

17 November 2009

Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

AGM Presentations

In accordance with the ASX Listing Rules and the *Corporations Act 2001*, attached are the presentations to be given at today's Annual General Meeting.

Regards



Martin Matoricz
Company Secretary



CHAIRMAN'S ADDRESS

Welcome to the 2009 Annual General Meeting of the Bisalloy Steel Group.

Our company, and the environment in which it operates, has changed significantly over the past twelve months and this meeting is an opportunity for the Directors to inform shareholders of the progress that has been made since our last meeting and outlook going forward.

Following approval by shareholders at the last AGM, the sale of the Atlas Distribution business was completed on 5th November 2008. The sale realized approximately \$73m net of cash sold which was then used to pay down the existing loan with GE Commercial Australasia. This left the Group with a residual debt of \$43m which as you can see from the financial statements as at the 30 June 2009 had been reduced to around \$36m and is currently approximately \$26m.

Early in 2009 the Group rationalized its head office function and executive management to its site in Unanderra, just south of Wollongong, and now has a lean but competent team to manage both the profitable growth of the operational business units and the corporate responsibilities of a public company.

In light of the rapid decline in the equities market and business conditions during the second quarter of last financial year, the Group undertook to strengthen its balance sheet through a fully underwritten renounceable rights issue. The \$19.7m of capital raised through this issue was used to pay down debt, support working capital requirements and accommodate some of the residual obligations associated with the sale of the Atlas Distribution business. Directors would like to thank all shareholders that participated in this process.

Subsequent to 30 June 2009, and due to the severity of the economic downturn, your Directors believed it was prudent to maintain a sound level of funding availability and through its advisors, Caliburn Partnership, entered into negotiations with existing institutional investors and a new sophisticated investor to issue approximately 28.2m new shares at the then prevailing market rate of 17.5 cents per share. This capital raising was made pursuant to the Company's 15% placement capability under the listing rules. While it is acknowledged that not all shareholders were able to participate in this capital raising, after considering a range of options a placement was judged the most appropriate structure to meet existing funding needs with certainty in a cost effective and timely manner.



I would also like to take this opportunity to acknowledge the support the Group has received from its bankers, GE Commercial Australasia, during a period of volatility in both financial and trading environments.

I will leave a more detailed summary of the operational performance on the Group to the Managing Director, Mr. Robert Terpening, but would like to assure all shareholders that the Board and management were focused on the long term interests of shareholders during this period of business environment uncertainty. It is well documented that the global steel markets were particularly hard hit during the economic downturn and even the world's largest Quench & Tempered steel producer has reported significant revenue declines resulting in trading losses during the past year.

The Board's expectations for financial year 2010 have not changed significantly from that communicated in the 2009 annual report. The Board anticipates a slow recovery and considers the only uncertainty the pace of that recovery.

I will now invite the Managing Director to make some comments on the Bisalloy Steel Group results, outlook and strategic opportunities.



MANAGING DIRECTOR'S ADDRESS

Thank you Mr. Chairman.

Ladies and gentlemen, I am pleased to have the opportunity to brief shareholders on the operational performance and future opportunities for the Bisalloy Steel Group.

Before I deal with those issues, I would like to highlight the excellent safety record achieved by the Group last year that has continued into the current year.

Our businesses in Indonesia and Thailand have not recorded a Lost Time Injury since the Group wide safety program commenced over four years ago and while the Australian operations did record a single Lost Time Injury last financial year, resulting in only two working days lost, these are the only days lost through injury in the past twenty-four months. Our target will always be zero harm.

2009 was a challenging year which was clearly defined by two very different trading halves. The first half was robust with strong demand and excellent production output from the Group's Quench & Tempering facility at Unanderra. The second half saw the impact of the economic crisis undermine market confidence at a time when the supply chain was at peak capacity. This situation resulted in de-stocking by distributors and end use customers which in turn adversely impacted the Group's sales and production results in the second half.

In response to this environment the Group implemented strategies to conserve cash, reduce inventories and align production capacity with the lower demand requirements. It is pleasing to report that we have been able to work our way through this period of significant volatility without any employee separations. This has allowed the Group to retain the vital operator talents necessary to support production expansion as the market improves.

Working capital management was a key focus of management during this period and all businesses have achieved significant inventory reductions to target levels, managed collections in a timely and efficient manner minimizing bad debt risk and deferred any non-essential capital expenditure.

I will now comment on the individual operations.

The Australian operation has continued with the automation of its continuous flow production processes through the upgrading of computer control systems which



manage and co-ordinate all aspects of the heat treatment process. This system is the key to Bisalloy Steels' low cost, high yield production capabilities. On the marketing front Bisalloy Steels continues the development of new steel grades for mining and defence applications, is working with Standards Australia to have its structural grades included in the Australian Steel Structures code and is actively developing new markets in Asia and North America.

The development of export markets is more difficult when the Australian dollar is performing strongly but this currency strength also provides the Group with the opportunity to adjust its sourcing mix with competitively priced raw materials from overseas steelmakers.

Our Joint Venture businesses in Indonesia and Thailand continue to trade profitably despite reduced sales volumes and through diligent working capital management are in sound financial shape. As these are distribution businesses their marketing strategies have been focused on supplementing their range of wear related products and services while targeting new markets such as the cement, palm oil and sugar industries. In sourcing these new products, preference is given to suppliers that will provide exclusivity in their respective markets. Notwithstanding this diversification, both businesses maintain significant Quench & Tempered steel market shares in their respective countries.

At the last AGM, I reported on work being undertaken toward a possible Joint Venture in China. This project was progressing to the feasibility stage when the global financial crisis developed. It was agreed that any further work be suspended at that time to allow maximum focus on domestic issues. Despite this suspension, the concept remains a key strategic initiative for the Group and I will keep shareholders informed of future progress.

The outlook for the current financial year is again one of two halves. The first half of this financial year will see a sales volume improvement on the second half of the last financial year but at reduced margins while existing inventories were cleared as well as the impact on export revenues from the high Australian dollar. It is further anticipated that the second half of this financial year will see a modest improvement in both sales volumes and margins.

In conclusion, I thank the Board for its support during this difficult year and thank all Bisalloy Steel Group employees for their contribution and commitment during what can only be described as extraordinary times.