Bisalloy Steel Group Limited

20 August 2010

MEDIA RELEASE
Resurgent Second Half For Bisalloy Steel Group Ltd

Bisalloy Steel Group Limited (ASX:BIS) (**Bisalloy** or the **Group)** today announced an EBITDA before FX for the full year to June 2010 of $5.7m, which is in the upper range of the latest guidance provided to the market. This result represents a strong recovery from an EBITDA loss of $0.1m for the half year to December 2009. Net profit after tax for FY10 was $0.4m (FY09: $10.7m, exclusive of $11.5m in foreign exchange gains predominantly from close out of par forward hedges).

The directors have not declared a final dividend.

Results Summary	**H1 FY10 $m**	**H2 FY10 $m**	**FY10 $m**	**FY09 * $m**
Revenue	39.7	47.9	87.6	109.0
EBITDA (before FX)	(0.1)	5.8	5.7	17.2
Profit after tax	(2.0)	2.4	0.4	10.7
Profit attributable to members	(2.1)	2.1	0.0	10.3
Earnings per share – diluted (cents)	(1.0c)	1.0c	0.0c	7.2c
Final dividends per share	0.0c	0.0c	0.0c	0.0c

* FY09 results based on continuing operations, excluding the loss from Distribution business sold during the year and a one-off foreign exchange gain from close out of par forward hedges.

The improvement in market conditions allowed the Group to recover from a weak beginning to FY10. Bisalloy's full year result reflects an improved second half consistent with the general steel market.

The quenched and tempered steel market throughout calendar year 2009 was affected by a cycle of de-stocking, initially as excess inventory levels were eliminated, as well as further de-stocking as customers increased focus on working capital management. This cycle eased in the latter part of the 2009 calendar year and is reflected in increased revenue during the second half of FY10.

Bisalloy's operations in Indonesia and Thailand both remain profitable. The Thai market remains subdued following recent political unrest, whereas the Indonesian market continues to leverage off the local resources industry and has recovered strongly.

<u>Funding and Cash Flow</u>

As announced to the market in June 2010, Bisalloy has renewed its finance facility with GE Capital through to October 2012. The facility has been reduced to a limit of $32m (previously $52m) which more closely reflects the funding requirements of the Group and results in

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significantly lower borrowing costs than the previous facility.

The borrowings of the Group were $18.1m at 30 June 2010, (June 2009: $36.2m), reduced by lower working capital and supported by the capital raising of $4.9m in August 2009.

Net working capital (excluding cash and borrowings) has been reduced from $27.1m at June 2009 to $15.2m at June 2010, driven predominantly by a 54% reduction in inventories which had previously built up to support unprecedented activity levels prior to the economic downturn.

Outlook

Bisalloy is seeing more stable market conditions in the sectors in which it operates The improvements in demand in the second half of FY10 are expected to continue into FY11.

Bisalloy has continued to develop its sourcing strategy for input inventory (i.e. steel plate) with multiple suppliers, both domestically and overseas, now capable of meeting the Group's rigorous technical and quality standards. In addition to maximising opportunities from the movements in global steel pricing, this strategy has reduced the risks associated with a single dominant supply association. While focused on the current input inventory requirements of the business, the development of these new supply relationships may also provide strategic growth opportunities in the future.

The directors expect the improvement in the quenched and tempered steel market conditions experienced during the second half of FY10 will continue into FY11.

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

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