

ASX Announcement



Bisalloy Steel Group Limited
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28 February 2024

Market Announcement Office ASX

Results Announcement for the Half-year ended 31 December 2023 – ASX:BIS

In accordance with ASX Listing Rule 4.2A, Bisalloy Steel Group Limited (ASX Code: BIS) provides the following documents for the half year ended 31 December 2023:

- Appendix 4D
- Directors' Report; and
- Financial Report

These documents should be read in conjunction with the Bisalloy Steel Group Limited 2023 Annual Report (accessible in the "Investor Centre" section of Bisalloy's website (www.bisalloy.com.au) under the tab "Financial Reports").

Authorised for release by the Board of Bisalloy Steel Group Limited.

A handwritten signature in blue ink, appearing to read 'Carl Bowdler', with a horizontal line extending to the right.

Carl Bowdler
Company Secretary

For further information contact
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Chief Financial Officer & Company Secretary
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BISALLOY STEEL GROUP LIMITED
A.C.N. 098 674 545
Appendix 4D – Half Yearly Financial Report
Six months ended 31 December 2023 (“HY24”)
Results for announcement to the market

Key Information		Absolute Change		HY24 \$'000	HY23 \$'000
Total revenue from ordinary activities	Down	2.3%	to	76,648	78,415
Profit from ordinary activities after tax attributable to members	Up	18.8%	to	8,297	6,906
Net profit for the period attributable to members	Up	18.8%	to	8,297	6,906
Profit before income tax from continuing operations ⁽¹⁾	Up	17.2%	to	12,088	10,238
Operating EBITDA (excl Fx) ⁽¹⁾	Up	12.9%	to	14,013	12,413

Details relating to dividends	Amount per share	Franking ⁽²⁾	Total Amount \$'000
Final dividend paid on 29 September 2023	9.5c	100%	4,530
Special dividend paid on 30 November 2023	10.5c	100%	5,007
Interim Dividend Declared on 28 February 2024 ⁽³⁾	8.0c	100%	3,815
Record date for determining entitlements to dividends		14/03/2024	
DRP	Suspended on 22 February 2023		
Other	HY24	HY23	
Net tangible asset per share	144.3 cps	133.2 cps	
Basic earnings per share	17.4 cps	14.6 cps	

(1) For the Consolidated Group

(2) All dividends are fully franked at a 30% tax rate.

(3) The interim dividend is payable on 28 March 2024 and is not recognised as a liability as at 31 December 2023.

Commentary on Results - Please refer to the commentary in the attached half yearly Directors' and Financial Reports for an explanation of the results. This half yearly report should be read in conjunction with the most recent Annual Financial report.

There were no entities over which control has been gained or lost during the period. Details of Joint Venture entities was disclosed on page 61 of the most recent Annual Financial Statements.

The Dividend Reinvestment Plan (DRP) was suspended on 22 February 2023.

This report is based on accounts which have been reviewed. The review report, which was unqualified, is included within the Financial Report which accompanies this Appendix 4D. Additional Appendix 4D disclosure requirements can be found in the Financial Report.

Signed in accordance with a resolution of the directors.



Rowan Melrose
CEO and Managing Director
28 February 2024

BISALLOY STEEL GROUP LIMITED

A.B.N 22 098 674 545

CONDENSED CONSOLIDATED FINANCIAL REPORT

SIX MONTHS ENDED 31 December 2023

Directors' Report

The directors of Bisalloy Steel Group Limited present their report together with the condensed consolidated financial statements for the six months ended 31 December 2023 and the review report thereon.

Directors

The directors of the Company in office during the financial period and until the date of this report are set out below. Directors were in office for the entire period, unless otherwise stated.

