Australian Government

Anti-Dumping Commission

Application for the publication of dumping and/or countervailing duty notices

Quenched and Tempered Steel Plate From Japan, Sweden and Finland

ANTI-DUMPING COMMISSION
Form B108
July 2013

APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

DECLARATION

I request, in accordance with Section 269TB of the Customs Act 1901, that the Minister publishes in respect of goods the subject of this application:

☑ a dumping duty notice, or

☐ a countervailing duty notice, or

☐ a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:
- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature:

Name: Mr Robert Terpening

Position: Managing Director

Company: Bisalloy Steels Pty Ltd.

ABN: 27 001 641 292

Date: 18th November 2013

IMPORTANT INFORMATION

Signature requirements

Where the application is made:

By a company - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

By a joint venture - a director, servant, agent of each joint venture must sign the application. Where a joint venture is not a company, the principal of that joint venture must sign the application form.

On behalf of a trust - a trustee of the trust must sign the application.

By a sole trader - the sole trader must sign the application.

In any other case - contact the Commission's Client support section for advice.

Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants: Application for the publication of dumping and or countervailing duty notices*
- *Instructions and Guidelines for applicants: Examination of a formally lodged application*

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

Phone: 1300 884 159

Fax: 1300 882 506

Email: clientsupport@adcommission.gov.au

Other information is available from the Commission's website at www.adcommission.gov.au.

Small and medium enterprises (i.e., those with up to 200 employees) may obtain assistance, at no charge, from the International Trade Remedies Adviser, employed by Australian Industry Group and funded by the Australian government. To access this service, visit www.aigroup.com.au/traderemedies or telephone (03) 9867 0267.

Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there are reasonable grounds to initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions (particularly in Parts A and B) are answered; and
- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form requests data over several periods (P^1, P^2….P^n) to evaluate industry trends and to correlate injury with dumped imports. The labels P^1…P^n are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commission will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicant companies should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During the verification visit, the Commission will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

Appendices Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labeled Attachment A2.2. If a second organisation chart is provided in response to the same question, it should be labeled Attachment A2.2.2 (the first would be labeled Attachment A2.2.1).

Provision of data Industry financial data must, wherever possible, be submitted in an electronic format.

- The data should be submitted on a media format compatible with Microsoft Windows.
- Microsoft Excel, or an Excel compatible format, is required.
- If the data cannot be presented electronically please contact the Commission's client support section for advice.

Lodgment of the application This application, together with the supporting evidence, should be lodged with:

The National Manager - Operations
Anti-Dumping Commission
Customs House
1010 Latrobe St
Docklands VIC 3008

or

Sent by facsimile to **1300 882 506**

Public Record During an investigation all interested parties are given the opportunity to defend their interests, by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at www.adcommission.gov.au.

At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application must be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the conduct of a dumping and/or subsidy investigation, or, if those reasons cannot be summarised, a statement of reasons why summarisation is not possible. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

For advice about completing this part please contact the Commission's client support section on:

Phone: 1300 884 159
Fax: 1300 882 506
Email: clientsupport@adcommission.gov.au

A-1 Identity and communication.

Please nominate a person in your company for contact about the application:

The following persons at Bisalloy Steels Pty Ltd are the relevant contacts for the purposes of this application for anti-dumping measures:

Contact Name:	Mr Tom Matinca
Company and position:	Business Development and Strategy Manager
Address:	18 Resolution Drive, Unanderra, NSW, 2526.
Telephone:	(02) 4272 0407
Facsimile:	(02) 4272 0445
E-mail address:	tom.matinca@bisalloy.com.au
ABN:	27 001 641 292

Alternative contacts

Name:	Mr David MacLaughlin
Position in the company:	Chief Financial Officer
Address:	18 Resolution Drive, Unanderra, NSW, 2526.
Telephone:	(02) 4272 0451
Facsimile:	(02) 4272 0445
Email address:	david.maclaughlin@bisalloy.com.au

Name:	Mr Robert Terpening
Position in the company:	MD/CEO
Address:	18 Resolution Drive, Unanderra, NSW, 2526.
Telephone:	(02) 4272 0451
Facsimile:	(02) 4272 0445
Email address:	robert.terpening@bisalloy.com.au

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

Name:	Mr John O'Connor
Representative's business name:	John O'Connor & Associates Pty Ltd
Address:	P.O. Box 329, Coorparoo Qld 4151
Telephone:	(07) 3342 1921
Facsimile:	(07) 3342 1931
E-mail address:	jmoconnor@optusnet.com.au
ABN:	39 098 650 241

A-2 Company information.

1. **State the legal name of your business and its type (e.g. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

The name of the applicant company is Bisalloy Steels Pty Ltd (hereafter referred to as "Bisalloy" or "Bisalloy Steels").

2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

A copy of Bisalloy's internal organization chart is included at Confidential Attachment A-2.2.

3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.

Bisalloy is owned 100 per cent by the Bisalloy Steel Group Limited (ABN 22 098 674 545).

4. If your company is a subsidiary of another company list the major shareholders of that company.

Bisalloy Steel Group Limited is listed on the Australian Stock Exchange (ASX: BIS). Major shareholders of the Bisalloy Steel Group Limited include:

- David Balkin, Mr Peter Smaller, Mirond Holdings Pty Ltd, Smaller Holdings Pty Ltd & Balron Nominees Pty Ltd 18.18%
- Anchorage (BSG) Pty Ltd and Mr Phillip Cave 16.78%
- RBC Dexia Investor Services 15.49%
- Prospect Custodian Ltd 5.05%

5. If your parent company is a subsidiary of another company, list the major shareholders of that company.

Bisalloy Steel Group Limited is not a subsidiary of another company.

6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).

A diagram detailing the Bisalloy Steel Group Limited structure is included at Confidential Attachment A-2.6.

7. Are any management fees/corporate allocations charged to your company by your parent or related company?

No management fees/corporate allocations are charged to Bisalloy by its parent company.

8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.

Bisalloy has a 33% equity stake in a Cooperative Joint Venture (CJV) in the Peoples' Republic of China – Bisalloy Jigang (Shandong) Steel Plate Co., Ltd for the manufacture and distribution of Bisplate Quenched and Tempered Steel Plate under license in the Peoples' Republic of China. During FY13, Bisalloy imported xxx tonnes of Quenched and Tempered steel plate from the CJV due to not having the capability to source this size Quenched and Tempered steel Greenfeed from [*company*] during this period.

9. Provide a copy of all annual reports applicable to the data supplied in appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.

Annual Accounts and all relevant brochures and pamphlets can be accessed from the company website at www.bisalloy.com.au. Please refer to Non-Confidential Attachment A-2.9 for a copy of the Bisalloy Steel Group Limited's 2013 Annual Report.

10. Provide details of any relevant industry association.

Bisalloy is a member of the following Industry Associations:-

- Australian Steel Institute (ASI);
- Austmine;
- Defence Material Technology Centre (DMTC);
- I3 Net;
- WTIA- Welding Technology Institute Australia;
- Australian Standards Committee (WD3) – Q&T Steel plate Welding; and
- Australian Industry Group (AIG)

A-3 The imported and locally produced goods.

1. Fully describe the imported product(s) the subject of your application:

- **Include physical, technical or other properties.**
- **Where the application covers a range of products, list this information for each make and model in the range.**
- **Supply technical documentation where appropriate.**

Description

The goods which are the subject of this application are flat rolled products of alloyed steel plate commonly referred to as Quenched and Tempered ("Q&T") steel plate (although some Q&T grades may not be tempered), not in coils, not further worked than hot rolled, of widths from 600mm up to and including 3,200mm, thickness between 4.5-110mm (inclusive), and length up to and including 14 metres, presented in any surface condition including but not limited to mill finished, shot blasted, primed (painted) or un-primed (unpainted), lacquered, also presented in any edge condition including but not limited to mill edge, sheared or profiled cut (i.e. by Oxy, Plasma, Laser, etc.), with or without any other minor processing (e.g. drilling).

Goods of stainless steel, silicon-electrical steel and high-speed steel, are excluded from the goods covered.

Properties

The Q&T steel plate comprises grades with typical mechanical properties as follows:

- High Hardness/Abrasion resistant Q&T more commonly referred to as '*Wear' Grade* - Q&T steel plate of Brinell hardness (HBW – 10/3000) range 320-640 or equivalent Rockwell C hardness range 34 – 59 or equivalent Vickers hardness range 230-670;

- High Strength Q&T commonly referred to as '*Structural*/High Tensile' Grade Q&T steel plate of 0.2% Proof Stress of 475-890 MPa (Min);

- High Hardness/Impact resistant Armour Grades – '*Armour'* Grade Q&T steel plate of hardness up to 640 Brinell (HBW – 10/3000).

Clarifying description

Q&T grades of steel plate have chemical compositions that typically fall within the following ranges:

- Carbon Max – 0.5%;
- Manganese Max – 2.5%;
- Silicon Max – 0.65%;
- Sulphur Max – 0.04%;
- Phosphorous Max – 0.04%;
- Nickel Max – 3.0%;
- Chromium Max – 3.0%;
- Molybdenum Max – 2.0%;
- Vanadium Max – 0.2%;
- Boron Max – 0.01%;
- Aluminium Max – 0.1%;
- Titanium Max – 0.1%;
- Copper Max – 0.5%;
- Niobium Max – 0.1%;

The percentage of the above individual alloying elements may vary in accordance with each manufacturer's grade specifications and not all elements may be utilized in all Q&T steel grades. Additional other quantities of trace elements up to a max 0.1% each may also be utilized or found (as trace elements) in Q&T steel plate.

2. What is the tariff classification and statistical code of the imported goods.

The goods are classified to subheading 7225.40.00, statistical codes 21 and 23. Some imported alloy steel Q&T has been incorrectly classified to 7225.40.00, statistical codes 22 and 24. Where imports under statistical codes 22 and 24 have been identified as the goods the subject of this application, Bisalloy has included the misclassified goods in its Australian market assessment.

The subject goods imported from Japan, Sweden and Finland attract a 5 per cent rate of duty.

3. Fully describe your product(s) that are 'like' to the imported product:

- **Include physical, technical or other properties.**
- **Where the application covers a range of products, list this information for each make and model in the range.**
- **Supply technical documentation where appropriate.**
- **Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.**

<u>Locally Produced Goods</u>

Bisalloy manufactures Q&T steel plate by heat treating Q&T Greenfeed in an Austenitising Furnace followed by water quenching and subsequent tempering if required and/or leveling if required for obtaining flatness of steel plate of thickness between 4.5-110mm, widths up to 3,200mm and lengths up to 14m.

The locally produced goods (see table below) marketed under Bisalloy's registered Brand Names 'Bisplate', 'Bisalloy' or 'BIS' are considered like goods to imported *Wear, Structural* & *Armour* grades of Q&T steel plate the subject of this application.

<u>Physical Properties</u>

Q&T steel plate products have been produced by Bisalloy under the 'Bisplate', 'Bisalloy' or 'BIS' brand name since 1980.

Wear grades Q&T steel plate

There are no specific industry standards to which abrasion resistant/wear grades of Q&T steel plate are manufactured. However, Bisplate wear grade Q&T steel plate is manufactured to deliver specific mechanical properties of which Brinell hardness (HBW-10/3000) is the primary industry performance standard by which wear grades of Q&T steel plate are categorized and marketed against each other.

Wear grade Q&T steel plates are also typically measured or categorised on other mechanical properties such as Charpy V- notch impact (longitudinal) toughness, measured in Joules (J) at certain required temperatures typically at -20/-40 Deg. C as well as elongation percentage across 50mm in gauge length (GL).

Structural/High Tensile grades Q&T steel plate

Bisplate Structural Q&T steel plate products are made by Bisalloy to conform to Australian Standard AS3597 and also recently included in AS4100 and referenced in AS1554.4.

Structural grade Q&T steel plates are also typically measured or categorised on other mechanical properties such as Charpy V- notch impact (longitudinal) toughness, measured in Joules (J) at certain required temperatures typically at -20/-40 Deg. C as well as elongation percentage across 50mm in gauge length (GL)

Armour grades Q&T steel plate

Armour grade Bisplate Q&T conform to ballistic tests as required for the Australian Defence Force in applications such as the Collins Class Submarines and Bushmaster Infantry Mobility Vehicles (IMV). Bisplate Armour grades are also provided for armoured civilian vehicles and other ballistic applications.

Similar and substitutable for wear grade Q&T steel plate, Armour grade Q&T steel plate is manufactured to deliver specific mechanical properties of which Brinell hardness (HBW-10/3000) is the primary industry performance standard. In addition to this other mechanical properties such as Charpy V- notch impact (longitudinal) toughness, measured in Joules (J) at certain required temperatures typically at -20/-40 Deg. C as well as elongation percentage across 50mm in gauge length (GL). Ballistic properties are generally set by the customer.

A summary of each Bisplate Q&T steel plate grade produced by Bisalloy is provided in the tables (A-3-3.1 & A-3-3.2) below together with the comparable imported brands of Q&T steel plate the subject of this Anti-dumping application. Copies of Bisalloy specification sheets are at Non-Confidential Attachment A-3.3.

Bisalloy Steels' Bisplate Q&T Steel Plate import comparisons - Wear and Armour grades							
		Q&T Brandname(s)	**High Hardness/Abrasion resistant- Wear & Armour Grades (HBW-10/3000)**				
Country	**Company**	**Wear (Brinell HBW-10/3000)**	**320-380**	**400**	**450**	**500**	**600**
Australia	Bisalloy Steels Pty. Ltd.	Bisplate - BISXXX (Wear) Bisplate- HHA, UHTA, UHH & HIA (Armour)	BIS320	BIS400 HIA	BIS450 UHTA	BIS500 HHA	BIS600 UHH
Sweden	SSAB (Swedish Steel)	Hardox XXX(wear) Armox XXX(Armour)	Hardox Hi-Tuff Armox 370T	Hardox 400 Armox 400T	Hardox 450 Armox 440T	Hardox 500 Armox 500T	Hardox600 Armox 600T
Japan	NSSMC (Nippon Steel & Sumitomo Metal Corp.)	Wel-Ten AR XXXX (wear) SUMIHARD K XXX (wear) ABREX XXX(Wear)	AR360E K340	AR400E K400 ABREX400 ABREX400LT	K450 ABREX 450 ABREX400LT	AR500E K500 ABREX 500 ABREX 500LT	ABREX 600
Japan	JFE (Total Steel)	Everhard EHXXX (Wear)	EH360E EH360A EH360LE	EH400 EHSP	EH450	EH500 EH500LE EHS500	EHS600
Finland	RUUKKI	RAEX XXX (Wear)	Raex 300	Raex 400	Raex 450	Raex 500	

Table A-3-3.1

Bisalloy Steels' Bisplate Q&T Steel Plate import comparisons -High Strength (High Tensile) Structural grades							
		Q&T Brandname(s)	**High Strength (High Tensile) - Structural Grades**				
Country	**Company**	**0.2% Proof Stress (Min.) Tensile Strength (Range)**	**400MPa 450-580MPa**	**500 MPa 590-730MPa**	**600 MPa 690-830MPa**	**690 MPa 790-930MPa**	**890 Mpa 940-1100MPa**
Australia	Bisalloy Steels Pty. Ltd.	Bisplate -BISXX	BIS60	BIS60	BIS70	BIS80 BIS80PV	BIS100
Sweden	SSAB (Swedish Steel)	Weldox XXX				Weldox 700	Weldox 900 Weldox 960 Weldox1100
Japan	NSSM (Nippon Steel & Sumitomo Metal Corp)	Wel-Ten XXX (Nippon) SUMITEN XXX (Sumitomo) SBHSXXX (NSSMC)	WEL-TEN 590 SUMITEN590	WEL-TEN 600 SUMITEN 610	WEL-TEN 690 SUMITEN 690 SBHS500	Wel-TEN 780 SUMITEN 780S SBHS700	WEL-TEN 950 SUMITEN950
Japan	JFE (Total Steel)	HITEN XXX (Structural)	HITEN590	HITEN 610	HITEN710	HITEN 780	HITEN980
Finland	RUUKKI	OPTIM XXXQL				OPTIM 700 QL	

Table A-3-3.2

Note. The above tables may not include all imported brands of Q&T steel plate comparable grades.

4. Describe the ways in which the essential characteristics of the imported goods are alike to the goods produced by the Australian industry.

Bisalloy submits that the GUC manufactured in Australia by Bisalloy are like goods to the imported goods on the following grounds, this applies to wear, structural and armour grades:

i. Physical Likeness

- Products made locally by Bisalloy have a physical likeness to the goods exported from Japan, Sweden and Finland (the countries under reference) including whether primed (painted) or otherwise.
- Bisalloy's locally produced Q&T steel plate and the imported goods are manufactured to the requirements of Australian and International standards or in the case of Wear grade Q&T to recognized industry hardness and/or toughness and/or elongation requirements.

ii. Commercial likeness

- Australian Industry Q&T steel plate competes directly with imported Q&T steel plate in the Australian Market: and
- The locally produced goods and imported Q&T steel plate are produced via similar manufacturing processes.

iii. Functional Likeness

- Both the locally produced and imported steel plate have comparable or identical end-uses.

iv. Production Likeness

- Locally produced and imported Q&T steel plate are manufactured in a similar manner and via similar production processes.

Bisalloy therefore considers that it's locally produced Q&T steel plate is 'alike' to the imported goods, and possesses the same essential characteristics as the imported Q&T steel plate.

5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.

The ANZSIC code applicable to Q&T Steel plate product is category 2711.

6. Provide a summary and a diagram of your production process.

Bisalloy is located at Unanderra, NSW and is Australia's only manufacturer of high strength, wear resistant and armour grade steel plate produced by the continuous roller quenching and tempering process.

Quenching and tempering is defined as a combination of heating and cooling of a metal or alloy, imparting permanent changes to the microstructure of the steel to improve the strength, hardness and toughness of the materials being treated.

Bisalloy's Bisplate Q&T steel plate is manufactured by utilising the most advanced heat treatment technology whereby furnace temperatures and quenching rates are scientifically controlled using 'state-of-the-art' automation and Programmable Logic Controllers (PLCs) to obtain the optimum mechanical properties for each specific grade of steel with low alloy content.

The resulting products of low alloy quenched and tempered steel offer designers the strength to weight advantages and wear resistant properties not available in conventional steels.

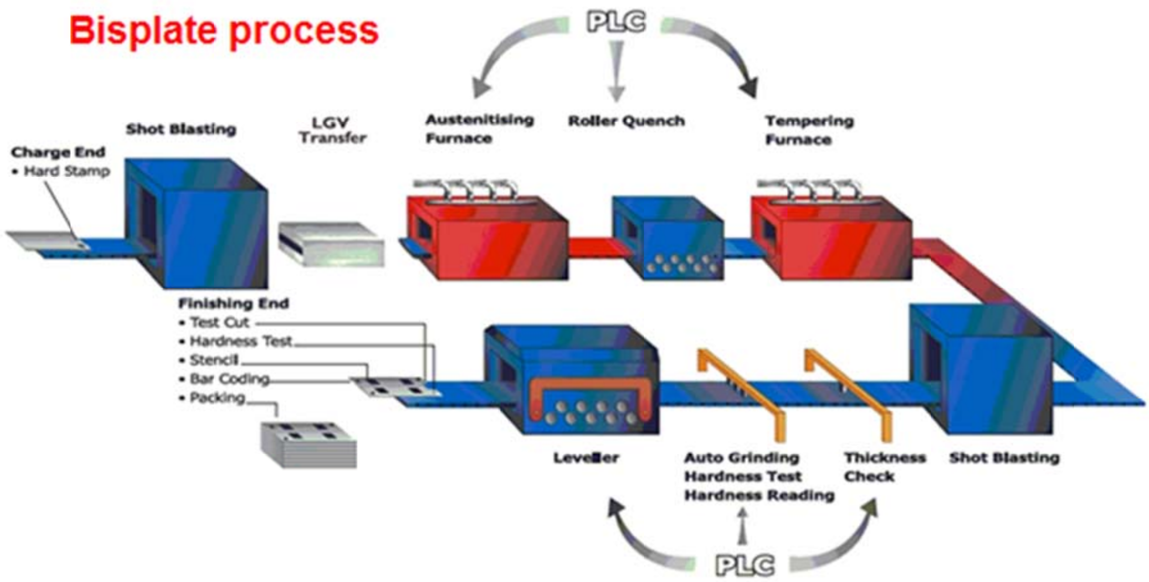
High strength Q&T steels exhibit strength to weight ratios of approximately three times that of conventional mild steel. Principal applications are in mining equipment, transport, telescopic cranes, materials handling equipment, high rise construction and forestry equipment. High hardness grades offer improved wear life making it ideal for applications such as liners for chutes, buckets, dump trucks etc.

Bisplate armour grades are suitable for armoured personnel carriers and ballistic protection of military and civilian fixed plant and transport equipment.

Bisplate grades can be readily cut, welded, formed and drilled using similar techniques to conventional mild steel.

Bisalloy Steels operates an approved mechanical testing laboratory registered and monitored by the National Association of Testing Authorities, Australia (NATA).

The company's quality control and management system is assessed by Lloyd's Register Quality Assurance and accredited to ISO9001. The process used for manufacturing Bisplate Q&T is shown by the diagram below and incorporates a highly automated approach to each stage of production.



Please refer to production flow diagram at Confidential Attachment A-3.6.

7. If your product is manufactured from both Australian and imported inputs:

- **describe the use of the imported inputs; and**
- **identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).**

Bisalloy manufactures Q&T steel plate in Australia from Greenfeed Q&T steel plate that is largely supplied from BlueScope Steel who is also the only manufacturer of Q&T Greenfeed in Australia.

Bisalloy also sources some Q&T Greenfeed from [*country*] and [*country]* and others to provide necessary risk management around future raw material input supply security and price competitiveness for the business.

Bisalloy is an independent Q&T manufacturer with a significant capital intensive manufacturing facility including R&D and submits from the description of our manufacturing process above that it undertakes more than one substantial process of manufacture in the production of the GUC.

8. If your product is a processed agricultural good, you may need to complete Part C-3 (close processed agricultural goods).

Bisalloy's Q&T steel plate product is not considered to be a processed agricultural good.

9. Supply a list of the names and contact details of all other Australian producers of the product.

There are no other producers of Q&T steel plate in Australia other than Bisalloy.

A-4 The Australian market.

1. Describe the end uses of both your product and the imported goods.

The primary end-use applications of Bisalloy's Bisplate Q&T products are as follows:

Q&T steel plate – Mining, Transport, Oil & Gas applications:

i. Mining Equipment Technology and Services Sector
- Heavy Mobile Equipment used in extracting (above and below ground) and processing of bulk commodities such as Iron Ore & Coal as well as other valuable minerals resources such as Gold, Silver, Copper, Zinc, Manganese, Tin, Lead and rare earths, in components such as:
  a. Excavator/Dragline Buckets
  b. Off Highway Dump Truck Bodies
  c. On Highway Truck Bodies
  d. Longwall Mining Equipment – Roof Shields, Pan-lines etc.
  e. Front-end loader arms and buckets
  f. Primary and Secondary Ore Processing fixed plant equipment such as apron feeders, chute liners, ROM hoppers, Train Load-out Hoppers, Screens, Surge Bins, Rail Bins, Stackers & Reclaimers.
  g. Crushers, Conveyors
  h. Ship loaders
  i. Ore Rail cars
  j. Sub-sea Oil and Gas valve actuator cylinders
  k. Jack up rigs

Q&T steel plate – General Construction, Infra-structure, Ports & Rail structural applications:

- Bridges (including rail) and Gantries
- High Strength Structural beams
- Crane booms and lifting equipment
- Building Construction – High Strength Beams and columns
- General steel fabrication and heavy transport

Q&T steel plate – Defence applications:

- ADF Bushmaster Infantry Mobility Vehicle
- Civil armoured vehicles
- Submarine plate.

The locally produced and imported goods are used interchangeably across a variety of applications in the Australian market, including the main end-use applications identified above.

2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- **sources of product demand;**
- **marketing and distribution arrangements;**
- **typical customers/users/consumers of the product;**
- **the presence of market segmentation, such as geographic or product segmentation;**
- **causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;**
- **the way in which the imported and Australian product compete; and**
- **any other factors influencing the market.**

(i) Market Segmentation

The Australian market place for Q&T steel plate is dominated by the resources sector in bulk commodities such as Iron Ore and Coal and their extraction, transport, processing and shipping and export or 'Pit-to-Port' major production operation's equipment. Q&T steel plate is utilized by much of the Mining Equipment Technology Services and sectors that support the mining industry at large through the fabrication of heavy mobile and fixed plant equipment.

The mining of other valuable minerals (e.g. Gold, Copper, Silver, Tin, etc.) also utilises the use of Q&T steel plate in similar equipment on a different scale commensurate with production volumes and value.

General Construction, Infrastructure and transport also utilize Q&T steel plate to a lesser degree, subject to the prevailing market activity and conditions.

(ii) Sources of Demand

Key sources of demand in the Australian market for the GUC include:-

- Mining – Particularly the bulk commodities of Iron Ore and Coal
- Heavy Transport associated with movement of bulk commodities such as Dump Trucks, Front end loaders, Road Trains, Rail Ore Cars and dumpers, Stackers and Reclaimers and ship-loaders
- Infrastructure – Ports and Bridges
- Defence – Armoured vehicles.

(iii) Distribution arrangements

Bisalloy sells approximately 80% of its Q&T steel plate domestically via a network of Distributor companies such as [company], [company], [company] and [company] and approximately 20% direct to larger end-user OEMs/fabricators who service the mining sector on major project expansions and repairs and maintenance.

Both Bisalloy and importers of the GUC compete in all states and territories in Australia and across each segment via similar distribution channels to sell product to the larger Distributors and OEMs/Fabricators companies in Australia.

(iv) Typical Customers

Bisalloy's major customers can be described as the four main Distributors plus a number of large mining OEMs/Fabricators such as [company], [company], [company], [company], [company], and [company].

