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

29 August 2024

Re: Compliance with Listing Rule 4.3A for the twelve months ended 30 June 2024

Dear Madam/Sir,

As approved by the Board of Bisalloy Steel Group Limited (ASX: BIS) and in accordance with Listing Rule 4.3A, please find the following documents relating to Bisalloy Steel Group Limited's results for the twelve months ended 30 June 2024:

- Appendix 4E Results for Announcement to the Market.
- Bisalloy's FY2024 Annual Report including its Directors' Report and audited Financial Statements containing all other Appendix 4E requirements.

Yours faithfully



Carl Bowdler
Company Secretary
Bisalloy Steel Group Limited

BISALLOY STEEL GROUP LIMITED
A.C.N. 098 674 545
Appendix 4E – Preliminary Final Report
Financial year ended 30 June 2024
Results for announcement to the market

		Absolute Change		FY24 \$'000	FY23 \$'000
Revenue	Down	0.2%	to	152,858	153,139
Profit before tax	Up	22.8%	to	23,051	18,769
Profit after tax	Up	19.9%	to	16,217	13,527
Profit attributable to members	Up	23.0%	to	15,741	12,796

Dividends	Amount per share	Franked amount per share
<u>Financial year ended 30 June 2024</u>		
Final dividend	11.5 cps	100%
Interim dividend	8 cps	100%
<u>Financial year ended 30 June 2023</u>		
Special dividend	10.5 cps	100%
Final dividend	9.5 cps	100%
Interim dividend	4.0 cps	100%
Record date for determining entitlements to the final dividend of financial year 30 June 2024 ¹		
	24 September 2024	

1. The dividend reinvestment plan remains suspended until further notice and will not be in operation for the 2024 final dividend.

Other	FY24	FY23
Net tangible asset backing per share	151.8cps	142.0cps

Overview

- Bisalloy Steel Group Ltd ("the Group") delivered a FY24 Profit after tax attributable to members of \$15.7m, representing a 23% increase on the prior year. Strong pricing discipline and a favourable mix meant our sales revenue was flat with growth in Australia largely offsetting declines in Indonesia. Lower input costs in H2 (greenfeed, power and shipping) along with an improved product mix meant the business has again delivered a strong financial result.
- The Group's distribution subsidiaries in Indonesia and Thailand continued to operate profitably over FY24 and made a positive contribution to the Group result.
- The Group's 50% share in the cooperative joint venture (CJV) for the manufacture and sale of quench & tempered steel into China and other North Asian markets generated a profit after tax contribution of \$2.4m for FY24.

Controlled entities acquired or disposed.

No material control over any entities was gained or disposed of during the financial year ended 30 June 2024.

Other information required by Listing Rule 4.3A

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached Additional Information, Directors' Report and Financial Report.

Audit

This report is based on financial statements that have been audited and an unqualified opinion has been issued.



Rowan Melrose
Managing Director & CEO

Sydney
29 August 2024



Annual Report 2024



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2024 highlights

We are a proudly Australian company producing the BISALLOY® range of quenched and tempered performance steels across three main product areas of high wear, structural and armour grade specialty steels.



\$26.7m
EBITDA



11.5¢
Final Dividend

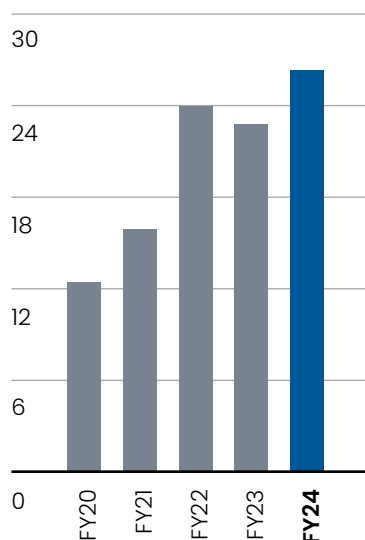


\$0.0m
Net Debt

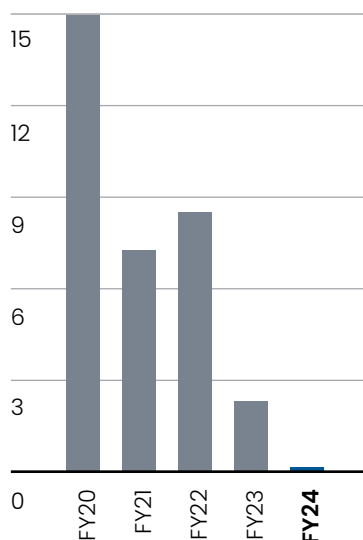


0.0%
Gearing

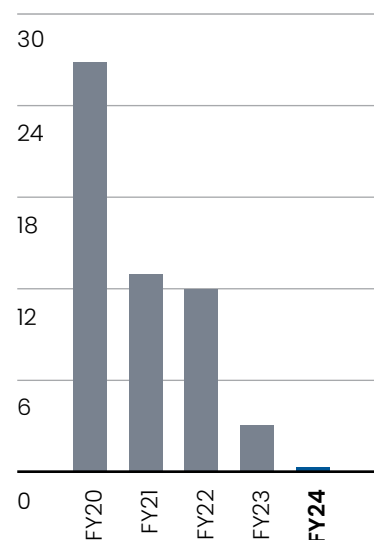
EBITDA \$m



Debt \$m



Gearing %



Chairman's Report



Mr David Balkin AM,
Chairman

Your company is a more profitable and more capable company than it was 12 months ago.

Our safety record over the past 3 years continues to be exceptional in absolute terms. Our balance sheet has no net debt at year end, and our profit after tax attributable to members is 22.7% higher which enables us to declare a final dividend of 11.5 cents, for a total year dividend of 19.5c.

Our strong financial performance has been underpinned by two factors. First, strong underlying demand for Bisalloy's wear plate on the back of continued solid iron ore and gold demand in international markets. Second, improved gross margins achieved by Bisalloy's supply and service proposition delivered at prices which reflect the value of our offer to customers, a greater contribution of Armour & Protection Steel and reduced shipping costs.

This customer value proposition will be enhanced in the coming year when the benefits of our IT investment to better schedule and track our production are fully realized. Although this project, commissioned in late-2021, has taken longer to get to the current stage of development than was originally planned, the good news is that the company now has a more modern and sustainable IT platform to improve the efficiency of and reduce the working capital invested in the business going forward.

The Board and management are particularly pleased with the support we have received from the Australian Government in two critical areas. The first, is supporting Bisalloy's qualification to supply the steel plate for the AUKUS submarines when they are eventually built. This development has also opened up potential market opportunities in the US. This achievement is further vindication of Bisalloy's technical excellence and performance in a tough and competitive international market. This positive development is an outstanding example of how Bisalloy has been able to work with the the Commonwealth Department of Defence and Australian Submarine Agency to support Australian manufacturing. The second, is the manner and professionalism of the Anti-Dumping Commission's review into whether protection against Q&T wear plate supplied out of Finland, Sweden and Japan should be continued. The Commission's current assessment is that protection should be continued but their final determination will only be made later this year.



The Chinese Joint Venture (CJV) relationship is going from strength to strength. As trust and confidence grows, we expect to find and develop more opportunities to supply targeted international customers who are familiar with our Bisalloy plate manufactured by our JV partner.

We are also investigating growth opportunities that are firmly related to our core business of producing Q&T plate, growing our armour business and related products for use in extreme environments. We are confident that wear sensors currently being trialed will be technically and commercially successful in the medium term.

Despite all these positives, our electricity, gas and labour costs are significantly higher than our primary international Q&T plate competitors. We remain concerned that this situation will continue to deteriorate given Federal and State governments' current energy transition plans minimize new gas development and production. The early indications of the Federal Government's new industrial relations legislation, based on our successful, but difficult, three-year EBA negotiation concluded last year, are that productivity improvements will be more difficult to achieve in future.

Your company has a committed and enthusiastic team of employees lead by a great Executive and Board who work exceptionally well together.

Finally, we would like to thank our stable group of shareholders for their loyalty and support. Our employees and the Board hope that we exceed your expectations as we continue to strive for a better performing and more profitable company.

Mr David Balkin AM,
Chairman

Managing Director and Chief Executive Officer's Report



Rowan Melrose
Managing Director and
Chief Executive Officer

Each year I have talked about the importance of providing a safe work environment for all our employees, contractors & stakeholders, and for the prior two years we have demonstrated enviable performance and statistics in this area.

Safety

Our safety performance is based on both lagging and leading indicators. From a leading indicator perspective our hazard reporting, our proactives and interactions all improved over the past twelve months, however our lagging indicators were slightly higher than previous years. There is a strong safety culture across all business units including our joint ventures, and as we develop this culture through ongoing training, we will continue to improve our efforts to achieve a zero-harm operating environment.

Environment

Environmental stewardship is essential in maintaining trust within the communities in which we operate, and we incorporate environmental management in our operations to manage both risk and improve performance in this area. The company is continually driving to improve our environmental performance and our most recent independent testing in June this year indicated that our exhaust emissions were only 10-40% of our assigned limitations. We remain committed to achieving carbon neutrality by 2030 and we are regularly monitoring more metrics than is statutorily required. We continue to investigate options to reduce our impact on the environment.

Australian Operations

From an operational perspective, we had a year of two halves. The first half was dominated by onerous energy prices and reduced production due to protracted EBA negotiations, while the second half was guided by ameliorated energy costs and a significant improvement in shipping costs and availability. These factors combined with a measured and disciplined approach by the sales teams has seen improved bottom line performance this year. Overall, a very solid year for the core business.



This year also saw the Anti-Dumping Commission initiate another review of Case 638 Q&T Steel Plate. The anti-dumping measures were initiated in 2014 and were continued in 2019. The latest inquiry and report, the "Statement of Essential Facts No. 638", was released on 5th July 2024 and the proposed recommendations of the report, are the "continuation of the anti-dumping measures in relation to exports from Finland, Japan and Sweden." The Commissioner's final recommendations will be submitted to the Minister on 5th September 2024. We view this initial report as a positive outcome.

Joint Ventures

Our Joint Ventures delivered mixed results over the last 12 months.

All JV operations have now achieved over 10 years Lost Time Injury Free and demonstrate a very impressive commitment to safety.

Sales tonnes for all JV's were lower than last year primarily due to softer domestic Asian markets, with our Indonesian Joint Venture particularly impacted by import restrictions in place for much of the fiscal year. All businesses remained profitable, and we continue to work closely with each region to help them

grow their markets. Recent developments include the establishment of a processing business facility in Indonesia, and the recruitment of a Sales Manager based in Singapore to develop the broader Asian markets and assist in global sales development for our China Joint Venture manufactured products. The Joint Ventures remain an integral component of the Bisalloy Group.

As a result, and on a year-on-year basis, the group revenue was in line with last year, but the operating profit and net profit after tax were improved by 22.6% and 19.9% respectively.

Going Forward

Our core business and the purpose of our business is to provide products for extreme environments.

Whether that is steel for a large mining truck, the bucket of a mining shovel or excavator, or to offer protection in the form of armour, we provide a 'fit for purpose' solution. I spoke at last year's AGM about "identifying new markets, products and services and their potential development". In line with the above, we have been working on a product that adds more value for the business and the customer, but remains in line with our core products and purpose.

Managing Director and Chief Executive's Officer's Report

continued



Over the last 18 months (and in association with XJTL University) we have developed and patented two wear monitoring sensors. These sensors are presently being trialled in mining operations. To date, we have completed 21 trials with positive results and no sensor failures. These sensors provide real time monitoring of wear in critical operational environments enabling improved safety, maximised operability, optimised productivity and minimised waste and downtime.

The product is in the trial phase with patents pending. As we are presently in trials, we do not anticipate any significant revenue over the next twelve months.

This year we also plan to place a greater focus and discipline around our protection/armour business. The emphasis will be on our ability to process this product through our operations at an accelerated rate, ensuring it does not inhibit our wear & structural processing. We believe this will enable us to better service a significant and growing global demand.

We continue to improve our technology with a greater focus on R&D, we have made significant improvements in our culture, and we continue to modify our structure to capitalize on our opportunities.

The business has well-functioning and well-established core operations that we will continue to improve and refine, but we also now have a much clearer vision of our future.

I once again would like to thank all the Bisalloy family for their contribution to our strong results and success. I would also like to thank our customers and shareholders for their continued trust and support of the Bisalloy Group.

Our commitment, focus and strong brand position the company well for the future as we continue to develop and capitalize on market opportunities.

Mr Rowan Melrose
Managing Director and CEO



2024

Financial Report

Directors' Report

For the year ended 30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Bisalloy Steel Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

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 David Balkin, AM
BSc, Civil Engineering (WTS),
MBA (Harvard)

Particulars: Appointed as Director and Chairman on 27 November 2020. Last re-elected in October 2022 and subject to re-election by rotation in November 2024. Mr Balkin brings extensive knowledge and understanding of global basic materials industries through 25 years as a consultant, senior partner and leader of McKinsey & Company's global basic materials practice. He is also an experienced director and chairman of a number of private companies where he actively advises and supports management to improve shareholder returns and build more sustainable businesses.

Mr Balkin is a member of the Audit and Risk Committee and Chairman of the Nominations and Remuneration Committee.