Name	Office	Appointment
Mr David Balkin AM	Non-Executive Chairman	from 27/11/2020
Mr Ian Greenyer	Non-Executive Director	from 27/11/2020
Mr Michael Gundy	Non-Executive Director	from 27/11/2020
Mr Bernard Landy	Non-Executive Director	from 01/03/2022
Mr Rowan Melrose	Chief Executive Officer and Managing Director	from 01/03/2022

Review of Operations

The operating results are summarised as follows:

In thousands of dollars	For the six months ended	
	31 Dec 2023	31 Dec 2022
Revenue	76,648	78,415
Consolidated Profit after income tax	8,528	7,369
Profit after tax attributable to members	8,297	6,906

Summary

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

Bisalloy has delivered a strong performance in HY24. In our FY24 Outlook we saw signs of downside risk and while we continue to be alert to these risks, the past six months has seen strong demand out of the Australian operations. We have been able to take advantage of reduced ocean freight costs along with stronger export revenues and margins.

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

Bisalloy's unique stand-alone heat treatment facility at Unanderra, near Wollongong, is a highly automated and efficient operation providing a relatively low-cost base, allowing it to compete with a variety of imported products. During the six months ended 31 December 2023 Bisalloy utilised greenfeed steel supply mainly from neighbouring BlueScope Steel in Wollongong, complimented with selected supply from international greenfeed suppliers, including Nippon Steel and the CJV.

Directors' Report

continued

The Bisalloy Group is now more than 24 months Lost Time Injury Free and has an All Injury Frequency rate of 17. All our safety and environment metrics have improved over the last 12 months. Thailand, Indonesia and China experienced zero harm during the period.

Business Performance

Domestic Australian Sales and Margins

Australian demand for quenched and tempered steel plate remains strong. Our domestic sales were impacted by down-time caused by industrial action as part of our EBA negotiations. We have recovered from the impacts of this disruption, rapidly improving our inventory levels resulting in improved trading. We have also negotiated improved Gas and Electricity contracts commencing 1 January 2024 and these along with reductions in transportation costs will support our Australian margins in H2 FY24.

Co-Operative Joint Venture (CJV) in China

Despite the significant challenges of the Chinese domestic market and its impact on plate sales and volumes, we continue to see ongoing solid performance from the CJV.

Overseas Distribution

The Group's overseas distribution operations in Indonesia and Thailand continue to be profitable. Demand in Thailand has increased in HY24 compared to prior year, however margins have reduced due to the impact of higher product costs and market selling price compression. The Indonesian operation has been impacted by Import License restrictions. Despite the efforts of the Indonesian team, they have not been able to offset this impact in the 6 months. We hope and expect to see this resolved over the coming 6 months, with Indonesian operations returning to normal in FY25.

Protection Steel

Our Protection Steel business continues to be of importance both domestically and internationally. Volumes are up 23% from HY23 and we see this as an area of continued growth through key export markets.

Overheads and Costs

Overheads were in line with expectation, but higher in HY24, driven by planned increases in investment in marketing, people and projects, along with higher legal costs relating to new contracts, lower unfilled positions, and increased incentives due to improved performance.

There continues to be a focus on overall cost management and there remains an ongoing focus on internal process improvement. Various projects have commenced with a focus on leveraging technology and processes to improve outcomes.

Inventories

Inventories are 9% higher than HY23, predominately reflecting changes in order phasing and export shipment delays across period end.

Directors' Report

continued

Financial Results

Group Revenues in the period were \$76,648k, down 2.3% from the corresponding period last year, impacted by Indonesian import restrictions and the impact of EBA negotiations in July to September 2023. Profit before tax was \$12,088k, up 18.1% from prior corresponding period reflecting improved margins driven by favourable product mix. Profit after tax increased to \$8,528k from \$7,369k in the prior corresponding period.

Net operating cash outflow in the six months was \$1,001k compared to the inflow of \$1,171k in the previous corresponding period.

Net debt as at 31 December 2023 totalled \$10,704m (30 June 2023 - \$2,327m, 31 Dec 2022 - \$8,264).

FY24 Outlook

Bisalloy has demonstrated strength and resilience in its business performance in H1 FY24. Our current order book indicates that H2 FY24 will maintain the strong profit momentum delivered in H1 FY24 with an anticipated move towards normalisation of product margins in the second half which will be moderated by lower energy and transportation costs.

We anticipate no material impact from the Australian SSN-AUKUS Hull Steel Qualification contract in H2 FY24. with deliveries scheduled for FY25.

