later than one year	**194**	46
	194	46

These capital expenditure commitments relate to office refurbishment and plant upgrade works.

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
(b) Operating lease expenditure commitments		
Not later than one year	**158**	140
Later than one year, but not later than five years	**174**	57
Later than five years	**–**	–
	332	197

These operating lease commitments relate to motor vehicle leases and rent.

(c) Contingent liabilities

The directors draw the following contingent liabilities to the attention of users of the financial statements:

Note 23 regarding the class order between certain subsidiaries and the Company.

NOTE 23. RELATED PARTIES

A Director of the Company, Mr P J Cave, has an interest in and is a Director of Anchorage Capital Partners Pty Ltd.

The terms and conditions of any transactions with Directors and their Director related entities are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non Director related entities on arm's length basis.

The total value of the transactions during the year with Director related entities were as follows:

Director	Director – related entity	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
P J Cave	Anchorage Capital Partners Pty Ltd	**120**	–

The above amounts were paid in relation to P J Cave's services in his capacity as a director and are included in Directors' remuneration in the Directors' Report.

Investments

	Country of Incorporation	Percentage of equity interest held by the Consolidated entity 30 June 2016 %	Percentage of equity interest held by the Consolidated entity 30 June 2015 %
Name of parent			
Bisalloy Steel Group Limited	Australia		
Controlled entities			
Bisalloy Steels Pty Limited	Australia	**100.00**	100.00
PT Bima Bisalloy	Indonesia	**60.00**	60.00
Bisalloy Holdings (Thailand) Co Ltd	Thailand	**85.00**	85.00
Bisalloy (Thailand) Co Limited	Thailand	**85.00**	85.00
Bisalloy North America LLC	United States of America	**100.00**	100.00
Joint venture			
Bisalloy Jigang (Shandong) Steel Plate Co., Ltd	People's Republic of China	**33.33**	33.33

Entities subject to class order relief

Pursuant to Class Order 98/1418, relief has been granted to Bisalloy Steels Pty Limited from the Corporations Act 2001 requirements for preparation, audit and lodgement of their financial reports. As a condition of the Class Order, Bisalloy Steel Group Limited and Bisalloy Steels Pty Limited (the "closed" Group) entered into a Deed of Cross Guarantee on the 18th April, 2002. The effect of the deed is that Bisalloy Steel Group Limited has guaranteed to pay any deficiency in the event of winding up of the controlled entity. The controlled entity has also given a similar guarantee in the event that Bisalloy Steel Group Limited is wound up.

The consolidated statement of profit or loss and statement of financial position of the entities which are members of the "Closed Group" are as follows:

	Closed Group 30 June 2016 $'000	Closed Group 30 June 2015 $'000
i. Consolidated Income Statement		
Profit from continuing operations before income tax	**2,972**	3,935
Income tax expense	**(625)**	(1,060)
Profit after income tax	**2,347**	2,875
Accumulated profit/(losses) at the beginning of the year	**2,372**	(503)
Dividends provided for or paid	**(1,759)**	–
Accumulated profits at the end of the year	**2,960**	2,372
ii. Consolidated Balance Sheet		
Current assets		
Cash and cash equivalents	**8**	3,597
Trade and other receivables	**7,756**	8,822
Inventories	**10,090**	10,544
Derivative financial instruments	**13**	–
Other financial assets	**853**	735
Total current assets	**18,720**	23,698

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 23. RELATED PARTIES (CONTINUED)