Mr Rowan Melrose
B.E (Hons), M.App.Sc, MBA

Particulars: Appointed as CEO and Managing Director 01 March 2022. As the Managing Director he is not subject to re-election by rotation. Mr Melrose is an experienced executive with an extensive background in mining services, mining consumables, operations and manufacturing. Mr Melrose has successfully worked and managed businesses in Australia, SE Asia, China, India, and New Zealand, including most recently as Executive General Manager of Bradken Limited's Mineral Processing and Fixed Plant division. Mr Melrose holds a Bachelor of Engineering and a Master of Applied Science from the University of NSW as well as a Master of Business Administration from Wollongong University.

Mr Melrose is a Director of Bisalloy Shangang (Shandong) Steel Plate Co. Limited, Bisalloy (Thailand) Co Ltd and President Commissioner of PT Bima Bisalloy.

Mr Ian Greenyer
BSc (Hons)

Particulars: Appointed as Director on 27 November 2020. Last re-elected in October 2023. Mr Greenyer brings significant financial and business analysis and improvement skills, through 27 years as an independent consultant, actively identifying and effecting change in small and medium sized companies operating in a broad range of business sectors based in Australia. These activities flowed from a background as an actuary, investment analyst and stockbroker.

Mr Greenyer is Chairman of the Audit and Risk Committee and a member of the Nominations and Remuneration Committee.

Mr Michael Gundy
MBA, B Bus, Assoc Dip
Metallurgy

Particulars: Appointed as Director on 27 November 2020. Last re-elected in October 2022 and subject to re-election by rotation in November 2024. Mr Gundy is an experienced executive with 34 years of steel industry experience spread across Australia, SE Asia, New Zealand, and the United States. In his career Mr Gundy has been involved in profitably growing businesses, opening new markets, developing distribution channels and business restructuring.

Mr Gundy is a member of the Audit and Risk Committee, the Nominations and Remuneration Committee and a Commissioner of PT Bima Bisalloy.

Mr Bernard Landy

Dip Eng (Mech), FAICD

Particulars: Appointed as Director on 01 March 2022 and last re-elected in October 2022. Mr Landy has more than 40 years of experience working as a steel industry executive in Australia, SE Asia and China; including almost seven years based in Shanghai where he successfully led BlueScope China's steel and building products manufacturing businesses. At board level, highlights include chair and director of the Australian Steel Institute, chair and director of the Bureau of Steel Manufacturers of Australia and director of several BHP and BlueScope international subsidiaries. Mr Landy is also currently an advisory board member of Swinburne University's Centre for Smart Infrastructure and Digital Construction.

Mr Landy is a member of the Audit and Risk Committee, the Nominations and Remuneration Committee and is a Member of the Supervisory Board of Bisalloy Shangang (Shandong) Steel Plate Co. Ltd.

Directorships of other listed companies

No Director has held a Directorship with a listed company in the 3 years immediately before the end of the financial year.

Directors Shareholdings

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	Number of Share Rights
D Balkin	7,781,095	–
I Greenyer	100,000	–
M Gundy	67,054	–
B Landy	32,500	–
R Melrose	10,000	173,038

Company Secretary

Mr Carl Bowdler

B Bus, FCPA, GAICD, FGIA

Particulars: Appointed as CFO and Company Secretary in November 2021. Mr Bowdler is a Fellow of CPA Australia with over 25 years' experience in senior roles with strategic, financial, and operational responsibilities. Those roles include the CFO roles at Tribe Breweries, Kollaras & Co and Hagemeyer Brands Australia. Mr Bowdler is a Director of Bisalloy Steel Groups majority owned businesses – PT Bima Bisalloy and Bisalloy (Thailand) Co. Ltd.

Directors' Report (continued)

For the year ended 30 June 2024

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report section of this directors' report starting on page 10. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director of the consolidated entity.

Dividends

	Cents	\$'000
Final Dividend for FY24 recommended on ordinary shares (fully franked)	11.5	5,484
FY24 Interim Dividend paid in the year	8.0	3,815
FY23 Final Dividend paid in the year	9.5	4,530
FY23 Special Dividend paid in the year	10.5	5,007
Total Dividends paid in the year	28.0	13,352

Principal activities

The principal activity of the Group during the financial year was the manufacture 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) Co Limited) and the investment in the Chinese Joint Venture (CJV) – Bisalloy Shangang (Shandong) Steel Plate Co, Ltd.

Bisalloy delivered another strong set of results in the 2023-24 financial year. From a safe work perspective, our leading indicators all improved over the past twelve months, however our lagging indicators were slightly higher than previous years. There is a strong safety culture across all business units including our joint ventures, and as we develop this culture through ongoing training, we will continue to improve our efforts to achieve a zero-harm operating environment. In relation to environmental stewardship, we satisfied all quality and environmental audits.

Our sales tonnes were impacted in FY24 in Australia by protracted EBA negotiations in H1 and in Indonesia by import restrictions in place for much of the year, which have now been lifted. Despite this, strong pricing discipline and a favourable mix meant our sales revenue was flat with growth in Australia largely offsetting declines in Indonesia. Improved input costs in H2 (greenfeed, power and shipping) along with an improved product mix meant the business has again delivered strong financial results, with gross profit up 18.5% compared to FY23.

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 armour grade steels, global exports are performed in strict compliance with Defence Export Controls, a set of laws and regulations administered by the Commonwealth Department of Defence.

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 twelve months ended 30 June 2024 Bisalloy utilised greenfeed steel supply mainly from neighbouring BlueScope Steel in Wollongong, complemented with selected supply from international greenfeed suppliers, including the CJV.

Financial review

Operating results

Our businesses continued to perform well with strong operational execution delivering growth in margin through customer focus and disciplined execution in a very competitive environment. Gross Margin percentages increased in FY24, where higher average sales prices were driven by a favourable product mix with higher Armour and Protection Steel along with improved input costs in H2 (greenfeed, power and shipping).

The Group's net profit for the year after income tax was higher at \$16,217,000 (2023: \$13,527,000).

Operating expenses increased compared to FY23, reflecting additional investment in marketing, business development, R&D and higher long term incentive expense as a result of the increased share price.

Operating results are summarised as follows:

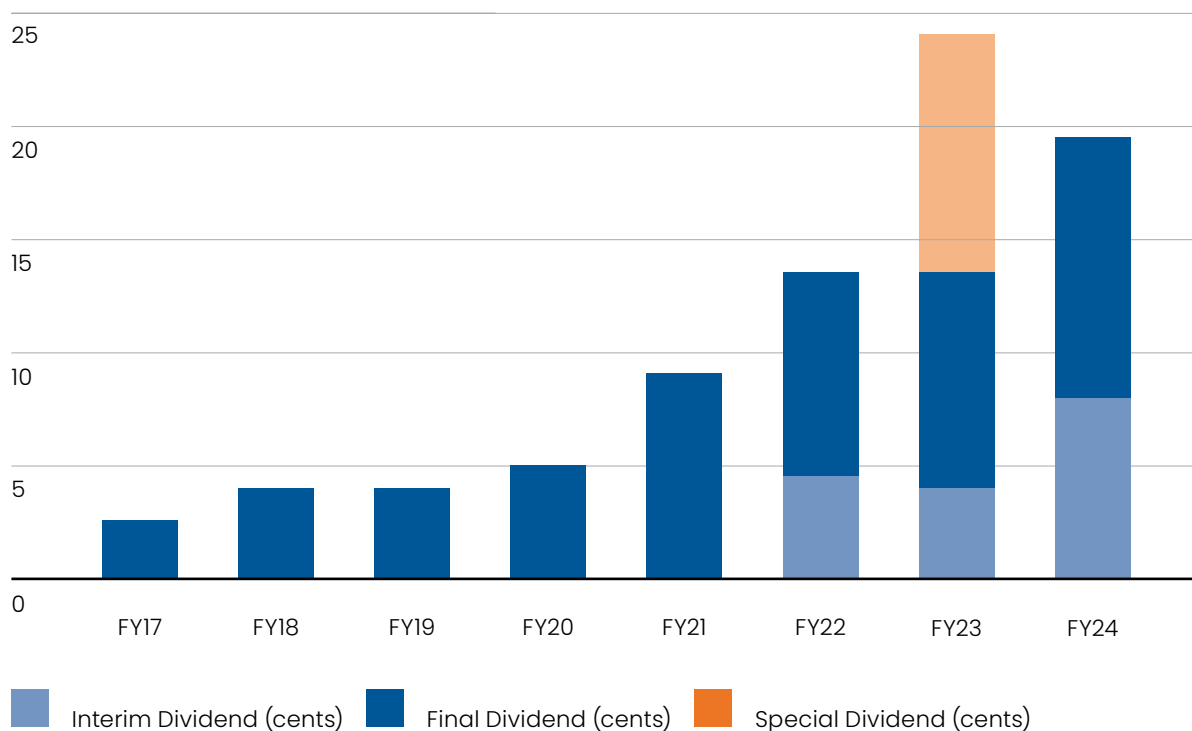
	2024	
	Revenue \$'000	Profit after tax \$'000
Operating Segments		
Australia	133,250	15,956
Overseas	21,629	2,929
	154,879	18,885
Consolidated entity adjustments	(2,021)	(2,668)
Consolidated entity revenue and profit after tax for the year	152,858	16,217

Delivering for Shareholders

We seek to deliver sustainable dividends for our shareholders. We know that many shareholders rely on the dividends and related franking credits that they receive to support their income. By focusing on our operating performance and capital generation through different economic environments, we can achieve sustainable dividends over the long-term.

The Board has decided to pay a final dividend of 11.5 cents per share for the Year ended 30 June 2024, in addition to the 8.0 cent interim dividend paid in March. The Dividend Re-investment Scheme remains suspended.

Dividend per share (cents)



Directors' Report (continued)

For the year ended 30 June 2024

	FY24	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Basic earnings per share (cents)	33	27	32.2	19.3	14.9	8.3	8.2	3.4
Net profit attributable to members (\$'000)	15,741	12,796	14,991	8,810	6,736	3,682	3,636	1,509
Return on equity (reported PAT/equity) (%)	21.00%	18.60%	24.00%	18.50%	16.00%	12.60%	12.60%	6.60%
Gearing (net debt / net debt + equity) (%)	0%	3%	12%	13%	27%	21%	16%	15%
Interim Dividend (cents)	8	4	4.5					
Final Dividend (cents)	11.5	9.5	9	9	5	4	4	2.5
Special Dividend (cents)		10.5						
Dividend franking	100%	100%	100%	100%	100%	100%	100%	100%
Dividend Payout Ratio	59%	89%	42%	47%	34%	48%	49%	74%

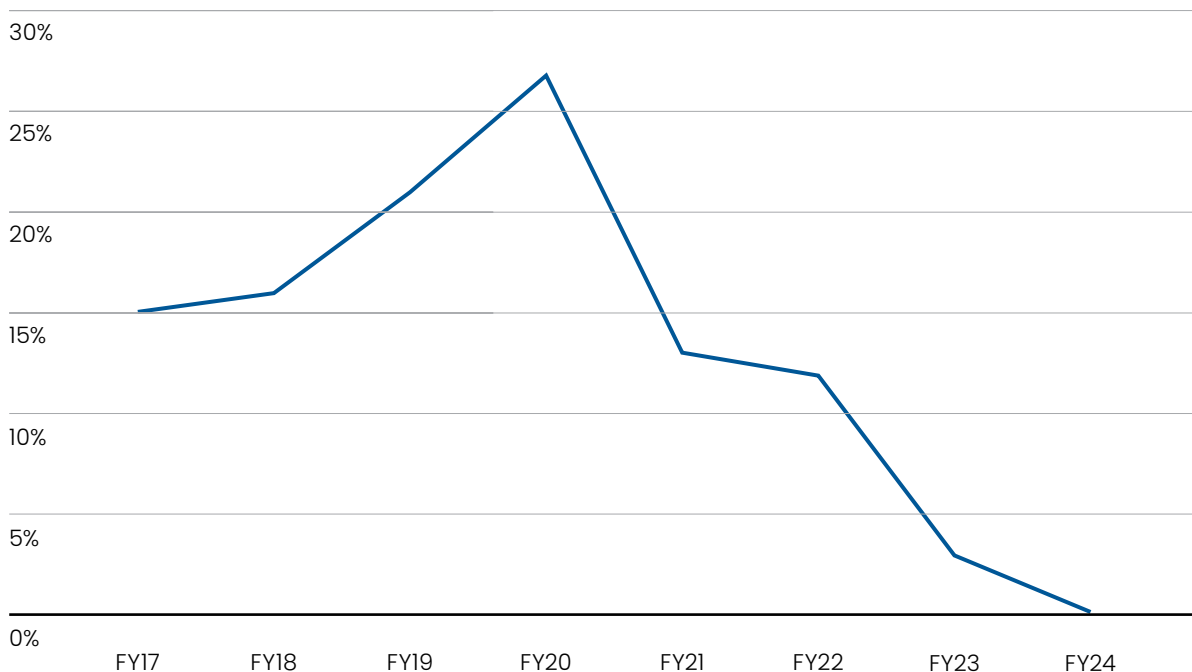
Balance Sheet Strength

Balance Sheet Strength is critical to our ability to serve our customers, drive core business outcomes and deliver sustainable returns for our shareholders. Our liquidity and funding metrics remained strong. The strength of our balance sheet means we are positioned to continue supporting our customers while delivering sustainable returns to our shareholders.