Bisalloy remains committed to fair competition, however we are concerned with the potential outcome of the Anti-Dumping Commission's review into the continuation of the dumping measures against Sweden, Finland and Japan and its potential impact on FY25 and later years.

Dividend

Bisalloy pays dividends in accordance with the basic policy of making stable and continuous payments based on a medium to long-term business outlook. By taking into account the Company's outlook for business results, its financial position, and other such factors, the Company has decided to pay an interim dividend of 8.0 cents per share in the current fiscal year.

Auditor Independence

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 7 and forms part of this report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Rowan Melrose
CEO and Managing Director
28 February 2024

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Bisalloy Steel Group Limited for the half year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM Australia Partners Digitally signed by
RSM Australia Partners

RSM AUSTRALIA PARTNERS

Louis Quintal Digitally signed
by Louis Quintal

LOUIS QUINTAL
Partner

Sydney, NSW
Dated: 28 February 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

In thousands of dollars	Notes	Consolidated For the six months ended	
		31 Dec 2023	31 Dec 2022
Continuing operations			
Revenue from contracts with customers		76,648	78,415
Cost of goods sold		(57,219)	(61,424)
Gross profit		19,429	16,991
Other (expense) / income		50	(100)
Distribution expenses		(1,194)	(1,190)
Marketing expenses		(2,183)	(1,923)
Occupancy expenses		(445)	(429)
Administrative expenses		(4,478)	(3,795)
Operating profit		11,179	9,554
Finance costs	3(b)	(356)	(576)
Finance income	3(b)	4	34
Share of profit of joint venture, net of tax	7	1,261	1,226
Profit before income tax		12,088	10,238
Income tax expense	13	(3,560)	(2,869)
Profit after income tax		8,528	7,369
Attributable to:			
Non-controlling interest		231	463
Equity holders of the parent		8,297	6,906
Profit for the period		8,528	7,369
Other comprehensive income:			
Items that may be subsequently reclassified to net profit			
Fair value revaluation of land and buildings		3,666	-
Fair value gain on cash flow hedges		96	44
Foreign currency translation		(573)	(66)
Actuarial gains		-	40
Income tax effect of items in other comprehensive income		(1,128)	(21)
Other comprehensive (loss) / income for the period, net of tax		2,061	(3)
Total comprehensive income for the period, net of tax		10,589	7,366
Attributable to:			
Non-controlling interests		(6)	366
Equity holders of the parent		10,595	7,000
		10,589	7,366
Earnings per share for profit attributable to ordinary equity holders of the parent			
- Basic earnings per share (cents)	5	17.4	14.6
- Diluted earnings per share (cents)	5	17.2	14.4

Notes on pages 12 to 19 are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

In thousands of dollars	Notes	Consolidated 31 Dec 2023	30 Jun 2023
ASSETS			
Current assets			
Cash and cash equivalents	6	651	2,052
Trade and other receivables		24,163	23,421
Inventories		51,066	47,106
Other current assets		2,334	2,427
Contract assets		198	247
Derivative assets		181	33
Income tax receivable		-	485
Total current assets		78,593	75,771
Non-current assets			
Investment in joint venture	7	8,660	9,583
Other non-current assets		137	123
Property, plant and equipment		29,468	26,090
Intangible assets		456	580
Income tax receivable		-	53
Deferred tax assets		58	59
Total non-current assets		38,779	36,488
Total assets		117,372	112,259
LIABILITIES			
Current liabilities			
Trade and other payables		19,273	25,838
Loans and borrowings	8	12,355	1,020
Income tax payable		435	360
Employee benefit liabilities		2,096	1,971
Lease liabilities		310	373
Dividend payable		348	183
Contract liabilities		1,995	376
Derivative liabilities		53	108
Total current liabilities		36,865	30,229
Non-current liabilities			
Loans and borrowings	8	-	3,358
Employee benefit liabilities		1,324	1,342
Lease liabilities		179	288
Deferred tax liabilities		5,512	4,480
Total non-current liabilities		7,015	9,468
Total liabilities		43,880	39,697
NET ASSETS		73,492	72,562
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	4	15,227	15,227
Accumulated profits		39,481	40,674
Other reserves		14,543	12,066
Parent interests		69,251	67,967
Non-controlling interests		4,241	4,595
TOTAL EQUITY		73,492	72,562