	Closed Group 30 June 2016 $'000	Closed Group 30 June 2015 $'000
Non-current assets		
Investments	**1,689**	1,689
Property, plant and equipment	**14,240**	14,631
Other financial assets	**57**	99
Total non-current assets	**15,985**	16,419
Total assets	**34,705**	40,117
Current liabilities		
Trade and other payables	**7,922**	14,487
Interest bearing liabilities	**962**	–
Provisions	**426**	1,504
Income tax payable	**221**	(10)
Derivative financial instruments	**–**	–
Total current liabilities	**9,531**	15,981
Non-current liabilities		
Interest bearing liabilities	**7,167**	7,666
Other liabilities	**–**	–
Provisions	**1,264**	323
Deferred tax liability	**1,209**	1,187
Total non-current liabilities	**9,640**	9,176
Total liabilities	**19,171**	25,157
NET ASSETS	**15,534**	14,960
Shareholders' equity		
Contributed equity	**11,531**	11,478
Reserves	**1,043**	1,110
Accumulated profits	**2,960**	2,372
TOTAL SHAREHOLDERS' EQUITY	**15,534**	14,960

The following table provides the total amount of transactions that have been entered into between the Group and related parties for the relevant financial year:

		Interest and management fees to related parties $'000	Other $'000	Amounts owed by related parties $'000	Amounts owed to related parties $'000
Related Party					
Bisalloy Jigang Steel Plate (Shandong) Co.,Ltd	2016	–	–	46	–
	2015	–	–	20	–

Terms and conditions of transactions with related parties

Sales to and purchase from related parties are made in arm's length transactions both at normal market price and on normal commercial terms. Sale and purchases with related parties during 2016 were nil (2015: nil).

Outstanding balances at year-end are unsecured.

	Consolidated	
	30 June 2016 $'000	30 June 2015 $'000
Short-term employee benefits	**1,902,892**	1,564,401
Post employment benefits	**442,558**	155,021
Other long-term benefits	**60,351**	26,309
Termination benefits	**–**	55,000
Share-based payments	**49,935**	(8,071)
Total compensation paid to key management personnel	**2,455,736**	1,792,660

24. EVENTS AFTER THE BALANCE DATE

No significant events after the balance sheet date.

25. AUDITORS' REMUNERATION

The auditor of Bisalloy Steel Group Limited is Ernst & Young.

	Consolidated	
	Year ended 30 June 2016 $	Year ended 30 June 2015 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
– an audit or review of the financial report of the entity and any other entity in the consolidated Group	**157,000**	146,800
– tax compliance and advice	**–**	–
– assurance related	**–**	–
– other	**–**	–
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
– an audit or review of the financial report of any other entity in the consolidated Group	**51,606**	47,793
– tax compliance and advice	**–**	–
	208,606	194,593

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016 (continued)

NOTE 26. PARENT ENTITY INFORMATION

	30 June 2016 $'000	30 June 2015 $'000
Information relating to Bisalloy Steel Group Limited:		
Current assets	**–**	–
Total assets	**4,127**	3,971
Current liabilities	**706**	211
Total liabilities	**706**	211
Issued capital	**11,531**	11,478
Accumulated losses	**(8,977)**	(8,160)
Reserves	**36**	36
Total shareholder's equity	**2,590**	3,354
Profit of the parent entity	**831**	828
Total comprehensive income of the parent entity	**831**	828

Guarantees have been entered into by the Parent entity on behalf of Bisalloy Steels Pty Limited and Bisalloy (Thailand) Co Limited. There are no contingent liabilities or contractual commitments as at the reporting date.

Directors' Declaration

In accordance with a resolution of the directors of Bisalloy Steel Group Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are 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 2016 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as disclosed in note 2.

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2016.

On behalf of the Board

Greg Albert
Managing Director

Sydney
1 November 2016

Ernst & Young
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Sydney NSW 2000 Australia
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Independent auditor's report to the members of Bisalloy Steel Group Limited

Report on the financial report

We have audited the accompanying financial report of Bisalloy Steel Group Limited, which comprises the consolidated statement of financial position as at 30 June 2016, 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. In Note 2(b) of the financial statements, 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 Bisalloy Steel Group 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 2016 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* as disclosed in Note 2(b).