(v) Causes of Variable Demand

There are a number of factors that influence demand variability for Q&T steel plate products within the Australian market including:-

Seasonal Fluctuations

- Demand for bulk commodities (Iron Ore & Coal – both metallurgical and thermal) from China and others
- Expansion project activity
- Repairs and Maintenance activity

Factors contributing to overall market growth or decline

- Availability of capital for project expansion activity – largely based around whether or not the longer term demand will deliver the required investment return rate.
- Global and domestic business and consumer confidence.
- Trend to 'off-shore' fabrication for large fixed plant and mobile equipment.
- Resource production volumes driving repairs and maintenance requirements.

3. Identify if there are any commercially significant market substitutes for the Australian and imported product

Substitutes include but not limited to the following products:-

- Weld overlay or clad plate (most applications for Q&T);
- Castings and forgings (typically in Ground-Engaging Tools – GET);
- Ceramics (typically as wear-resistant liners in fixed plant);
- Thermo Mechanical Controlled Process (TMCP) hot rolled steels (typically used in truck bodies);
- Fabricated wear/structural equipment components from Q&T Steel plate (e.g. Ore Hoppers, Ore Bins and chutes).

4. Complete <u>appendix A1</u> (Australian production). This data is used to support your declaration at the beginning of this application.

Bisalloy has completed Confidential Appendix A1 for total production during the period 1 October 2012 to 30 September 2013.

5. Complete appendix A2 (Australian market).

Bisalloy has completed Confidential Appendix A2 for the Australian market for the period 1 October 2010 to 30 September 2013.

6. Use the data from Appendix A2 (Australian market) to complete this table:

*Indexed table of sales quantities**

Period	(a) **Your Sales**	(b) **Other Aust^{n} Sales**	(c) **Total Aust^{n} Sales** (a+b)	(d) **Dumped Imports**	(e) **Other Imports**	(f) **Total Imports** (d+e)	**(g) Total Market** (c+f)
2010/11	100	100	100	100	100	100	100
2011/12	139.9	100	139.9	93.5	83.8	92.3	106.3
2012/13	98.0	100	98.0	69.1	56.3	67.5	76.7

Notes:

1. Data is for years ending September.
2. Dumped imports includes imports from Japan, Sweden and Finland.
3. Other countries includes all countries other than the "dumped" imports.

The Australian market for Q&T steel plate was adversely impacted by the global financial crisis of 2010. The Australian market contracted with the global financial crisis resulting in a decrease in total volumes sold. In 2011/12, Bisalloy's volumes recovered and the market expanded, although total import volumes declined.

A-5 Applicant's sales.

1. Complete appendix A3 (sales turnover).

Bisalloy has completed Confidential Appendix A3 for sales of like products and total sales by the company.

2. Use the data from appendix A3 (sales turnover) to complete these tables.

*Indexed table of Applicant's sales quantities**

Quantity	**2010/11**	**2011/12**	**2012/13**	
All products				
Australian	100	139.9	98.5	
Export	100	86.2	70.4	
Total	100	128.6	92.6	
Like Goods				
Australian	100	139.9	98.5	
Export	100	86.2	70.4	
Total	100	128.6	92.6	

Notes:

1. Bisalloy's total sales are for Q&T steel plate.

*Indexed table of Applicant's sales values**

Values	2010/11	2011/12	2012/13	
All products				
Australian market	100	139.2	92.9	
Export market	100	88.3	69.5	
Total	100	128.9	88.2	
Like goods				
Australian market	100	139.2	92.9	
Export market	100	88.3	69.5	
Total	100	128.9	88.2	

Notes:

1. Bisalloy's total sales are for Q&T steel plate.

Bisalloy sells only Q&T steel plate in Australia and on export markets. The company does not sell other products, hence the index values for "All Products" and "Like Goods" above are the same.

3. Complete appendix A5 (sales of other production) if you have made any:

- **internal transfers; or**
- **domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.**

Bisalloy does not sell goods to related parties. All sales by Bisalloy are to third party companies. This question therefore does not apply and Bisalloy does not need to complete Confidential Appendix A5.

4. Complete appendix A4 (domestic sales).

Bisalloy has completed Confidential Appendix A4 for all domestic sales over the period 1 October 2012 to 30 September 2013.

5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

Bisalloy does not have any related party sales. This question therefore does not apply to Bisalloy.

6. Attach a copy of distributor or agency agreements/contracts.

[*Confidential arrangements with distributors*]. Please refer to Confidential Attachment A-5.6 for an example of the monthly notification to a distributor with a price list attachment.

7. Provide copies of any price lists.

Bisalloy provides a monthly price list update to distributors. Please refer to Confidential Attachment A-5.6.

8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.

- **Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).**

- **If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported <u>appendix A4</u> (domestic sales) as a discount or rebate.**

Bisalloy has included [*reductions*] as paid for certain customers and identified in Confidential Appendix A4. Whilst the [xxxxxxxxxxxx] can be applied to customer, they have not been allocated to each invoice.

9. **Select two domestic sales in each quarter of the data supplied in <u>appendix A4</u> (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.**

Bisalloy has included commercial documentation for two domestic sales in each quarter of the period 1 October 2012 to 30 September 2013. Please refer to Confidential Attachment A-5.9

A-6 General accounting/administration information.

1. **Specify your accounting period.**

1 July to 30 June

2. **Provide details of the address(es) where your financial records are held.**

Financial records are located at 18 Resolution Drive, Unanderra NSW 2526

3. **To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:**

- **chart of accounts;**
- **audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);**
- **internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.**

These documents should relate to:

1. **the division or section/s of your business responsible for the production and sale of the goods covered by the application, and**
2. **the company overall.**

Bisalloy Chart of Accounts at Confidential Attachment A-6-3 (provided in soft copy form).

Annual reports for Bisalloy available at www.bisalloy.com.au .

Further internal financial statements can be provided to the Anti-Dumping Commission upon the verification visit to the applicant.

4. **If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.**

The company's accounts are audited annually.

5. **If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.**

The company's accounting practices are in accordance with Australia's generally accepted accounting practices.

6. Describe your accounting methodology, where applicable, for:

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products to third parties. Sales revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the customer. Risks and rewards of ownership are considered passed to the customer at the time of delivery of the goods to the customer.

- **provisions for bad or doubtful debts;**

Trade and other receivables are carried at amounts due less an allowance for any uncollectible amounts. The collectability of debts is assessed monthly and provision is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

General expenses (indirect overheads) and interest are accounted for separately and not allocated to cost of goods sold.

- **costing methods (e.g. by tonnes, units, revenue, activity, direct costs etc.) and allocation of costs shared with other goods or processes;**

Greenfeed (raw material) costs are allocated on an average cost basis. Production costs calculated on a per tonne basis.

There are no other goods or processes over which costs are allocated.

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (e.g. FIFO, weighted average cost);**

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

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

Raw materials
Purchase cost is on an average cost basis.

Work in progress and finished goods
Cost of direct materials, labour and an appropriate proportion of manufacturing overheads is based on normal operating capacity but excluding borrowing costs

- **valuation methods for scrap, by-products, or joint products;**

Scrap accounts for less than xx% of production and is sold at market value for scrap steel. There are no by-products or joint products.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production**;

Not applicable – goods can be reprocessed if required and scrapping or complete write-off accounts for less than xx% of production.

- **valuation and revaluation of fixed assets;**

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

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

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

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

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

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

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

The company hedges by means of forward contracts on all significant foreign currency transactions thereby minimising any foreign exchange gain or loss. Where a transaction is not hedged, then any resulting gain or loss is recognised in the profit and loss. For FY13, the company had a net foreign exchange xxxx of $xxx in Australia.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

Not applicable.

7. If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.

No changes in FY13.

A-7 Cost information

1. **Complete <u>appendices A6.1</u> and <u>A6.2</u> (cost to make and sell) for domestic and export sales.**

Bisalloy has completed Confidential Appendices A6.1 (domestic sales) and Appendix A6.2 (export sales) for the goods the subject of this application.

A-8 Injury

The principal indicators of injury are prices, volumes and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where injury is threatened, but has not yet occurred, refer to question C.2.

1. Estimate the date when the material injury from dumped imports commenced.

Bisalloy is of the view that it has experienced injury from exports at dumped prices for a number of years. It is considered, however, that during the 2012/13 year (i.e. twelve months to September 2013) the injury from the dumping of Q&T steel plate imports from Japan, Sweden and Finland was “material” to Bisalloy’s overall profit and profitability.

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production. P^n is the most recent period.

Index of production variations (model, type, grade of goods) – metric tonnes

Period	**2010/11**	**2011/12**	**2012/13**	
Index	100	135.1	86.2	

Notes:

1. Production is the sum of Bisalloy production in Appendix A6.1 and Appendix A6.2.

In a contracting market in 2012/13, Bisalloy’s production volumes have decreased at a much faster rate than the decline in dumped imports.

Index of cost variations (A$ per metric tonne)

Period	**2010/11**	**2011/12**	**2012/13**	
Index	100	90.6	101.4	

Note:

1. Cost variations reflects unit CTM&S sourced from Confidential Appendix A6.1.

Bisalloy is reliant on maintaining high production utilization rates to manage fixed costs and overheads. In 2012/13 as sales volumes have retreated, Bisalloy’s unit cost of production has increased by xx percentage points.

Index of price variations (A$ per metric tonne)

Period	**2010/11**	**2011/12**	**2012/13**	
Index	100	99.5	94.3	

Note:

1. Price variations reflects unit selling price sourced from Confidential Appendix A6.1.

In a contracting market, maximizing sales volumes is difficult unless selling prices are reduced. Bisalloy has reduced its selling prices to match competitive import offers for Q&T steel plate. In 2012/13, Bisalloy’s selling price for Q&T steel plate has declined by slightly more than xx percentage points over 2011/12.

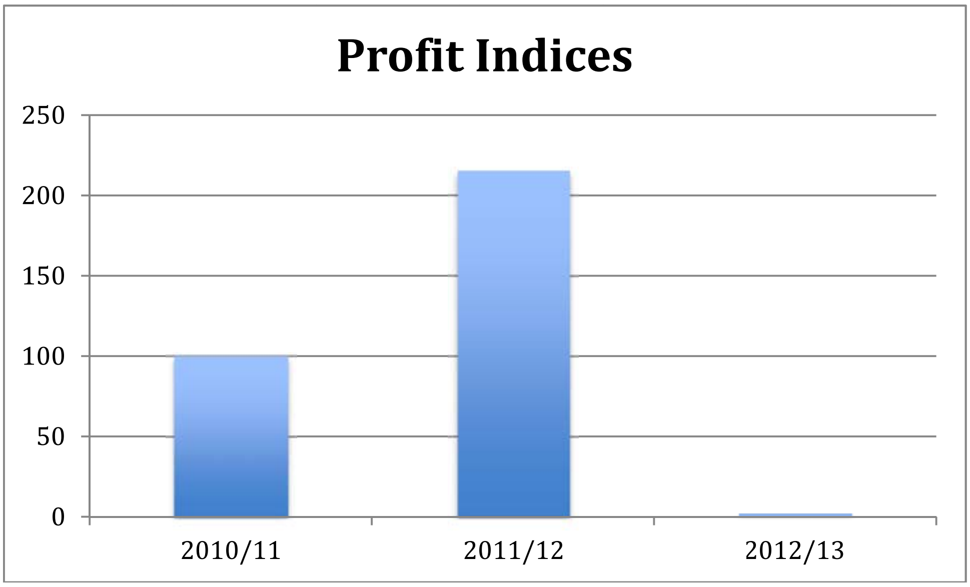
Index of profit variations (A$ per metric tonne)

Period	**2010/11**	**2011/12**	**2012/13**	
Index	100	-	-	

Note:

1. Profit variation is based upon the Australian industry’s unit profit from Confidential Appendix A6.1.

Bisalloy’s unit profit indices for 2011/12 and 2012/13 are rendered unsuitable due to the small loss incurred in 2010/11 following the global financial crisis. The trend for Bisalloy’s unit profit on Q&T steel plate sales followed an increase to approximately $xxx per metric tonne in 2011/12, followed by a rapid decline to just $xxx per metric tonne in 2012/13. The unit profit trend across the three years is reflected in the graph below:



Index of Profitability variations (% of selling price)

Period	**2010/11**	**2011/12**	**2012/13**	
Index	100	-	-	

Note:

1. Profitability variation is based upon unit profit as a percentage of selling price (refer Confidential Appendix A6.1).

Bisalloy's unit profit as a percentage of its selling price mirrored that of its unit profit per metric tonne. An approximate xxxx per cent return in 2011/12, declining to approximately xxxx per cent in 2012/13. The following graph depicts Bisalloy's profit as a percentage of selling price over the three-year period:

3. **Complete <u>appendix A7</u> (other economic factors).**

Bisalloy has completed Confidential Appendix A7 for all other economic factors. The following indices demonstrate a deterioration in the relevant economic indicator.

Index of Revenue variations (based upon $,000)

Period	**2010/11**	**2011/12**	**2012/13**	
Index	100	137.9	106.1	

Note:

1. Revenue variation is based upon Bisalloy's revenue for Q&T steel plate on Bisalloy's financial year ending 30 June (refer Confidential Appendix A6.1).

Bisalloy has experienced a decline in total revenue in its 2012/13 financial year (year ending 30 June 2013) as volumes and prices decline.

Index of Capacity Utilisation variations (tonnes)

Period	**2010/11**	**2011/12**	**2012/13**	
Index	100	137.1	104.8	

Note:

1. Capacity utilization variation is based upon Bisalloy's production (refer Confidential Appendix A7).

Bisalloy's production utilization for Q&T steel plate has declined in 2012/13 as sales volumes have fallen.

Index of closing stock variations (metric tonnes)

Period	**2010/11**	**2011/12**	**2012/13**	
Index	100	178.8	196.2	

Note:

1. Closing stock variation is based upon Bisalloy's inventory levels for like goods (refer Confidential Appendix A7).

Bisalloy has experienced an increase in closing inventory in 2012/13.

Index of wages variations (metric tonnes)

Period	**2010/11**	**2011/12**	**2012/13**	
Index	100	123.8	100.5	

Note:

1. Wages variation is based upon Bisalloy's wages bill engaged in the manufacture of like goods (refer Confidential Appendix A7).

Bisalloy has reduced wages to employees to manage costs as selling prices have fallen in response to competitively priced dumped imports on the Australian market.

A-9 Link between injury and dumped imports.

To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at <u>appendix A2</u> (Australian market) the influence of the volume of dumped imports on your quarterly sales volume and market share.

The volume of dumped Q&T steel plate imports from Japan, Sweden and Finland has held the dominant share of the Australian market over the three year period 2010/11 to 2012/13 (years ending September). In 2010/11 the dumped imports accounted for xxxx cent market share, in 2011/12 approximately xxxx per cent market share, and in 2012/13 approx. xxxx per cent market share (including misclassified imports).

Bisalloy's market share over the three years has been: xxxx per cent, xxxx per cent and xxxx per cent.

In 2012/13 the Australian market for Q&T steel plate contracted by approximately xxxxx. Bisalloy had altered its strategy in 2011/12 to hold sales volumes and market share and despite this, the dumped imports, predominantly from Japan and Sweden, were able to increase market share in 2012/13. In 2012/13 Bisalloy's sales volumes have fallen at a much greater rate (approximately xx per cent) than the dumped imports from Japan, Sweden and Finland (26 per cent).

The volume of dumped imports on the Australian market in 2012/13 was significant – i.e. at almost xx per cent higher volumes than Bisalloy's locally-produced domestic sales volume for Q&T steel plate. This significant volume of dumped imports poses an ongoing threat to Bisalloy as the Australian industry seeks to displace and supply with locally-produced Q&T steel plate at increasing costs of production.

The availability of the dumped imports have prevented Bisalloy from fully utilizing its production capability, with the company operating at only xx per cent utilization rates in 2012/13. This has also impacted Bisalloy's ability to reduce per unit fixed costs and overhead costs.

2. Use the data at <u>appendix A2</u> (Australian market) to show the influence of the price of dumped imports on your quarterly prices, profits and profitability provided at <u>appendix A6.1</u> (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

The impact of dumped Q&T steel plate imports from Japan, Sweden and Finland on the profit and profitability of Bisalloy in 2012/13 has been substantial. In 2012/13, Bisalloy has reduced its average selling price to maintain sales volumes against import offers for Q&T steel plate from Japan, Sweden and Finland. The reduction in selling prices has coincided with an average cost increase per tonne of xx per cent. Bisalloy has therefore experienced an erosion of the margin between selling price and costs in 2012/13, resulting in price suppression.

The margin erosion experienced by Bisalloy in 2012/13 has diminished from a return on sales of xxxx per cent in the previous year to slightly above xxxxxxx.

In order to maximize its domestic sales volumes, Bisalloy must be price-competitive with imports of Q&T steel plate. Bisalloy relies upon Australian Bureau of Statistics ("ABS") import data and market intelligence to guide it in its pricing for locally produced Q&T steel plate. Bisalloy is somewhat perplexed by the quoted pricing for imported Q&T steel plate that does not correlate with the declared FOB import prices sourced from the ABS. The declared import prices do not align with the quoted selling prices by distributors and customers in the Australian market. For this reason, Bisalloy has used deductive export price calculations for the dumped imports from Japan, Sweden and Finland as it is considered that the selling prices in the market are more reliable than the ABS A$FOB prices declared in the import statistics. Bisalloy also understands that the exporter/importer relationship for goods sourced from Sweden may influence the declared import price (i.e. related parties).

Bisalloy prepares a monthly sales report for internal consumption that summarises importer activity against Bisalloy's local sales. Bisalloy has included the monthly report extracts for Q&T steel plate along with supporting information concerning the relativities of Bisalloy's selling prices with those of the dumped imports. Each report includes an assessment of Bisalloy's price relative to that of the dumped import equivalents (based upon ABS declared prices). However, actual market prices differ to the declared import prices, and where this information is available, supporting communication for offers of imported Q&T steel plate has been included (refer Confidential Attachment A-9.2 for monthly sales report extracts and supporting communication).

To highlight the price undercutting evident from the dumped Q&T steel plate imports from Japan, Sweden and Finland, Bisalloy seeks to highlight the following offers recorded in each of the four quarters for the twelve months to September 2013.

<u>Table A-9.2 - Price Undercutting of Bisalloy Prices by imports from Japan, Sweden and Finland</u>

	Bisalloy Price A$/MT (10-50mm)	**Japan Offer A$/MT (10-50mm)**	**Sweden Offer A$/MT (10-50mm)**	**Finland Offer A$/MT (10-50mm)**
Oct-Dec 2012				
Price undercutting				
Jan-Mar 2013				
Price undercutting				
Apr-Jun 2013				
Price undercutting				
Jul-Sep 2013				
Price undercutting				

Notes:

i. Data sourced from Confidential Attachment A-9.2 – Summary.
ii. Lowest offers in each quarter for each supplier used.
iii. (1) Price is for offers by xxxxxxxx for xxxxxxxxxx product;
iv. (2) Price is for offers by xxxxxxxx for xxxxxxxxxxx product;
v. (3) Price is for offers by xxxxxxxx for xxxxxxxxxxx product.

Table A-9.2 summarizes the price undercutting experienced by Bisalloy for Q&T steel plate for the highest volume 10-50mm thickness category. The import offers for the dumped goods by supplier are not the only offers recorded – please refer to supporting communications at Confidential Attachment A-9.2 reflecting additional quotations received.

The following Table highlights the percentage undercutting of Bisalloy's prices for each supplier by country during the nominated periods.

Table A-9.2A - Price undercutting as a percentage of Bisalloy price

	Japan	**Sweden**	**Finland**
Oct-Dec 2012	14.2 – 19.5 per cent	Nil – 3.5 percent	18.3 – 23.4 per cent
Jan-Mar 2013	2.4 – 18.6 per cent	7.5 – 13.3 per cent	n/a
Apr-Jun 2013	2.3 – 16.5 per cent	3.9 – 9.5 per cent	2.8 – 12 per cent
Jul-Sep 2013	10.5 – 16.5 per cent	8.0 – 13.8 per cent	12.0 – 18.0 per cent

The price undercutting of the Australian industry's prices during the twelve months to 30 September 2013 is in the range of zero to 23.4 per cent.

Bisalloy highlights that the price undercutting from unfairly priced imports in a contracting market was the principal cause of material injury to the company during 2013.

Bisalloy can demonstrate consistent price undercutting by dumped imports of Q&T steel plate in structural and wear grades equivalents to Bisalloy product throughout the October 2012 to September 2013 year. Please refer to supporting documentation evidencing price undercutting at Confidential Attachment A-9.2 to this application.

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

Bisalloy has experienced price depression in 2012/13 as it reduced selling prices to match import offers for dumped Q&T steel plate from Japan, Sweden and Finland. Bisalloy's average selling price in 2012/13 was approximately xx per cent below the level of 2011/12, reflecting Bisalloy's strategy of responding to competitive import offers to maintain volume, predominantly from Japan and Sweden. With the reduction in production and sales volume, due to the contraction of the market and Bisalloy's inability to compete with the dumped imports, the company incurred higher unit fixed and overhead costs resulting in price suppression to Bisalloy during 2012/13.

The price suppression experienced by Bisalloy during 2012/13 contributed to deterioration in profit from approximately $xxM in 2011/12 to xxxxxxxxxx in 2012/13. The return on sales in 2011/12 was approximately xxx per cent.

Bisalloy submits that the impact of the dumping of Q&T steel plate in a contracting market is of a greater magnitude than in an expanding market. The scramble by distributors to sell volumes in a smaller market leads to fierce price-competition, unfairly impeding the Australian industry when imports are at dumped prices. Bisalloy is restricted from raising its prices in a contracting market as it would incur xxxxxxxxxxx in both volume and price terms, resulting in a more dramatic deterioration of profit.

4. The quantity and prices of dumped imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

Bisalloy has experienced injury from dumping during 2012/13 in a range of other economic indicators. These include, a reduction in domestic revenue (with falling volumes and prices), reduced capacity utilization, increased stock levels (as production exceeds sales volume), and reductions in wages to employees (to address rising fixed and overhead costs).

The data in support of each of the nominated economic indicators where injury is evident is included in Bisalloy's Confidential Appendix A7.

With the deterioration of profit and profitability to xxxxxxxxxxxxx, Bisalloy would also highlight that the return on investment in 2012/13 has diminished, and the attractiveness (or appetite) to re-invest in the Q&T steel plate manufacturing process has also diminished.

5. Describe how the injury factors caused by dumping and suffered by the Australian industry are considered to be 'material'.

Bisalloy has indicated that it was impacted by the global financial crisis in 2010/11. Prior to this year, the company had achieved adequate returns (can be substantiated during the Commission's verification visit). In 2011/12, Bisalloy returned a $xxM profit on domestic sales of $xxM, or an approximate return of circa xxx per cent.

In 2012/13, Bisalloy achieved domestic sales of $xxM and xxxxxxxxx (i.e. xxxx profit). The impact of Bisalloy matching (and reducing) its prices to compete with imports from Japan, Sweden and Finland has contributed to the deterioration of its profit and profitability. The change in performance between 2011/12 and 2012/13 is considered material (in terms of the magnitude of the lost profit and as a percentage of total domestic sales revenue).

6. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.

Bisalloy has indicated that the Australian market for Q&T steel plate has contracted by approximately xxxxxxxx in 2012/13 compared with 2011/12. This can be attributed in the main to a downturn in the mining industry. However, the overall size of the Q&T steel plate market in Australia in 2012/13 exceeded Bisalloy's annual production capacity. In the absence of dumping, Bisalloy considers that its sales volumes in 2012/13 would have displaced a significant proportion of the dumped and injurious imports, and the company would not have experienced such a significant deterioration in its economic performance.

It may be expected that the high Australian dollar would provide exporters with a competitive advantage in Australia. However, from April 2013 when the Australian dollar depreciated against the US dollar, the import price offers for Q&T steel plate from each of Sweden, Japan and Finland declined further. Bisalloy attributes this to the reduced demand in home markets for exporters, with an increased focus on sales on export markets. Therefore, the high Australian dollar has had limited impact on Bisalloy in contrast to the impact from dumping.

7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.

This application for anti-dumping measures alleges that Bisalloy as the sole Australian manufacturer of Q&T steel plate has been materially injured by the export of like goods from Japan, Sweden and Finland at dumped prices. The injurious exports have caused material injury to Bisalloy in the following forms:

- lost sales volumes;
- price depression;
- price suppression;
- reduced profits and profitability;
- reduced return on investment;
- reduced attractiveness for re-investment;
- reduced revenues;
- reduced capacity utilization;
- increased stock levels of like goods; and
- reduced wages for Bisalloy employees.

Bisalloy has demonstrated that the reduction in the company's profit and profitability for Q&T steel plate in 2012/13 (year ending September) is material, declining from an approximate xxx per cent return on sales in 2011/12 to xxxx in 2012/13.

The application further demonstrates that the exports from Japan, Sweden and Finland are in excess of negligible levels and, during 2011/12, accounted for approximately xxx per cent of total Australian sales of Q&T steel plate. Bisalloy has constructed normal value selling prices for Q&T steel plate based upon domestic selling prices for 250 grade steel plate sold in the respective home markets and adjusted for additional alloys and processing associated with the manufacture of Q&T Greenfeed. Additional heat treatment/processing of Greenfeed Q&T is required to produce Q&T steel plate. Additional to the manufacturing costs are the amounts for selling and general administration, and a level of profit (derived from earnings data for SSAB Sweden – one of the main exporters of dumped Q&T steel plate to Australia).

Bisalloy has used its own conversion costs for the further processing of Q&T Greenfeed as these only account for approximately xx per cent of the total cost-to-make-and-sell Q&T steel plate (the highest cost being the raw 250 grade steel plate cost).

Prima facie dumping margins determined for Q&T steel plate exported to Australia during 2012/13 are as follows:

Japan: 23 to 42 per cent;
Sweden: 6 to 40 per cent; and
Finland: 32 to 47 per cent.