Notes on pages 12 to 19 are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

In thousands of dollars	Notes	Consolidated For the six months ended	
		31 Dec 2023	31 Dec 2022
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		82,411	81,983
Payments to suppliers and employees (inclusive of GST)		(80,375)	(75,780)
Interest received		4	9
Borrowing costs		(356)	(432)
Income tax paid		(2,685)	(4,609)
Net cash (used) / from operating activities		(1,001)	1,171
Cash flows from investing activities			
Dividend received from Joint Venture		2,173	1,949
Payments for property, plant and equipment		(815)	(558)
Payments for intangible assets		-	(112)
Net cash from investing activities		1,358	1,279
Cash flows from financing activities			
Drawdown / (repayment) of borrowings		7,978	133
Dividend paid to equity holders of the parent		(9,537)	(3,518)
Principal lease payments		(172)	(195)
Net cash used in financing activities		(1,731)	(3,580)
Net (decrease) in cash and cash equivalents		(1,374)	(1,131)
Net foreign exchange differences		(27)	27
Cash and cash equivalents at the beginning of period		2,052	1,834
Cash and cash equivalents the end of period	6	651	730

Notes on pages 12 to 19 are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Changes of Equity

In thousands of dollars	Issued capital	Employee Equity Benefits Reserve	Cash flow hedge reserve	Foreign currency translation reserve	Asset Revaluation Reserve	Equity Settlement Reserve	Other Reserves	Retained earnings	Total	Non-controlling interests	Total Equity
At 30 June 2023	15,227	268	(30)	880	10,407	550	(9)	40,674	67,967	4,595	72,562
Profit for the period	-	-	-	-	-	-	-	8,297	8,297	231	8,528
Other comprehensive income	-	-	65	(333)	2,566	-	-	-	2,298	(237)	2,061
Depreciation transfer for building revaluation	-	-	-	-	(47)	-	-	47	-	-	-
Total comprehensive income	-	-	65	(333)	2,519	-	-	8,344	10,595	(6)	10,589
Transactions with owners in their capacity as owners:											
Ordinary dividends paid to shareholders	-	-	-	-	-	-	-	(9,537)	(9,537)	-	(9,537)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(348)	(348)
Share based payments	-	33	-	-	-	193	-	-	226	-	226
At 31 December 2023	15,227	301	35	547	12,926	743	(9)	39,481	69,251	4,241	73,492
At 30 June 2022	14,507	87	-	814	10,542	550	(43)	33,907	60,364	3,922	64,286
Profit for the period	-	-	-	-	-	-	-	6,906	6,906	463	7,369
Other comprehensive income	-	-	31	21	-	-	42	-	94	(97)	(3)
Depreciation transfer for building revaluation	-	-	-	-	(42)	-	-	42	-	-	-
Total comprehensive income	-	-	31	21	(42)	-	42	6,948	7,000	366	7,366
Transactions with owners in their capacity as owners:											
Ordinary dividends paid to shareholders	-	-	-	-	-	-	-	(4,238)	(4,238)	-	(4,238)
Dividend Reinvestment Plan	720	-	-	-	-	-	-	-	720	-	720
Share based payments	-	95	-	-	-	-	-	-	95	-	95
At 31 December 2022	15,227	182	31	835	10,500	550	(1)	36,617	63,941	4,288	68,229

Notes on pages 11 to 18 are an integral part of the condensed consolidated financial statements.

1.Summary of significant accounting policies

a. Basis of preparation

This general purpose condensed consolidated financial report for the six months ended 31 December 2023 has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001* (Cth).

The condensed consolidated financial report as at and for the six months ended 31 December 2023 does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the condensed consolidated financial report for the six months ended 31 December 2023 be read in conjunction with the annual report for the year ended 30 June 2023 and considered together with any public announcements made by the Company during the six months ended 31 December 2023 in accordance with the continuous disclosure obligations of the ASX listing rules. Other than as stated in Note 14, the financial report has been prepared using the same accounting policies as used in the most recent financial report.