In FY24, we received advance payments from Customers of \$4.2m, which is represented in our closing cash balance. This will unwind in FY25 as the related sales are fulfilled and recorded.

Liquidity and Funding

Gearing (net debt/net debt + equity) (%)



The Group has funded the cash paid in dividends from Operating Activities.

The consolidated statement of cash flows details an increase in cash and cash equivalents before exchange rate differences for the year ended 30 June 2024 of \$4,312,000 (2023: increase of \$170,000).

Operating Activities resulted in a net cash inflow of \$22,038,000 (2023: inflow of \$11,138,000).

Investing activities resulting in a net cash inflow of \$187,000 (2023: inflow of \$922,000). This included cash outflows of \$1,848,000 (2023: outflows of \$915,000) for investment in operating plant and equipment, outflows of \$138,000 (2023: outflows of \$112,000) for intangibles and dividends received of \$2,173,000 (2023: \$1,949,000).

Financing activities resulted in a net cash outflow of \$17,913,000 (2023: outflow of \$11,890,000), including a decrease of \$3,642,000 in borrowings (2023: decrease in borrowings of \$6,081,000) and the dividend paid in cash to shareholders in September and November 2023 and March 2024 totalling \$13,352,000 (2023: \$5,416,000).

The Group's net cash position of \$5.6m at 30 June 2024, is up from net debt of (\$2.3m) at 30 June 2023. As noted above, the favourable net cash position at 30 June 2024 predominately reflects customer advance payments.

Bisalloy Steel Group Limited and Bisalloy Steels Pty Limited have the following facilities in place with Westpac Banking Corporation: a trade finance facility of \$2.0 million, and a bank bill business facility of \$30.0 million. The total limit of these facilities is \$32.0 million.

The Group has IDR 44.5b revolver facilities as well as a USD \$0.5m Letter of Credit facility available to its Indonesian based subsidiary.

Business strategy and outlook

Domestic Australian Sales and Margins

The last few years has seen the business focus very much on its core business ensuring that we deliver consistent results for shareholders.

We are now exploring related opportunities outside of our standard products in terms of thin wide plate, TMCP plate (thin and narrow plate) and also developing specific grades for specific applications (eg 500XT for the truck body market). These products are in various stages of trial in the market, and are seen as a natural extension of our existing products that will also allow us to 'bundle' and capture more sales.

Our products are primarily used in very difficult or extreme environments. Through discussions with our customers, we realised that there was not a simple, safe, and robust system to measure the wear of our products in order to provide indications for

maintenance and ultimately replacement. This has provided another potential opportunity for Bisalloy that satisfies our core business but also adds real customer value. We have presently trialled several applications of our sensors in the mining industry and have plans for another series of trials to begin before the end of the year. These trials will determine the potential of this development, how best to commercialise the various applications for our sensors in different parts of the mining supply chain, and how these different applications can leverage the Bisalloy brand.

Joint Venture in China (CJV)

With the Chinese Steel Market under significant pressure, we continue to invest further in product development. Additionally, we are supporting further efforts to strengthen the Bisalloy Bisplate brand in the Chinese Domestic Market along with an investment in a Regional Sales Manager based in Singapore to allow a greater focus on opportunities in international markets.

Overseas Distribution

The Group's overseas distribution operations in Indonesia and Thailand continue to be profitable. There have been significant headwinds in the Indonesian market due to import restrictions in place for most of the year. Despite this, the team has developed new strategies to continue to support our local customers while waiting for the Indonesian Government to enact new legislation and regulation, with a new import licence issued recently. We are focussed on further expanding the higher margin processed product capability in Indonesia and expect to invest further in FY25 to support this opportunity.

Armour & Protection steel

Our Armour & Protection steel business continues to be of importance both domestically and internationally. Current market development activities continue the examination of the feasibility of a greater presence in the North American defence supply chain, while continuing to service our export opportunity with global defence primes such as Hanwha, Rheinmetall, and Thales.

As released to the ASX on 11 December 2023, the Australian Submarine Agency entered into a contract with Bisalloy Steels for the qualification of Australian steel for use on Australia's SSN-AUKUS conventionally armed nuclear-powered submarines. The contract is valued up to a maximum of \$15 million for a term of approximately 16 months.

The comprehensive qualification process, involving more than 4,500 discrete tests, is expected to be completed in the first half of 2025 which will ensure that Australian steel is available to use in the construction of Australia's SSN-AUKUS submarines.

Directors' Report (continued)

For the year ended 30 June 2024

FY25 Outlook

The Australian economy has been resilient with high commodity prices and low unemployment. Increasing signs of downside risks are building. Significant geo-political risks and a further slowdown driven by Chinese domestic demand poses a significant threat to global steel prices and therefore margins. We of course also await the final determination in relation to the Anti-Dumping Commission's review of Case 638. Despite these headwinds and increasing risks, we remain optimistic to deliver another strong year.

We will continue to invest domestically and internationally in our business and execute on our purpose to provide innovative steel solutions for extreme environments.

Business risk management

The Group's operating environment is complex and dynamic. This introduces new risks and opportunities and affects our current risk priorities. The Group Risk Management Framework enables the Board, Executive Leadership Team (ELT) and our people to make informed risk decisions to support the delivery of our strategy. The Board takes a proactive approach to risk management and 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 Director. 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 purpose, vision, mission and strategy statements, designed to meet stakeholder's 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 and governance issues along with work, health and safety.

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

The Board and management are placing extra focus on mitigating a number of our material strategic, financial and non-financial risk types, due to their potential to have a material impact to the Group, our customers, shareholders and the community, now or in the future.

The material business risks with the greatest potential to impact on the financial outlook for the Group is further escalation in global conflicts impacting freight routes and a material decline in steel prices driven by a further slowdown in Chinese domestic demand and resulting increase in exports from China.

Significant changes in the state of affairs

Total equity increased from \$72,562,000 to \$77,265,000, an increase of \$4,703,000 that was driven by the increase in net profit for the year offset by FY24 interim and FY23 final and special dividends totalling \$13,352,000 which were paid to shareholders in September and November 2023 and March 2024 respectively.

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.

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.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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 Corporations Instrument 2016/191. The company is an entity to which the Class Order applies.

Auditor independence

The Directors received the declaration on page 18 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, RSM Australia Partners, 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 RSM Australia Partners during or since the financial year.

Non-audit services

During the year the Company's auditor, RSM Australia Partners, has performed other services other than the audit and review of the financial statements.

Details of the amounts paid to the Company's auditor for audit and non-audit services provided during the year are set out below.

	2024
Assistance in Private Tax Ruling application	17,000
Audit and review of financial statements	196,000
Total paid to RSM Partners	213,000

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act. The directors' statement is in accordance with the advice received from the Audit & Risk Committee.

Likely developments and expected results

In FY25 Bisalloy is continuing with its growth strategy of focusing on the premium grades of QT steels from its Unanderra plant, including armour and defence grades while developing the volume growth of other products including those sourced from Bisalloy's CJV operation.

Our Board in Action

Board Planning and Agenda Setting

The primary purpose of the Board is to ensure sound and prudent management of the Group, providing leadership and strategic guidance, and overseeing the effective delivery of our purpose. Board meetings are core to fulfilling these duties. In the 2024 financial year, the Board held 21 meetings. In addition, the Board and Executive Leadership Team (ELT) held a multi-day strategy workshop.

To ensure the Board's time is used efficiently and discussions reflect the Group's priorities, Board annual plans and agendas are reviewed by respective Board and Committee Chairs, in consultation with the Company Secretary and CEO. Importantly, the Board also retains flexibility for ad hoc matters to be raised and discussed where appropriate.

Directors' Report (continued)

For the year ended 30 June 2024

Board Activities

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 and Risk	Nominations and Remuneration
Number of Meetings Held	11	4	6
Number of Meetings Attended			
D Balkin	11	4	6
I Greenyer	11	4	6
M Gundy	11	4	6
R Melrose	11		
B Landy	11	4	6

Remuneration report (audited)

The remuneration report for the Year ended 30 June 2024 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 six 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' dependent upon meeting pre-determined performance hurdles.
4. Establish appropriately demanding performance hurdles in relation to variable executive remuneration.

Nominations and Remuneration Committee

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

The Nominations and Remuneration Committee may seek independent advice as appropriate in setting the structure and levels of remuneration based on the principle that the elements of remuneration should be set at an appropriate level having regard to market practice for roles of similar scope and skill. Godfrey Remuneration Group Pty Ltd, independent remuneration consultants were engaged in February 2024 to provide guidance regarding the structure and level of remuneration of Non-Executive Directors and charged a fee of \$13,500 (excl GST).

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 non-executive Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

Remuneration of non-executive directors is allocated out of the pool of funds, the limit of which is approved by shareholders in general meeting; the fee pool limit

is currently \$700,000 per annum. Each non-executive director is entitled to the payment of an annual fee in cash and superannuation contributions for their services. Additional fees are not paid for sitting on Board committees; however, the extra responsibility of the Chairman of the Board is recognised by the payment of a higher fee.

The fees for the non-executive directors were reviewed by Godfrey Remuneration Group Pty Limited as detailed above and adjusted during FY24 to be in line to those paid at comparable listed companies. The Board is satisfied that the remuneration recommendation was made free from undue influence by the members of the key management personnel to whom the recommendation relates. Non-executive Director compensation was last reviewed in 2018.

Non-executive directors do not receive any shares, options or other securities as part of their remuneration. There are no schemes for retirement benefits (other than statutory superannuation payments). The remuneration of non-executive Directors must not include a commission on, or a percentage of, profits or operating revenue but non-executive Directors are entitled to be reimbursed for travelling and other expenses incurred in attending to the Company's affairs.

Non-executive Directors are encouraged by the Board to hold shares in the Company.

The remuneration of non-executive Directors for the period ended 30 June 2024 is detailed in the table on page 14 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.
- 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 and 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 2024 is detailed in the table on page 14 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 executive 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. 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 2024 is detailed in the table on page 14 of this report.

Variable remuneration – short term incentives (STI)

Objective

The STI program has been designed to align the remuneration received by executive Directors and executive 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 executive Directors and executive 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 Director and executive manager depends upon the extent to which specific operational and financial targets set at the beginning of the financial year are

Directors' Report (continued)

For the year ended 30 June 2024

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 Director or executive manager.

The aggregate of STI payments and STI payments to individuals is subject to the approval of the Nominations and Remuneration Committee. The individual needs to be employed at the time of payment to be eligible for the payment.

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 executive 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 2022 Annual General Meeting, the LTI plan was renewed for LTI grants to executives in the form of share rights.

For grants prior to 2022, 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 rights granted prior to the 2022 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.

For grants since 2022, these rights are granted based on delivering superior long-term performance as measured by Return on Invested Capital ("ROIC") over a three-year performance period, determined by the Board in respect of each forthcoming three year period. The rights which vest depend on achieving

this target ROIC, with 100% vesting on achieving the ROIC and no rights vesting if actual ROIC is less than the target ROIC. Any rights to which the employee may become entitled on achieving the performance criteria, are still subject to being employed by Bisalloy for the whole performance period.

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 their share rights and be allocated a fully paid ordinary share of Bisalloy at no cost to the employee or the equivalent in cash at the Board's discretion. Precedence suggests all plans will be settled 50/50 between cash and shares.

A total of 269,590 share rights (2023: 274,824) were granted under this scheme during the year.

At the 2023 AGM, 98.83% of the votes received supported the adoption of the remuneration report for the Year ended 30 June 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices

Group performance

The Board has determined that 100% of the 2022-24 share rights have vested based on an ROIC achieved that was above target ROIC over the three-year performance period.

Details of key management personnel of the company and group

(i) Directors

D Balkin	Non-executive Chairman (from 27 November 2020)
I Greenyer	Non-executive Director (from 27 November 2020)
M Gundy	Non-executive Director (from 27 November 2020)
R Melrose	Managing Director and Chief Executive Officer (from 1 March 2022)
B Landy	Non-executive Director (from 1 March 2022)

(ii) Executives

M Enbom	Chief Operating Officer (from November 2019)
C Bowdler	Chief Financial Officer and Company Secretary (from 29 November 2021)

Executive contracts

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

Details of these contracts are provided below.