The application also evidences the price undercutting evident from the dumped exports. Bisalloy's commercial intelligence confirms that the dumped exports undercut Bisalloy's selling prices throughout 2012/13 (refer to Monthly Market Reports included at Confidential Attachment A-9.2). The price undercutting caused Bisalloy to reduce its market selling prices for locally-produced Q&T steel plate and to attempt to "hold" sales volumes in a declining market. Bisalloy's efforts, however, were retarded by the dumped prices and were the direct cause of Bisalloy reducing its prices in the Australian market.

Bisalloy is seeking the Commission to commence a formal investigation into Bisalloy's claims of dumping and material injury. Bisalloy is also seeking the Commission to publish a preliminary affirmative determination at the earliest opportunity from Day 60 of the formal investigation to limit the impact of ongoing material injury to the Australian industry manufacturing like goods.

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

For advice about completing this part please contact the Commission's client support section on:

Phone: 1300 884 159
Fax: 1300 882 506
Email: clientsupport@adcommission.gov.au

B-1 Source of exports.

1. Identify the country(s) of export of the dumped goods.

The source countries of the imported goods the subject of this application are Japan, Sweden and Finland.

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

Bisalloy understands that the country of export is also the country of origin for exports of the goods the subject of this application from Japan, Sweden and Finland.

3. If the source of the exports is a non-market economy, or an 'economy in transition' Refer to Part C.4 and Part C.5 of the application.

Japan, Sweden and Finland are not considered as "non-market economy" countries or "economy-in-transition" countries under Australia's Anti-Dumping provisions. This question therefore does not apply.

4. Where possible, provide the names, addresses and contact details of:
- **Producers of the goods exported to Australia;**
- **Exporters to Australia; and**
- **Importers in Australia.**

The producers/exporters of Quenched and Tempered steel plate exported to Australia from each of the nominated countries are understood, but may not be limited, to be the following entities:-

<u>Finland</u>

Ruukki Oyj
Suolakivenkatu 1
P.O. Box 138
00811 Helsinki FINLAND
Telephone: + 358 (0) 20 5925054

<u>Japan</u>

Nippon Steel and Sumitomo Metal Corporation (NSSMC)
2-6-1Marunouchi, Chiyoda-ku,
Toyko 100-8071, Japan
Tel +81 3 6867 41111

JFE Steel Corporation
2-2-3 Uchisaiwaicho, Chiyoda-ku,
Tokyo, Japan
Telephone: + 81 3 3597 3111

<u>Sweden</u>

SSAB Swedish Steel Pty Ltd
Klarabergsviadukten 70, D6
P.O. Box 70
101 21 Stockholm SWEDEN
Telephone: +46 8 45 45 700

The ***importers*** of the goods the subject of this application are as follows:

Finland

Ruukki Australia Pty Ltd.
PO Box 733,
Northcote, Vic, 3070
Telephone: +61 0499 501155

Xpress Steel Pty Ltd
5-9 Kitchen Road
Dandenong Victoria 3175
Telephone: + 61 3 9008 6909

BlueScope Distribution Pty Ltd
16-24 Westall Road
Clayton South, Vic 3169

Telephone: 61 3 9549 2666

Japan

The importers of the goods from NSSMC are understood to be Metal One Corporation, CMC, ASM Corporation and Amity Pacific Pty Ltd. Contact details are as follows:

Metal One Corporation
c/- Mitsubishi Australia
Level 36 AMP Centre
50 Bridge Street,
Sydney 2000, NSW
Telephone: +61 2 9951 4800

CMC Australia
Sydney head office
Level 3, 430 Forest Road Hurstville,
Sydney NSW 2220
Phone: +61.2.9585.6200

ASM Corporation
1817 Lytton Road
Lytton QLD 4178
Telephone: + 61 7 3891 4900

Amity Pacific Pty Ltd.
832 High Street,
Kew East Vic.3102
Telephone: 03 92499550

The importer of the goods from JFE Steel Corporation is understood to be Total Steels Australia. Contact details are as follows:

Total Steels Australia Pty Ltd
Suite 10/35-37 Railway Parade
Engadine NSW 2233
Telephone: +61 2 8508 4800

Sweden

SSAB Swedish Steel Pty Ltd
P.O. Box 8074
32 Logan Road
Woolloongabba QLD 4102
Telephone: + 61 7 3891 3533

5. If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

The import volume from each country identified in this application exceeds the negligible 3 per cent of total imports during the twelve-month period October 2012 to September 2013. Please refer to Table B-1.5 below.

Table 1-5 – Imports of Q&T steel plate (years ending September) – metric tonnes

Source Country	2010/11	2011/12	2012/13	% of total import 2012/13
Finland	2064	846	2466	**5.8%**
Japan	26192	27631	17731	**42.0%**
Sweden	28563	23043	17657	**41.8%**
Other	7758	6500	4370	**10.3%**
Total	62513	57712	**42224**	**100%**

Notes:

1. Bisalloy understands that certain imports of Q&T steel plate have been incorrectly classified to 7225.40.00 statistical codes 22 and 24. Imports from the three nominated countries that are considered like goods and incorrectly entered under 7225.40.00 statistical codes 22 and 24 have been included in Table 1.5.

Bisalloy has included market share information (that includes all detailed imports from ABS) at Confidential Attachment B-1.5 (provided in soft copy form).

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application

This application does not include an application for countervailing measures, hence, this question does not apply.

B-2 Export price

Possible sources of information on export price include export price lists; estimates from the Australian Bureau of Statistics; a deductive export price calculation from the Australian selling price of the imported goods; export sales quotations or invoices; foreign government export trade clearances.

1. Indicate the FOB export price(s) of the imported goods. Where there are different grades, levels of trade, models or types involved, an export price should be supplied for each.

The export prices as published in the Australian Bureau of Statistics ("ABS") import data (for imports from Japan, Sweden and Finland) are considered by Bisalloy to not appropriately reflect final selling prices for imported Q&T steel plate sold in Australia (See Table B-2.1 below). In particular, Bisalloy has observed that the declared ABS FOB export prices for goods exported from Sweden are at levels similar to the final into store selling prices as offered by the Australian importer (contrast export price data in Table B-2.1 below, and price offers at Confidential Appendix B-1 – Deductive Export prices). Bisalloy understands that the export prices to Australia for Sweden may be affected by the relationship with the Australian importer (i.e. related parties).

A similar concern is also held with the ABS export prices for goods exported from Finland

and Japan. Bisalloy is of the view that exporters in Finland and Japan must be competitive with selling prices of Swedish Q&T steel plate and, in order to maintain sales volumes and market share, reduce into-store selling prices in Australia. The export prices to Australia for goods from Finland and Japan do not reflect the reduced selling prices in the Australian market.

Bisalloy has therefore not relied upon published ABS import data for the purposes of establishing dumping margins. Please refer to Section B-2.3 below.

Table B-2.1 – ABS Monthly import A$FOB av. values for Japan, Sweden and Finland

Month	Finland A$FOB/MT	Japan A$FOB/MT	Sweden A$FOB/MT
Oct 2012	-	1574	2038
Nov 2012	1494	1542	1833
Dec 2012	1513	1593	2027
Jan 2013	1522	1429	2006
Feb 2013	1563	1799	1915
Mar 2013	1826	1482	2021
Apr 2013	1382	1401	1899
May 2013	1458	1600	1890
Jun 2013	1463	1410	1939
July 2013	1664	1518	1709
Aug 2013	1492	1531	1847
Sep 2013	1363	1413	1661

Source: ABS Import data.

2. Specify the terms and conditions of the sale, where known.

The published ABS import data is for goods at FOB point, country of export (inclusive of inland freight).

3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. <u>Appendix B1</u> (Deductive Export Price) can be used to assist your estimation.

As indicated above, Bisalloy does not consider that the monthly export prices for Q&T steel plate exported from Japan, Sweden and Finland accurately reflect actual selling prices for the imported goods in the Australian market. Bisalloy has therefore calculated deductive export prices, on a quarterly basis, over the period October 2012 to September 2013 based upon competitive selling price offers for imported Q&T steel plate.

Table B-2.3 details deductive export prices for Q&T steel plate imported from Japan, Sweden and Finland, on a quarterly basis, over the period October 2012 to September 2013.

Table B-2.3 – Deductive export prices for Q&T steel plate exported from Japan, Sweden and Finland

Month	Finland A$FOB/MT	Japan A$FOB/MT	Sweden A$FOB/MT
Oct-Dec 2012	1028	1186	1384
Jan-Mar 2013	1106	1182	1163
Apr-Jun 2013	1183	1182	1224
Jul-Sep 2013	1085	1140	1154

Source: Refer Confidential Appendix B1 – Deductive Export Prices.

The deductive export prices relied upon by Bisalloy are calculated from competitive offers of imported Q&T steel plate sold against Bisalloy locally manufactured Q&T steel plate in the nominated period.

4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.

Bisalloy has relied upon independent information for each of the cost deductions to calculate deductive export prices from competitive market offers for imported Q&T steel plate from Japan, Sweden and Finland.

The supporting evidence for each of the cost components deducted from the competitive market selling prices has been included at Confidential Appendix B-1 – Deductive Export Prices.

B-3 Selling price (normal value) in the exporter's domestic market.

Possible sources of information about domestic selling prices in the country of export include: price lists for domestic sales (with information on discounts); actual quotations or invoices relating to domestic sales; published material providing information on the domestic selling prices; or market research undertaken on behalf of the applicant.

1. State the selling price for each grade, model or type of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.

The Q&T steel plate exported to Australia comprises ‘Abrasion Resistant/Wear’ and ‘Structural’ grades. Bisalloy has been unable to obtain complete selling price information for ‘Wear’ and ‘Structural’ grades of Q&T steel plate sold domestically in Japan, Sweden and Finland.

The domestic selling prices for Q&T steel plate in Japan, Sweden and Finland are not published in industry newsletters or reports. In the absence of domestic selling price information in each exporting country, Bisalloy has constructed selling prices for Q&T steel plate sold in Japan, Sweden and Finland. Please refer to Section B-4.1 below.

2. Specify the terms and conditions of the sale, where known.

Bisalloy has been unable to obtain regular and consistent domestic selling pricing information for Q&T steel plate sold in Japan, Sweden and Finland. This question is therefore not applicable.

3. Provide supporting documentary evidence.

This question is not applicable.

4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

Bisalloy is not familiar with other sellers of Q&T steel plate in the nominated exporting countries.

B-4 Estimate of normal value using another method.

This section is not mandatory. It need only be completed where there is no reliable information available about selling prices in the exporter's domestic market. Other methods of calculating a normal value include:

- the cost to make the exported goods plus the selling and administration costs (as if they were sold in the exporter's domestic market) plus an amount for profit (if applicable);
  OR
- the selling price of like goods from the country of export to a third country.

1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).

Introduction

Bisalloy has observed that plate steel exported from Japan has been at dumped prices in 2012 (Statement of Essential Facts No. 198) refers. As plate steel accounts for approximately 60 per cent of the production cost of Q&T steel plate, Bisalloy would expect that export sales of Q&T steel plate from Japan to Australia would also be at dumped prices. Bisalloy, however, has been unable to access Q&T steel plate prices in Japan. As an alternative, constructed normal values for Q&T steel plate in Japan has therefore been calculated using published domestic prices for steel plate (which accounts for approximately 60 per cent of Q&T steel plate production costs).

Similarly for each of Finland and Sweden, domestic selling prices for Q&T steel plate are not published (in industry journals and/or newsletters). Bisalloy has also constructed normal values in Finland and Sweden using domestic selling prices for 250 grade plate steel as the starting point.

Bisalloy has constructed selling prices for Q&T steel plate sold in Japan, Sweden and Finland. Please refer to Confidential Appendix B-2 "Constructed Normal Values" for normal value pricing information relied upon by Bisalloy to determine prima facie dumping margins for goods exported from Japan, Sweden and Finland.

Methodology

Bisalloy has obtained domestic selling prices for conventional 250 grade steel plate sold in Japan, Sweden and Finland (Sourced from *company* newsletters). The Commission will recall from the recent investigation into hot rolled steel plate exported from P R China, Indonesia, Japan, Korea and Taiwan (i.e. Trade Measures Report No. 198) that Q&T Greenfeed steel plate incurs a value-add component to account for raw materials (including certain alloys) and additional costs. Bisalloy is aware of the approximate additional cost of Q&T Greenfeed steel plate compared to hot rolled steel plate from its joint venture arrangement with the Chinese producer Jigang.

For the purposes of constructing the normal value for this application, Bisalloy has used a cost of AUD$xxx per metric tonne to allow for the additional alloys and processing associated with the manufacture of Q&T Greenfeed steel plate over and above conventional 250 grade mild steel.

It is understood by Bisalloy that the Commission has verified an additional cost in investigation No. 198 that exceeds the A$xxx additional costs that Bisalloy has used in the constructed normal value for Q&T steel plate. The $180 rate per tonne is therefore considered reasonable.

The Q&T Greenfeed price represents the "buy-in" price for Q&T steel plate producers, including Bisalloy.

The next step of the Q&T steel plate manufacturing process involves converting Q&T Greenfeed input via a heat treatment process. Bisalloy is a manufacturer of Q&T steel plate and, along with [company], regularly benchmarks its conversion costs for Q&T Greenfeed to Q&T steel plate. The conversion cost to Q&T steel plate accounts for approximately xxx percent of the total production cost, a not insignificant cost, although not the major component of total Q&T steel plate production cost.

Bisalloy has benchmarked its Q&T steel plate operations with [company]. Whereas the [*source*] conversion rate for Q&T steel plate is considered [*relativity*] by the Commission, Bisalloy considers that it is a useful reference point to confirm that Bisalloy's conversion costs are internationally competitive and may be used in constructed normal values for Japan, Sweden and Finland Q&T steel plate operations.

The processing and labour costs (to convert Q&T Greenfeed) by [company] were approximately $xxx per metric tonne in 2012, based upon an approximate xxxxxx tonne per annum production rate. The $xxx processing and labour cost in China is expected to be lower than the same costs for processing labour in each of Sweden, Japan, and Sweden. As the Bisalloy processing and labour cost is only slightly above that for xxxxx, and the Q&T operations in each of the nominated countries is similar to China, Bisalloy considers it is again reasonable to use its processing and labour costs in the constructed normal values for Sweden, Japan and Finland. In 2011/12, Bisalloy operated at approximately xxxxxx tonnes production rate (a higher production rate than 2012/13), with its conversion cost of $xxx per metric.

Bisalloy has used its variable (labour), fixed (overheads and depreciation), and selling and administration costs for constructing a production cost for Q&T steel plate in each of the exporting countries of Japan, Sweden and Finland. In respect of selling and administration expenses, Bisalloy has used its selling and administration (including finance) expenses in the constructed normal value calculations for exporters in each country. Bisalloy examined SSAB Sweden's 2013 Half Year report and identified selling and administration (including finance) expenses accounting for approximately 9.1 per cent of the total costs)[1]. Whereas the Bisalloy selling and administration costs are slightly higher than SSAB Sweden's 2013 selling and administration costs, it is considered that the Bisalloy costs are representative of the selling and administration expenses incurred in Q&T steel plate sales than an average across all sales, as is the case for SSAB Sweden.

The Bisalloy selling and administration costs are considered to reasonably reflect the conversion and selling and general administration expenses of producers of Q&T steel plate in Japan, Sweden and Finland.

Bisalloy has applied a level of profit to the production and selling costs of the Q&T steel plate producer in each country. The profit used is the highest sourced from the published financial statements of each of the exporters (i.e. SSAB Sweden, Ruukki Finland, Nippon Sumitomo, and JFE) across the three years 2010, 2011, and 2012 (an average of the two producers in Japan has been used). The highest profit rate has been used as Q&T steel plate is a premium product and the profits declared by the nominated steel companies is for all sales (commodity and niche products). The Q&T steel plate is a niche product that delivers increased returns to the steel maker above standard commodity steel plate returns.

Refer www.ssab.com/investor

The profit margins used range between 1.6 per cent (Finland) and 4.8 per cent (Japan).

The constructed selling prices for Q&T steel plate in Japan, Sweden and Finland represent prima facie normal values for producers of Q&T steel plate in their respective country.

Reasonableness

Bisalloy has received limited market intelligence concerning domestic selling prices for Q&T steel plate sold in xxxxxx. The price(s) were communicated to Bisalloy and were at the delivered into store price point. The domestic selling prices were xxxxxxx/kg (or AUD$2.18/kg) for xxxxxxx 450 sold in September 2013. The notified selling price(s) exceeds the highest constructed selling prices prepared by Bisalloy by approximately xx per cent.

Constructed Selling Prices – Normal Values

The constructed selling prices for Q&T steel plate sold in Japan, Sweden and Finland, on a quarterly basis during 2012/13 are detailed in Table B-4.1 below.

Period	**Finland A$/MT**	**Japan A$/MT**	**Sweden A$/MT**
Oct-Dec 2012	1443	1554	1460
Jan-Mar 2013	1517	1552	1535
Apr-Jun 2013	1558	1602	1577
Jul-Sep 2013	1600	1670	1619

Please refer to Confidential Appendix B-2 for detailed costs associated with the above constructed selling price information.

2. Provide supporting documentary evidence.

Bisalloy has included supporting documentation for the constructed selling prices (i.e. normal values) prepared on a quarterly basis for Japan, Sweden and Finland at Confidential Appendix B-2 to this application.

B-5 Adjustments.

A fair comparison must be made between the export price and the normal value. Adjustments should be made for differences in the terms and circumstances of the sales such as the level of trade, physical characteristics, taxes or other factors that affect price comparability.

1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.

This application includes two major grades of Q&T steel plate namely, wear and structural grades. Bisalloy does not consider that the cost differential between the two grades is significantly material to warrant separate normal values for each grade and has included its own costs for producing both grades in an aggregate form.

Bisalloy understands that the producers in the nominated exporting countries may not separately cost the different grades of Q&T steel plate.

The constructed selling prices prepared by Bisalloy are at an ex-factory level. Similarly, the deductive export price calculations prepared by Bisalloy are also at the ex-factory level. No adjustments for domestic freight and/or inland freight for export is therefore required.

2. State the amount of adjustment required for each and apply the adjustments to

the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

As no adjustments are required, no quantification or supporting information is required.

B-6 Dumping margin.

1. Subtract the export price from the normal value for each grade, model or type of the goods (after adjusting for any differences affecting price comparability).

The dumping margins for Q&T steel plate exported to Australia during 2012/13 from Japan, Sweden and Finland are summarised below.

Finland

Period	Normal Value A$/MT	Deductive Export Price A$/MT	Dumping Margin A$/MT	Dumping Margin as % of Deductive Export Price
Oct-Dec 2012	1443	1028	415	40%
Jan-Mar 2013	1517	1106	411	37%
Apr-Jun 2013	1558	1183	375	32%
Jul-Sep 2013	1600	1085	515	47%

Japan

Period	Normal Value A$/MT	Deductive Export Price A$/MT	Dumping Margin A$/MT	Dumping Margin as % of Deductive Export price
Oct-Dec 2012	1554	1269	286	23%
Jan-Mar 2013	1552	1266	286	23%
Apr-Jun 2013	1602	1262	340	27%
Jul-Sep 2013	1670	1175	495	42%

Sweden

Period	Normal Value A$/MT	Deductive Export Price A$/MT	Dumping Margin A$/MT	Dumping Margin as % of Deductive Export Price
Oct-Dec 2012	1460	1384	76	6%
Jan-Mar 2013	1535	1163	372	32%
Apr-Jun 2013	1577	1224	352	29%
Jul-Sep 2013	1619	1154	339	40%

2. Show dumping margins as a percentage of the export price.

The weighted average dumping margins as a percentage of export price for Q&T steel plate exported to Australia are as follows:

- Finland – 32 to 47 per cent;
- Japan – 23 to 42 per cent;
- Sweden – 6 to 40 per cent.

PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be essential for certain applications.

For advice about completing this part please contact the Commission's client support section on:

Phone: 1300 884 159
Fax: 1300 882 506
Email: clientsupport@adcommission.gov.au

C-1 Subsidy

This section must be completed where countervailing duties are sought to offset foreign government assistance through subsidies to exporters or producers.

If the application is for countervailing duty alone, the domestic price information required by Part B of the application need not be supplied.

Responses to questions A-9 will need to identify the link between subsidisation and injury.

1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:
(i) the nature and title of the subsidy;
(ii) the government agency responsible for administering the subsidy; (iii) the recipients of the subsidy; and
(iv) the amount of the subsidy.

This application does not include a request for countervailing measures. This question is therefore not applicable.

C-2. Threat of material injury

Address this section if the application relies solely on threat of material injury (ie where material injury to an Australian industry is not yet evident).

1. Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:
1. **the rate of increase of dumped/subsidised imports;**
2. **changes to the available capacity of the exporter(s);**
3. **the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;**
4. **inventories of the product to be investigated; or**
5. **any other relevant factor(s).**

This application is not made on the threat of material injury alone. Bisalloy has demonstrated that it has suffered material injury from dumped exports of Q&T steel plate from the nominated countries during 2012/13.

In the absence of anti-dumping measures, Bisalloy submits that it will experience material injury that is clearly foreseeable and imminent as exporters of Q&T steel plate in Japan, Sweden and Finland aggressively price exports for the Australian market.

2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.

Bisalloy projects that losses in its Q&T steel plate sales will occur in 2013/14 as the company seeks to maintain market share and compete with dumped prices for Q&T imports from Japan, Sweden and Finland.

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Commission's client support section before completing this section**.

1. **Fully describe the locally produced raw agricultural goods.**

   Q&T steel plate is not considered a processed agricultural good, hence, this question does not apply.

2. **Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.**

   This question is not applicable to the goods the subject of this application.

3. **Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.**

   This question is not applicable to the goods the subject of this application.

4. **Provide information to establish either:**

   - **a close relationship between the price of the raw agricultural goods and the processed agricultural goods; or**
   - **– that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.**

   This question is not applicable to the goods the subject of this application.

C-4. Exports from a non-market economy

Complete this section only if exports from a non-market economy are covered by the application. The domestic price information required by Part B of the application need not be supplied if this question is answered.

Normal values for non-market economies may be established by reference to selling prices or to costs to make and sell the goods in a comparable market economy country.

1. **Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.**

   Under Australia's Anti-Dumping provisions, Japan, Sweden and Finland are not considered "non-market economy" countries. This question therefore does not apply to the goods the subject of this application.

2. **Nominate a comparable market economy to establish selling prices.**

   This question is not applicable to the goods the subject of this application.

3. Explain the basis for selection of the comparable market economy country.

This question is not applicable to the goods the subject of this application.

4. Indicate the selling price (or the cost to make and sell) for each grade, model or type of the goods sold in the comparable market economy country. Provide supporting evidence.

This question is not applicable to the goods the subject of this application.

C-5 Exports from an 'economy in transition'

An 'economy in transition' exists where the government of the country of export had a monopoly, or substantial monopoly, on the trade of that country (such as per question C-4) and that situation no longer applies.

Complete this section only if exports from an 'economy in transition' are covered by the application. **Applicants are advised to contact the Commission's client support section before completing this section**

1. Provide information establishing that the country of export is an 'economy in transition'.

Under Australia's Anti-Dumping provisions, Japan, Sweden and Finland are not considered "economy in transition" countries. This question therefore does not apply to the goods the subject of this application.

2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.

This question is not applicable to the goods the subject of this application.

3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.

This question is not applicable to the goods the subject of this application.

4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

This question is not applicable to the goods the subject of this application.

C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B-1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Country A* Country B* etc*				
Total				

* Only include countries that account for less than 3% of all imports (or 4% in the case of subsidised goods from developing countries). Use the data at Appendix A.2 (Australian Market) to complete the table.

Imports from each of the nominated countries in this application exceed 3 per cent of the total import volumes for Q&T steel plate imported into Australia during the period 1 October 2012 to 30 September 2013.

APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover Appendix
A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales Appendix
A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative
Appendix B1	Deductive Export Price
Appendix B2	Constructed Normal Value

List of Attachments – Bisalloy Anti-Dumping Application – Q&T steel plate from Japan, Sweden and Finland

No.	Description	Confidential/Non-Confidential
A-2.2	Bisalloy Steel Group Limited - Organisation Chart	Confidential
A-2.6	Bisalloy Steel Group Limited Group Structure	Confidential
A-2.9	Bisalloy Steel Group Limited 2013 Annual Report (additional periods from 2009 available at Bisalloy.com.au).	Non-Confidential
A-3.3	Bisalloy Product Grade Specifications Sheets. Structural Grades: Bisplate 60, 70, 80, 100. Wear Grades: Bisplate 320, 400, 450, 500, 600. Armour Grades: Bisplate HHA. Other Grade: Bisplate: 80PV.	Non-Confidential
A-3.6	Q&T steel plate manufacturing diagram and process explanation	Confidential
A-5.6	Bisalloy Price List to Distributors, with terms and conditions.	Confidential
A-5.9	Bisalloy commercial documentation – two sales of commercial documentation for each quarter from October 2012 to September 2013 (8 sets of documents).	Confidential
A-6.3	Chart of Accounts (provided in soft copy form)	Confidential
A-6.3	Example of Bisalloy Internal Financial Statement for June 2013, detailing monthly performance during 2012/13 financial year	Confidential
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Bisalloy Steel Group Limited

2013 Annual Report

Annual General Meeting

The Group will hold its 2013 Annual General Meeting in the Blu Room at the Radisson Plaza Hotel located at 27 O'Connell Street, Sydney, NSW at 11:00 a.m. on Tuesday, 26 November 2013.

Copies of this report or further information can be obtained by e-mailing bismail@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.

Contents

2013 Highlights

Challenging market conditions over the year as resources sector faced deteriorating conditions. EBITDA (including contribution from Chinese Joint Venture) down 32% from previous year on decreased revenue.

Chinese Joint Venture remains profitable, but is taking longer than originally expected due to a slowdown in the Chinese economy. Maiden dividend of US$450,000 declared.