The condensed consolidated financial report for the six months ended 31 December 2023 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 Corporations (Rounding in Financial / Directors' Report) Instrument 2016/191.

b. Basis of consolidation

The condensed 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.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company. 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.

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.

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 profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Notes to the Condensed Consolidated Financial Statements

continued

2. Dividends paid

In thousands of dollars	Consolidated	
	For the six months ended 31 Dec 2023	31 Dec 2022
Cash dividends to the equity holders of the parent:		
Dividends on ordinary shares declared and paid during the six-month period:		
Final dividend for year ended 30 June 2023: 9.5 cents (2022: 9.0 cents)	4,530	4,238
Special dividend for the year ended 30 June 2023: 10.5 cents (2022: nil)	5,007	-
Total Dividends Paid	9,537	4,238

3. Other income and expenses

In thousands of dollars	Consolidated	
	For the six months ended 31 Dec 2023	31 Dec 2022
(a) Other expenses / (income)		
Other income	(22)	(18)
Foreign exchange (gain) / loss	(28)	118
Total Other expenses / (income)	(50)	100
(b) Finance (income) and costs		
Bank interest and borrowing costs	356	576
Total finance costs	356	576
Bank interest	(4)	(34)
Total finance income	(4)	(34)
(c) Depreciation and cost of inventories included in the statement of profit or loss and other comprehensive income		
Depreciation and amortisation	1,077	1,075
Cost of inventories	51,982	55,280
Provision for inventory	(42)	(33)
Cost of inventories recognised as an expense	51,940	55,247
(d) Employee benefits expense		
Wages and salaries	7,015	7,789
Superannuation costs	606	531
Share based payments	242	286
Total Employee benefits expense	7,863	8,606

Notes to the Condensed Consolidated Financial Statements

continued

4. Issued capital

In thousands of dollars	Consolidated	
	31 Dec 2023	30 June 2023
Ordinary shares Issued and fully paid	15,227	15,227

In thousands	No. of shares	\$
Movement in ordinary shares on issue		
At 1 July 2023	47,450	15,227
Dividend Reinvestment Plan (i)	-	-
Exercise of performance rights	236	-
At 31 Dec 2023	47,686	15,227

(i) The Group paid an ordinary fully franked dividend to equity holders for the year ended 30 June 2023 on 29 September 2023 and a special dividend on 30 November 2023. The Dividend Reinvestment Plan (DRP) was suspended on 24 February 2023 and did not apply to the ordinary or special dividends.

5. Earnings per share

In thousands of dollars	Consolidated	
	For the six months ended 31 Dec 2023	31 Dec 2022
Calculation of the following in accordance with AASB 133:		
Profit for the period	8,528	7,369
Profit attributable to non-controlling interests	231	463
Profit attributable to equity holders of the parent	8,297	6,906

	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	47,588	47,239
Potential dilution:		
Performance rights	729	614
Adjusted weighted average number of ordinary shares for diluted earnings per share	48,317	47,853

6. Cash and cash equivalents

In thousands of dollars	31 Dec 2023	30 June 2023
Cash at bank and in hand	651	2,052

Non-cash financing activities

Dividend reinvestment plan

The number of shares issued under the dividend reinvestment plan during the six months ending 31 December 2023 was nil (31 December 2022: 361,379). The Dividend Reinvestment Plan (DRP) was suspended on 24 February 2023 and did not apply to the ordinary or special dividends during the period.

Notes to the Condensed Consolidated Financial Statements

continued

7. Investment in joint venture

The Group has a 50% equity interest held in Bisalloy Shangang (Shandong) Steel Plate Co. Ltd, which has not changed in the reporting period.

The Group's share of the result of the joint venture on an equity accounted basis for the period is \$1,261k (2022: \$1,226k).

Dividends of \$2,174 (2022: \$1,950k) were received from the JV during the six months.

8. Loans and borrowings

On 15 December 2023 Bisalloy Steels Pty Ltd entered into a new facility with Westpac Banking Corporation. The facility comprises a bank bill business facility of \$30.0m for 1 year from December 2023. The facility was drawn to \$12.2m at 31 December 2023. This facility is secured by a charge over the assets of Bisalloy Steels Pty Ltd.