R Melrose – Managing Director and Chief Executive Officer (from 1 March 2022)

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

C Bowdler – Chief Financial Officer and Company Secretary (from 29 November 2021)

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

M Enbom – Chief Operating Officer (from 1 November 2019)

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

Directors' Report (continued)

For the year ended 30 June 2024

Remuneration of key management personnel of the company and group

Year ended 30 June 2024

	Short-term		Long-term		Post employment			Share-based payments		Total	
	Salary and fees \$	Cash bonus \$	Annual leave \$	Superannuation \$	Retirement benefits \$	Term-innovation benefits \$	Other \$	Share Rights \$		\$	Performance Related %
Non-Executive Directors											
B Landy	104,279	-	-	11,471	-	-	-	-	-	115,750	-
D Balkin	156,419	-	-	17,206	-	-	-	-	-	173,625	-
I Greenyer	104,279	-	-	11,471	-	-	-	-	-	115,750	-
M Gundy	104,279	-	-	11,471	-	-	-	-	-	115,750	-
Sub-total	469,256	-	-	51,619	-	-	-	-	-	520,875	-
Executive Directors											
R Melrose	480,840	183,002	23,354	27,500	-	-	-	418,537		1,133,233	53%
Sub-total Executive Directors	480,840	183,002	23,354	27,500	-	-	-	418,537		1,133,233	-
Other key management personnel											
M Enbom	358,484	104,216	20,175	27,500	-	-	-	265,109		775,484	48%
C Bowdler	353,416	102,847	19,190	27,500	-	-	-	279,408		782,361	49%
Sub-total Executive KMP	711,900	207,063	39,365	55,000	-	-	-	544,517		1,557,845	48%
Totals	1,661,996	390,065	62,719	134,119	-	-	-	963,054		3,211,953	42%

	Short-term		Long-term		Post employment				Share-based payments		Total
	Salary and fees \$	Cash bonus \$	Annual leave \$	Long service and annual leave \$	Superannuation \$	Retirement benefits \$	Termination benefits \$	Other \$	Share Rights \$		
Non-Executive Directors											
B Landy	100,000	-	-	-	10,500	-	-	-	-	110,500	-
D Balkin	150,000	-	-	-	15,750	-	-	-	-	165,750	-
I Greenyer	100,000	-	-	-	10,500	-	-	-	-	110,500	-
M Gundy	100,000	-	-	-	10,500	-	-	-	-	110,500	-
Sub-total											
Non-Executive Directors	450,000	-	-	-	47,250	-	-	-	-	497,250	-
Executive Directors											
R Melrose	449,786	198,472	34,383	34,383	27,500	-	-	-	109,548	819,689	38%
Sub-total Executive Directors	449,786	198,472	34,383	34,383	27,500	-	-	-	109,548	819,689	-
Other key management personnel											
M Enbom	341,863	113,006	19,121	19,121	27,500	-	-	-	233,280	734,770	47%
C Bowdler	332,162	108,142	11,537	11,537	27,500	-	-	-	84,352	563,693	34%
Sub-total Executive KMP	674,025	221,148	30,658	30,658	55,000	-	-	-	317,632	1,298,463	41%
Totals	1,573,811	419,620	65,041	65,041	129,750	-	-	-	427,180	2,615,402	32%

Directors' Report (continued)

For the year ended 30 June 2024

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 2023	Granted during the year	Rights exercised during the year	Forfeited or Lapsed	Balance at 30 June 2024	Vested and exercisable	Unvested			
Executives										
M Enbom	416,629	76,801	235,640	–	257,790	–	257,790			
C Bowdler	138,702	74,784	–	–	213,486	–	213,486			
R Melrose	173,038	118,005	–	–	291,043	–	291,043			
	728,369	269,590	(235,640)	–	762,319	–	762,319			
	M Enbom #2	M Enbom #3	C Bowdler #4	M Enbom #4	C Bowdler #2	R Melrose ² #2	M Enbom #5	C Bowdler #3	R Melrose ³ #3	Total
Grant date	6-Jul-20	27-Apr-22	27-Apr-22	21-Sep-22	21-Sep-22	21-Sep-22	21-Sep-23	21-Sep-23	21-Sep-23	
Vesting date	5-Jul-23	1-Sep-24	1-Sep-24	1-Sep-25	1-Sep-25	1-Sep-25	1-Sep-26	1-Sep-26	1-Sep-26	
Fair value at grant date	\$0.82	\$1.430	\$1.430	\$1.890	\$1.800	\$1.740	\$1.590	\$1.590	\$1.590	
Balance at 1 July 2023	235,640	102,697	62,466	52,742	78,292	76,236	120,296	–	–	728,369
New grants in the year	–	–	–	–	–	–	–	76,801	74,784	269,590
Exercised in the year	235,640	–	–	–	–	–	–	–	–	(235,640)
Lapsed during the year	–	–	–	–	–	–	–	–	–	–
Balance at 30 June 2024	–	102,697	62,466	52,742	78,292	76,236	120,296	76,801	74,784	762,319
Vested and exercisable at 30 June 2024	–	–	–	–	–	–	–	–	–	–

Notes:

1. Mr Melrose's share rights awarded on 27 April 2022 were approved at the AGM on 19 October 2022. The Fair Value at the initial award was \$1.43. The fair value on the date of approval was \$1.89.
2. Mr Melrose's grant date is shown the date of the initial award. The Fair Value at the initial award was \$1.80. The fair value on the date of approval was \$1.74.
3. Mr Melrose's grant date is shown the date of the initial award. The Fair Value at this time was \$1.59. This grant remains subject to shareholder approval at the upcoming AGM and the fair value as at 30 June 2024 was \$3.84.

Shareholdings of key management personnel

Shareholdings include shares held personally and through related parties.

	Balance at 30 Jun 23	Performance Rights Exercised	Other	Balance at 30 Jun 24
Directors				
D Balkin	7,781,095	–	–	7,781,095
I Greenyer	100,000	–	–	100,000
M Gundy	67,054	–	–	67,054
B Landy	32,500	–	–	32,500
R Melrose	–	–	10,000	10,000
Executives				
M Enbom	77,589	235,640	–	313,229
C Bowdler	–	–	–	–
	8,058,238	235,640	10,000	8,303,878

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 18.



Mr Rowan Melrose
CEO and Managing Director

28 August 2024

Auditor’s Independence Declaration

For the year ended 30 June 2024

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 30 June 2024

In thousands of dollars	Notes	Consolidated	
		Year ended 30 June 2024	Year ended 30 June 2023
Continuing operations			
Revenue from contracts with customers	2	152,858	153,139
Cost of goods sold	4(c)	(114,207)	(120,521)
Gross profit		38,651	32,618
Other income/(expense)	4(a)	46	(35)
Distribution expenses		(2,436)	(2,385)
Marketing expenses		(4,684)	(4,017)
Occupancy expenses		(986)	(841)
Administrative expenses		(9,242)	(7,925)
Operating profit		21,349	17,415
Finance costs	4(b)	(729)	(1,306)
Finance income	4(b)	7	227
Share of profit of joint venture, net of tax	5	2,424	2,433
Profit before income tax		23,051	18,769
Income tax expense	6(a)	(6,834)	(5,242)
Profit after income tax		16,217	13,527
Attributable to:			
Non-controlling interests	22(c)	476	731
Owners of the parent		15,741	12,796
Profit for the year		16,217	13,527
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value revaluation of land and buildings		3,666	–
Foreign currency translation		(935)	218
Net loss on cash flow hedge reserve		31	(42)
Actuarial gains		156	43
Income tax effect on items in other comprehensive income		(1,103)	(52)
Other comprehensive income for the period, net of tax		1,815	167
Total comprehensive income for the period, net of tax		18,032	13,694
Attributable to:			
Non-controlling interests		(298)	856
Owners of the parent		18,330	12,838
		18,032	13,694
Earnings per share for profit attributable to ordinary equity holders of the parent			
– Basic earnings per share (cents)	7	33.0	27.0
– Diluted earnings per share (cents)	7	32.5	26.7

Consolidated Statement of Financial Position

As at 30 June 2024

In thousands of dollars	Notes	Consolidated	
		Year ended 30 June 2024	Year ended 30 June 2023
ASSETS			
Current assets			
Cash and cash equivalents	9(a)	6,300	2,052
Trade and other receivables	10	21,122	23,421
Inventories	11	48,836	47,106
Other current assets	12	2,151	2,427
Contract assets	2.2	15	247
Derivative assets	21	17	33
Income tax receivable	6(e)	68	485
Total current assets		78,509	75,771
Non-current assets			
Investment in joint venture	5	9,840	9,583
Other non-current assets	12	138	123
Property, plant and equipment	13	29,567	26,090
Intangible assets	14	444	580
Income tax receivable	6(e)	–	53
Deferred tax assets	6(d)	77	59
Total non-current assets		40,066	36,488
Total assets		118,575	112,259
LIABILITIES			
Current liabilities			
Trade and other payables	17	24,766	25,838
Loans and borrowings	18.2	736	1,020
Income tax payable	6(e)	1,631	360
Employee benefit liabilities	19	2,392	1,971
Lease liabilities	20	236	373
Dividend payable	22(c)	–	183
Contract liabilities	2.2	4,517	376
Derivative liabilities	21	–	108
Total current liabilities		34,278	30,229
Non-current liabilities			
Loans and borrowings	18.2	–	3,358
Employee benefit liabilities	19	1,591	1,342
Lease liabilities	20	107	288
Deferred tax liabilities	6(d)	5,334	4,480
Total non-current liabilities		7,032	9,468
Total liabilities		41,310	39,697
NET ASSETS		77,265	72,562
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	22(a)	15,227	15,227
Accumulated profits	22(d)	43,197	40,674
Other reserves	22(e)	14,417	12,066
Parent interests		72,841	67,967
Non-controlling interests	22(c)	4,424	4,595
TOTAL EQUITY		77,265	72,562

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

In thousands of dollars	Notes	Consolidated	
		Year ended 30 June 2024	Year ended 30 June 2023
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		168,711	165,766
Payments to suppliers and employees (inclusive of GST)		(140,594)	(145,949)
Interest received		7	39
Borrowing costs		(729)	(1,205)
Income tax paid		(5,357)	(7,513)
Net cash received from operating activities	9(b)	22,038	11,138
Cash flows from investing activities			
Payments for property, plant and equipment		(1,848)	(915)
Payments for intangible assets		(138)	(112)
Dividends received from investments		2,173	1,949
Net cash received from investing activities		187	922
Cash flows from financing activities			
Repayments from borrowings		(3,642)	(6,081)
Dividends paid to non-controlling interests		(532)	–
Dividends paid to shareholders of the parent		(13,352)	(5,416)
Principal lease payments		(387)	(393)
Net cash used in financing activities		(17,913)	(11,890)
Net increase in cash held		4,312	170
Net foreign exchange differences		(64)	48
Cash at the beginning of the financial year		2,052	1,834
Cash at the end of the financial year	9(a)	6,300	2,052

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

In thousands of dollars	Issued capital	Empl- oyee equity Benefits reserve	Cash flow hedge reserve	Foreign currency trans- lation reserve	Asset reval- uation reserve	Equity Settle- ment Reserve	Other Reserves	Retained earnings	Total	Non- control- ling interest	Total equity
1 July 2022	14,507	87	-	814	10,542	550	(43)	33,907	60,364	3,922	64,286
Profit for the period	-	-	-	-	-	-	-	12,796	12,796	731	13,527
Other comprehensive income/(loss)	-	-	(30)	66	-	-	34	-	70	125	195
Depreciation transfer for building revaluation	-	-	-	-	(135)	-	-	107	(28)	-	(28)
Total comprehensive income	-	-	(30)	66	(135)	-	34	12,903	12,838	856	13,694
Transactions with owners in their capacity as owners:											
Ordinary dividends paid to shareholders (Note 8)	-	-	-	-	-	-	-	(6,136)	(6,136)	-	(6,136)
Dividend Reinvestment Plan (Note 22 (b))	720	-	-	-	-	-	-	-	720	-	720
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(183)	(183)
Share based payments (Note 15)	-	181	-	-	-	-	-	-	181	-	181
At 30 June 2023	15,227	268	(30)	880	10,407	550	(9)	40,674	67,967	4,595	72,562
1 July 2023	15,227	268	(30)	880	10,407	550	(9)	40,674	67,967	4,595	72,562
Profit for the period	-	-	-	-	-	-	-	15,741	15,741	476	16,217
Other comprehensive income/(loss)	-	-	31	(590)	2,594	-	78	-	2,113	(298)	1,815
Depreciation transfer for building revaluation	-	-	-	-	(134)	-	-	134	-	-	-
Total comprehensive income	-	-	31	(590)	2,460	-	78	15,875	17,854	178	18,032
Transactions with owners in their capacity as owners:											
Ordinary dividends paid to shareholders (Note 8)	-	-	-	-	-	-	-	(13,352)	(13,352)	-	(13,352)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(349)	(349)
Settlement of performance rights	-	372	-	-	-	-	-	-	372	-	372
Share based payments (Note 15)	-	(194)	-	-	-	194	-	-	-	-	-
At 30 June 2024	15,227	446	1	290	12,867	744	69	43,197	72,841	4,424	77,265

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

1. Corporate information

The financial report of Bisalloy Steel Group Limited and its subsidiaries ("the Group") for the Year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors on 28 August 2024.

Bisalloy Steel Group Limited is a for profit 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.