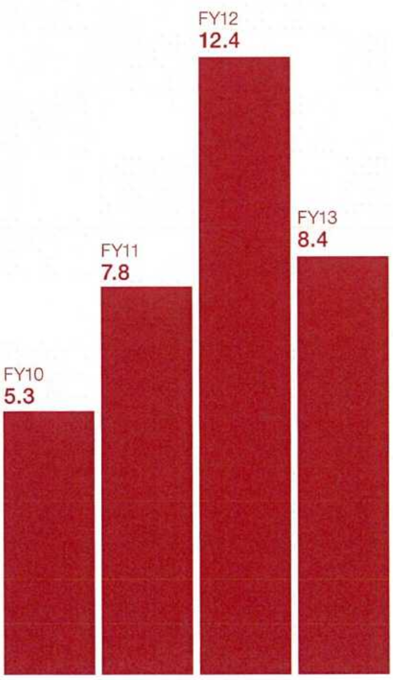
Group net debt reduced to $10.4m at 30 June 2013, down from $11.1m at 30 June 2012, supported by operating cash flow. Gearing reduced to 29%, down from 34% in previous year.

The Group has re-introduced dividends with fully franked 4.0cps dividend for the FY13 year. This is the Group's first dividend since 2007.

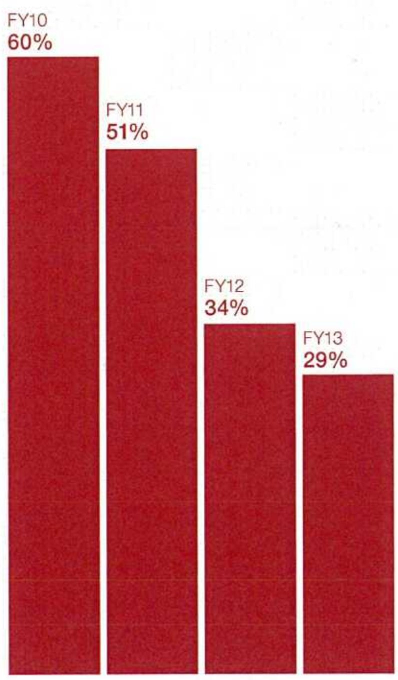
Bisalloy well positioned to benefit from any improvement in demand in key domestic and regional markets for Q&T steel.

Key Results

EBITDA (inc CJV) $m



Gearing %



Chairman and Managing Director's Review

CAT 797F being loaded with overburden

Trading conditions were challenging for Bisalloy over FY2013 as the resources sector faced deteriorating conditions. While performance during the first quarter of the year was in line with expectations, a fall in prices for Australia's major commodities, specifically iron ore and coal, lead to widely publicised deferrals or cancellations of a number of planned resource projects, which quickly lead to a rapid decline in forecast demand and prices for steel, including Bisalloy's products. Demand for steel in repairs and maintenance is gradually rising as various newly completed resource projects move into production phase, but this rise has not outweighed the impact of lost demand from deferred or cancelled projects.

Supported by the strong Australian dollar, overseas steel producers have sought markets for their surplus production capacity during a period when they are hampered by weak demand in their own domestic markets. This competition intensified as they dealt with rapidly declining demand in the Australian domestic market leaving them with surplus inventory. Despite these competitive pressures, Bisalloy is pleased to report it maintained its market share for FY2013 while continuing to reduce its debt through managing its costs and inventory, and is well placed to take advantage of any upturn in domestic demand.

In this challenging and volatile market, the Group's turnover was reduced by 22% over the prior year and EBITDA (including a contribution from the Chinese Joint Venture before local taxes and finance charges), was reduced to $8.4m (FY2012 12.4m).

Subdued global demand for armour plate during FY13, along with the high Australian dollar, provided limited opportunities for Bisalloy to grow its sales in this niche segment during the year.

Bisalloy's distribution operations in Indonesia and Thailand continued to operate profitably over the year, although the resources and manufacturing industries in those countries were also affected by the same commodity price volatility and market uncertainty experienced in Australia. The Group remains focussed on increasing revenue from these operations in the short term.

The Group's financial position strengthened over the year. Net assets increased to $26m (from $22m) and net tangible assets per share rose to 52.3 cps (from 43.2 cps). The rapid

Mr Phil Cave, AM
Chairman

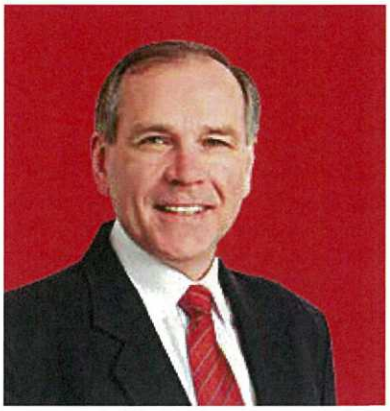
Mr Robert Terpening,
Managing Director and CEO

decline in sales during the second half of the year reduced the rate of planned reduction in inventory levels, however the Group still achieved a reduction in net debt to $10.4m (from $11.1m). The Group's gearing ratio at 30 June 2013 fell to 29%, (30 June 2012 – 34%).

The Group's Chinese Joint Venture remains profitable, but it is taking longer to consolidate its position in the Chinese Q&T market due to the slowdown in the Chinese economy. A significant factor in this delay is the change in the focus of China's economic transformation and the decline in its domestic manufacturing sector. The Board strongly supports the efforts of our own management and our CJV partner in addressing these challenges. Significant work has recently been undertaken to build a more focused marketing capability with additional resources being implemented. The Board expect these initiatives will position the CJV to be able to accelerate its market share development in the substantial Chinese Q&T market, with the benefits reflecting in the results during the FY14 year.

The underlying profitability of the CJV allowed for a maiden dividend to be received by the Group in August 2013 of $450,000. The Board remains confident in the prospects for the CJV, but cannot give specific guidance on the CJV's potential profitability until the benefits of these recent initiatives impact on customer conversion rates.

In 2012 the Board announced its intention to consider a dividend of 50% of Bisalloy's NPAT for FY2013. Encouraged by the Group's performance in FY2013 despite challenging markets, the Board announced a 4cps fully franked dividend payable on 25 November 2013. As before, the Board remains committed to reviewing its dividend policy when the Group's net debt is reduced below $10m.



Encouraged by the Group's performance in FY2013 despite challenging markets, the Board announced a 4cps fully franked dividend payable on 25 November 2013. As before, the Board remains committed to reviewing its dividend policy when the Group's net debt is reduced below $10m.

The Directors note that this is Bisalloy's first dividend since FY2007. The Group has faced a number of challenges in the intervening years, and the Directors are pleased that it is now able to reward shareholders' patience by returning to the payment of fully franked dividends. Like all Australian manufacturers and resource sector participants, the Group still faces a number of headwinds in maximising returns to shareholders, but the Board is encouraged by the prospects of the potential in Bisalloy's markets.

The continuing strength in output from Australia's resource sector provides grounds to expect a recovery in steel demand over the course of FY2014, but the timing for this is uncertain due to the volatility in domestic and international demand. The Board is confident that Bisalloy is well positioned to benefit from any improvement in the demand in its key domestic and regional markets for Q&T steel, particularly if the Australian dollar remains materially below the high levels seen in FY2013.

While a relatively minor injury in our Australian operation resulted in lost time during the year, the Directors wish to recognise the commitment from employees and management working together that had delivered a record 766 days without a Lost Time Injury up to that point. While pleased that the employee was able to return to work the next day with no impairment of any kind, the incident highlights the need for continued vigilance and on-going monitoring of all safety processes. The continued commitment toward safety from our Indonesian and Thailand businesses has now delivered a commendable eight years without a lost time injury, while the Chinese Joint Venture has passed two years Lost Time Injury free.

Bisalloy will hold its 2013 Annual General Meeting in the Blu Room at the Radisson Plaza Hotel located at 27 O'Connell Street, Sydney, NSW at 11:00 a.m. on Tuesday, 26th November 2013. We look forward to welcoming you to that meeting.

Mr Phil Cave, AM
Chairman

Mr Robert Terpening
Managing Director and CEO

Review of Operations

Jigang quench and temper facility

Overview

Bisalloy Steel Group comprises Bisalloy Steels Pty Ltd in Australia, the majority owned distribution businesses in Indonesia (PT Bima Bisalloy) and Thailand (Bisalloy Thailand) and from 2011, the investment in the Chinese CJV – Bisalloy Jigang (Shandong) Steel Plate Co, Ltd.

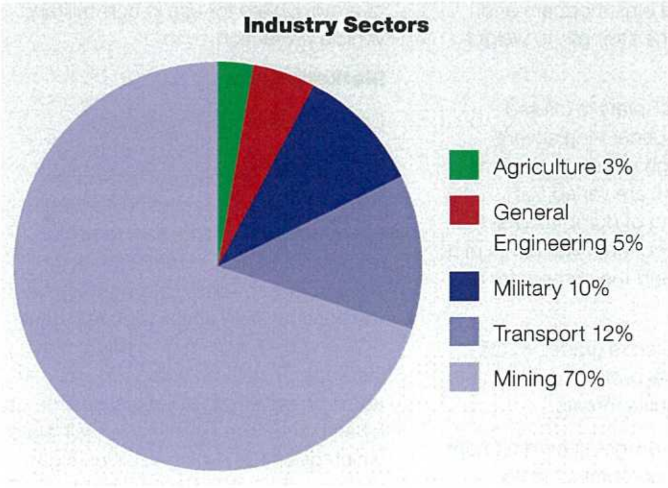
The Group is focused on leveraging off its significant Intellectual Property associated with the formulation of the raw material input ("greenfeed") and the quench & tempered (Q&T) steel plate production processes. While the primary value of this Intellectual Property has been delivered through the production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

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

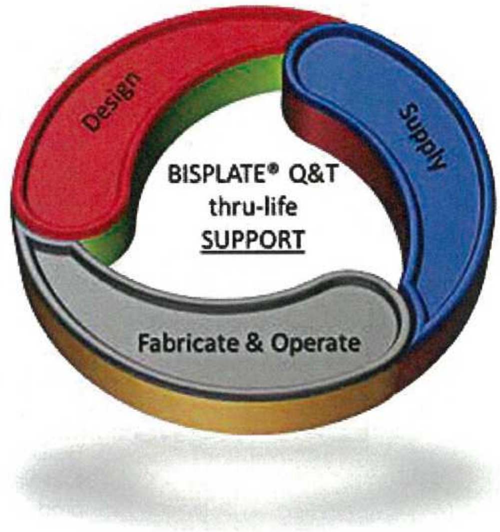
- Greenfeed formulations;
- Processes and timings required to achieve the metallurgical changes desired;
- Reliability and suitability of the continuous flow processing equipment; and
- Quality and experience of the management and workforce

The greenfeed is heated and rapidly cooled to a carefully managed 'recipe'

Review of Operations continued



Bisalloy's historical industry exposure



Bisalloy supports its customers at all stages in their use of Bisplate

so as to alter the grain structure of the steel plate to achieve the desired physical properties.

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

Bisalloy Steels Australia

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

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

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

Products

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

The increased strength of structural grades allow for advantages in building construction and in the manufacture of equipment including dump truck

bodies, storage bins, hoppers and chutes where the strength to weight ratio is critical.

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

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

Bisalloy has an on-going commitment to developing and enhancing its product line to meet the changing requirements of our customers. During the FY13 year this saw the introduction of new ranges of high hardness and low friction wear plate products as well as an expanded range of armour plate for use in non-military vehicle protection.

Marketing Mix

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

Some of the many Bisplate applications

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

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

Bisalloy Asia

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

The businesses in Indonesia and Thailand both maintain niche market positions in their respective countries, distributing both Bisplate and associated wear related products. PT Bima Bisalloy services the Indonesian archipelago and operates across the resources, agriculture, cement and power industries with its business leveraged towards the ongoing development of the local resources industry and infrastructure expansion. Bisalloy Thailand has a greater dependence on original equipment manufacturers involved in the export trade to Europe and the US. Both operations have low fixed cost bases,

Bisplate moving through the production facility in Unanderra

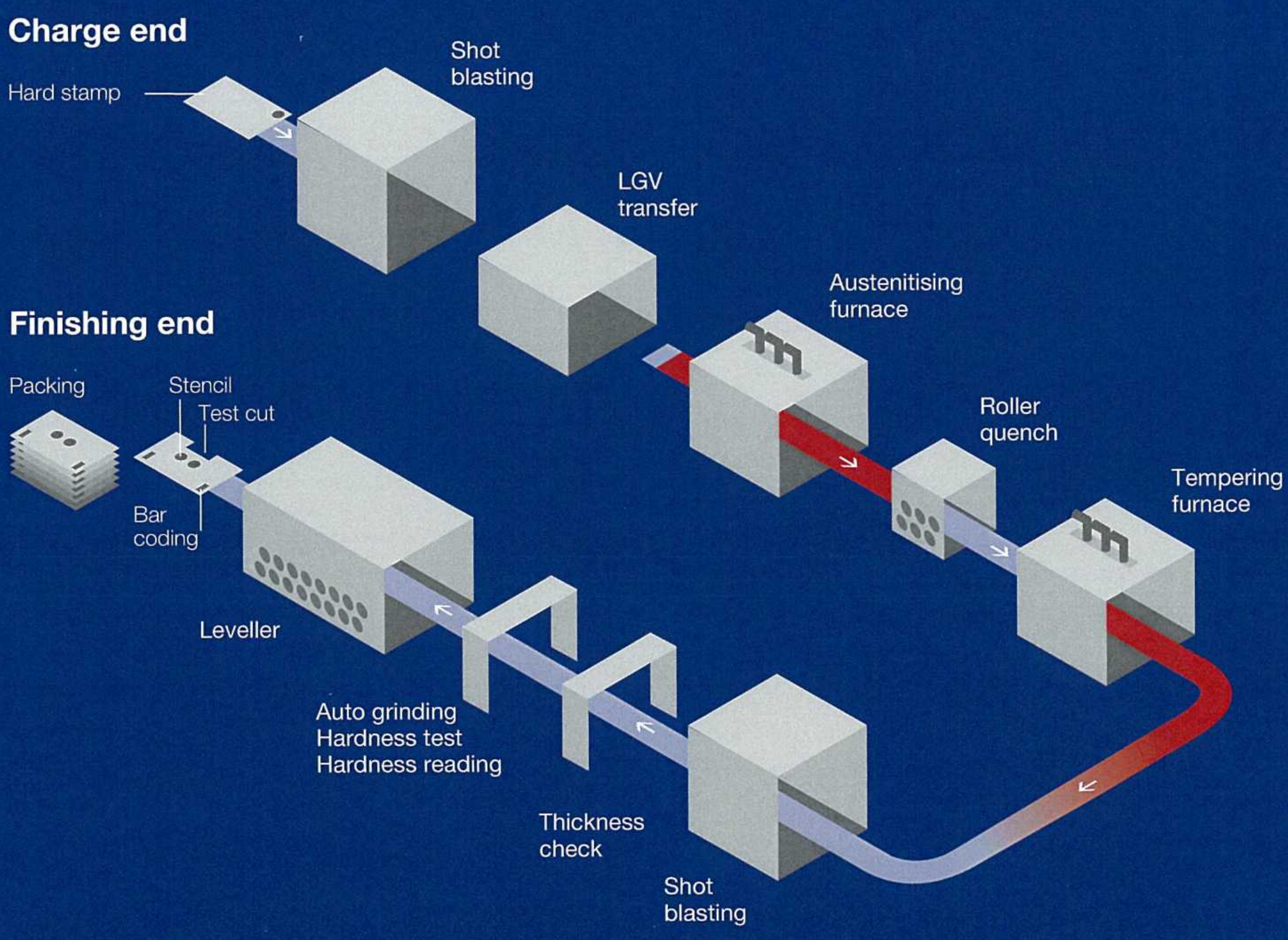
which combined with development work undertaken to broaden product and customer base, have proved effective in maintaining solid and reliable profitability.

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

Safety

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

Since the introduction of the STAR program into the Indonesian and Thailand businesses some eight years ago, neither business has recorded an LTI. Regular auditing of the Asian businesses ensures all processes and systems are uniform across the Group and that Group standards must be applied to the business where local standards are either lower or not specified.



Bisalloy Steel Group Limited

Financial Report

Bisalloy Steel Group Limited and its controlled entities for the year ended 30 June 2013

Contents

Directors Report

Your directors submit their report for the year ended 30 June 2013.

Directors

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

Mr Phillip Cave AM,
B.Bus, FCPA
Chairman

Skills & Experience

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

Term of office

A founding director of the Company and Chairman since appointed in November 2001. Last re-elected in November 2012.

Board Committees:

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

Other directorships:

- Chairman Anchorage Capital Partners
- Chairman Dick Smith Electronics Pty Ltd
- Chairman Wesley Institute
- Chairman Ability First Australia
- Acrow Formwork & Scaffolding Pty Ltd
- Total Eden Pty Ltd.
- First Engineering Ltd

Mr Robert Terpening
Managing Director
and CEO

Skills & Experience

Mr Terpening was appointed Managing Director / CEO on 6th November 2008. Mr Terpening is an experienced manager of industrial businesses having had 18 years in Sales & Marketing and Operations roles followed by 17 years in General Management of manufacturing businesses. Mr Terpening's management experience has included operations across Australia, Indonesia, Thailand and New Zealand and he is also currently a Director of Bisalloy Steel Group's joint venture businesses – PT Bima Bisalloy, Bisalloy Thailand and Bisalloy Jigang (Shandong) Steel Plate Co., Limited.

Term of office

Appointed in November 2008. As the managing director he is not subject to re-election by rotation.

Board Committees

Nil

Other directorships

Nil

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

Skills & Experience

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

Term of office

A founding director of the Company appointed in November 2001 and is retiring by rotation pursuant to the requirements of the Company's constitution in order to seek re-election at the 2013 AGM.

Board Committees

- Audit & Risk Committee
- Nominations & Remuneration Committee

Public company directorships during past three years:

- Tutt Bryant Group Limited, from 2005 to October 2010.

Other directorships

- Paula's Choice Pty Ltd
- Total Eden Pty Ltd.

Mr Richard Grellman AM
FCA
Non-executive Director

Skills & Experience

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

Term of office

Appointed in February 2003 and is retiring by rotation pursuant to the requirements of the Company's constitution in order to seek re-election at the 2013 AGM.

Board Committees

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

Public company directorships during past three years

- Chairman, WHK Ltd from March 2011.
- Chairman, Genworth Mortgage Insurance Ltd from March 2012.
- AMP Limited, from 2000 to May 2011.
- Centennial Coal Limited, from 2008 to September 2010.

Other directorships:

- Chairman, Bible Society Australia.
- Chairman, AMP Foundation

Mr Graeme Pettigrew
FIPA, FAIM, FAICD
Non-executive Director

Skills & Experience

Mr Pettigrew is an experienced company director. A former Chief Executive Officer of CSR Building Products Pty Ltd, he has extensive experience in manufacturing, supply and distribution in the building products industry both in Australia and Asia.

Previously he was the Managing Director of Chubb Australia Limited and Wormald Security Australia Pty Limited and involved in the manufacturing, contracting and service industries.

Term of office

Appointed on 24 April 2006. Last re-elected in November 2011.

Board Committees

- Audit & Risk Committee
- Nominations & Remuneration Committee

Public company directorships during past three years

- Adelaide Brighton Ltd, since Aug 2004
- Capral Ltd, since June 2010

Other directorships

- Holocentric Pty Ltd

Directors Report

Company Secretary
Mr David MacLaughlin
MBA, CMA, ACA

Skills & Experience

Mr MacLaughlin, who holds a Master of Business Administration and is a Chartered Accountant, has over 20 years professional experience gained both domestically and internationally, working in senior financial positions for multinationals as well as Australian listed companies. He also holds the executive position of Chief Financial Officer.

Term of office

Appointed in March 2010.

Interests in shares of the company and related bodies corporate

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

	Number of Ordinary Shares
P J Cave	7,264,360
R Terpening	525,969
K Godson	1,344,766
R Grellman	41,693
G Pettigrew	12,125

Dividends

	Cents	$'000
Final dividend recommended on ordinary shares (fully franked)	4.00	1,732
Dividends paid in the year	0.00	Nil
Final for 2012 as recommended in the 2012 financial report	0.00	Nil

Principal activities

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

Operating and Financial Review

Overview

GROUP

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

The Group has seen deteriorating market conditions over the course of the year which has resulted in a reduction in revenue and net profit after tax from the previous financial year. A slow-down in Chinese manufacturing activity along with increased uncertainty driven by volatility in prices for resources, has led to a significant reduction in spending on capital projects and a tighter focus on cost management by the major resource companies. The significant expansion in resources output over recent years will however provide on-going demand for the quality Q&T and comprehensive technical support which is provided by all the Group operations.

The Group has maintained its objective of reducing debt to a more appropriate level. The rapid reduction in sales during the second half of the year has not yet been fully reflected in reduced inventory levels, however working capital continues to be closely managed and net debt at 30 June 2013 has reduced to $10.4m (30 June 2012 – $11.1m) in a difficult trading environment.

Safety is a key commitment of the Group with a continued focus on zero harm to all employees, contractors and visitors. All employees across the Groups operations are empowered under the STAR program to Stop, Think, Act and Respond to any issue in regard to ensuring safe working conditions. After a record 766 days Lost Time Injury free achieved through employees and management working closely together, an employee in the Australian operations suffered a relatively minor injury resulting in lost time. While we are pleased that the employee was able to return to work the next day with no impairment of any kind, it highlights the need for continued vigilance and on-going monitoring of all safety processes.

BISALLOY STEELS AUSTRALIA

Bisalloy Steels is Australia's only processor of quenched and tempered high-tensile, abrasion resistant and armour grade alloyed steel plates. Bisalloy Steels distributes wear-grade and high tensile plate through distributors and directly to original equipment manufacturers in both Australia and overseas.

The strong Australian dollar and a fall in prices for Australia's major commodities, specifically iron ore and coal, has provided significant challenges to the Australian steel industry. While performance during the first quarter of the year was in line with expectations, the increasing volatility in the resources industry saw market conditions deteriorate as the year progressed. There have been widely publicised deferrals or cancellations of a number of planned resource projects leading to a rapid decline in demand for Q&T steel for capital projects, while demand for Q&T steel in repairs and maintenance is only slowly starting to increase as the newly completed resource projects move into production phase. Supported by the strong Australian dollar, overseas steel producers have sought markets for their surplus production capacity during a period when their own domestic demand remained subdued, and this competition has intensified as they are now faced with rapidly declining demand in the Australian domestic market leaving them with surplus inventory. The stronger dollar over the course of the year continued to limit opportunities to expand export sales however the outlook for this market has improved with the change in the dollar's value during the latter period. International armour markets have remained subdued with lower demand and surplus capacity throughout the year. The high Australian dollar started to ease in the final weeks of the year, and while this has yet to provide any significant improvement in the Australian domestic market, Bisalloy is well positioned to take advantage of any upswing in the Australian market.

BISALLOY ASIA

The distribution businesses in Indonesia and Thailand remained profitable during the year, albeit on lower revenue, and continue to maintain key market positions in their respective countries, distributing both Bisalloy Q&T plate ("Bisplate") and associated wear related products. PT Bima Bisalloy in Indonesia operates across the resources, agriculture, cement and power industries and is progressively diversifying its customer base away from predominantly OEM businesses which have traditionally focused on supplying the resource sector. These Indonesian customers have not been immune from the same volatility and market uncertainty as seen in Australia. Bisalloy Thailand continues to have a greater reliance on original equipment manufacturers for export, but significant growth in this market is limited by the continuing weakness in European economies.

BISALLOY JIGANG CJV

China is undergoing significant structural change at a time of economic instability in its key export markets and a declining domestic manufacturing index. These factors have combined to extend the time needed for the CJV to establish itself as a premium Q&T supplier in the Chinese market. In recent months, significant work has been undertaken to build an appropriate marketing structure for the CJV with additional resources currently being implemented. These marketing initiatives will position the CJV to accelerate development of its market share in the substantial Chinese Q&T market and allow the already profitable CJV to significantly benefit from any upturn in this specialised steel sector. It is expected that these resources will enable an increased contribution to the Group result in the FY14 year.

Directors Report

Operating Result for the Year

The Group's net profit for the year after income tax was $3,819,000 (2012: $6,845,000). The result reflects the lower sales performance in the core Australian domestic market arising from declining demand and challenges from the high Australian dollar which reduced domestic selling prices and constrained export sales.

Operating results are summarised as follows:

	2013 Revenue $000s	2013 Results $000s
Operating Segments		
Australia	73,109	2,753
Overseas	14,155	1,359
	87,264	4,112
Consolidated entity adjustments	(6,680)	(293)
Consolidated entity revenue and profit for the year	80,584	3,819

SHAREHOLDER RETURNS

The return to shareholders reflect the difficult market conditions during FY13, although the overall returns remained positive and have allowed the Board to re-introduce dividends for the year ended 30 June 2013.

	2013	2012	2011	2010
Basic earnings per share (cents)	8.0c	14.5c	5.5c	0.0c
Net profit attributable to members ($'000)	3,483	6,260	2,429	29
Return on equity (reported PAT/equity) (%)	16.0%	36.9%	22.0%	4.6%
Gearing (net debt / net debt + equity) (%)	29%	34%	51%	60%
Dividends paid (cents)	4.0c	0.0c	0.0c	0.0c
Dividend franking	100%	–	–	–

Review of financial condition

LIQUIDITY AND CAPITAL RESOURCES

The consolidated statement of cash flows illustrates a decrease in cash and cash equivalents for the year ended 30 June 2013 of $572,000 (2012: increase of $642,000).

Operating activities generated $2,335,000 of net cash inflows (2012: $6,685,000) including operating profits and working capital management required to manage the demands arising from rapidly slowing activity levels during the second half of the year.

Investing activities required $1,132,000 (2012: $1,617,000) of net cash outflows for investment in operating plant and equipment.

The net cash inflows from operating and investing activities, were used to reduce net debt. As a result, net cash outflows from financing activities were $1,775,000 (2012: $3,959,000).