Report on the remuneration report

We have audited the Remuneration Report included on pages 8 to 14 of the directors' report for the year ended 30 June 2016. 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 Bisalloy Steel Group Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Amendments to the Financial Report and Remuneration Report

Without qualification to the opinions expressed above, attention is drawn to the following matter. This auditor's report replaces our previously issued audit report dated 25 August 2016 and included together with the Director's report and financial report lodged with the Australian Securities and Investments Commission on that date. The financial report and remuneration report have been subsequently amended for the reasons set out in Note 2 (z) to the financial statements.

Ernst & Young

Ernst & Young

Glenn Maris
Partner
Sydney
1 November 2016

Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows.

The information is current as at 31 July 2016.

	Ordinary Shares	
	Number of Holders	Number of Shares
a. Distribution of equity securities		
The number of shareholders, by size of holding in each class of share are:		
1 – 1,000	549	338,638
1,001 – 5,000	582	1,358,248
5,001 – 10,000	142	1,056,568
10,001 – 100,000	215	6,999,427
100,001 and over	41	34,329,892
Total	**1,529**	**44,082,773**
The number of shareholders holding less than a marketable parcel of shares based on a share price of $0.40 at the date of this report are	649	452,820

There are 2,000,000 performance rights issued. Performance rights do not carry a right to vote.

	Listed Ordinary Shares	
	Number of Shares	% of Ordinary Shares

b. Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

1. BALRON NOMINEES PTY LTD	7,786,081	17.66
2. ANCHORAGE (BSG) PTY LTD	7,016,575	15.92
3. RBC INVESTOR SERVICES AUSTRALIA NOMINEES	4,862,042	11.03
4. PROSPECT CUSTODIAN LIMITED	2,174,692	4.93
5. EVELIN INVESTMENTS PTY LTD	1,349,330	3.06
6. SILVERSTREET PTY LTD	1,344,364	3.05
7. J.P MORGAN NOMINEES AUSTRALIA LTD	1,149,478	2.61
8. REIS PENSION & SUPER FUND	900,000	2.04
9. CROANNA PTY LTD	677,582	1.54
10. CLYDE BANK HOLDINGS (AUST) PTY LTD	605,635	1.37
11. INTERB INVESTMENTS PTY LTD	556,987	1.26
12. ABEILLE INVESTMENTS PTY LIMITED	475,436	1.08
13. HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	411,187	0.93
14. KILCONQUHAR SUPERANNUATION FUND PTY LTD	400,540	0.91
15. BOND STREET CUSTODIANS LTD	400,000	0.91
16. BALKIN PTY LTD (BALKIN SUPER FUND)	371,590	0.84
17. THE GENUINE SNAKE OIL COMPANY PTY LTD	350,000	0.79
18. MARTRE PROPERTIES PTY LTD	275,000	0.62
19. BOTSIS HOLDINGS PTY LTD	250,000	0.57
20. SENRAB (VIC) PTY LTD	250,000	0.57

	Fully Paid	
	Number of shares	%

c. Substantial Shareholders:

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

David Balkin, Mr Peter Smaller, Mirond Holdings Pty Ltd, Smaller Holdings Pty Ltd, Balron Nominees Pty Ltd	8,157,671	18.51
Anchorage (BSG) Pty Limited and Mr Phillip Cave	7,573,562	17.18
RBC Investor Services Australia Nominees Pty Limited	4,862,042	11.03
	20,593,275	46.72

d. Voting Rights:

All ordinary shares carry one vote per share without restriction.

Corporate Directory

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Annual General Meeting

The Group will hold its 2016 Annual General Meeting in the Press Room at the Radisson Blu Plaza Hotel located at 27 O'Connell Street, Sydney NSW at 11.00am on Monday, 21 November 2016. Copies of the annual report or further information can be obtained by e-mailing companysecretary@bisalloy.com.au or writing to the Company Secretary at the registered office. An electronic copy of this report is available on the Company's website.

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Bisalloy Steel
GROUP LIMITED