2. Revenue from contracts with customers

2.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

In thousands of dollars	For the Year ended 30 June 2024		
	Australia	Overseas	Total
Performance obligation			
Sales of steel plates	121,278	21,308	142,586
Shipping and handling	9,951	321	10,272
Total revenue from contracts with customers	131,229	21,629	152,858
Timing of revenue recognition			
Goods transferred at a point in time	121,278	21,308	142,586
Services transferred over time	9,951	321	10,272
Total revenue from contracts with customers	131,229	21,629	152,858

In thousands of dollars	For the Year ended 30 June 2023		
	Australia	Overseas	Total
Performance obligation			
Sales of steel plates	117,924	23,957	141,881
Shipping and handling	10,880	378	11,258
Total revenue from contracts with customers	128,804	24,335	153,139
Timing of revenue recognition			
Goods transferred at a point in time	117,924	23,957	141,881
Services transferred over time	10,880	378	11,258
Total revenue from contracts with customers	128,804	24,335	153,139

2.2 Contract balances

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Trade receivables (refer to note 10)	20,768	23,113
Contract assets	15	247
Contract liabilities	(4,517)	(376)

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days end of month.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

2. Revenue from contracts with customers (continued)

2.2 Contract balances (continued)

Contract assets are initially recognised for revenue earned from shipping and handling services as receipt of consideration is conditional on delivery of the steel plates. Upon delivery of the steel plates, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities are recognised for shipping and handling services yet to be provided with respect to the steel plates invoiced and for any settlement discounts expected to be obtained by customers.

2.3 Performance Obligations

The Group's contracts with customers are for the sale of steel plates. In completing the sale of the steel plates, there are two performance obligations identified, being the provision of steel plates and the provision of shipping and handling. The Group has concluded that revenue from the provision of steel plates is recognised at the point in time when control of the asset is transferred to the customer and revenue from the services of shipping and handling are recognised over time as the service is performed.

As at 30 June 2024, the unsatisfied performance obligations per each segment is presented below.

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Provision of steel plates	4,236	–
Shipping and handling	281	376
Total Revenue from contracts with customers	4,517	376

The remaining performance obligations are expected to be recognised within the next 12 months.

3. 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 manufactures and sells 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. Corporate charges are allocated across the Australian and Overseas segments.

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 also includes the co-operative joint venture Bisalloy Shangang (Shandong) Steel Plate Co. Limited in the People's Republic of China for the marketing, sale 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 28 to the accounts and in the prior period except as detailed below:

3. Operating Segments (continued)

Inter-entity sales

Inter-entity sales are recognised based on an internally set transfer price. This price is set periodically 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 customers who account for 35% (2023: 29%), 12% (2023: 10%) and 5% (2023: 6%) of total external revenue. All these customers are in the Australian operating segment.

In thousands of dollars	For the Year ended 30 June 2024		
	Australia	Overseas	Total
Revenue:			
Sales to external customers	131,229	21,629	152,858
Inter-segment sales	2,021	–	2,021
Total segment revenue	133,250	21,629	154,879
Inter-segment elimination	–	–	(2,021)
Total consolidated revenue	–	–	152,858
Segment net operating profit after tax	15,956	2,929	18,885
Interest income	–	7	7
Interest expense	567	162	729
Depreciation	1,891	297	2,188
Share of profit of joint venture	–	2,424	2,424
Income tax expense	6,531	303	6,834
Segment assets	101,023	18,605	119,628
Capital expenditure	5,616	133	5,749
Segment liabilities	27,757	4,357	32,114

In thousands of dollars	For the Year ended 30 June 2023		
	Australia	Overseas	Total
Revenue:			
Sales to external customers	128,804	24,335	153,139
Inter-segment sales	2,394	–	2,394
Total segment revenue	131,198	24,335	155,533
Inter-segment elimination	–	–	(2,394)
Total consolidated revenue	–	–	153,139
Segment net operating profit after tax	11,864	3,596	15,460
Interest income	210	17	227
Interest expense	1,072	234	1,306
Depreciation	1,836	325	2,161
Share of profit of joint venture	–	2,433	2,433
Income tax expense	4,542	575	5,117
Segment assets	93,333	19,323	112,656

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

3. Operating Segments (continued)

In thousands of dollars	For the Year ended 30 June 2023		
	Australia	Overseas	Total
Capital expenditure	957	421	1,378
Segment liabilities	28,670	4,009	32,679

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
i) Segment revenue reconciliation to the statement of comprehensive income		
Total segment revenue	154,879	155,533
Inter-segment sales elimination	(2,021)	(2,394)
Total revenue	152,858	153,139

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

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Australia	111,841	106,779
Indonesia	24,405	33,565
Thailand	5,680	3,917
Other foreign countries	10,932	8,878
Total revenue	152,858	153,139

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.

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Reconciliation of segment net operating profit after tax to net profit before tax		
Segment net operating profit after tax	18,885	15,460
Intercompany eliminations (net of tax)	(2,668)	(1,933)
Income tax expense	6,834	5,242
Total net profit before tax per the statement of profit or loss	23,051	18,769

3. Operating Segments (continued)

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 derivative assets, deferred tax assets, and pension assets.

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Reconciliation of segment operating assets to total assets		
Segment operating assets	119,628	112,656
Inter-segment eliminations	(1,215)	(1,027)
Deferred tax assets	77	59
Income tax receivable	68	538
Derivative assets	17	33
Total assets per the statement of financial position	118,575	112,259

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

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Australia	37,430	33,433
Overseas	2,559	2,996
Total non-current assets	39,989	36,429

iv) Segment liabilities reconciliation to the statement of financial position

Segment liabilities include trade and other payables and debt. The executive management committee reviews the level of debt for each segment in the monthly meetings.

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Reconciliation of segment operating liabilities to total liabilities		
Segment operating liabilities	32,114	32,679
Inter-segment eliminations	(1,752)	(1,243)
Income tax payable	1,631	360
Employee benefit liabilities	3,983	3,313
Derivative liability	–	108
Deferred tax liabilities	5,334	4,480
Total liabilities per the statement of financial position	41,310	39,697

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

4. Other income and expenses

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
(a) Other expenses / (income)		
Foreign exchange loss / (gain)	(30)	55
Other Income	(16)	(20)
	(46)	35
(b) Finance (income) and costs		
Bank interest and borrowing costs	729	1,306
Total finance costs	729	1,306
Bank interest	(7)	(227)
Total finance income	(7)	(227)
(c) Depreciation and costs of inventories included in statement of comprehensive income		
Depreciation and amortisation*	2,188	2,161
Cost of inventories	103,616	108,508
Provision for inventory	18	31
Cost of inventories recognised as an expense	103,634	108,539
Freight	10,573	11,982
Cost of goods sold	114,207	120,521
(d) Employee benefits expense*		
Wages and salaries	13,941	14,547
Superannuation costs	1,132	1,062
Expense of share-based payments	963	427
	16,036	16,036

*These costs are apportioned over several functions of the Group.

5. Investment in joint venture

Interests in the joint venture (JV) are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

The financial statements of the joint venture are prepared on a December balance date, however, as the Group equity accounts for this, the necessary adjustments are made to align these to the Group's reporting period. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

A dividend of \$2,173,996 (2023: \$1,949,365) was received from the JV during the year.

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Joint venture's statement of financial position:		
Current assets, including cash of \$1,323,556 (2023: \$2,374,064)	28,107	27,340
Non-current assets	419	26
Current liabilities	(8,586)	(8,200)
Non-current liabilities	(259)	–
Equity	19,681	19,166
Joint ventures revenue and profit:		
Revenue	67,972	76,895
Expenses	(61,621)	(70,275)
Finance (expense) / income	2	(151)
Profit before income tax	6,353	6,469
Income tax	(1,505)	(1,603)
Profit for the year	4,848	4,866
Group's share of profit	2,424	2,433
Carrying amount of the investment	9,840	9,583
Movement in carrying amount of the investment		
Balance at 1 July	9,583	9,299
Share of profit	2,424	2,433
Dividend received	(2,174)	(1,949)
Currency translation differences	7	(200)
Balance at 30 June	9,840	9,583

The joint venture has no capital commitments or contingent liabilities at 30 June 2024 (2023: None).

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

6. Income tax

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
(a) Income Tax Expense		
The major components of income tax expense are:		
Income Statement		
<i>Current income tax</i>		
Current income tax charge	7,048	4,861
	7,048	4,861
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(214)	381
	(214)	381
Income tax expense	6,834	5,242
The income tax expense for the period is disclosed as follows:		
Income tax expense attributable to continuing operations	6,834	5,242
	6,834	5,242
(b) Amounts charged or credited directly to equity		
<i>Deferred income tax related to items charged or credited directly to equity</i>		
Actuarial losses and gains	43	41
Net gain on revaluation of land and buildings and derivative assets	1,060	(13)
Income tax expense reported in equity	1,103	28

(c) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Accounting profit before tax	23,051	18,769
At the Group's statutory income tax rate of 30% (2023: 30%)	6,915	5,631
Income assessable for tax purposes	56	209
Expenditure not allowable for tax purposes	459	232
De-recognition of foreign income tax credits	228	218
Foreign tax credits allowed	27	(95)
Share of profit of equity-accounted investees reported net of tax	(727)	(730)
Effect of tax rates in foreign jurisdictions	(153)	(223)
Adjustment in respect of current income tax of previous years	29	–
Income tax expense on pre-tax net profit	6,834	5,242

6. Income tax (continued)

In thousands of dollars	Consolidated			
	Net DTA		Net DTL	
	Year ended 30 June 2024	Year ended 30 June 2023	Year ended 30 June 2024	Year ended 30 June 2023
(d) Deferred tax assets (DTA) and liabilities (DTL)				
The balance comprises of temporary differences attributable to:				
Property, plant and equipment	–	–	(6,510)	(5,532)
Employee entitlement provisions	48	44	773	724
Other provisions and accruals	32	22	525	554
Inventory	–	–	127	137
Other	–	–	(248)	(395)
Derivatives	(3)	(7)	(1)	32
Deferred tax assets and liabilities reflected in the balance sheet	77	59	(5,334)	(4,480)
<i>Movements</i>				
Opening balance at 1 July	59	69	(4,480)	(4,056)
Credited/(charged) to profit or loss	18	(10)	196	(396)
Charged to other comprehensive income	–	–	(1,050)	(28)
Closing balance at 30 June	77	59	(5,334)	(4,480)

Of the DTA and DTL's recognised for the Group the following amounts are attributed to the Thailand and Indonesian tax jurisdiction at 30 June 2024, the balance relates to the Australian tax jurisdiction:

In thousands of dollars	Net DTA/(DTL)			
	Thailand 2024	Indonesia 2024	Thailand 2023	Indonesia 2023
The balance comprises of temporary differences attributable to:				
Property, plant and equipment	–	(423)	–	(463)
Employee entitlement provisions	48	112	44	116
Other provisions and accruals	32	137	22	171
Derivatives	(3)	–	(7)	–
Deferred tax assets and liabilities reflected in the balance sheet	77	(174)	59	(176)

(e) Current income tax at 30 June 2024 relates to the following:

The current tax payable for the Group of \$1,562,588 (2023: \$360,154) represents the amount of income tax payable in respect of the current and prior periods. The current tax payable of the Group is made up of \$1,562,588 payable in the Australian jurisdiction.

The current tax receivable of \$67,984 (2023: \$484,956) and the non-current tax receivable of \$0 (2023: \$53,247) for the Group represents the amount of income tax receivable in respect of the current and prior periods. The amount of current tax receivable is attributed to the Thailand and Indonesian tax jurisdiction.

The Group 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

6. Income tax (continued)

(f) Unrecognised temporary differences

At 30 June 2024, 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 (2023: 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 Urgent Issues Group Interpretation 1052 and is recognised by way of an increase or decrease in the subsidiaries intercompany accounts.

7. Earnings per share (EPS)

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Net profit for the period	16,217	13,527
Net profit attributable to non-controlling interest holders	(476)	(731)
Net profit attributable to equity holders of the parent (used in calculating basic and diluted EPS)	15,741	12,796
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	47,637	47,345
Effects of dilution:		
Performance rights	755	671
Adjusted weighted average number of ordinary shares for diluted earnings per share	48,392	48,016

8. Dividends paid or proposed

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
(a) Dividends paid during the year		
Interim: 8.0 cents per share (2023: 4.0 cents per share)	3,815	1,898
Final: 9.5 cents per share (2023: 9.0 cents per share)	4,530	4,238
Special 10.5 cents per share (2023: Nil)	5,007	–
	13,352	6,136
(b) Proposed dividend (not recognised as a liability as at 30 June)		
Final dividend for 2024: 11.5 cents per share (2023: 9.5 cents per share)	5,484	4,508
(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%	12,220	13,633
Franking (debits) / credits that will arise from the receipt of tax as at the end of the financial year	1,631	(485)
Franking debits that will arise from the payment of dividends as at the end of the financial year	(2,350)	(1,932)
	11,501	11,216

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

9. Cash and cash equivalents

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
(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	6,299	2,051
Cash at hand	1	1
Total	6,300	2,052
(b) Reconciliation of net profit after income tax to net cash provided by operations		
Net profit after tax	16,217	13,527
Non-cash items		
Depreciation and amortisation	2,188	2,161
Share-based payments expense	963	427
Provision for stock obsolescence	18	31
Provision for doubtful debts	46	(103)
Share of profit of a joint venture	(2,424)	(2,433)
Net fair value change on derivatives	(122)	10
(Increase) / Decrease in foreign currency translation	(661)	73
Change in operating assets and liabilities		
Decrease in receivables and other assets	6,625	2,813
Increase in inventories	(1,746)	(7,290)
Increase / (Decrease) in tax assets and liabilities	1,477	(2,361)
Decrease / (Increase) in prepayments	261	(921)
(Decrease) / Increase in trade creditors	(1,036)	5,122
Increase in employee benefit liabilities	232	82
Net cash from operating activities	22,038	11,138
(c) Disclosure of financing facilities		
Refer note 18.2		

10. Trade and other receivables

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Current		
Trade receivables	21,023	23,321
Less: Allowance for expected credit losses	(255)	(208)
	20,768	23,113
Other	4	236
Goods and services tax	350	72
	354	308
	21,122	23,421

Trade receivables are non-interest bearing and are generally on 30-90 day terms. Refer to note 18.3 for more information of the allowance for expected credit losses.