FUNDING

Bisalloy Steel Group Limited and Bisalloy Steels Pty Limited entered into a renewed facility agreement with GE Commercial Australasia Pty Limited on 18 June 2012.

The facility provides Bisalloy Steel Group Limited with a:

- $14m revolving loan facility; and
- $11m term loan facility.

The facility has a maturity date of 31 October 2015.

Risk management

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

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

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

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

Significant changes in the state of affairs

Total equity increased to $25,873,000 from $21,809,000, an increase of $4,064,000 mainly driven by net profit, and supported by foreign currency translation gains of $873,000 relating to the overseas subsidiaries as a result of the revaluation of the Australian dollar at the end of the year.

Significant events after the balance date

The Group is to receive its 50% share of the maiden dividend of US$900,000 from the Chinese CJU in August 2013.

Likely developments

The Group operates within the steel sector, with its marketing mix strongly leveraged to the resource sector. The Group expects the sectors into which it supplies quench and tempered steel plate will remain subdued during the first half of the financial year, although there are expectations of an improving outlook as the rate of repairs and maintenance increases from the newly developed resource projects. A lower Australian dollar than that which prevailed over most of the year ended 30 June 2013 will lower the attractiveness of the domestic quench and tempered steel market to overseas producers and improve the Groups export ability. The Directors believe the current strategy of building market share through well executed sales and marketing initiatives and leveraging competitive multi-sourcing options for its steel plate inputs will continue to have a positive effect on trading results.

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.

Auditor Rotation

In accordance with section 324DAA Corporations Act 2001 and the recommendation of the Audit Committee, the lead auditor's rotation period as auditor has been extended for 2 years to 30 June 2015, subject to an annual performance assessment by the Chair of the Audit Committee.

The board is satisfied that the extension will maintain the quality of the audit and will not give rise to any conflicts of interest for the reasons set out below:

1. The Audit was tendered in 2010 and the board has the option to reassess the auditor appointment at any time.
2. A new independent partner was appointed in 2012. Extending the time period of the Lead Partner allows the preservation of knowledge on the engagement.
3. The existing independence and service metrics in place are sufficient to ensure that auditor independence would not be diminished by such an extension.

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 Group's Australian operations do not meet the carbon emission levels established in the Australian Federal Government's Carbon Pollution Reduction Scheme which became effective from 1 July 2012.

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

Rounding

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

Auditor independence

The directors received the declaration on page 16 from the auditor of Bisalloy Steel Group Limited which forms part of this report.

Non-audit services

No non audit services were provided by the Company's auditor, Ernst & Young in relation to the year ending 30 June 2012.

DIRECTORS' MEETINGS

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

		Committee Meetings	
	Directors' Meetings	Audit & Risk	Nominations & Remunerations
Number of Meetings Held	8	3	1
Number of Meetings Attended			
P J Cave	8	3	1
R Terpening	8	–	–
K Godson	8	3	1
R Grellman	8	3	1
G Pettigrew	8	3	1

Directors Report

Remuneration report (audited)

This remuneration report for the year ended 30 June 2013 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act

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

REMUNERATION POLICY

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

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

1. Provide competitive remuneration to attract high calibre directors and executives.
2. Align executive rewards with creation of shareholder value.
3. Ensure a significant component of executive remuneration is 'at risk' dependant upon meeting pre-determined performance hurdles.
4. Establish appropriately demanding performance hurdles in relation to variable executive remuneration.
5. Provide the opportunity for non-executive directors to sacrifice a portion of their fees to acquire shares in the Company at market price.

NOMINATIONS AND REMUNERATION COMMITTEE

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

REMUNERATION STRUCTURE

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

NON-EXECUTIVE DIRECTOR REMUNERATION

Objective

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

Structure

The Company's constitution and the ASX listing rules specify that the non-executive director fee pool shall be determined from time to time by a general meeting. The non-executive director fee pool is currently set at $500,000. The board will not seek any increase for the fee pool at the 2013 AGM.

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

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

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

The remuneration of non-executive directors for the period ended 30 June 2013 is detailed in the table on page 8 of this report.

EXECUTIVE DIRECTOR AND EXECUTIVE MANAGER REMUNERATION

Objective

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

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

Structure

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

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

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

The remuneration of executives and the five most highly remunerated senior managers for the period ending 30 June 2013 is detailed in the table on page 8 of this report.

FIXED REMUNERATION

Objective

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

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

Structure

Executive directors and senior managers are provided with the opportunity to receive their fixed remuneration in a variety of forms, including cash, additional superannuation contributions and fringe benefits such as motor vehicles. 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 the five most highly remunerated senior managers for the period ending 30 June 2013 is detailed in the table on page 8 of this report.

VARIABLE REMUNERATION – SHORT TERM INCENTIVES (STI)

Objective

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

Structure

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

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

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

VARIABLE REMUNERATION – LONG TERM INCENTIVES (LTI)

Objective

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

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

Structure

At the 2012 Annual General Meeting, a LTI plan was renewed for LTI grants to executives in the form of share rights.

These rights are granted in two equal parts. The first part is based on retention and requires the holder remain an employee for three years from grant date. The second part is based on delivering superior long-term performance as measured by Return on Equity ("ROE"), with each grant of rights divided into three equal tranches. For each tranche, actual ROE is measured against a budget ROE and a stretch ROE as determined annually by the board in respect of the forthcoming year. The proportion of the rights which vest depend on where within this range the Group performs, with 100% vesting on achieving the stretch ROE and no rights vesting if actual ROE is less than 90% of the budgeted ROE. For the 2013 year, the stretch ROE was set at the budget ROE. Any rights to which the employee may become entitled on achieving the performance criteria, are still subject to the three year retention criteria before they can vest.

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

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

During the year 500,000 share rights were granted under this scheme.

GROUP PERFORMANCE

The board have determined that the Group did not meet its budgeted ROE for the year and so the performance components of the 2013 share rights have not vested.

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

DETAILS OF KEY MANAGEMENT PERSONNEL OF THE COMPANY AND GROUP

(i) Directors

P J Cave	Non-executive Chairman
R Grellman	Non-executive Director
G Pettigrew	Non-executive Director
K Godson	Non- executive Director
R Terpening	Managing Director

(ii) Executives

D MacLaughlin	Chief Financial Officer and Company Secretary
M Sampson	Sales & Marketing Manager
M Bradmore	Operations Manager
T Matinca	Business Development & Strategy Manager

EXECUTIVE CONTRACTS

Remuneration arrangements for the key management personnel are formalised in employment contracts. Details of these contracts are provided below.

R Terpening – Managing Director

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

Directors Report

D MacLaughlin – Chief Financial Officer and Company Secretary

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

M Sampson – Sales & Marketing manager

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

M Bradmore – Operations manager

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

T Matinca – Business Development & Strategy Manager

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

REMUNERATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY AND GROUP

	Short-term			Post employment		Share-based payments	Total	
Year ended 30 June 2013	Salary and fees $	Cash bonus $	Long service leave $	Super-annuation $	Retirement benefits $	Share Rights $	$	Performance Related %
Non-Executive Directors								
P J Cave	120,000	–	–	–	–	–	120,000	–
R Grellman	80,000	–	–	7,200	–	–	87,200	–
G Pettigrew	80,000	–	–	7,200	–	–	87,200	–
K Godson	80,000	–	–	7,200	–	–	87,200	–
Sub-total Non-Executive Directors	**360,000**	**–**		**21,600**	**–**	**–**	**381,600**	**–**
Executive Directors								
R Terpening	475,000	–	28,346	25,000	–	152,691	681,037	22%
Other key management personnel								
D MacLaughlin	242,989	–	5,726	25,000	–	13,048	286,763	5%
M Sampson	156,495	–	5,123	23,424	–	14,362	199,404	7%
M Bradmore	180,545	–	6,628	14,366	–	14,362	215,901	7%
T Matinca	242,675	–	8,199	21,841	–	14,362	287,077	5%
Sub-total executive KMP	**1,297,704**	**–**	**54,022**	**109,631**	**–**	**208,825**	**1,670,182**	**13%**
Totals	**1,657,704**	**–**	**54,022**	**131,231**	**–**	**208,825**	**2,051,782**	**10%**

The KMP did not receive any of the 2013 STI (2012: 100%) to which they could be entitled as the Group financial key performance indicators were not met.

REMUNERATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY AND GROUP

	Short-term			Post employment		Share-based payments	Total	
Year ended 30 June 2012	Salary and fees $	Cash bonus $	Long service leave $	Super-annuation $	Retirement benefits $	Share Rights $	$	Performance Related %
Non-Executive Directors								
P J Cave	120,000	–	–	–	–	–	120,000	–
R Grellman	80,000	–	–	7,200	–	–	87,200	–
G Pettigrew	80,000	–	–	7,200	–	–	87,200	–
K Godson	70,000	–	–	6,300	–	–	76,300	–
Sub-total Non-Executive Directors	**350,000**	**–**	**–**	**20,700**	**–**	**–**	**370,700**	**–**
Executive Directors								
R Terpening	425,000	337,500	25,868	50,000	–	112,705	951,073	47%
Other key management personnel								
D MacLaughlin	205,873	102,335	8,594	49,964	–	55,627	422,393	37%
M Sampson	122,866	39,972	5,455	49,305	–	19,149	236,747	25%
M Bradmore	172,605	43,151	3,154	13,735	–	19,149	251,794	25%
T Matinca	205,094	63,281	4,658	48,031	–	19,149	340,213	24%
Sub-total executive KMP	**1,131,438**	**586,239**	**47,729**	**211,035**	**–**	**225,779**	**2,202,220**	**37%**
Totals	**1,481,438**	**586,239**	**47,729**	**231,735**	**–**	**225,779**	**2,572,920**	**32%**

Directors Report

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 2012	Granted during the year	Rights exercised during the year	Forfeited or Lapsed	Balance at 30 June 2013	Vested and exercisable	Unvested
Executives							
R Terpening	400,189	500,000	-400,189	-83,333	**416,667**	–	416,667
D MacLaughlin	166,667	–	–	-33,333	**133,334**	-133,334	–
M Sampson	100,000	–	–	-16,667	**83,333**	–	83,333
M Bradmore	100,000	–	–	-16,667	**83,333**	–	83,333
T Matinca	100,000	–	–	-16,667	**83,333**	–	83,333
	866,856	500,000	-400,189	-166,667	**800,000**	-133,334	666,666

	R Terpening	R Terpening	D MacLaughlin	M Sampson	M Bradmore	T Matinca	Total
Grant date	4-Jan-10	4-Jan-13	22-Mar-10	1-Jul-11	1-Jul-11	1-Jul-11	
Vesting date	4-Jan-13	4-Jan-16	30-Jun-13	30-Jun-14	30-Jun-14	30-Jun-14	
Fair value at grant date	$0.90	$1.19	$1.00	$0.58	$0.58	$0.58	
Balance at 1 July 2012	400,189	–	166,667	100,000	100,000	100,000	866,856
New grants in the year	–	500,000	–	–	–	–	500,000
Exercised in the year	-400,189	–	–	–	–	–	-400,189
Lapsed during the year	–	-83,333	-33,333	-16,667	-16,667	-16,667	-166,667
Balance at 30 June 2013	–	416,667	133,334	83,333	83,333	83,333	800,000
Vested at 30 June 2013	–	–	133,334	–	–	–	133,334

The budget Return on Equity as set by the Board for the 2013 financial year was not achieved and so none of the performance portion of the LTI vested for 2013. Final vesting of the share rights are subject to each Executive remaining employed by the Group until the vesting date.

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 16 of the annual report.

Robert Terpening
Managing Director

21 August 2013

Corporate Governance Statement 2013

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

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

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

Recommendation		Comply Yes/No	Reference/Explanation
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	The board has a formal Corporate Governance Code which sets out the respective roles and responsibilities of the board and management. In addition, the board committees have specific Charters which provide further details on the matters reserved for the board or its committees.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	A formal structured review is undertaken each year for each employee. Senior executives are reviewed by the CEO and input provided by the Chair. This process generally takes place in May each year as was the case in 2013.
1.3	Additional information.		The Corporate Governance Code and other relevant charters are available on the Company's website.
PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE			
2.1	A majority of the board should be independent directors.	Yes	The board currently has five directors, three of whom are considered independent. The board has adopted the CGC's guidelines as the basis for determining whether a director can be considered independent and has set relevant thresholds for materiality. Whether or not a director meets the CGC guidelines for independence, each director is expected to exercise unfettered and independent judgement. The following directors are considered independent: • Mr Grellman • Mr Pettigrew • Mr Godson
2.2	The chair should be an independent director.	No	The board believes that while the Chairman is not independent, the current composition of the board with its combined skills and capability, best serves the interests of the shareholders.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	The roles of chair and chief executive officer are not exercised by the same individual.
2.4	The board should establish a nomination committee.	Yes	The Company has a combined Remuneration & Nominations Committee. The charter can be reviewed on the Company's website.

Corporate Governance Statement 2013

Recommendation	Comply Yes/No	Reference/Explanation
PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE (CONTINUED)		
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	The Chair monitors the performance of the board and conducts informal meetings with the other directors during the year. The board undertakes a formal review every 12 to 18 months. The review includes: • examination of the effectiveness and composition of the board, including the required mix of skills, experience and other qualities which the non-executive directors should bring to the board for it to function competently and efficiently; • review of Bisalloy's strategic direction and objectives; • assessment of the Managing Director's performance by the non-executive directors; • assessment of whether corporate governance practices are appropriate and reflect "good practice"; and • assessment of whether the expectations of differing stakeholders have been met. As part of this process the Chairman also: • meets with the senior executives to discuss with them their views of the board's performance and level of involvement; • discusses each individual director's contributions face-to-face as appropriate; and • meets with the other non-executive directors without any management present (this is in addition to the consideration of the Managing Director's performance and remuneration which is conducted in the absence of the Managing Director).
2.6 Additional information		Details of the composition, skills, experience, term in office, attendance at meetings of the members of the board at the date of this statement are set out in the Directors' Report on page 1.
PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	The Group has an established Code of Conduct which applies to all employees, officers and directors of the Group. An annual adherence declaration is required of each employee as part of their performance appraisal discussed at Principle 1.2. The Code of Conduct has four key principles as follows: 1. *We respect each other and treat all people fairly* 2. *We respect the law and act accordingly* 3. *We act honestly and fairly in all our business activities and relationships* 4. *We use Bisalloy's property responsibly and in the best interests of Bisalloy:* The Group also has a number of other policies and standards which underpin the Code of Conduct including policies on Appropriate Workplace Behaviour, Equal Employment Opportunity, Safety, Fitness for Work, Workplace Harassment and Discrimination. Together these form a framework for ethical and responsible decision making and proscribe how the individuals of the Group behave internally and externally. In addition, the board has an established Corporate Governance Code as discussed under Recommendation 1.

Recommendation	Comply Yes/No	Reference/Explanation
PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING (CONTINUED)		
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	No	The Company has an Equal Employment Opportunity Policy under which it commits to ensuring applicants for employment are drawn from a full cross section of the community and that the merit principle forms the basis of recruitment and promotion. In light of the total number of employees and low turnover levels in all management levels of the Group, the board believes that little effective benefit would be achieved from the setting of measurable objectives for achieving gender diversity and that the interests of the Group are best served in this case by rigorous application of the merit principle in all recruitment and promotion decisions.
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress toward achieving them.	No	Measurable objectives for achieving gender diversity are not set by the board as discussed under Principle 3.2.
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	16% of employees across the organisation are women and there are no women in senior executive positions or on the board.
3.5 Additional information		The Equal Employment Opportunity Policy is available on the Company website.
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING		
4.1 The board should establish an audit committee.	Yes	The Company has an Audit & Risk Committee.
4.2 The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members	Yes	At the date of this report and throughout the reporting period the Company's Audit and Risk Committee was: • comprised of non-executive directors being Mr Grellman, Mr Cave, Mr Pettigrew and Mr Godson. • chaired by Mr Grellman • governed by a Charter approved by the Board • sufficiently autonomous to be able to discharge its duties and responsibilities including the authority to select, retain and terminate external advisers as the Committee considers necessary without seeking approval of the board or management.
4.3 The audit committee should have a formal charter.	Yes	The Audit & Risk Committee is governed by a formal Charter and is responsible for ensuring that an effective internal control framework exists within the Group. This includes internal controls for effective reporting of financial information, the appropriate application and amendment of accounting policies and the identification and management of risk.
4.4 Additional information.		Full details in relation to names, skills, term of office and attendance at meetings for each member of the Committee are set out in the Directors' Report on page 1. The Audit & Risk Committee Charter is available on the Company's website.

Corporate Governance Statement 2013

Recommendation	Comply Yes/No	Reference/Explanation
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE		
5.1 Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	The Group has a formal Continuous Disclosure Policy. The policy aims to ensure that once management becomes aware of any information concerning the Group that a reasonable person would expect to have a material effect on the price or value of the Company's shares (subject to the relevant exceptions), that such information is released to the market. The board is committed to ensuring all investors have equal and timely access to material information concerning the Group and that the Group's announcements are factual and presented in a clear and balanced way. The Company Secretary is the person responsible for continuous disclosure and communicating with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements under the ASX Listing Rules and overseeing and co-ordinating information disclosed to the ASX, market participants and the public.
5.2 Additional information		The Company's Continuous Disclosure Policy is available on the Company's website.
PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS		
6.1 Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	Yes	In order to facilitate shareholders accessing information about the Group, all Group announcements, briefings, presentations and reports are posted on the Company's website after release. The website includes additional news items about the activities of the Group which are not market sensitive. Shareholders are entitled to receive a copy of the Annual Report and can elect the method by which it is delivered. The Group encourages shareholders to elect to receive the Annual Report and other correspondence from the Company electronically and requires shareholders to 'opt in' if they wish to receive a hard copy of the report. Shareholders are encouraged to attend for the Annual General Meeting as full use is made of the occasion to inform shareholders of current developments through presentations and the opportunity to ask questions of management and the Group's external auditors
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK		
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	The board has allocated responsibility to the Audit & Risk Committee to ensure there are adequate polices, procedures and control systems in relation to risk management and compliance. The Committee reviews and approves polices pertaining to material business risks to ensure they are current and adequately address the necessary aspects of risk management.

Recommendation	Comply Yes/No	Reference/Explanation
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	The Company has developed and implemented a risk management process to ensure that there are up-to-date risk management policies and procedures which reflect the board's appetite for risk and which are consistently applied across the Group. Conformance with policies and procedures is the responsibility of management and compliance reviewed on a periodic basis. The Company has an Audit & Risk Committee which meets regularly during the year. At the meetings the Committee receives explanations from management on any breakdowns in internal controls identified and the actions proposed to resolve them. Items remain open and are reviewed at following committee meetings until resolved to the Committee's satisfaction.
7.3 The board should disclose whether it has received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	In accordance with section 295A of the Corporations Act, the CEO and CFO have provided a written statement to the board that: • their view provided on the Group's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the board. • the Group's risk management and internal compliance and control system is operating effectively in all material respects.
7.4 Additional information.		The risk management process, discussed at Principle 7.3, includes a wide range of proprietary policies and procedures which have been developed specifically for the Company and its business. The Company believes it would be unreasonably prejudicial to its interests and inappropriate to disclose this information publicly.
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
8.1 The board should establish a remuneration committee.	Yes	The Company has a Nominations and Remuneration Committee which meets as required each year.
8.2 The remuneration committee should be structured so that it: • Consists of a majority of independent directors • Is chaired by an independent chair • Has at least three members	Yes	At the date of this report and throughout the reporting period the Company's Remuneration Committee was: • comprised of non-executive directors being Mr Pettigrew, Mr Cave, Mr Grellman and Mr Godson. • chaired by Mr Cave, with three independent directors. • governed by a Charter approved by the Board • sufficiently autonomous to be able to discharge its duties and responsibilities including the authority to select, retain and terminate external advisers as the Committee considers necessary without seeking approval of the board or management.
8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Full details of the Company's remuneration policy are set out in the Remuneration Report on page 6.
8.4 Additional information		Full details in relation to names, skills, term of office and attendance at meetings for each member of the Committee are set out in the Directors' Report on page 1. The Nominations and Remuneration Committee Charter is available on the Company's website.

Auditor's independence declaration

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

In relation to our audit of the financial report of Bisalloy Steel Group Limited for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Trent Van Veen
Partner
21 August 2013

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Consolidated statement of comprehensive income

for the year ended 30 June 2013

	Notes	Consolidated Year ended 30 June 2013 $'000	Consolidated Year ended 30 June 2012 $'000
Continuing operations			
Revenue			
Sales of goods		**80,584**	103,999
Cost of sales	5(c)	**(63,735)**	(82,913)
Gross profit		**16,849**	21,086
Other income	5(a)	**16**	133
Distribution expenses		**(1,156)**	(1,115)
Marketing expenses		**(3,023)**	(3,111)
Occupancy expenses		**(834)**	(877)
Administrative expenses		**(5,144)**	(5,178)
Operating profit		**6,708**	10,938
Finance costs	5(b)	**(1,489)**	(1,392)
Finance income	5(b)	**21**	56
Share of profit of joint venture	6	**194**	405
Profit before income tax		**5,434**	10,007
Income tax expense	7(a)	**(1,615)**	(3,162)
Profit after income tax		**3,819**	6,845
Attributable to:			
Non-controlling interest	21(e)	**336**	585
Owner's of the parent		**3,483**	6,260
		3,819	6,845
Other comprehensive income			
Profit for the year		**3,819**	6,845
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on cash flow hedges		**320**	181
Income tax effect		**(96)**	(46)
		224	135
Foreign currency translation		**873**	(225)
Income tax effect		**–**	–
		873	(225)
Other comprehensive income/(loss) for the period, net of tax		**1,097**	(90)
Total comprehensive income for the period, net of tax		**4,916**	6,755
Attributable to:			
Non-controlling interest		**535**	487
Owner's of the parent		**4,381**	6,268
		4,916	6,755
Earnings per share for profit attributable to ordinary equity holders of the parent			
– Basic earnings per share (cents)	8	**8.0**	14.5
– Diluted earnings per share (cents)	8	**7.9**	14.2

Consolidated statement of financial position

as at 30 June 2013

	Notes	Consolidated Year ended 30 June 2013 $'000	Consolidated Year ended 30 June 2012 $'000
ASSETS			
Current assets			
Cash and cash equivalents	10(a)	**693**	1,225
Trade and other receivables	11	**12,141**	17,148
Inventories	12	**21,670**	20,281
Other current assets	13	**862**	848
Derivative financial instruments	20	**268**	90
Total current assets		**35,634**	39,592
Non-current assets			
Other financial assets	13	**185**	227
Investment in joint venture	6	**1,534**	1,340
Property, plant and equipment	14	**17,089**	17,350
Total non-current assets		**18,808**	18,917
Total assets		**54,442**	58,509
LIABILITIES			
Current liabilities			
Trade and other payables	17	**13,151**	18,333
Other liabilities	17	**539**	–
Income tax payable	7(e)	**234**	2,741
Provisions	19	**2,321**	2,130
Derivative financial instruments	20	**136**	206
Total current liabilities		**16,381**	23,410
Non-current liabilities			
Interest bearing loans and borrowings	18	**11,055**	12,331
Other liabilities	17	**–**	491
Provisions	19	**339**	375
Deferred tax liabilities	7(d)	**794**	93
Total non-current liabilities		**12,188**	13,290
Total liabilities		**28,569**	36,700
NET ASSETS		**25,873**	21,809
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	21(a)	**10,874**	10,874
Accumulated profits	21(f)	**9,801**	6,289
Other reserves	21(g)	**1,976**	1,460
Parent interests		**22,651**	18,623
Non-controlling interests	21(e)	**3,222**	3,186
TOTAL EQUITY		**25,873**	21,809

Consolidated statement of cash flows

for the year ended 30 June 2013

	Notes	Consolidated Year ended 30 June 2013 $'000	Year ended 30 June 2012 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**93,893**	109,916
Payments to suppliers and employees (inclusive of GST)		**(86,668)**	(101,455)
Interest received		**21**	56
Borrowing costs		**(1,489)**	(1,392)
Income tax paid		**(3,422)**	(440)
Net cash inflow from operating activities	10(b)	**2,335**	6,685
Cash flows from investing activities			
Proceeds from sale of fixed assets		**–**	10
Payments for property, plant and equipment		**(1,132)**	(1,627)
Payments for investment in joint venture		**–**	(467)
Net cash outflow from investing activities		**(1,132)**	(2,084)
Cash flows from financing activities			
Repayment of borrowings		**(1,276)**	(3,481)
Dividends paid to non-controlling interests		**(499)**	(478)
Net cash outflow from financing activities		**(1,775)**	(3,959)
Net increase / (decrease) in cash held		**(572)**	642
Net foreign exchange differences		**40**	(27)
Cash at the beginning of the financial year		**1,225**	610
Cash at the end of the financial year	10(a)	**693**	1,225

Consolidated statement of changes in equity

for the year ended 30 June 2013

	Issued capital $'000	Employee equity benefits reserve $'000	Net gain/ (loss) on cash flow hedges $'000	Foreign currency translation reserve $'000	Asset revaluation reserve $'000	Equity Settlement Reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
	Attributable to equity holders of the Company									
At 30 June 2012	**10,874**	**525**	**(142)**	**(1,694)**	**2,771**	**-**	**6,289**	**18,623**	**3,186**	**21,809**
Profit for the period	–	–	–	–	–	–	3,483	3,483	336	3,819
Other comprehensive income	–	–	224	674	–	–	–	898	199	1,097
Depreciation transfer for building revaluation	–	–	–	–	(29)	–	29	–	–	–
Total comprehensive income	**–**	**–**	**224**	**674**	**(29)**	**–**	**3,512**	**4,381**	**535**	**4,916**
Transactions with owners in their capacity as owners:										
Share based payments	–	209	–	–	–	–	–	209	–	209
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(499)	(499)
Settlement of performance rights	–	(360)	–	–	–	(202)	–	(562)	–	(562)
At 30 June 2013	**10,874**	**374**	**82**	**(1,020)**	**2,742**	**(202)**	**9,801**	**22,651**	**3,222**	**25,873**
At 30 June 2011	**65,539**	**299**	**(277)**	**(1,567)**	**2,800**	**–**	**(54,665)**	**12,129**	**3,177**	**15,306**
Profit for the period	–	–	–	–	–	–	6,260	6,260	585	6,845
Other comprehensive income	–	–	135	(127)	–	–	–	8	(98)	(90)
Depreciation transfer for building revaluation	–	–	–	–	(29)	–	29	–	–	–
S258F capital reduction	(54,665)	–	–	–	–	–	54,665	–	–	–
Total comprehensive income	**(54,665)**	**–**	**135**	**(127)**	**(29)**	**–**	**60,954**	**6,268**	**487**	**6,755**
Transactions with owners in their capacity as owners:										
Share based payments	–	226	–	–	–	–	–	226	–	226
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(478)	(478)
At 30 June 2012	**10,874**	**525**	**(142)**	**(1,694)**	**2,771**	**–**	**6,289**	**18,623**	**3,186**	**21,809**

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 1. Corporate information

The financial report of Bisalloy Steel Group Limited and its subsidiaries ("the Group") for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 21 August 2013.

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

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

Note 2. Summary of significant accounting policies

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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 requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial information contained in the financial report has been prepared in accordance with the historical cost convention, except for land and buildings and derivative financial instruments, which are measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

New Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except the following which the Group adopted from 1 July 2012:

- *AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income which requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.*

Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Company or the Consolidated Entity.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2013.

b. Statement of compliance

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

c. Basis of consolidation and investments in a 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 balance date.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

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

for the year ended 30 June 2013

Note 2. Summary of significant accounting policies (continued)

c. Basis of consolidation and investments in a joint venture (continued)

Under the equity method, the investment in the joint venture is carried on the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. 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 income statement 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 and discloses this, 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 income statement. This is the profit attributable to the equity holders of the joint venture and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the joint venture.

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

d. Significant accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees (including directors and other senior executives) by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using discounted cash flow models using the assumptions dealt with in note 2(n).

e. Operating segments

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

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

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

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

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

f. Taxation

Current tax
Current tax assets and liabilities for the current and prior periods 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.

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

Deferred income 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
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and 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 income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, 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 income 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
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised 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 income tax assets is reviewed at each statement of financial position 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 income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income 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 balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

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

g. Cash and cash equivalents

Cash in the statement of financial position and the cash flow statement is comprised of cash on hand and in banks and short-term deposits with an original maturity of three months or less. Cash is stated at nominal value.

h. Trade and other receivables

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

i. Inventories

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

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

Raw materials

- Purchase cost is on an average cost basis.

Work in progress and finished 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.

j. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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 it is eligible for capitalisation. All other repairs and maintenance are recognised in the profit and loss as incurred.

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

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 2. Summary of significant accounting policies (continued)

j. Property, plant and equipment (continued)

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

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

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted 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 and loss.

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

Derecognition

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

Information technology costs

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

k. Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

l. Contributed equity

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

m. Employee benefits

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

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

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

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

n. Share-based payment transactions

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

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

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

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

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

o. Provisions

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

p. Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

q. Goods and services tax

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

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

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

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

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

r. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

Sale of goods

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products to entities outside the consolidated entity. Sales revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the customer. Risks and rewards of ownership are considered passed to the customer at the time of delivery of the goods to the customer.

Rendering of services

This revenue comprises of freight, restocking and miscellaneous service charges provided to customers, which is recognised when the service is provided and billed to the customer.

Interest income

Interest income is recognised as it accrues using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset).

Dividend income

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

s. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. 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 they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Bisalloy Steel Group Limited does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

t. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Group as a lessee

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

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

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 2. Summary of significant accounting policies (continued)

u. Foreign currency translation

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

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

v. Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

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

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

w. Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. 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 assets when the fair value is positive and as 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 forecast transaction.

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

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

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

Cash Flow Hedges

Cash flow hedges are a hedge of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the statement of 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

Fair value hedges are a hedge of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk and could affect profit and loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged and the derivative is remeasured to fair value. Gains and losses from both are taken to the profit or loss.

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 change in fair value of the hedging instrument is also recognised in the 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.

Notes to the consolidated financial statements

for the year ended 30 June 2013

x. Changes in accounting standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2013. Those that may be applicable to the Group are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9	*Financial Instruments*	*AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.* *These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.*	*1 January 2015*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2015*
AASB 10	*Consolidated Financial Statements*	*AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities.*	*1 January 2013*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2013*
AASB 11	*Joint Arrangements*	*AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly-controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation.*	*1 January 2013*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2013*
AASB 12	*Disclosure of Interests in Other Entities*	*AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests*	*1 January 2013*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2013*
AASB 13	*Fair Value Measurement*	*AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.*	*1 July 2013*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2013*
AASB 119	*Employee Benefits*	*The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.*	*1 January 2013*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2013*
AASB 2012-2	*Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*	*AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognized financial assets and recognized financial liabilities, on the entity's financial position.*	*1 January 2013*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2013*

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2012-5	*Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*	*AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following:* *Repeats application of AASB 1 is permitted (AASB 1)* *Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).*	*1 January 2013*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2013*
AASB 2012-3	*Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*	*AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right to set-off" and that some gross settlement systems may be considered equivalent to net settlement.*	*1 January 2014*	*The amendments are not expected to have a significant impact on the financial statements*	*1 July 2014*

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 3. Financial Risk Management

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

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

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

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

- Official Manager
- Receiver and Manager
- Administrator
- Liquidator

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

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

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

LIQUIDITY RISK

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

On 18 June 2012 the Group renewed its facility agreement which comprises an $11m term loan and $14m revolver borrowing facility. The drawn revolver facility balance is limited to the value of the available collateral and fluctuates daily. Eligible trade receivables, eligible inventory, plant and equipment and real property constitute available collateral. At balance date, the carrying amount of assets pledged as collateral was $44.5m (2012: $49.7m).

In addition to the eligible collateral, the Group have several general and financial undertakings which they must comply with including a $6m (2012: $6m) limit on capital expenditure, a Tangible Net Worth covenant, and a Fixed Charge Coverage Ratio covenant.

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

Contractual maturity of financial liabilities

The table below reflects all contractually fixed payments for settlement, repayments and interest resulting from recognised financial liabilities, including derivative financial instruments as at 30 June 2013.

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 2013.

	Consolidated	
	2013 $'000	2012 $'000
6 months or less	**14,365**	21,708
6-12 months	**339**	428
1-5 years	**12,377**	14,577
Over 5 years	**–**	–
	27,081	36,713

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 3. Financial Risk Management (continued)

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.

	<=6 months $'000	6-12 months $'000	1-5 years $'000	>5 years $'000	Total $'000
Consolidated					
Financial assets					
Cash and cash equivalents	693	–	–	–	693
Trade and other receivables	12,141	–	–	–	12,141
Derivatives					
Inflows	3,225	–	–	–	3,225
Outflows	(3,493)	–	–	–	(3,493)
	12,566	–	–	–	12,566
Financial liabilities					
Trade and other payables	13,690	–	–	–	13,690
Interest bearing loans and borrowings	322	322	12,377		13,021
Income tax payable	234	–	–	–	234
Derivatives – gross settled					
Inflows	2,076	585	–	–	2,661
Outflows	(1,957)	(568)	–	–	(2,525)
	14,365	339	12,377	–	27,081
Net inflow/(outflow)	(1,799)	(339)	(12,377)	–	(14,515)

MARKET RISK

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

Foreign exchange risk

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

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

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

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

Sensitivity analysis

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

	Effect on Post tax profit Higher / (Lower)		Effect on equity Higher / (Lower)	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Sensitivity to USD				
Consolidated				
AUD/USD +10%	**133**	438	**(75)**	323
AUD/USD -10%	**(162)**	(536)	**92**	(395)

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 2013, the Group had the following mix of financial assets and liabilities exposed to variable interest rates that are not designated in cash flow hedges.

	Consolidated	
	2013 $'000	2012 $'000
Financial Assets		
Cash and cash equivalents	**689**	1,221
Financial Liabilities		
Bank loans	**(11,055)**	(12,331)
Net exposure	**(10,366)**	(11,110)

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 3. Financial Risk Management (continued)

Interest rate sensitivity analysis

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

	Post tax profit Higher / (Lower)		Other comprehensive income Higher / (Lower)	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Consolidated				
+1.0% (100 basis points)	**(73)**	(78)	**–**	–
-1.0% (100 basis points)	**73**	78	**–**	–

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.

Fair value

The Group uses various methods in estimating the fair value of a financial instrument. 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 financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Year ended 30 June 2013				Year ended 30 June 2012			
	Quoted market price (Level 1) $000	Valuation technique- market observable inputs (Level 2) $000	Valuation technique- non market observable inputs (Level 3) $000	Total $000	Quoted market price (Level 1) $000	Valuation technique- market observable inputs (Level 2) $000	Valuation technique- non market observable inputs (Level 3) $000	Total $000
Consolidated								
Financial assets								
Foreign exchange contracts	**–**	**268**	**–**	**268**	–	90	–	90
	–	**268**	**–**	**268**	–	90	–	90
Financial liabilities								
Foreign exchange contracts	**–**	**136**	**–**	**136**	–	206	–	206
	–	**136**	**–**	**136**	–	206	–	206

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

Transfer between categories

There were no transfers between levels during the year.

Note 4. Operating segments

IDENTIFICATION OF REPORTABLE SEGMENTS

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

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

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

GEOGRAPHICAL AREAS

Australian operations

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

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

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

Overseas operations

The overseas operations comprise of PT Bima Bisalloy and Bisalloy (Thailand) Co Limited located in Indonesia and Thailand respectively. These businesses distribute Bisalloy Q&T plate as well as other steel plate products. From July 2011 the overseas operations include the co-operative joint venture Bisalloy Jigang Steel Plate (Shandong) Co., Ltd in the People's Republic of China for the marketing and distribution of quench and tempered steel plate.

ACCOUNTING POLICIES AND INTER-SEGMENT TRANSACTIONS

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

Inter-entity sales

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

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note. 4 Operating segments (continued)

MAJOR CUSTOMERS

The group has a number of customers to which it provides products. There are three major distributors who account for 26% (2012: 19%), 17% (2012: 19%) and 16% (2012: 4%) of total external revenue. The next most significant client account is end users with one major customer who accounts for 1% (2012: 10%) of total external revenue.

Year ended 30 June 2013	Australia $'000	Overseas $'000	Total $'000
Revenue:			
Sales to external customers	66,429	14,155	80,584
Inter-segment sales	6,680	–	6,680
Total segment revenue	73,109	14,155	87,264
Inter-segment elimination			(6,680)
Total consolidated revenue			**(80,584)**
Segment net operating profit after tax	**2,460**	**1,359**	**3,819**
Interest income	2	19	21
Interest expense	1,474	15	1,489
Depreciation	1,333	91	1,424
Share of profit of joint venture	–	194	194
Income tax expense	1,179	436	1,615
Segment assets	**44,737**	**14,792**	**59,529**
Capital expenditure	1,095	38	1,133
Segment liabilities	**26,137**	**3,010**	**29,147**

Year ended 30 June 2012	Australia $'000	Overseas $'000	Total $'000
Revenue:			
Sales to external customers	87,097	16,902	103,999
Inter-segment sales	8,220	–	8,220
Total segment revenue	95,317	16,902	112,219
Inter-segment elimination			(8,220)
Total consolidated revenue			103,999
Segment net operating profit after tax	4,789	2,056	6,845
Interest income	6	50	56
Interest expense	1,380	12	1,392
Depreciation	1,035	107	1,142
Share of profit of joint venture	–	405	405
Income tax expense	2,555	607	3,162
Segment assets	49,832	15,852	65,684
Capital expenditure	1,489	138	1,627
Segment liabilities	32,615	4,568	37,183

	Consolidated	
	Year ended 30 June 2013 $'000	Year ended 30 June 2012 $'000
i) Segment revenue reconciliation to the statement of comprehensive income		
Total segment revenue	**87,264**	112,219
Inter-segment sales elimination	**(6,680)**	(8,220)
Total revenue	**80,584**	103,999

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

	Consolidated	
	Year ended 30 June 2013 $'000	Year ended 30 June 2012 $'000
Australia	**63,644**	79,991
Indonesia	**8,836**	12,673
Other foreign countries	**8,104**	11,335
Total revenue	**80,584**	103,999

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

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

	Consolidated	
	Year ended 30 June 2013 $'000	Year ended 30 June 2012 $'000
Reconciliation of segment net operating profit after tax to net profit before tax		
Segment net operating profit after tax	**3,819**	6,845
Income tax expense	**1,615**	3,162
Total net profit before tax per the statement of comprehensive income	**5,434**	10,007

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note. 4 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 available-for-sale assets, derivative assets, deferred tax assets, and pension assets.

	Consolidated	
	Year ended 30 June 2013 $'000	Year ended 30 June 2012 $'000
Reconciliation of segment operating assets to total assets		
Segment operating assets	**59,529**	65,684
Inter-segment eliminations	**(5,355)**	(7,265)
Derivative assets	**268**	90
Deferred tax assets	**–**	–
Total assets per the statement of financial position	**54,442**	58,509

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

Australia	**18,119**	16,865
Overseas	**689**	2,052
Total assets	**18,808**	18,917

iv) Segment liabilities reconciliation to the statement of financial position

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

	Consolidated	
	Year ended 30 June 2013 $'000	Year ended 30 June 2012 $'000
Reconciliation of segment operating liabilities to total liabilities		
Segment operating liabilities	**29,147**	37,183
Inter-segment eliminations	**(4,402)**	(6,028)
Income tax payable	**234**	2,741
Provisions	**2,660**	2,505
Derivative financial instruments	**136**	206
Deferred tax liabilities	**794**	93
Total liabilities per the statement of financial position	**28,569**	36,700

Note 5. Revenue and expenses

	Consolidated Year ended 30 June 2013 $'000	Consolidated Year ended 30 June 2012 $'000
(a) Other (income)/expenses		
Foreign exchange losses/(gains)	**(2)**	(74)
Other income	**(14)**	(59)
	(16)	(133)
(b) Finance income and costs		
Bank interest and borrowing costs	**1,489**	1,392
Total finance costs	**1,489**	1,392
Bank interest	**(21)**	(56)
Total finance income	**(21)**	(56)
(c) Depreciation and costs of inventories included in statement of comprehensive income		
Depreciation and amortisation	**1,424**	1,142
Costs of inventories recognised as an expense	**63,735**	82,913
(d) Lease payment and other expenses included in statement of comprehensive income		
Rental – operating leases	**278**	316
(e) Employee benefits expense		
Wages and salaries	**10,725**	12,188
Superannuation costs	**748**	734
Expense of share-based payments	**209**	226
	11,682	13,148

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note. 6. Investment in a joint venture

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

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

As at 30 June 2013, US$500,000 of the investment had been paid, with the balance due in July 2013.

	Consolidated	
	Year ended 30 June 2013 $'000	Year ended 30 June 2012 $'000
Share of the joint venture's statement of financial position:		
Current assets	**1,096**	831
Non-current assets	**41**	42
Current liabilities	**68**	(75)
	1,205	948
Share of the joint venture's revenue and profit:		
Revenue	**1,378**	1,749
Profit	**194**	405
Carrying amount of the investment	**1,534**	1,340

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

The joint venture has no capital commitments or contingent liabilities at 30 June 2013.

Note 7. Income tax

	Consolidated Year ended 30 June 2013 $'000	Consolidated Year ended 30 June 2012 $'000
(a) Income Tax Expense		
The major components of income tax expense are:		
Statement of comprehensive income		
Current income tax		
Current income tax charge	**1,466**	3,499
Adjustments in respect of current income tax of previous years	**(455)**	–
	1,011	3,499
Deferred income tax		
Relating to origination and reversal of temporary differences	**604**	(337)
Income tax expense	**1,615**	3,162
The income tax expense for the period is disclosed as follows:		
Income tax expense reported in the consolidated statement of comprehensive income	**1,615**	3,162
	1,615	3,162
(b) Amounts charged or credited directly to equity		
Deferred income tax related to items charged or credited directly to equity		
Net gain on revaluation of derivative assets	**96**	46
Income tax expense reported in equity	**96**	46
(c) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before tax	**5,434**	10,007
At the Group's statutory income tax rate of 30% (2012: 30%)	**1,630**	3,002
Income assessable for tax purposes	**358**	464
Expenditure not allowable for tax purposes	**176**	199
De-recognition of foreign income tax credits	**165**	–
Income not assessable for tax purposes	**(58)**	(124)
Expenditure allowable for tax purposes	**(121)**	(154)
Foreign tax credits allowed	**(214)**	(225)
Adjustments in respect of current income tax of previous years	**(321)**	–
	1,615	3,162

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 7. Income tax (continued)

	Statement of financial position		Statement of comprehensive income		Equity	
	Year ended 30 June 2013 $'000	Year ended 30 June 2012 $'000	Year ended 30 June 2013 $'000	Year ended 30 June 2012 $'000	Year ended 30 June 2013 $'000	Year ended 30 June 2012 $'000
(d) Deferred income tax						
Deferred income tax at 30 June relates to the following:						
CONSOLIDATED						
Accelerated depreciation for tax purposes	**(1,720)**	(1,707)	**13**	108	**–**	–
Employee entitlement provisions	**648**	620	**(28)**	(79)	**–**	–
Other provisions and accruals	**44**	303	**259**	(259)	**–**	–
Inventory	**60**	144	**83**	(79)	**–**	–
Other	**214**	212	**(2)**	(229)	**–**	–
Foreign income tax credits	**–**	300	**300**	88	**–**	–
Derivatives	**(40)**	35	**(21)**	113	**96**	48
Deferred tax (liabilities)/assets reflected in the balance sheet	**(794)**	(93)				
Deferred tax credit/expense			**604**	(337)		
Equity					**96**	48

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

The current tax liability for the Consolidated entity of $233,739 (2012: $2,741,000) represents the amount of income tax payable in respect of the current and prior periods that arises from the payment of tax in deficit of the amounts due to the relevant tax authority.

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

(f) Unrecognised temporary differences

At 30 June 2013, 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 (2012: Nil).

(g) Tax consolidation

(i) Members of the tax consolidation group and the tax sharing arrangement

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

(ii) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The allocation of taxes under the tax funding agreement is recognised under the separate tax payer within a group approach. Allocations under the tax funding agreement are made on a semi annual basis.

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

Note 8. Earnings per share (EPS)

	Year ended 30 June 2013 $'000	Year ended 30 June 2012 $'000
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Net profit for the period	**3,819**	6,845
Net profit attributable to non-controlling interest holders	**336**	585
Net profit attributable to equity holders of the parent (used in calculating basic and diluted EPS)	**3,483**	6,260

	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	**43,292**	43,292
Effects of dilution:		
Performance rights	**578**	707
Adjusted weighted average number of ordinary shares for diluted earnings per share	**43,870**	43,999
Weighted average number of lapsed or cancelled potential ordinary shares included in diluted earnings per share	**–**	–

Note 9. Dividends paid or proposed

	Consolidated	
	Year ended 30 June 2013 $'000	Year ended 30 June 2012 $'000
(a) Dividends paid during the year		
Interim 2013 – Nil (2012: Nil)	**–**	–
Final 2013 dividend – Nil (2012: Nil)	**–**	–
(b) Proposed for approval at the annual general meeting (not recognised as a liability as at 30 June)		
Final dividend for 2013 – 4.0 cents per share (2012: Nil)	**1,732**	–
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30%	**4,686**	1,908
Franking credits that will arise from the payment of tax payable as at the end of the financial year	**803**	2,594
Franking debits that will arise from the payment of dividends as at the end of the financial year	**(520)**	–
	4,969	4,502

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 10. Cash and cash equivalents

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
(a) Reconciliation of cash		
For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 30 June:		
Cash at bank	689	1,221
Cash at hand	4	4
Total	693	1,225
(b) Reconciliation of net profit after income tax to net cash provided by operations		
Net profit after tax	3,819	6,845
Non cash items		
Depreciation and amortisation	1,424	1,142
Share-based payments expense	209	226
Net profit on disposal of property, plant and equipment	–	(10)
Impairment and write-off of current assets	(30)	(11)
Share of profit of an associate	(194)	(405)
Net fair value change on derivatives	(25)	(403)
Change in operating assets and liabilities		
Decrease/(increase) in receivables and other assets	5,007	(3,865)
Decrease/(increase) in foreign currency translation	852	(152)
Increase in inventories	(1,360)	(6,567)
(Decrease)increase in tax assets and liabilities	(1,807)	2,722
Decrease/(increase) in prepayments	29	(166)
(Decrease)/increase in trade creditors	(5,182)	6,952
Increase in provisions	155	377
Settlement of share rights	(562)	–
Net cash used in operating activities	2,335	6,685

(c) Disclosure of financing facilities

Refer note 18.

Note 11. Trade and other receivables

	Consolidated 30 June 2013 $'000	Consolidated 30 June 2012 $'000
Current		
Trade receivables	**12,152**	17,090
Less: Provision for doubtful debts	**(22)**	(66)
	12,130	17,024
Other	**11**	124
	11	124
	12,141	17,148

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

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

	Total $'000	0-30 Days $'000	31-60 Days $'000	61-90 Days PDNI* $'000	61-90 Days CI* $'000	+91 Days PDNI* $'000	+91 Days CI* $'000
2013 Consolidated	**12,152**	**6,676**	**3,684**	**993**	**–**	**777**	**22**
2012 Consolidated	17,090	11,902	4,605	419	–	98	66

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

Receivables past due and considered impaired are $22,000 (2012: $66,000) which relate to specific receivables. Credit has been stopped on these accounts until full payment is made. Receivables over 91 days past due not impaired relate to an account within Australia for which payment was received after 30 June 2013 and accounts within the Indonesian and Thailand subsidiaries for which repayment terms have been renegotiated. The Group reports the aged status of receivables against original terms of trade and does not adjust for renegotiated terms.

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

Fair value and credit risk

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

Foreign exchange and interest rate risk

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

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 12. Inventories

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Current		
Raw materials and stores	**4,407**	3,397
Finished goods	**17,263**	16,884
	21,670	20,281

(a) Inventory expense

Inventories recognised as an expense for the year ended 30 June 2013 totalled $63,735,000 (2012: $82,913,000). This expense has been included in the cost of sales line item as a cost of inventories.

The amount expensed includes $29,823 (2012: $10,845) for the Group relating to inventory write-downs.

Note 13. Other financial assets

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Current		
Prepayments	**862**	848
	862	848
Non-current		
Prepayments	**185**	227
	185	227

Note 14. Property, plant and equipment

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

Consolidated	Freehold land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Year ended 30 June 2013				
At 1 July 2012, net of accumulated depreciation and impairment	**8,206**	**29**	**9,115**	**17,350**
Additions	**5**	**–**	**1,127**	**1,132**
Disposals	**–**	**–**	**–**	**–**
Revaluations	**–**	**–**	**–**	**–**
Depreciation and amortisation charge for the year	**(124)**	**(3)**	**(1,297)**	**(1,424)**
Exchange adjustment	**23**	**–**	**8**	**31**
At 30 June 2013, net of accumulated depreciation and impairment	**8,110**	**26**	**8,953**	**17,089**
At 1 July 2012				
Cost or fair value	**9,281**	**58**	**18,339**	**27,678**
Accumulated depreciation and impairment	**(1,075)**	**(29)**	**(9,224)**	**(10,328)**
Net carrying value	**8,206**	**29**	**9,115**	**17,350**
At 30 June 2013				
Cost or fair value	**9,297**	**58**	**16,391**	**25,746**
Accumulated depreciation and impairment	**(1,187)**	**(32)**	**(7,438)**	**(8,657)**
Net carrying value	**8,110**	**26**	**8,953**	**17,089**

Consolidated	Freehold land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Year ended 30 June 2012				
At 1 July 2011, net of accumulated depreciation and impairment	8,348	31	8,512	16,891
Additions	37	4	1,586	1,627
Disposals	–	–	–	–
Revaluations	–	–	–	–
Depreciation and amortisation charge for the year	(156)	(6)	(980)	(1,142)
Exchange adjustment	(23)	–	(3)	(26)
At 30 June 2012, net of accumulated depreciation and impairment	8,206	29	9,115	17,350
At 1 July 2011				
Cost	9,267	54	16,756	26,077
Accumulated depreciation and impairment	(919)	(23)	(8,244)	(9,186)
Net carrying value	8,348	31	8,512	16,891
At 30 June 2012				
Cost or fair value	9,281	58	18,339	27,678
Accumulated depreciation and impairment	(1,075)	(29)	(9,224)	(10,328)
Net carrying value	8,206	29	9,115	17,350

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 14. Property, plant and equipment (continued)

(b) Revaluation of freehold land and freehold buildings

In 2011, the Group engaged Colliers International, an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Group, and to market based yields for comparable properties. The effective date of the revaluation was 13 May 2011.

(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:

	2013 Freehold land and buildings $'000	2012 Freehold land and buildings $'000
Cost	**5,297**	5,281
Accumulated depreciation and impairment	**(1,105)**	(1,034)
Net carrying amount	**4,192**	4,247

15. Share-based payments plans

Long Term Incentives (LTI) Plan

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

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

Structure

At the 2012 Annual General Meeting, an LTI plan was renewed for LTI grants to executives in the form of share rights.

These rights are granted in two equal parts. The first part is based on retention and requires the holder remain an employee for three years from grant date. The second part is based on delivering superior long-term performance as measured by Return on Equity ("ROE"), with each grant of rights divided into three equal tranches. For each tranche, actual ROE is measured against a budget ROE and a stretch ROE as determined annually by the board in respect of the forthcoming year. The proportion of the rights which vest depend on where within this range the Group performs, with 100% vesting on achieving the stretch ROE and no rights vesting if actual ROE is less than 90% of the budgeted ROE. For the 2013 year, the stretch ROE was set at the budget ROE. Any rights to which the employee may become entitled on achieving the performance criteria, are still subject to the three year retention criteria before they can vest.