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.

The Group has a credit insurance policy in place that covers 90% of the sales value to Australian and Indonesian eligible customers. The Indonesian credit insurance will expire on 31 August 2024, a renewal will be obtained starting from 1 September 2024.

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 18.3.

11. Inventories

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Current		
Raw materials	7,754	6,965
Finished goods	41,082	40,141
	48,836	47,106

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

12. Other current assets

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Current		
Prepayments	2,151	2,427
	2,151	2,427
Non-current		
Prepayments	138	123
	138	123

13. Property, plant and equipment

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

In thousands of dollars	Freehold land and buildings	Leasehold improvements	Plant and equipment	Total
Consolidated				
Year ended 30 June 2024				
At 1 July 2023, net of accumulated depreciation and impairment	20,210	–	5,880	26,090
Additions	464	–	1,481	1,945
Revaluation increments	3,666	–	–	3,666
Depreciation and amortisation charge for the year	(523)	–	(1,391)	(1,914)
Exchange adjustment	(202)	–	(18)	(220)
At 30 June 2024, net of accumulated depreciation and impairment	23,615	–	5,952	29,567
At 1 July 2023				
Cost or fair value	20,657	34	23,423	44,114
Accumulated depreciation and impairment	(447)	(34)	(17,543)	(18,024)
Net carrying value	20,210	–	5,880	26,090
At 30 June 2024				
Cost or fair value	24,538	34	24,388	48,960
Accumulated depreciation and impairment	(923)	(34)	(18,436)	(19,393)
Net carrying value	23,615	–	5,952	29,567

b) Revaluation of freehold land and freehold buildings

Freehold land and freehold buildings are required by the Group to be externally revalued every three years at minimum. In addition to this, land and freehold buildings are occasionally required to be externally revalued in order to meet lending requirements stipulated by finance providers.

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.

In 2022, the Group engaged KJPP Jimmy Prasetyo & Rekan, accredited independent valuers to determine the fair value of its Indonesian land and buildings. The effective date of the valuation was 30 October 2021 and fair value was determined as \$2,347,391.

13. Property, plant and equipment (continued)

b) Revaluation of freehold land and freehold buildings (continued)

In 2023, the Group engaged Herron Todd White, accredited independent valuers to determine the fair value of its Australian land and buildings respectively. The effective date of the valuation was 31 December 2023 and fair value was determined as \$21,000,000.

For financial year 2024, it was determined by the finance provider and supported by the directors that there was no significant change in fair value for its Indonesian land and buildings. The directors also determined that there was no significant change in fair value for its Australian land and buildings.

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

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:

In thousands of dollars	Consolidated	
	2024 Freehold land and buildings	2023 Freehold land and buildings
Cost	7,578	7,632
Accumulated depreciation and impairment	(2,895)	(2,967)
Net carrying amount	4,683	4,665

d) Leased assets

'Property, plant and equipment' comprise of owned and leased assets that do not meet the definition of investment property.

In thousands of dollars	Note	Consolidated	
		2024	2023
Property, plant and equipment owned		29,235	25,431
Right-of-use assets		332	659
	13(a)	29,567	26,090

Right-of-use assets in each category is shown below:

In thousands of dollars	Freehold land and buildings	Plant and equipment	Total
Balance at 1 July 2023	294	365	659
Additions	98	–	98
Depreciation charge for the year	(167)	(259)	(426)
Exchange adjustment	1	–	1
Balance at 30 June 2024	226	106	332

In thousands of dollars	Freehold land and buildings	Plant and equipment	Total
Balance at 1 July 2022	70	622	692
Additions	393	1	394
Depreciation charge for the year	(166)	(258)	(424)
Exchange adjustment	(3)	–	(3)
Balance at 30 June 2023	294	365	659

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

14. Intangible Assets

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Cost – IT Software	884	746
Accumulated amortisation and impairment	(440)	(166)
Net carrying amount	444	580

15. Share-based payment 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 2022 Annual General Meeting, an LTI plan was renewed for LTI grants to executives in the form of share rights.

For grants prior to 2022, those rights were 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 2023 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.

For grants in 2022, 2023 and 2024, these rights are granted are based on delivering superior long-term performance as measured by Return on Invested Capital ("ROIC") over a three year performance period, determined by the Board in respect of each forthcoming three year period. The rights which vest depend on achieving this target ROIC, with 100% vesting on achieving the ROIC and no rights vesting if actual ROIC is less than the target ROIC. Any rights to which the employee may become entitled on achieving the performance criteria, are still subject to being employed by Bisalloy for the whole performance period.

Once vested a holder may exercise their share rights and be allocated a fully paid ordinary share of Bisalloy at no cost to the employee or the equivalent in cash at the Board's discretion.

During the 30 June 2024 financial year, 269,590 share rights were awarded to executives under this scheme.

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 5.0% dividend yield for Grants 21 and 22, 6.8% dividend yield for Grant 20, and 7.38% dividend yield for Grants 23, 24 and 25 (based on historic and future estimates at the time) formed the basis of the valuation. Refer to note 28(n) for further details on the valuation methodology.

15. Share-based payment plans (continued)

The following table lists the valuation outputs for outstanding grants as at 30 June 2024:

	Expiry term of three years	
	Value of one right	Proportion of rights that are outstanding
Grant 15	\$0.82	0%
Grant 17	\$1.89	100.00%
Grant 18	\$1.43	100.00%
Grant 19	\$1.43	100.00%
Grant 20	\$1.74	100.00%
Grant 21	\$1.80	100.00%
Grant 22	\$1.80	100.00%
Grant 23	\$1.59	100.00%
Grant 24	\$1.59	100.00%
Grant 25	\$1.59	100.00%

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 4(d).

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

15. Share-based payment plans (continued)

	Exercised in year	Unvested	Unvested	Unvested	Unvested	Unvested	Unvested	Unvested	Unvested	Unvested	Unvested	Unvested	Total
Grant date	06/07/2020	235,640	52,742	62,466	102,697	-	-	-	-	-	-	-	453,545
Expiry date	05/07/2023	-	-	-	-	120,296	76,236	78,292	-	-	-	-	274,824
Exercise price	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Balance at 30 June 2022	235,640	52,742	62,466	102,697	-	-	-	-	-	-	-	-	453,545
New grants in the year	-	-	-	-	120,296	76,236	78,292	-	-	-	-	-	274,824
Exercised in the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Lapsed during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2023	235,640	52,742	62,466	102,697	120,296	76,236	78,292	0	0	0	0	0	728,369
Exercisable at 30 June 2023	-	-	-	-	-	-	-	-	-	-	-	-	-
New grants in the year	-	-	-	-	-	-	-	-	76,801	74,784	118,005	269,590	
Exercised in the year	(235,640)	-	-	-	-	-	-	-	-	-	-	(235,640)	
Lapsed during the year	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at 30 June 2024	-	52,742	62,466	102,697	120,296	76,236	78,292	76,801	74,784	118,005	762,319	-	
Exercisable at 30 June 2024	-	-	-	-	-	-	-	-	-	-	-	-	-

The weighted average remaining contractual life for the share rights outstanding as at 30 June 2024 is 1.24 years (2023: 1.177 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 \$963,054 (2023: debit \$427,180).

16. Pensions and other post-employment benefit plans

Superannuation commitments

The Group contributes to externally managed defined contribution superannuation plans, as well as an unfunded defined benefit plan in Indonesia and a defined benefit plan in Thailand. The contributions are defined by the terms of each individual employee's employment.

17. Trade and other payables

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Current		
Trade payables	20,576	20,975
Other payables and accruals	4,190	4,863
	24,766	25,838

Trade payables are non-interest bearing and are normally settled on 30 to 60 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 18.3.

18. Financial assets and financial liabilities

18.1 Financial assets

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Financial assets at amortised cost		
Trade receivables (note 10)	20,768	23,113
Total financial assets	20,768	23,113
Total current	20,768	23,113
Total non-current	–	–

18.2 Financial liabilities

Interest-bearing loans and borrowings

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Current		
Borrowings secured by fixed and floating charges	736	1,020
Non-current		
Borrowings secured by fixed and floating charges	–	3,358

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 18.3.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

18. Financial assets and financial liabilities (continued)

18.2 Financial liabilities (continued)

Assets pledged as security

The fixed and floating charge covers all current and future assets of the Bisalloy Closed Group (note 24).

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
At reporting date, the following financing facilities had been negotiated and were available:		
Total facilities		
– invoice finance facility (incl. bank guarantees) (i)	–	12,000
– bank bill facility (i)	30,000	5,486
– trade finance facility (i)	2,000	9,000
– premium finance facility (i)	–	416
– Bisalloy Thailand facility (ii)	127	127
– PT Bima facility (iii)	4,851	4,477
	36,978	31,506
Facilities used at reporting date		
Current		
– premium finance facility	–	416
– PT Bima facility	736	604
	736	1,020
Non-current		
– bank bill facility	–	3,358
	–	3,358
Total facilities used at reporting date	736	4,378
Facilities unused at reporting date		
– invoice finance facility (incl. bank guarantees)	–	12,000
– bank bill facility	30,000	2,128
– trade finance facility	2,000	9,000
– Bisalloy Thailand facility	127	127
– PT Bima facility	4,115	3,873
Total facilities unused at reporting date	36,242	27,128

- (i) Bisalloy Steel Group Limited's facility with Westpac Banking Corporation 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 an equity ratio covenant, a leverage ratio covenant and an interest coverage ratio. The bank bill facility has a one-year term. The facility is linked to a variable interest rate plus a fixed margin. The average variable interest rate for the year is 5.96% (2023: 5.34%).
- ii) The bank overdraft facility available to its Thailand based subsidiary is secured by a guarantee from Bisalloy Steel Group Limited.
- iii) The revolver facility and Letter of Credit facility available to its Indonesian based subsidiary are secured by a charge over the assets of the Indonesian subsidiary and mature on 24 September 2024.

18. Financial assets and financial liabilities (continued)

18.2 Financial liabilities (continued)

Other financial liabilities

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings		
Trade and other payables (note 17)	24,766	25,838
Total financial liabilities	24,766	25,838
Total current	24,766	25,838
Total non-current	–	–

18.3 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.

- 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;

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

- Administrator
- Liquidator

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

The Group performs an impairment analysis at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. geographical region and coverage by insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk for these financial assets is limited to their carrying amounts as disclosed in note 10. The Group does not hold collateral as security.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group has for a number of years had credit insurance in place for Australian, selected export sales, and Indonesian local sales.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

30 June 2024

In thousands of dollars	Trade Receivables						Total
	Current	<=30 days	30-60 days	61-90 days	>91 days	>91 days*	
Expected credit loss rate	0.04%	0.12%	0.47%	3.49%	37.25%	65.49%	1.22%
Estimated total gross carrying amount at default	18,820	1,306	344	91	218	244	21,023
Expected Credit Loss	7	2	2	3	81	160	255

30 June 2023

In thousands of dollars	Trade Receivables						Total
	Current	<=30 days	30-60 days	61-90 days	>91 days	>91 days*	
Expected credit loss rate	0.04%	0.35%	0.36%	0.00%	0.00%	56.30%	0.89%
Estimated total gross carrying amount at default	20,892	1,132	834	67	55	341	23,321
Expected Credit Loss	9	4	3	–	–	192	208

* Indonesian and Thai receivables with no insurance coverage

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

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 11 December 2023 the Group entered into a new facility agreement with Westpac Banking Corporation. The facility comprises a \$30m bank bill facility (increased from \$5.5m), and a \$2m trade finance facility (decreased from \$9m) and no invoice finance facility (decrease from \$12m). 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 \$96.9m (2023: \$90.0m).

The Group also has a IDR 44.5 billion revolver facility with BCA in Indonesia. This facility is renewed annually with land and buildings pledged as collateral.

In addition to the eligible collateral, the Group has several general and financial undertakings which it must comply with including an Equity Ratio covenant, a Leverage Ratio covenant and an Interest Cover 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 2024.

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 2024.