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

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

During the 30 June 2013 financial year 500,000 share rights were granted to executives under this scheme.

The share rights have been valued by Mercer (Australia) Pty Ltd. A fair value expressed as a value per share right has been determined as at the grant date for each grant of rights. The rights have been valued according to a discounted cash flow (DCF) methodology. The share price at valuation date and a nil dividend yield for Grants 2 and 3 and a 5% dividend yield for Grant 4 (based on historic and future estimates at the time) formed the basis of the valuation. Refer to note 2(n) for further details on the valuation methodology.

The following table lists the valuation outputs for outstanding grants as at 30 June 2013:

	Expiry term of three years	
	Value of one right	Proportion of rights that vest
Grant 2	$1.00	66.67%
Grant 3	$0.58	83.33%
Grant 4	$1.19	83.33%

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

	Grant 1 Vested	Grant 2 Vested	Grant 3 Unvested	Grant 4 Unvested	Total
Grant date	4 Jan 2010	22 Mar 2010	1 Jul 2011	4 Jan 2013	
Expiry date	4 Jan 2013	30 Jun 2013	30 Jun 2014	4 Jan 2016	
Exercise price	$0.00	$0.00	$0.00	$0.00	
Balance at 30 June 2011	**400,189**	**166,667**	**–**	**–**	**566,856**
New grants in the year	–	–	300,000	–	300,000
Exercised in the year	–	–	–	–	–
Lapsed during the year	–	–	–	–	–
Balance at 30 June 2012	**400,189**	**166,667**	**300,000**	**–**	**866,856**
Exercisable at 30 June 2012	**–**	**–**	**–**	**–**	**–**
New grants in the year	–	–	–	500,000	500,000
Exercised in the year	-400,189	–	–	–	-400,189
Lapsed during the year	–	-33,333	-50,001	-83,333	-166,667
Balance at 30 June 2013	**–**	**133,334**	**249,999**	**416,667**	**800,000**
Exercisable at 30 June 2013	**–**	**133,334**	**–**	**–**	**133,334**

The weighted average remaining contractual life for the share rights outstanding as at 30 June 2013 is 2.0 years (2012: 1.12 years).

Share Rights Plan

The amount expensed in relation to the above for the current year was $208,825 (2012: $225,779).

Note 16. Pensions and other post-employment benefit plans

Superannuation commitments

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

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 17. Trade and other payables

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Current		
Trade payables	**12,012**	15,988
Other payables and accruals	**1,055**	1,988
Goods and services tax	**84**	357
	13,151	18,333
Deferred payment on investment in joint venture	**539**	–
	13,690	18,333
Non-current		
Deferred payment on investment in joint venture	**–**	491
	–	491

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

Other payables and accruals are non-interest bearing and have an average term of three months. The deferred payment on investment in joint venture is to be paid by July 2013.

Fair value

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

Interest rate, foreign exchange and liquidity risk

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

Note 18. Interest-bearing loans and borrowings

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Current		
Borrowings secured by fixed and floating charges	**–**	–
Non-current		
Borrowings secured by fixed and floating charges	**11,055**	12,331

On 18 June 2012 Bisalloy Steel Group Ltd entered into a renewed facility with GE Commercial Australasia Pty Ltd, with a maturity date of 31 October 2015. This facility provides Bisalloy Steel Group Limited and Bisalloy Steels Pty Ltd with a:

- $14m revolving loan facility; and
- $11m term loan facility

The facility is secured by a fixed and floating charge over all assets of the Closed Group. The facility is subject to usual provisions such as negative covenants and various undertakings, including compliance with a fixed charge coverage ratio. The facility is variable rate linked to an interest rate plus a fixed margin. The average variable interest rate for the year is 6.16% (2012: 7.75%).

Fair values

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

Interest rate, foreign exchange and liquidity risk

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

Assets pledged as security

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

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
At reporting date, the following financing facilities had been negotiated and were available:		
Total facilities		
– revolver facility	**14,000**	14,000
– term loan	**11,000**	11,000
– Bisalloy Thailand facility (i)	**865**	772
– PT Bima facility (ii)	**1,295**	1,183
	27,160	26,955
Facilities used at reporting date		
– revolver facility	**55**	1,331
– term loan	**11,000**	11,000
– bank guarantees	**14**	381
– Bisalloy Thailand facility (i)	**–**	–
– PT Bima facility (ii)	**–**	–
	11,069	12,712
Facilities unused at reporting date		
– revolver facility (inc bank guarantees)	**13,931**	12,288
– term loan	**–**	–
– Bisalloy Thailand facility (i)	**865**	772
– PT Bima facility (ii)	**1,295**	1,183
	16,091	14,243

(i) The Group had a THB 22m promissory note facility and a THB 3m bank overdraft facility available to its Thailand based subsidiary as at 30 June 2013. These facilities are secured by a guarantee from Bisalloy Steel Group Limited.

(ii) The Group has an IDR 1billion and USD$600,000 revolver facilities available to its Indonesian based subsidiary as well as a Letter of Credit facility totalling USD$500,000. These facilities are secured by a charge over the assets of the Indonesian subsidiary.

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 19. Provisions

Consolidated	Employee entitlements $'000	Total $'000
At 1 July 2012	2,505	2,505
Arising during the year	921	921
Utilised	(766)	(766)
At 30 June 2013	2,660	2,660
Current 2013	2,321	2,321
Non-current 2013	339	339
	2,660	2,660
Current 2012	2,130	2,130
Non-current 2012	375	375
	2,505	2,505

Long Service Leave

Refer to note 2(m) for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

Note 20. Derivative financial instruments

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Current Assets		
Forward currency contracts – Cash flow hedges	**131**	–
Forward currency contracts – Fair value hedges	**137**	90
	268	90
Current Liabilities		
Forward currency contracts – Cash flow hedges	**17**	206
Forward currency contracts – Fair value hedges	**119**	–
	136	206

Instruments used by the Group

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

Forward currency contracts

Inventory purchases

In order to protect against exchange rate movements and to manage the inventory costing process, the Group had entered into forward exchange contracts to purchase US$3,767,000 (2012: US$9,815,000). These contracts hedged highly probable forecasted purchases and they are timed to mature when payments are scheduled to be made.

Cash flow hedges

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

The cash flows of these hedges were expected to occur between 1 – 7 months from balance date and the profit and loss will be affected over 12 months as the inventory is either used in production or sold. As at balance date, the details of outstanding contracts in respect of inventory purchases were:

	30 June 2013 $'000	30 June 2012 $'000	30 June 2013 Avg Exchange Rate	30 June 2012 Avg Exchange Rate
Buy US$/Sell Australian $	**2,201**	4,510	**0.9520**	1.0200

Fair value hedges

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

	30 June 2013 $'000	30 June 2012 $'000	30 June 2013 Avg Exchange Rate	30 June 2012 Avg Exchange Rate
Buy US$/Sell Australian $	**1,610**	5,308	**1.0065**	0.9725

Forecast export sales

In order to protect against exchange rate movements on cash flows from foreign currency denominated export sales orders, the Group entered into forward exchange contracts to purchase US$2,036,000 (2012: US$3,406,000). These contracts hedged highly probable forecasted export sales cash receipts and are timed to mature when receipts fall due.

Cash flow hedges

These hedges were considered cash flow hedges to the point where a sales invoice is raised (and a receivable financial asset generated). From this point, the hedge protects the financial asset from exchange rate movements and is, therefore, a fair value hedge.

The cash flows of these hedges were expected to occur between 1 – 3 months from balance date and the profit and loss affected over the same period as sales orders are invoiced and funds from customers received. As at balance date, the details of outstanding contracts in respect of uninvoiced export sales orders were:

	30 June 2013 $'000	30 June 2012 $'000	30 June 2013 Avg Exchange Rate	30 June 2012 Avg Exchange Rate
Sell US$/Buy Australian $	**–**	21	**–**	1.0056

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 20. Derivative financial instruments (continued)

Fair value hedges

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

	30 June 2013 $'000	30 June 2012 $'000	30 June 2013 Avg Exchange Rate	30 June 2012 Avg Exchange Rate
Sell US$/Buy Australian $	**2,076**	3,407	**0.9685**	1.0056

Interest rate risk

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

Credit risk

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

Note 21. Contributed equity and reserves

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
(a) Ordinary shares, issued and fully paid	**10,874**	10,874

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	2013		2012	
	Number of Shares	$'000	Number of Shares	$'000
(b) Movements in shares on issue				
Balance at 1 July	**43,291,509**	**10,874**	43,291,509	65,539
S258F capital reduction (note 21f)	**–**	**–**	–	(54,665)
Balance at 30 June	**43,291,509**	**10,874**	43,291,509	10,874

(c) Share rights

During 2013 the Company granted 500,000 (2012: 300,000) performance rights to senior executives under the terms of the Share Rights Plan. Refer note 15 for further details.

(d) Capital management

When managing capital, the Groups 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 2013 and 2012.

The Group monitors capital through the gearing ratio (net debt/ total equity plus net debt) and currently targets a gearing ratio of between 15% and 35% while focus remains on reducing the Groups net debt position. The Group includes within net debt interest bearing loans and borrowings less cash and cash equivalents. The gearing ratios based on continuing operations at 30 June 2013 and 2012 were as follows:

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
Total borrowings	**11,055**	12,331
Less cash and cash equivalents	**(693)**	(1,225)
Net debt	**10,362**	11,106
Total equity	**25,873**	21,809
Total capital	**36,235**	32,915
Gearing ratio	**29%**	34%

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

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
(e) Non-controlling interests		
Balance at 1 July	**3,186**	3,177
Gain/(Loss) on translation of overseas controlled entities	**199**	(98)
Share of net profit for the year	**336**	585
Dividends paid	**(499)**	(478)
Balance at 30 June	**3,222**	3,186

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 21. Contributed equity and reserves (continued)

	Consolidated 30 June 2013 $'000	Consolidated 30 June 2012 $'000
(f) Retained earnings		
Balance at 1 July	**6,289**	(54,665)
S256F capital reduction (i)	**–**	54,665
Net profit for the year	**3,483**	6,260
Depreciation transfer on revaluation of buildings	**29**	29
Dividends paid	**–**	–
Balance at 30 June	**9,801**	6,289

(i) In accordance with Section 258F of the Corporations Act 2001, the Group reduced its contributed equity balance at 30 June 2012 by $54,665,000 with an equal reduction of the accumulated losses balance. This accounted for the total accumulated losses at 1 July 2011, being share capital that was not represented by available assets following the disposal of the distribution business in 2009.

Consolidated	Employee equity benefits reserve $'000	Foreign currency translation reserve $'000	Cash flow hedge reserve $'000	Asset revaluation reserve $'000	Equity settlement reserve $'000	Total $'000
(g) Reserves						
At 30 June 2011	299	(1,567)	(277)	2,800	–	1,255
Currency translation differences	–	(127)	–	–	–	(127)
Share-based payments	226	–	–	–	–	226
Net gain on cash flow hedge	–	–	135	–	–	135
Depreciation transfer for revaluation of buildings	–	–	–	(29)	–	(29)
At 30 June 2012	**525**	**(1,694)**	**(142)**	**2,771**	**–**	**1,460**
Currency translation differences	**–**	**674**	**–**	**–**	**–**	**674**
Share-based payments	**209**	**–**	**–**	**–**	**–**	**209**
Equity settlement	**(360)**	**–**	**–**	**–**	**(202)**	**(562)**
Net gain on cash flow hedge	**–**	**–**	**224**	**–**	**–**	**224**
Depreciation transfer on revaluation of buildings	**–**	**–**	**–**	**(29)**	**–**	**(29)**
At 30 June 2013	**374**	**(1,020)**	**82**	**2,742**	**(202)**	**1,976**

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.

Note 22. Commitments and contingencies

	Consolidated	
	30 June 2013 $'000	30 June 2012 $'000
(a) Capital expenditure commitments		
Estimated capital expenditure contracted for at balance date, but not provided for payable:		
Not later than one year	**48**	230
	48	230

These capital expenditure commitments relate to an overhead crane and upgraded trailer.

(b) Operating lease expenditure commitments		
Not later than one year	**250**	183
Later than one year, but not later than five years	**252**	151
Later than five years	**–**	–
	502	334

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

(c) Contingent liabilities
The directors draw the following contingent liabilities to the attention of users of the financial statements:

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

Note 23. Related parties

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

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

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

Director	Director – related entity	Consolidated 2013 $	Consolidated 2012 $
P J Cave	Anchorage Capital Partners Pty Ltd	**120,000**	120,000

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

Ultimate parent
Bisalloy Steel Group Limited is the ultimate parent Company.

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 23. Related parties (continued)

Investments

	Country of Incorporation	Percentage of equity interest held by the Consolidated entity 30 June 2013 %	Investment 30 June 2013 $'000	Percentage of equity interest held by the Consolidated entity 30 June 2012 %	Investment 30 June 2012 $'000
Name of parent					
Bisalloy Steel Group Limited	Australia				
Controlled entities					
Bisalloy Steels Pty Limited	Australia	**100.00**	**3,801**	100.00	3,801
PT Bima Bisalloy	Indonesia	**60.00**	**245†**	60.00	245†
Bisalloy Holdings (Thailand) Co Ltd	Thailand	**85.00**	**510**	85.00	510
Bisalloy (Thailand) Co Limited	Thailand	**85.00**	**599+**	85.00	599+
Bisalloy North America LLC	United States of America	**100.00**	**–**	100.00	–
Joint venture					
Bisalloy Jigang (Shandong) Steel Plate Co.,Ltd	People's Republic of China	**33.33**	**935**	33.33	935

† Investment is held by Bisalloy Steels Pty Limited

\+ Investment is held by Bisalloy Holdings (Thailand) Co Limited

Entities subject to class order relief

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

The consolidated statement of comprehensive income and statement of financial position of the entities which are members of the "Closed Group" are as follows:

	Closed Group 30 June 2013 $'000	Closed Group 30 June 2012 $'000
i. Consolidated Income Statement		
Profit from continuing operations before income tax	**4,398**	8,693
Income tax expense	**(1,095)**	(2,699)
Profit after income tax	**3,303**	5,994
Accumulated losses at the beginning of the year	**(1,030)**	(61,689)
S258F capital reduction	**–**	54,665
Dividends provided for or paid	**–**	–
Accumulated profits/(losses) at the end of the year	**2,273**	(1,030)
ii. Consolidated Balance Sheet		
Current assets		
Cash and cash equivalents	**59**	30
Trade and other receivables	**9,846**	16,300
Inventories	**15,327**	13,935
Derivative financial instruments	**268**	90
Other financial assets	**763**	728
Total current assets	**26,263**	31,083
Non-current assets		
Investments	**1,689**	1,771
Property, plant and equipment	**16,400**	16,638
Other financial assets	**185**	227
Total non-current assets	**18,274**	18,636
Total assets	**44,537**	49,719
Current liabilities		
Trade and other payables	**15,036**	20,379
Other liabilities	**539**	–
Provisions	**1,821**	1,692
Income tax payable	**241**	2,594
Derivative financial instruments	**136**	206
Total current liabilities	**17,773**	24,871
Non-current liabilities		
Interest bearing liabilities	**11,055**	12,331
Other liabilities	**–**	491
Provisions	**339**	376
Deferred tax liability	**984**	357
Total non-current liabilities	**12,378**	13,555
Total liabilities	**30,151**	38,426
NET ASSETS	**14,386**	11,293
Shareholders' equity		
Contributed equity	**10,874**	10,874
Reserves	**1,239**	1,449
Accumulated profits / (losses)	**2,273**	(1,030)
TOTAL SHAREHOLDERS' EQUITY	**14,386**	11,293

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 23. Related parties (continued)

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

		Interest and management fees to related parties $'000	Other $'000	Amounts owed by related parties $'000	Amounts owed to related parties $'000
Related Party					
Bisalloy Jigang Steel Plate (Shandong) Co.,Ltd	**2013**	**–**	**–**	**–**	**539**
	2012	–	–	106	491

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.

Outstanding balances at year-end are unsecured.

The balance of the Groups investment of $539,000 in Bisalloy Jigang Steel Plate (Shandong) Co, Ltd is to be paid by July 2013.

24. Events after the balance date

No significant events after the balance sheet date.

25. Auditors' remuneration

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

	Consolidated	
	Year ended 30 June 2013 $	Year ended 30 June 2012 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
– an audit or review of the financial report of the entity and any other entity in the consolidated Group	**149,000**	143,800
– tax compliance and advice	**–**	–
– assurance related	**–**	–
– other	**–**	–
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
– an audit or review of the financial report of any other entity in the consolidated Group	**38,820**	51,100
– tax compliance and advice	**–**	–
	187,820	194,900

Note 26. Key management personnel remuneration disclosures

(a) Details of key management personnel

(i) Directors

P J Cave	Non-executive Chairman
R Grellman	Non-executive Director
G Pettigrew	Non-executive Director
K Godson	Non-executive Director
R Terpening	Managing Director

(ii) Executives

D MacLaughlin	Chief Financial Officer and Company Secretary
M Sampson	Sales and Marketing Manager
M Bradmore	Operations Manager
T Matinca	Business Development and Strategy Manager

(b) Compensation of key management personnel

	Consolidated 2013 $	Consolidated 2012 $
Short-term	**1,657,704**	2,067,677
Long Service Leave	**54,022**	47,729
Post employment	**131,231**	231,735
Share based	**208,825**	225,779
Total	**2,051,782**	2,572,920

(c) Shares issued on exercise of performance rights

During the year 400,189 ordinary shares (2012 – nil) were acquired on-market and allocated to key management personnel on the exercise of vested performance rights.

(d) Performance rights holdings of key management personnel

	Balance at 1 July 2012	Granted during the year	Rights exercised during the year	Forfeited or Lapsed	Balance at 30 June 2013	Vested and exercisable	Unvested
Executives							
R Terpening	400,189	500,000	-400,189	-83,333	**416,667**	–	416,667
D MacLaughlin	166,667	–	–	-33,333	**133,334**	133,334	–
M Sampson	100,000	–	–	-16,667	**83,333**	–	83,333
M Bradmore	100,000	–	–	-16,667	**83,333**	–	83,333
T Matinca	100,000	–	–	-16,667	**83,333**	–	83,333
	866,856	500,000	-400,189	-166,667	**800,000**	133,334	666,666

Notes to the consolidated financial statements

for the year ended 30 June 2013

Note 26. Key management personnel remuneration disclosures (continued)

(e) Shareholdings of key management personnel

Shareholdings include shares held personally and through related parties.

	Balance at 30-Jun-12	Performance Rights Exercised	Other	Balance at 30-Jun-13
Directors				
P J Cave	8,364,360	–	(1,100,000)	**7,264,360**
K Godson	1,344,766	–	–	**1,344,766**
R Grellman	41,693	–	–	**41,693**
G Pettigrew	12,125	–	–	**12,125**
R Terpening	125,780	400,189	–	**525,969**
Executives				
D MacLaughlin	46,000	–	–	**46,000**
M Sampson	180	–	–	**180**
M Bradmore	572	–	–	**572**
T Matinca	6,000	–	–	**6,000**
	9,941,476	400,189	(1,100,000)	**9,241,665**

Note 27. Parent entity information

	30 June 2013 $'000	30 June 2012 $'000
Information relating to Bisalloy Steel Group Limited:		
Current assets	**7**	34
Total assets	**4,166**	34
Current liabilities	**241**	2,628
Total liabilities	**241**	35,938
Issued capital	**10,874**	10,874
Accumulated losses	**(6,985)**	(46,814)
Reserves	**36**	36
Total shareholder's equity	**3,925**	(35,904)
Profit/(Loss) of the parent entity	**39,829**	(189)
Total comprehensive income of the parent entity	**39,829**	(189)

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

Directors' declaration

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

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

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

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

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2013.

On behalf of the Board

Robert Terpening
Managing Director

Sydney
21 August 2013

Independent auditor's report

to members of Bisalloy Steel Group Limited

Building a better working world

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Independent auditor's report to the members of Bisalloy Steel Group Limited

Report on the financial report

We have audited the accompanying financial report of Bisalloy Steel Group Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the financial report.

Building a better working world

Opinion

In our opinion:

a. the financial report of Bisalloy Steel Group Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Bisalloy Steel Group Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Trent Van Veen
Partner
Sydney
21 August 2013

ASX additional information

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

The information is current as at 31 July 2013

	Ordinary Shares Number of Holders	Ordinary Shares 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	660	404,040
1,001 – 5,000	716	1,709,074
5,001 – 10,000	150	1,101,294
10,001 – 100,000	166	4,639,258
100,001 and over	39	35,437,843
Total	**1,731**	**43,291,509**
The number of shareholders holding less than a marketable parcel of shares based on a share price of $0.90 at the date of this report are	310	116,707

	Listed Ordinary Shares Number of Shares	Listed Ordinary Shares % of Ordinary Shares
b. Twenty largest shareholders		
The names of the twenty largest holders of quoted shares are:		
1. BALRON NOMINEES PTY LTD	7,498,489	17.32
2. RBC DEXIA INVESTOR SERVICES NOMINEES	6,750,208	15.59
3. ANCHORAGE (BSG) PTY LTD	6,707,373	15.49
4. PROSPECT CUSTODIAN LIMITED	2,187,641	5.05
5. NATIONAL NOMINEES LIMITED	1,713,354	3.96
6. SILVERSTREET PTY LTD	1,344,364	3.11
7. EVELIN INVESTMENTS PTY LTD	1,200,000	2.77
8. HSBC CUSTODY NOMINEES (AUST) LTD	1,164,792	2.69
9. METAL ONE CORPORATION	917,566	2.12
10. CLYDE BANK HOLDINGS (AUST) PTY LTD	605,635	1.40
11. INTERB INVESTMENTS PTY LTD	556,987	1.29
12. TERPENING PTY LTD (TERPENING SUPER FUND)	525,969	1.21
13. BALPIE PTY LIMITED	400,000	0.92
14. BALKIN PTY LTD (BALKIN SUPER FUND)	371,590	0.86
15. KILCONQUHAR SUPERANNUATION FUND PTY LTD	320,547	0.74
16. MERRILL LYNCH (AUST) NOMINEES PTY LTD	277,857	0.64
17. BLACK STORM LTD	220,000	0.51
18. BOTSIS HOLDINGS PTY LTD	200,000	0.46
19. DANIQUE INVESTMENTS PTY LTD	200,000	0.46
20. THE GENUINE SNAKE OIL COMPANY PTY LTD	180,028	0.42

	Fully Paid Number of shares	%
c. Substantial Shareholders:		
The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:		
David Balkin, Mr Peter Smaller, Mirond Holdings Pty Ltd, Smaller Holdings Pty Ltd, Balron Nominees Pty Ltd	7,870,079	18.18
Anchorage (BSG) Pty Limited and Mr Phillip Cave	7,264,360	16.78
RBC Dexia Investor Services	6,750,208	15.49
Prospect Custodian Limited	2,187,641	5.05
	24,072,288	55.61

d. Voting Rights:

All ordinary shares carry one vote per share without restriction.

Corporate Directory

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Telephone: +61 (0)3 9415 4377
Facsimile: +61 (0)3 9473 2500
Web: www.computershare.com

Annual General Meeting

The Group will hold its 2013 Annual General Meeting in the Blu Room at the Radisson Plaza Hotel located at 27 O'Connell Street, Sydney, NSW at 11:00 a.m. on Tuesday, 26 November 2013.

Copies of this report or further information can be obtained by e-mailing bismail@bisalloy.com.au or writing to the Company Secretary at the registered office. An electronic copy of this report is available on the Company's website.

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Bisalloy Steel Group Limited

Bisalloy Steels Product Specifications

- Structural: Bisplate 60, 70, 80, 100.
- Wear: Bisplate 320, 400, 450, 500, 600.
- Armour: Bisplate HHA.
- Other: Bisplate 80PV.

BISPLATE® 60

PUBLIC RECORD

Bisalloy Steels

Bisalloy Steels Pty Ltd
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Applications

BISPLATE® 60 – a low carbon, low alloy, high strength structural steel exhibiting excellent cold formability and low temperature fracture toughness. BISPLATE® 60's mechanical properties and ease of fabrication offer excellent economical advantages in many structural applications including:

- Storage Tanks (water/oil/gas)
- High Rise Buildings (columns/transfer beams)
- Lifting Equipment (mobile/overhead cranes)

Chemical Composition

Thickness (mm)		C	P	Mn	Si	S	Cr	Mo	B	CE(IIW)+	CET+
5<16	Maximum	0.18	0.025	1.5	0.25	0.008	0.25	0.25	0.002	0.40	0.29
≥16-80	Maximum	0.20	0.025	1.5	0.25	0.008	0.30	0.25	0.002	0.50	0.35
>80-100	Maximum	0.18	0.025	1.5	0.25	0.008	1.20	0.25	0.002	0.58	0.34

+Typical Average

Tensile Properties

	0.2% Proof Stress	Tensile Strength	Elongation in 50mm G.L.
Specification	500 MPa (min)*	590 – 730 MPa*	20% (min)*
Typical	580 MPa	640 MPa	30%

*Dependant on Plate Thickness

Charpy Impact Properties (Longitudinal)

Plate Thickness (mm)	Energy (J) (min)	Test Temp (°C)
5	By Agmt	-20
6-9.5	45	-20
9.5-<12	60	-20
12-100	80	-20

Hardness

Typical 210 HB

Testing

BISPLATE 60® is manufactured in accordance with AS/NZS 3597 Grade 500.
All testing is NATA approved.

Reference Specifications

Welding according to AS/NZS 1554 parts 4 and 5, WTIA Technical Note 15

Equivalent Specifications

BISPLATE 60® is equivalent to:
- ASTM A537 Class 2
- ASTM A572 Grades 60 & 65
- JIS G3106 SM570. ISO 4950-3 E460
- BS 4360 Grade 55F
- ISO 9328-4 P460 & P500 grade

Manufacturing Tolerances

In accordance with AS/NZS 1365.

Tighter tolerances may be available on negotiation.