In thousands of dollars	Consolidated	
	2024	2023
6 months or less	30,171	27,637
6-12 months	112	342
1-5 years	109	3,657
Over 5 years	–	–
	30,392	31,636

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

In thousands of dollars	<=6 months	6-12 months	1-5 years	>5 years	Total
Year ended 30 June 2024					
Consolidated					
Financial assets					
Cash and cash equivalents	6,300	–	–	–	6,300
Trade and other receivables	21,122	–	–	–	21,122
Contract assets	15	–	–	–	15
Derivatives – gross settled					
Inflows	17	–	–	–	17
Outflows	–	–	–	–	–
	27,454	–	–	–	27,454
Financial liabilities					
Trade and other payables	24,766	–	–	–	24,766
Interest bearing loans and borrowings	753	–	–	–	753
Contract liabilities	4,517	–	–	–	4,517
Lease liabilities	135	112	109	–	356
Derivatives – gross settled					
Inflows	–	–	–	–	–
Outflows	–	–	–	–	–
	30,171	112	109	–	30,392
Net outflow	(2,717)	(112)	(109)	–	(2,938)

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

In thousands of dollars	<=6 months	6-12 months	1-5 years	>5 years	Total
Year ended 30 June 2023					
Consolidated					
Financial assets					
Cash and cash equivalents	2,052	–	–	–	2,052
Trade and other receivables	23,421	–	–	–	23,421
Contract assets	247	–	–	–	247
Derivatives – gross settled					
Inflows	–	–	–	–	–
Outflows	33	–	–	–	33
	25,753	–	–	–	25,753
Financial liabilities					
Trade and other payables	25,838	–	–	–	25,838
Interest bearing loans and borrowings	1,153	107	3,358	–	4,618
Contract liabilities	376	–	–	–	376
Lease liabilities	162	235	299	–	696
Derivatives – gross settled					
Inflows	108	–	–	–	108
Outflows	–	–	–	–	–
	27,637	342	3,657	–	31,636
Net outflow	(1,884)	(342)	(3,657)	–	(5,883)

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 macroeconomic 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

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.

In thousands of dollars	Post tax profit Higher/(Lower) 2024	2023	Effect on equity Higher/(Lower) 2024	2023
Sensitivity to USD				
Consolidated				
AUD/USD +10%	(47)	(88)	(1)	(608)
AUD/USD -10%	58	107	1	743

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 2024, the Group had the following mix of financial assets and liabilities exposed to variable interest rates that are not designated in cash flow hedges.

In thousands of dollars	Consolidated 2024	2023
Financial Assets		
Cash and cash equivalents less cash on hand	6,300	2,052
Financial Liabilities		
Bank loans	(776)	(4,378)
Net exposure	5,524	(2,326)

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 +100/-100 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.

In thousands of dollars	Post tax profit Higher/(Lower) 2024	2023	Other Comprehensive Income Higher/(Lower) 2024	2023
Consolidated				
+1% (100 basis points)	39	(16)	–	–
- 1% (100 basis points)	(39)	(16)	–	–

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

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.

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 2024 the fair values of land, buildings and improvements were determined by reference to valuations performed in December 2024 (Note 13 (b)). For properties not subject to independent valuations, fair value was determined by Directors' valuation.

	Year ended 30 June 2024				Year ended 30 June 2023			
	Quoted market price (Level 1)	Valuation technique- market observable inputs (Level 2)	Valuation technique- non market observable inputs (Level 3)	Total	Quoted market price (Level 1)	Valuation technique- market observable inputs (Level 2)	Valuation technique- non market observable inputs (Level 3)	Total
In thousands of dollars								
Consolidated								
Assets								
Land & Buildings	-	23,347	-	23,347	-	20,147	-	20,147
Foreign exchange contracts	-	17	-	17	-	33	-	33
	-	23,364	-	23,364	-	20,180	-	20,180
Liabilities								
Foreign exchange contracts								
	-	-	-	-	-	108	-	108
	-	-	-	-	-	108	-	108

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

18. Financial assets and financial liabilities (continued)

18.3 Financial risk management (continued)

The fair value of forward currency contracts is calculated by reference to the current exchange rate at balance date.

Transfer between categories

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

19. Employee benefit liabilities

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Current		
Employee entitlements	1,940	1,767
Share based payment	436	191
Defined benefit plan	16	13
	2,392	1,971
Non-current		
Employee entitlements	332	258
Share based payment	547	201
Defined benefit plan	712	883
	1,591	1,342

The Group has an unfunded defined benefit plan in Indonesia and a defined benefit plan in Thailand. The Indonesian plan provides severance and service benefits pursuant to Indonesian Labor Law No. 13/2003 and Company Regulation.

The principal assumptions used in determining the obligation under the defined benefit plan are shown below:

In percentages	2024		2023	
	Indonesia	Thailand	Indonesia	Thailand
Discount Rate	7.05	2.09	6.29	2.58
Future Salary Increases	5.00	3.00	8.00	3.00

20. Lease liabilities

a) Maturity analysis of contractual cash flows

In thousands of dollars	Consolidated		
	For the Year ended 30 June 2024		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	247	(11)	236
Between one and five years	109	(2)	107
More than five years	–	–	–
	356	(13)	343

In thousands of dollars	Consolidated		
	For the Year ended 30 June 2023		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	397	(24)	373
Between one and five years	299	(11)	288
More than five years	–	–	–
	696	(35)	661

b) Amounts recognised in profit or loss

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Interest on lease liabilities	37	43
Expenses relating to short-term leases or low-value assets	673	46
	710	89

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

21. Derivative financial instruments

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Current Assets		
Forward currency contracts – Fair value hedges	16	33
Forward currency contracts – Cash flow hedges	1	0
	17	33
Current Liabilities		
Forward currency contracts – Fair value hedges	–	65
Forward currency contracts – Cash flow hedges	–	43
	–	108

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

Payables

During the Year ended 30 June 2024, in order to protect against exchange rate movements and to manage foreign currency payables, the Group had entered into forward exchange contracts to purchase \$EUR 0.349m (2023: \$EUR 1.39m), \$AUD 2.03m (2023: \$AUD 2.47m), \$USD 4.16m (2023: \$USD 6.55m), \$SGD \$0.076m (2023: \$SGD Nil) and \$GBP \$0.046m (2023: Nil). These contracts hedged highly probable forecasted expenses and they were timed to mature when payments are scheduled to be made.

Fair value hedges

As at balance date, the details of outstanding contracts in respect of fair value hedges were:

In thousands of dollars	30 June 2024	30 June 2023	Average exchange rate	
			30 June 2024	30 June 2023
Buy USD \$ Sell AUD \$	–	(1)	–	0.6666
Buy AUD \$ Sell IDR \$	–	–	–	–
Buy USD \$ Sell THB \$	–	(4)	36.92	34.5700
Buy AUD \$ Sell THB \$	(13)	(30)	24.3054	23.1257

Cash flow hedges

As at balance date, the details of outstanding contracts in respect of cash flow hedges were:

In thousands of dollars	30 June 2024	30 June 2023	Average exchange rate	
			30 June 2024	30 June 2023
Buy USD \$ Sell AUD \$	–	(19)	–	0.6684

Receivables

During the Year ended 30 June 2024, in order to protect against exchange rate movements and to manage the receivables process, the Group had entered into forward exchange contracts to sell \$USD 5.6m (2023: \$USD 5.3m). These contracts hedged highly probable forecasted receipts and they were timed to mature when payments are scheduled to be received.

21. Derivative financial instruments (continued)

Fair value hedges

As at balance date, the details of outstanding contracts in respect of fair value hedges were:

In thousands of dollars	30 June 2024	30 June 2023	Average exchange rate	
			30 June 2024	30 June 2023
Buy AUD \$ Sell USD \$	2	66	0.6575	0.6887

Cash flow hedges

As at balance date, the details of outstanding contracts in respect of fair value hedges were:

In thousands of dollars	30 June 2024	30 June 2023	Average exchange rate	
			30 June 2024	30 June 2023
Buy AUD \$ Sell USD \$	1	62	0.6583	0.6908

22. Contributed equity and reserves

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
(a) Ordinary shares, issued and fully paid	15,227	15,227

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

In thousands of dollars	Number of shares	2024 \$'000	Number of shares	2023 \$'000
(b) Movements in shares on issue				
Balance at 1 July	47,450,056	15,227	47,088,677	14,507
New shares issued under Dividend Reinvestment Plan	–	–	361,379	720
Exercise of performance rights	235,640	–	–	–
Balance at 30 June	47,685,696	15,227	47,450,056	15,227

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

22. Contributed equity and reserves (continued)

Capital management

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 2024 and 2023.

The Group monitors capital through the gearing ratio (net debt/ total equity plus net debt) and currently targets a gearing ratio of between 0% and 35%. The Group includes within net debt interest bearing loans and borrowings less cash and cash equivalents. At 30 June 2024, advance payments from customers of \$4.2m were held in the closing cash balance. This will unwind in FY25 as the related sales are fulfilled.

The gearing ratios based on continuing operations at 30 June 2024 and 2023 were as follows:

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Total borrowings	736	4,378
Less cash and cash equivalents	(6,300)	(2,052)
Net (cash)/debt	(5,564)	2,326
Total equity	77,264	72,562
Total capital	71,700	74,888
Gearing ratio	(0%)	3%

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

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
(c) Non-controlling interests		
Balance at 1 July	4,595	3,922
(Loss)/gain on translation of overseas controlled entities	(349)	134
Other reserves	49	(9)
Share of net profit for the year	476	731
Dividends paid	(347)	(183)
Balance at 30 June	4,424	4,595

22. Contributed equity and reserves (continued)

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
(d) Retained earnings		
Balance at 1 July	40,674	33,907
Net profit for the year	15,741	12,796
Depreciation transfer for revaluation of buildings	134	107
Dividends paid	(13,352)	(6,136)
Balance at 30 June	43,197	40,674

In thousands of dollars	Consolidated						Total
	Employee equity benefits reserve	Foreign currency translation reserve	Cash flow hedge reserve	Asset revaluation reserve	Equity settlement reserve	Other reserves	
(e) Reserves							
At 30 June 2022	87	814	–	10,542	550	(43)	11,950
Currency translation differences	–	66	–	–	–	–	66
Share-based payments	181	–	–	–	–	–	181
Depreciation transfer for revaluation of buildings	–	–	–	(135)	–	–	(135)
Net loss on cash flow hedge	–	–	(30)	–	–	–	(30)
Actuarial gains / (losses)	–	–	–	–	–	34	34
At 30 June 2023	268	880	(30)	10,407	550	(9)	12,066
Currency translation differences	–	(590)	–	–	–	–	(590)
Share-based payments	372	–	–	–	–	–	372
Net loss on cash flow hedge	–	–	31	–	–	–	31
Actuary gain	–	–	–	–	–	78	78
Depreciation transfer on revaluation of land & buildings	–	–	–	(134)	–	–	(134)
Equity settlement	(194)	–	–	–	194	–	–
Revaluation of land and buildings	–	–	–	2,594	–	–	2,594
At 30 June 2024	446	290	1	12,867	744	69	14,417

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

22. Contributed equity and reserves (continued)

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.

Other Reserve

Relates to actuarial losses from defined benefit pensions.

23. Commitments and contingencies

In thousands of dollars	Consolidated	
	30 June 2024	30 June 2023
(a) Capital expenditure commitments		
Estimated capital expenditure contracted for at balance date, but not provided for payable:		
Not later than one year	235	192
Later than one year, but not later than five years	—	—
	235	192

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

(b) Contingent liabilities

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

Note 24 regarding the class order between certain subsidiaries and the Company.

24. Related parties

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.

There were no transactions during the year with Director related entities.

Investments

	Country of Incorporation	Percentage of equity interest held by the Consolidated entity 30 June 2024 %	Percentage of equity interest held by the Consolidated entity 30 June 2023 %
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 Shangang (Shandong) Steel Plate Co., Limited*	People's Republic of China	50.00	50.00

* Refer Note 5 for details regarding equity interest, share of interest and joint control.

[^] This entity continues to be dormant.

Entities subject to class order relief

Pursuant to Class Order 2016/785, 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

24. Related parties (continued)

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:

In thousands of dollars	Closed Group 30 June 2024	Closed Group 30 June 2023
i. Consolidated Income Statement		
Profit from continuing operations before income tax	21,731	15,503
Income tax expense	(6,531)	(4,542)
Profit after income tax	15,200	10,961
Accumulated profits at the beginning of the year	30,787	25,889
Depreciation transfer for revaluation of buildings	119	73
Dividends provided for or paid	(13,352)	(6,136)
Accumulated profits at the end of the year	32,754	30,787
ii. Consolidated Balance Sheet		
Current assets		
Cash and cash equivalents	5,624	606
Trade and other receivables	18,246	19,946
Inventories	38,722	37,443
Income tax receivable	–	530
Contract assets	15	247
Derivative Asset	4	–
Other current assets	1,866	2,210
Total current assets	64,477	60,982
Non-current assets		
Investments	5,125	5,125
Property, plant and equipment	27,008	23,147
Intangible assets	444	580
Other non-current assets	138	123
Total non-current assets	32,715	28,975
Total assets	97,192	89,957
Current liabilities		
Trade and other payables	23,028	23,904
Income tax payable	1,631	–
Loans and borrowings	–	416
Employee benefit liabilities	2,308	1,955
Lease liabilities	113	252
Derivative Liability	–	108
Contract liabilities	4,517	376
Total current liabilities	31,597	27,011

24. Related parties (continued)

In thousands of dollars	Closed Group 30 June 2024	Closed Group 30 June 2023
Non-current liabilities		
Loans and borrowings	–	3,358
Lease liabilities	23	121
Employee benefit liabilities	878	460
Deferred tax liability	5,287	4,442
Total non-current liabilities	6,188	8,381
Total liabilities	37,785	35,392
NET ASSETS	59,407	54,565
Shareholders' equity		
Contributed equity	15,228	15,228
Reserves	11,425	8,550
Accumulated profits	32,754	30,787
TOTAL SHAREHOLDERS' EQUITY	59,407	54,565

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

		Sales to & purchases from	Amounts owed by related parties	Amounts owed to related parties
Related Party				
Bisalloy Shangang (Shandong) Steel Plate Co., Limited	2024	294	–	–
	2023	2,017	–	–

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 2024 were \$294,111 (2023: \$2,016,827).