Surface Finish

Shotblasted

Plate Colour Code

White

Fabrication

For advice on fabrication refer to relevant Bisalloy technical brochures.
Contact Bisalloy direct or visit www.bisalloy.com.au.

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PUBLIC RECORD

BISPLATE® 70

Bisalloy Steels

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Applications

BISPLATE® 70 – a low carbon, low alloy, high strength structural steel exhibiting excellent cold formability and low temperature fracture toughness. BISPLATE® 70 can be welded with minimal preheat and has excellent low temperature fracture toughness. The combination of BISPLATE® 70's mechanical properties and ease of fabrications offers economical advantages in many structural applications such as:

- Transport Equipment (trays/low loaders/outriggers)
- Storage Tanks (water/oil/gas)
- High Rise Buildings (columns/transfer beams)
- Lifting Equipment (mobile/overhead cranes)
- Mining Equipment (dump trucks trays/structural applications)
- Longwall Mining Supports

Chemical Composition

Thickness (mm)		C	P	Mn	Si	S	Cr	Mo	B	CE(IIW)+	CET+
5<16	Maximum	0.18	0.025	1.5	0.25	0.008	0.25	0.25	0.002	0.40	0.29
≥16-80	Maximum	0.20	0.025	1.5	0.25	0.008	0.30	0.25	0.002	0.50	0.35
>80-100	Maximum	0.18	0.025	1.5	0.25	0.008	1.20	0.25	0.002	0.58	0.34

+Typical Average

Tensile Properties

	0.2% Proof Stress	Tensile Strength	Elongation in 50mm G.L.
Specification	600 MPa (min)*	690-830 MPa*	20% (min)*
Typical	670 MPa	760 MPa	28%

*Dependant on Plate Thickness

Charpy Impact Properties (Longitudinal)

Plate Thickness (mm)	Energy (J) (min)	Test Temp (°C)
5	By Agmt	-20
6-9.5	40	-20
9.5-<12	60	-20
12-100	75	-20

Hardness

Typical 230 HB

Testing

BISPLATE 70® is manufactured in accordance with AS/NZS 3597 Grade 600.
All testing is NATA approved.

Reference Specifications

Welding according to AS/NZS 1554 parts 4 and 5, WTIA Technical Note 15

Equivalent Specifications

BISPLATE 70® is equivalent to:
- ASTM A533 A Class 3
- ISO 4950-3 Grade E550 & E620
- ISO 9328-4 Grade P550TQ & P620TQ

Manufacturing Tolerances

In accordance with AS/NZS 1365.

Tighter tolerances may be available on negotiation.

Surface Finish

Shotblasted

Plate Colour Code

Lime Green

Fabrication

For advice on fabrication refer to relevant Bisalloy technical brochures.
Contact Bisalloy direct or visit www.bisalloy.com.au.

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PUBLIC RECORD

OUR PRODUCTS/SERVICES

STRUCTURAL GRADES ..BISPLATE® 80

The increased strength of BISPLATE® structural grades means engineers and architects can now design and write specifications for structures. BISPLATE® now makes it possible to build **taller towers**, **span larger rooms**, **specify smaller columns** while actually reducing the amount of steel needed. Reductions in frame weight leads to savings on foundations, fabrication and construction costs.

The benefits of BISPLATE® reach far beyond the construction site. Equipment such as **dump truck bodies**, **storage bins**, **hoppers and chutes** can now be manufactured with an overall lighter weight whilst still maintaining the same strength.

APPLICATIONS | FABRICATION | TECHNICAL DATA | CASE STUDIES

Utilising the high strength properties of BISPLATE® 80 allows reduction in section thickness without loss of structural integrity. The following lists some applications where the strength advantage has been realised:

- Transport Equipment (Low loaders)
- High-rise Buildings (Columns)
- Mining Equipment (Dump Truck Trays/Longwall Roof Supports)
- Lifting Equipment (Mobile Cranes/Container Handling Equipment)
- Bridges
- Storage Tanks
- Excavator Buckets
- Induced Draft Fans

BISPLATE® 80 is a high strength steel manufactured with a controlled carbon equivalent for optimum weldability.

BISPLATE® 80 can be successfully welded to itself and a range of other steels, provided low hydrogen consumables are used and attention is paid to preheat, interpass temperature, heat input and the degree of joint restraint. Stress relieving can be achieved at 540°C – 570°C. Heating above this temperature should be avoided to minimise any adverse effects on mechanical properties. Cold forming can be successfully conducted, provided due account is taken of the increased strength of the steel.

For further details on fabrication please refer to Bisalloy's technical literature

Cutting of BISPLATE®

Welding of BISPLATE®

Drilling of BISPLATE®

Turning and Milling of BISPLATE®

Bending and Rolling of BISPLATE®

BISPLATE® 80

MECHANICAL PROPERTIES

PROPERTIES	SPECIFICATION	TYPICAL
0.2% Proof Stress	690 MPa (Min)*	750 MPa
Tensile Strength	790 - 930 MPa*	830MPa
Elongation in 50mm G.L.	18% (Min)*	26%

TALK TO US

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Technical Enquiries
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OUR DISTRIBUTORS

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BisExpress
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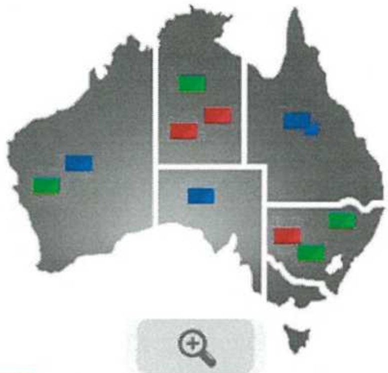
Sales Offices



PT Bima Bisalloy **Bisalloy Thailand** **Bisalloy Ji Gang**

OUR PRODUCT

BISPLATE® Structural Grades

- BISPLATE® 60
- BISPLATE® 70
- BISPLATE® 80
- BISPLATE® 100

BISPLATE® Wear Grades

BISPLATE® Armour / Defence Grades

BISPLATE® Other Grades

PUBLIC RECORD

Charpy Impact (Longitudinal)		
-20ºC (10mm x 10mm)	40J (Min)*	160J
Hardness	-	255 HB

* Dependent on plate thickness

CHEMICAL COMPOSITION

Showing maximum chemical composition per thickness of plate.

mm	C	P	Mn	sl	S	Cr	Mo	B	CE (IIW)*	CET*
5-<16	0.18	0.025	1.5	0.25	0.008	0.25	0.25	0.002	0.40	0.29
≥16 - 80	0.20	0.025	1.5	0.25	0.008	0.30	0.25	0.002	0.50	0.35
>80 - 100	0.18	0.025	1.5	0.25	0.008	1.20	0.25	0.002	0.58	0.34

*Typical Average

BISPLATE® 80 coming soon

Download Product Sheet

BISPLATE® 100

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Applications

BISPLATE® 100 – a low alloy, high strength steel plate with very high yield strength (over three times that of carbon steel) and featuring low carbon, excellent notch toughness and good weldability and formability. Utilising the high strength properties of BISPLATE® 100 allows reduction in section thickness without loss of structural intergrity. Here are some applications where the strength advantages have been realised:

- Transport Equipment (low loaders)
- High Rise Buildings (columns and beams)
- Road and Rail Bridges
- Lifting Equipment (mobile cranes/container handling equipment)
- Mining Equipment (dump truck trays/longwall roof supports)

Chemical Composition

Thickness (mm)		C	P	Mn	Si	S	Cr	Mo	B	B-Sol	CE (IIW)+	CET+
<16	Maximum	0.18	0.025	1.50	0.25	0.008	1.00	0.25	0.002	0.002	0.40	0.29

+Typical Average

Tensile Properties

Thickness Range (mm)	0.2% PS MPa Min.	UTS MPa	GL (mm)	EL % min
5	890	940-1100	50	13
6-<9.5	890	940-1100	50	13
9.5-<12	890	940-1100	50	13
12-<16	890	940-1100	50	13

Charpy Impact Properties

	Longitudinal		Transverse	
Thickness Range (mm)	Energy (J) (min)	Test Temp (°C)	Energy (J) (min)	Test Temp (°C)
5	By Agmt	-20	By Agmt	-40
6-<9.5	20	-20	9	-40
9.5-<12	30	-20	13	-40
12-<16	40	-20	17	-40

Hardness

Typical 320 HB

Testing

BISPLATE® 100 is manufactured in accordance with AS/NZS 3597 Grade 900. All testing is NATA approved.

Reference Specifications

Welding according to AS/NZS 1554 parts 4 and 5, WTIA Technical Note 15

Equivalent Specifications

BISPLATE® 100 is equivalent to:
- AS3597 Grade 900
- SSAB Weldox 900

Manufacturing Tolerances

In accordance with AS/NZS 1365.

Tighter tolerances may be available on negotiation.

Surface Finish

Shotblasted

Plate Colour Code

Purple/Violet

Fabrication

For advice on fabrication refer to relevant Bisalloy technical brochures.
Contact Bisalloy direct or visit www.bisalloy.com.au

BISPLATE® 320

Bisalloy Steels

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Applications

BISPLATE® 320 – a through hardened, abrasion resistant steel plate, offering long life expectancy in high impact abrasion applications. BISPLATE® 320 offers the optimum combination of hardness, impact and formability of wear applications requiring extensive forming/drilling or fabrication in abrasive applications such as:

- Deflector Plates
- Chutes
- Storage Bins
- Dump Truck Liners
- Earthmoving Buckets

Chemical Composition

Thickness (mm)		C	P	Mn	Si	S	Cr	Mo	B	CE(IIW)*	CET*
5-<16	Maximum	0.18	0.025	1.5	0.25	0.008	0.25	0.25	0.002	0.40	0.29
≥16-80	Maximum	0.20	0.025	1.5	0.25	0.008	0.30	0.25	0.002	0.50	0.35
>80-100	Maximum	0.18	0.025	1.5	0.25	0.008	1.20	0.25	0.002	0.58	0.34

*Typical Average

Typical Tensile Properties

0.2% Proof Stress	Tensile Strength	Elongation in 50mm G.L.
970 MPa	1070 MPa	18%

Typical Charpy Impact Properties (Longitudinal)

Plate Thickness (mm)	Energy (J)	Test Temp (°C)
20	60	+20

Hardness

Specification 320 – 360 HB
Typical 340 HB

Testing

All testing is NATA approved.

Reference Specifications

Welding according to AS/NZS 1554 parts 4 and 5, WTIA Technical Note 15

Manufacturing Tolerances

In accordance with AS/NZS 1365.

Tighter tolerances may be available on negotiation.

Surface Finish

Shotblasted

Plate Colour Code

Light Blue

Fabrication

For advice on fabrication refer to relevant Bisalloy technical brochures.
Contact Bisalloy direct or visit www.bisalloy.com.au

BISPLATE® 400

Bisalloy Steels

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Applications

BISPLATE® 400 – a through hardened, abrasion resistant steel plate, offering long life expectancy in high impact abrasion applications. BISPLATE® 400 offers excellent wear and abrasion resistance and impact toughness in applications which include:

- Dump Truck Wear Liners
- Screw Conveyors
- Chutes
- Storage Bins
- Earthmoving Buckets
- Cyclones
- Deflector Plates
- Ground Engaging Tools
- Cutting Edges

Chemical Composition

Thickness (mm)		C	P	Mn	Si	S	Cr	Mo	B	CE(IIW)+	CET+
5<16	Maximum	0.18	0.025	1.5	0.25	0.008	0.25	0.25	0.002	0.40	0.29
≥16-80	Maximum	0.20	0.025	1.5	0.25	0.008	0.30	0.25	0.002	0.50	0.35
>80-100	Maximum	0.18	0.025	1.5	0.25	0.008	1.20	0.25	0.002	0.58	0.34

+Typical Average

Typical Tensile Properties

0.2% Proof Stress	Tensile Strength	Elongation in 50mm G.L.
1070 MPa	1320 MPa	14%

Typical Charpy Impact Properties (Longitudinal)*

Plate Thickness (mm)	Energy (J)	Test Temp (°C)	Plate Thickness (mm)	Energy (J)	Test Temp (°C)
20	55	+20	<16	40	-40

*10 x 10mm sample

Hardness

Specification 370 – 430 HB
Typical 400 HB

Testing

All testing is NATA approved.

Reference Specifications

Welding according to AS/NZS 1554 parts 4 and 5, WTIA Technical Note 15

Manufacturing Tolerances

In accordance with AS/NZS 1365.
Tighter tolerances may be available on negotiation.

Surface Finish

Shotblasted

Plate Colour Code

Orange

Fabrication

For advice on fabrication refer to relevant Bisalloy technical brochures.
Contact Bisalloy direct or visit www.bisalloy.com.au

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BISPLATE® 450

Bisalloy Steels

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Applications

BISPLATE® 450 – a through hardened, abrasion resistant steel plate, offering long life expectancy in high impact abrasion applications. BISPLATE® 450 offers excellent wear and abrasion resistance and impact toughness in applications which include:

- Dump Truck Wear Liners
- Mining Buckets
- Liner Plates
- Chutes
- Storage Bins
- Earthmoving Buckets
- Tipper Bodies
- Deflector Plates
- Ground Engaging Tools
- Cutting Edges

Chemical Composition

Thickness (mm)		C	P	Mn	Si	S	Ni	Cr	Mo	B	CE(IIW)+	CET+
6-20	Maximum	0.23	0.025	1.00	0.60	0.008	0.35	1.00	0.25	0.002	0.46	0.30
25-50	Maximum	0.25	0.025	1.20	0.60	0.008	0.35	1.20	0.35	0.002	0.58	0.36

+Typical Average

Typical Tensile Properties

0.2% Proof Stress	Tensile Strength	Elongation in 50mm G.L.
1150 MPa	1400 MPa	12%

Charpy Impact Properties (Longitudinal)*

Plate Thickness (mm)	Energy (J) (min)	Test Temp (°C)
6-8	17	-40
10	21	-40
12-20	25	-40
>20-40	20	-40
>40-50	15	-40

*10 x 10mm sample

Hardness

Specification 425 – 475 HB
Typical 450 HB

Testing

All testing is NATA approved.

Reference Specifications

Welding according to AS/NZS 1554 parts 4 and 5, WTIA Technical Note 15

Manufacturing Tolerances

In accordance with AS/NZS 1365.

Tighter tolerances may be available on negotiation.

Surface Finish

Shotblasted

Plate Colour Code

Yellow

Fabrication

For advice on fabrication refer to relevant Bisalloy technical brochures.
Contact Bisalloy direct or visit www.bisalloy.com.au

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BISPLATE® 500

Bisalloy Steels

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Applications

BISPLATE® 500 – is a through hardened, abrasion resistant steel plate, offering long life expectancy in sliding and gouging abrasion applications. BISPLATE® 500 is produced by Bisalloy Steels and offers exceptionally long life in sliding abrasion applications such as:

- Dump Truck Wear Liners
- Ground Engaging Tools
- Earth Moving Buckets
- Wear Liners
- Chutes
- Cutting Edges

Chemical Composition

Thickness (mm)		C	P	Mn	Si	S	Ni	Cr	Mo	B	CE(IIW)⁺	CET⁺
8-100	Maximum	0.32	0.025	0.40	0.35	0.008	0.35	1.20	0.30	0.002	0.62	0.40

⁺Typical Average

Typical Tensile Properties

0.2% Proof Stress	Tensile Strength	Elongation in 50mm G.L.
1400 MPa	1640 MPa	10%

Typical Charpy Impact Properties (Longitudinal)*

Plate Thickness (mm)	Energy (J)	Test Temp (°C)	Plate Thickness (mm)	Energy (J)	Test Temp (°C)
20	35	+20	20	25	-40

*10 x 10mm sample

Hardness

Specification 477 – 534 HB
Typical 500 HB

Testing

All testing is NATA approved.

Reference Specifications

Welding according to AS/NZS 1554 parts 4 and 5, WTIA Technical Note 15

Manufacturing Tolerances

In accordance with AS/NZS 1365.

Tighter tolerances may be available on negotiation.

Surface Finish

Shotblasted

Plate Colour Code

Black

Fabrication

For advice on fabrication refer to relevant Bisalloy technical brochures.
Contact Bisalloy direct or visit www.bisalloy.com.au

PUBLIC RECORD

BISPLATE® 600

Bisalloy Steels

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Applications

BISPLATE® 600 – is a through hardened, abrasion resistant steel plate, offering long life expectancy in the more demanding sliding and gouging applications, especially in mining, earthworks and quarry works etc. BISPLATE® 600 is the hardest steel produced by Bisalloy Steels and offers exceptionally long life in applications with maximum sliding and minimal impact such as:

- Wear Liners
- Chutes and Chute Liners
- Mining Buckets
- Ground Engaging Tools
- Cutters and Cutting Edges
- Shredders
- Hammers

Chemical Composition

Thickness (mm)		C	P	Mn	Si	S	Ni	Cr	Mo	B	CE(IIW)*	CET*
8-50	Maximum	0.45	0.020	0.40	0.35	0.008	1.00	1.20	0.30	0.002	0.75	0.52

*Typical Average

Typical Charpy Impact Properties (Longitudinal)*

Plate Thickness (mm)	Energy (J)	Test Temp (°C)
16	12	-40

*10 x 10mm sample

Hardness

Specification 570 – 640 HB
Typical 600 HB

Testing

All testing is NATA approved

Reference Specifications

Welding according to AS/NZS 1554 parts 4 and 5, WTIA Technical Note 15

Manufacturing Tolerances

In accordance with AS/NZS 1365

Tighter tolerances may be available on negotiation

Surface Finish

Shotblasted

Plate Colour Code

Red

Fabrication

BISPLATE® 600 is a medium carbon, very high hardness, abrasion resistant steel. With appropriate attention to heat input, BISPLATE® 600 can be successfully cut by conventional techniques. Because of its high hardness, cold forming, some weld methods, drilling and tapping of BISPLATE® 600 is difficult, requiring much greater allowances in equipment. BISPLATE® 600 obtains its mechanical properties by quenching and when necessary by means of subsequent tempering. The properties of the delivery condition cannot be retained after exposure to temperatures in excess of 250°C and BISPLATE® 600 is not intended for further heat treatment.

For advice on fabrication please contact Bisalloy direct or visit www.bisalloy.com.au

Safe Handling guidelines:

Due to the very high hardness of this Bis 600 product, the plant and equipment used for lifting and loading must be suitable for the job.

In particular, the following should be noted:

- If using vertical lifting dogs/clamps, ensure they are suitable for lifting such high hardness plate
- Avoid shock loading/dropping and other sudden impact during plate lifting/handling

Please consult Bisalloy Steels for additional information if required.

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Material Safety Data Sheet

BISPLATE® 600
Shaping Australia's Future

BISPLATE® 600 – is a through hardened, abrasion resistant steel plate, offering extended life expectancy in the more demanding sliding and gouging applications, especially in mining, earthworks and quarry works etc.

BISPLATE® 600 is the hardest steel produced by Bisalloy Steels and offers exceptionally extended life in applications with maximum sliding and minimal impact such as:

- Wear Liners
- Chutes and Chute Liners
- Mining Buckets
- Ground Engaging Tools
- Cutters and Cutting Edges
- Shredders
- Hammers

Hardness Specification:

Range: 570 – 640 HB
Typical 600 HB
Surface Finish: Shot blasted
Plate Colour Code: Red

Fabrication:

BISPLATE® 600 is a medium carbon, very high hardness, abrasion resistant steel. With appropriate attention to heat input, BISPLATE® 600 can be successfully cut by conventional techniques with recommended preheating and cutting speed.

Because of its high hardness, cold forming of BISPLATE® 600 ***is not recommended.***

Welding, drilling and tapping of BISPLATE® 600 is difficult, requiring much greater allowances in equipment.

BISPLATE® 600 obtains its superior mechanical properties by quenching and when necessary by means of subsequent tempering. The properties of the delivered condition cannot be retained after exposure to temperatures in excess of 250 degrees Celsius and BISPLATE® 600 is not intended for further heat treatment.

For advice on fabrication please contact Bisalloy direct or visit www.bisalloy.com.au

Safety Considerations and Advice:

BISPLATE® 600 is designed for wear applications and should not be used in any structural applications.

It is recommended that all fabrication of BISPLATE® 600 should be undertaken in strict accordance with these recommendations to avoid personal and/or equipment damage.

Bisalloy Steels' recommendations for the processing and handling of BISPLATE® 600 are provided to prevent any harm or injury which may result from the inappropriate unsafe use and handling of very high hardness steels.

All appropriate and/or necessary safety measures are the responsibility of the buyer and/or user in order to prevent personal injury or equipment damage during handling and/or processing of BISPLATE® 600.

For further advice on fabrication and handling advice relating to BISPLATE® 600, please contact Bisalloy Steels directly or visit www.bisalloy.com.au

BISPLATE® HHA

Bisalloy Steels

HIGH HARDNESS ARMOUR PLATE

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Applications

BISPLATE High Hardness Armour (BISPLATE HHA) – a quenched and tempered steel armour plate suitable for use in both military and civil applications where light weight and resistance to ballistic projectiles are required.

Chemical Composition (% weight)

The chemical specification conforms to the requirements of MIL-DTL-46100, although tighter so as to optimise the material's performance. Chemical analyses are taken on a per-heat basis.

Thickness		C	P	Mn	Si	S	Ni	Cr	Mo	B	CE(IIW)	CET
5-50[1]	Maximum	0.32	0.025	0.80	0.50	0.005	0.50	1.20	0.30	0.002	0.61*	0.40*

Mechanical Properties (AS 1391)

	0.2% Proof Stress	Tensile Strength	Elongation in 50 mm GL
Typical	1350 MPa	1640 MPa	14%

Charpy Impact Properties (AS 1544.2)

Thickness	Test Piece	Min Avg Energy, Transverse, -40°C	Min Avg Energy, Longitudinal, -40°C
5mm	10 x thk	By Agreement	By Agreement
6-<9.5mm	10 x 5	8J	10J
9.5-<12mm	10 x 7.5	12J	15J
≥12mm	10 x 10	16J	20J

Hardness (AS 1816)

Specification	477-534 HB
Typical	500 HB

Thickness Tolerance

Thickness	Special Tolerance
5-25mm	-0.0 + 1.0
>25-50mm	-0.0 + 1.2

Test Frequency

Per Plate	Hardness
Per Batch	Charpy (L), Charpy (T)
By Agreement	Thickness, Tensile, Ballistic Properties, Product Analysis

Ballistic Properties

AS 2343 Part 2 – Bullet Resistant Panels for Interior: Opaque Panels

Class[2]	Calibre	Ammunition	Velocity @ Distance From Muzzle	Range	Min Thickness
G2	44 Magnum	15.6g lead semi-wad cutter bullet	488 ± 10m/s @ 1.5m	3m	6mm[3]
S0	12 Gauge (Full Choke)	12 gauge 70mm high velocity magnum 32g SG shot	403 ± 10m/s @ 1.5m	3m	6mm[3]
S1	12 Gauge (Full Choke	12 gauge 70mm 24.8g single slug	477 ± 10m/s @ 1.5m	3m	6mm[3]
R1	5.56mm	M193 5.56mm 3.6g full metal case bullet	980 ± 15m/s @ 5m	10m	10mm[3]
R2	7.62mm	NATO standard 7.62mm 9.3g full metal case bullet	853 ± 10m/s @ 5m	10m	6mm

Equivalent Specification

Bisplate HHA conforms to the requirements of MIL - DTL - 46100.

Surface Finish

Shotblasted

Fabrication

For advice on fabrication refer to relevant Bisalloy technical brochures. Contact Bisalloy direct or visit www.bisalloy.com.au

* Typical. [1] Other thicknesses may be available on application. [2]Class G - Hand Gun, Class S - Shotgun, Class R - Rifles.
[3] Standard thickness produced. Minimum thickness required is less than stated thickness. Please contact Bisalloy for further information.

August 2011

BIS0019 06/11

BISPLATE® 80PV

BISPLATE® 80PV is a high strength steel alternative for designers of unfired pressure vessels that meets the requirements of AS1210 and achieves a light weight structure.

APPLICATIONS

BISPLATE® 80PV has been approved by statutory authorities and complies with the requirements of AS1210 for pressure applications and is supplied ultrasonically tested to AS1710-Level 1. Its high strength offers substantial weight reductions in the following areas:

- Transportable road tankers
- Storage tanks *(Spherical and cylindrical)*
- Railroad tankers *(LPG/Liquid ammonia)*
- Refinery and petrochemical equipment *(Tube plates/Channel covers)*

FABRICATION

BISPLATE® 80PV is a high strength, low alloy pressure vessel steel with a controlled carbon equivalent for optimum weldability.

BISPLATE® 80PV can be successfully welded to itself and a range of other steels, provided low hydrogen consumables are used and attention is paid to preheat, interpass temperature, heat input and the degree of joint restraint. Stress relieving can be achieved at 540°C – 570°C. Heating above this temperature should be avoided to minimise any adverse effects on mechanical properties. Cold forming can be conducted successfully, provided due account is taken of the increased strength of the steel.

BISPLATE® 80PV

MECHANICAL PROPERTIES

PROPERTIES	SPECIFICATION	TYPICAL
0.2% Proof Stress	690 MPa (Min)*	750 MPa
Tensile Strength	790 - 930 MPa*	830 MPa
Elongation in 50mm G.L.	18% (Min)*	26%
Lateral Expansion	0.38mm (Min)	0.70mm
Charpy Impact	–	55J
Hardness	–	255HB

*Dependant on plate thickness.

CHEMICAL COMPOSITION

THICKNESS (mm)		C	P	Mn	Si	S	Cr	Mo	B	CE(IIW)*	CET*
≥6 - 80	Maximum	0.20	0.025	1.5	0.25	0.008	0.30	0.25	0.002	0.50	0.35
>80 - 100	Maximum	0.18	0.025	1.5	0.25	0.008	1.20	0.25	0.002	0.58	0.34

*Low heat input butt welding required to ensure transverse weld tensile properties are achieved. Alternate chemistry may be specified when necessary.
*Typical Average