Outstanding balances at year-end are unsecured.

Compensation of key management personnel of the Group

	Consolidated Year ended 30 June 2024	Year ended 30 June 2023
Short-term employee benefits	2,052,061	1,993,431
Post employment benefits	134,119	129,750
Other long-term benefits	62,719	65,041
Share-based payments	963,054	427,180
Total compensation paid to key management personnel	3,211,953	2,615,402

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

25. Events after the balance date

No significant events after the balance sheet date.

26. Auditors' remuneration

The auditor of Bisalloy Steel Group Limited is RSM Australia Partners.

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Amounts received or due and receivable by RSM for:		
– an audit or review of the financial report of the entity and any other entity in the consolidated Group	147	140
– Private tax Ruling Assistance	17	–
Amounts received or due and receivable by related practices of RSM for:		
– an audit or review of the financial report of any other entity in the consolidated Group	49	50
	213	190

27. Parent entity information

In thousands of dollars	Consolidated	
	Year ended 30 June 2024	Year ended 30 June 2023
Information relating to Bisalloy Steel Group Limited:		
Current assets	–	530
Total assets	8,682	1,922
Current liabilities	1,631	–
Total liabilities	6,634	–
Issued capital	15,227	15,227
Accumulated losses	(13,215)	(13,341)
Reserves	36	36
Total shareholder's equity	2,048	1,922
Profit of the parent entity	13,478	6,775
Total comprehensive income of the parent entity	13,478	6,775

Guarantees have been entered into by the Parent entity on behalf of Bisalloy Steels Pty Limited and Bisalloy (Thailand) Co Limited. The guarantees in place cover Bisalloy Steels Pty Limited's \$32M Westpac facility and 85% of Bisalloy Thailand's THB 3M bank overdraft facility.

There are no contingent liabilities or contractual commitments as at the reporting date.

28. Summary of material accounting policies

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a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial report complies with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). 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.

Comparative information

Comparative information is consistent with the current years presentation.

b) 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.

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

28. Summary of material accounting policies (continued)

b) Basis of consolidation and investments in joint venture (continued)

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 and other comprehensive income 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 and other comprehensive income.

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.

c) Significant accounting judgements, estimates and assumptions

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:

Property, plant and equipment

The Group measures the fair value of land buildings by reference to valuations performed at reporting date. The fair value is determined by an external valuer every three years, unless determined by Directors' valuation that the fair value has moved significantly or at the

request of a finance provider. The valuation method is detailed in note 18.3.

d) 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.

e) 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.

28. Summary of material accounting policies (continued)

e) Taxation (continued)

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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 differences associated with investments in subsidiaries, associates or interests in joint ventures, deferred tax assets 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.

Bisalloy Steel Group Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Bisalloy Steel Group Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Bisalloy Steel Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused losses.

Assets or liabilities under tax funding arrangements with the tax consolidation entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

f) 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

28. Summary of material accounting policies (continued)

g) Trade and other receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 28(p) Financial instruments.

h) 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 a weighted average cost basis.

Work in progress and finished goods – 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.

i) 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 or are as a result of lending requirements, 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	1 – 20 years
- Leasehold improvements	5 – 10 years or lease life if shorter

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.

j) Intangible assets

Recognition and measurement

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group

28. Summary of material accounting policies (continued)

j) Intangible assets (continued)

intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful life for current periods for development costs is 3 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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 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 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 Group's experience with staff departures. Related on-costs have also been included in the liability.

The Group contributes to defined contribution superannuation plans, as well as an unfunded defined benefit plan in Indonesia and a defined benefit plan in Thailand.

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. If the issue of shares in the Board's opinion does not achieve the desired outcome, then the Board may determine to satisfy the entitlement to Shares under a Vested Right in the form of cash rather than Shares. In recent years, there have been a number of instances in which settlement has taken the form of 50% equity and 50% cash ('cash-settled transactions').

Equity-settled transactions

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 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').

Cash-settled transactions

The cost of cash-settled transactions with employees is measured by reference to the fair value at the reporting date and ultimately at settlement. The fair value is determined by reference to the price of the shares of the issuer ('market conditions').

The cost of cash-settled transactions is recognised, together with a corresponding increase in liability, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

28. Summary of material accounting policies (continued)

n) Share-based payment transactions (continued)

the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for both equity-settled and cash-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 estimate is formed based on the best available information at balance date. The statement of profit or loss and other 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) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the

Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in note 28(r) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

28. Summary of material accounting policies (continued)

p) Financial instruments (continued)

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include derivative assets which are mandatorily required to be measured at fair value. Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Significant accounting judgements, estimates and assumptions Note 28(c)
- Trade and other receivables Note 28(g)

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial

recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

28. Summary of material accounting policies (continued)

p) Financial instruments (continued)

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

All loans and 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.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 18.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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 from contracts with customers

The Group is in the business of manufacturing and selling quench and tempered steel plates. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements, as it controls the goods or services before transferring them to the customer.

Sale of goods

Revenue from the sale of steel plates is recognised at the point in time when control of the asset is transferred to the customer, which is on delivery of the goods for domestic sales, on invoice for Bill and Hold sales and on bill of lading for export sales. Revenue from the services of shipping and handling is recognised over time as the service is performed. The normal credit terms are 30 to 90 days upon end of month invoiced.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., shipping). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange

28. Summary of material accounting policies (continued)

r) Revenue from contracts with customers (continued)

for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of steel plates provide customers with a right of return and early settlement discounts. The rights of return and early settlement discounts give rise to variable consideration.

Early Settlement Discounts

The Group provides early settlement discounts to certain customers if the payment for the sale of goods is made within a specified period of time. The discounts are offset against amounts payable by the customer. To estimate the variable consideration to which it will be entitled, the Group applies the 'expected value method' to estimate the settlement discounts that will be issued. This method best predicts the amount of variable consideration to which the Group will be entitled. The Group then applies the requirements on constraining estimates of variable consideration that can be included in the transaction price.

(ii) Significant financing component

Generally, the Group receives payment for the sale of goods between 30 to 90 days after the goods have been delivered. Should a significant financing component exist, the Group will apply the practical expedient in AASB 15. Using this, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(iii) Non-cash consideration

The Group does not receive non-cash consideration for the sale of goods.

Contract balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of

financial assets in section p) Financial instruments – initial recognition and subsequent measurement.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

s) Other Income

Interest income

Interest income is recognised as it accrues using the effective interest rate (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 and other comprehensive income.

Dividend income

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

t) 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).

u) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

28. Summary of material accounting policies (continued)

u) Leases (continued)

This policy is applied to contracts entered into, on or after 1 July 2020.

Group as a lessee

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, the Group has elected for all leases in which it is a lessee, not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise of the following:

- Fixed payments, included in-substance fixed payments;

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of where it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns and lease liabilities in 'lease liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment.

The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

v) Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars (AUD\$), 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

28. Summary of material accounting policies (continued)

v) Foreign currency translation (continued)

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 (AUD\$) 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.

w) 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 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.

x) 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 or the foreign currency risk in an unrecognised firm commitment.

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, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

28. Summary of material accounting policies (continued)

x) Derivative financial instruments and hedging (continued)

Amounts taken to equity are transferred to the statement of profit or loss and other comprehensive income 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 and other comprehensive income 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.

y) 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.

z) Changes in accounting standards

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the Year ended 30 June 2023, except for the adoption of new standards effective as of 1 July 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

28. Summary of material accounting policies (continued)

aa) Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Consolidated Entity Disclosure Statement

For the year ended 30 June 2024

Entity Name	Entity Type	Country of Incorporation	Ownership Interest %	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction of foreign residents
Bisalloy Steels Pty Limited	Body Corporate	Australia	100.00	Australian	Australia
PT Bima Bisalloy	Body Corporate	Indonesia	60.00	Foreign	Indonesia
Bisalloy Holdings (Thailand) Co Ltd	Body Corporate	Thailand	85.00	Foreign	Thailand
Bisalloy (Thailand) Co Limited	Body Corporate	Thailand	85.00	Foreign	Thailand
Bisalloy North America LLC [^]	Body Corporate	United States of America	100.00	Foreign	Disregarded Entity

[^] This entity continues to be dormant and is a Disregarded entity for US Federal income tax purposes.
Bisalloy Steel Group (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Directors' Declaration

For the year ended 30 June 2024

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 2024 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 (AASB) as disclosed in note 28.
- 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. at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 24 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.
- e. the information disclosed in the attached consolidated entity disclosure statement is true and correct.
- f. 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 ended 30 June 2024.

On behalf of the Board



Mr Rowan Melrose
CEO and Managing Director

28 August 2024

Independent Auditor’s Report

For the year ended 30 June 2024

Independent Auditor’s Report (continued)

For the year ended 30 June 2024

ASX Additional Information

For the year ended 30 June 2024

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 2024.

	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	1,433	754,030
1,001 – 5,000	1,520	3,950,651
5,001 – 10,000	536	4,104,609
10,001 – 100,000	505	13,156,235
100,001 and over	33	25,720,171
Total	4,027	47,685,696
The number of shareholders holding less than a marketable parcel of shares based on a share price of \$4.890.		
	72	1,392

There are 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 LIMITED	7,409,505	15.54
2 J P MORGAN NOMINEES PTY LIMITED	5,447,304	11.42
3 BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	1,760,615	3.69
4 CITICORP NOMINEES PTY LIMITED	1,756,975	3.68
5 EVELIN INVESTMENTS PTY LIMITED	1,349,330	2.83
6 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	714,758	1.50
7 HORRIE PTY LTD <HORRIE SUPERANNUATION A/C>	700,000	1.47
8 SOUTHERN STEEL INVESTMENTS PTY LIMITED	658,295	1.38
9 MR MANFRED REIS + MRS EVELYN JEANETTE REIS <REIS PENSION&SUPER FUND A/C>	650,000	1.36
10 RATHVALE PTY LIMITED	592,740	1.24
11 KILCONQUHAR SUPERANNUATION FUND PTY LTD <KILCONQUHAR SUPER FUND A/C>	460,000	0.96
12 MR NIGEL BURGESS + MRS YUKARI BURGESS <NENKIN SUPER FUND A/C>	447,317	0.94
13 BALKIN PTY LTD <BALKIN SUPER FUND A/C>	371,590	0.78
14 MATTHEW ENBOM	313,229	0.66
15 ALLOY STEELS AUSTRALIA PTY LTD	256,935	0.54
16 G CHAN PENSION PTY LTD <CHAN SUPER FUND A/C>	239,990	0.50
17 BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS>	213,630	0.45
18 HILLMORTON CUSTODIANS PTY LTD <THE LENNEX UNIT A/C>	210,000	0.44
18 KAMGA PTY LTD <KAMGA A/C>	210,000	0.44
20 MARTRE PROPERTIES PTY LIMITED <SUPER FUND A/C>	200,000	0.42

ASX Additional Information (continued)

For the year ended 30 June 2024

	Date of last notice	Number of Shares	Fully Paid %
c. Substantial Shareholders:			
The names of substantial shareholders who have notified the Company in accordance with section 671B of the <i>Corporations Act 2001</i> are:			
SOUTHERN STEEL INVESTMENTS Pty Limited	31 August 2020	8,664,611	18.17
SAMUEL TERRY ASSET MANAGEMENT PTY LTD	29 July 2022	5,769,463	12.10

Voting Rights:

All ordinary shares carry one vote per share without restriction.

Corporate Directory

For the year ended 30 June 2024

Registered Office

18 Resolution Drive
Unanderra NSW 2526

Telephone: +61 (0)2 4272 0444

Facsimile: +61 (0)2 4272 0445

www.bisalloy.com.au

companysecretary@bisalloy.com.au

Annual General Meeting

The Group will hold its 2024 Annual General Meeting at 11:00am on Friday, 08 November 2024. Copies of the annual report or further information can be obtained by emailing 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.

Auditors

RSM Australia Partners
Level 13, 60 Castlereagh Street
Sydney NSW 2000

Telephone: +61 (0)2 8226 4500

Facsimile: +61 (0)2 8226 4501

www.rsm.global/australia

Bankers

Westpac Banking Corporation

Share Registry

Computershare Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

GPO Box 2975

Melbourne VIC 3001

Telephone (within Australia): 1300 738 768

Telephone: +61 (0)3 9415 4377

Facsimile: +61 (0)3 9473 2500

www.computershare.com

Legal Advisors

Holding Redlich
Level 8, 555 Bourke Street
Melbourne VIC 3000

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