The Group has a IDR 44.5b revolver facility as well as a USD\$0.5m Letter of Credit facility available to its Indonesian based subsidiary. These facilities are drawn to \$0.1m and secured by a charge over the assets of the Indonesian subsidiary and mature in June 2024.

The Group has a THB 3m bank overdraft facility available and unused to its Thailand based subsidiary as at 31 December 2023, secured by a guarantee from Bisalloy Steel Group Limited. The group also has a trade facility of THB 10 million against a guaranteed deposit of THB 3 million.

Notes to the Condensed Consolidated Financial Statements

continued

9. Assets / liabilities measured at fair value

Fair values

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

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

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

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

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

31 December 2023	Total	Level 1	Level 2	Level 3
Assets measured at fair value	\$'000	\$'000	\$'000	\$'000
Land and buildings	23,421	-	23,421	-
Foreign exchange contracts	128	-	128	-
	23,549	-	23,549	-
30 June 2023				
Assets / (Liabilities) measured at fair value				
Land and buildings	20,147	-	20,147	-
Foreign exchange contracts	(75)	-	(75)	-
	20,072	-	20,072	-

At 31 December 2023 the fair value of land, buildings and improvements for its Australian land and buildings was determined by reference to valuations performed in November 2023. For properties not subject to independent valuations, fair value was determined by Directors' valuation.

The fair value of loans and borrowings approximates the carrying value.

Transfer between categories

There were no transfers between levels during the year.

10. Commitments and contingencies

There has been no material change of any contingent liability or contingent asset since the last annual reporting date.

11. Events after the balance date

There have been no significant events after the balance date.

Notes to the Condensed Consolidated Financial Statements

continued

12. Segment information

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 comprise of Bisalloy Steels Pty Limited and Bisalloy Steel Group Limited.

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

Bisalloy Steel Group Limited is the corporate entity, also located in Unanderra NSW, which incurs expenses such as head office costs and interest. Corporate charges are allocated across the Australian and Overseas segments.

Overseas operations

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

Inter-segment transactions

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

Major customers

The Group has a number of customers to which it sells products. There are three major customers who account for 30% (2022: 27%), 11% (2022: 9%), 8% (2022: 13%) of total external revenue.

Notes to the Condensed Consolidated Financial Statements

continued

12. Segment information (*continued*)

Information about reportable segments

For the six months ended 31 December 2023	Australia \$'000	Overseas \$'000	Total \$'000
Sales to external customers	65,219	11,429	76,648
Inter-segment sales	1,399	-	1,399
Total segment revenue	66,618	11,429	78,047
Inter-segment elimination	(1,399)	-	(1,399)
Total consolidated revenue	65,219	11,429	76,648
Segment profit after income tax	9,135	1,525	10,661

For the six months ended 31 December 2022

Sales to external customers	64,974	13,441	78,415
Inter-segment sales	215	-	215
Total segment revenue	65,189	13,441	78,630
Inter-segment elimination	(215)	-	(215)
Total consolidated revenue	64,974	13,439	78,415
Segment profit after income tax	7,085	2,017	9,102

	For the six months ended	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000
a) Segment profit after income tax reconciliation to the statement of profit or loss and other comprehensive income		
Segment profit after income tax	10,661	9,102
Intercompany eliminations (net of tax)	(2,132)	(1,733)
Income tax expense	3,560	2,869
Profit before tax per the statement of profit or loss and other comprehensive income	12,088	10,238

The following table presents the disaggregation of the Group's revenue from contracts with customers for the six months ended 31 December 2023:

	Australia \$'000	Overseas \$'000	Total \$'000
For the six months ended 31 December 2023			
Performance obligation			
Sale of steel plates	59,777	11,247	71,024
Shipping and handling	5,441	182	5,624
Total revenue from contracts with customers	65,219	11,429	76,648
Timing of revenue recognition			
Goods transferred at a point in time	59,777	11,247	71,024
Services transferred over time	5,441	182	5,624
Total revenue from contracts with customers	65,219	11,429	76,648

Notes to the Condensed Consolidated Financial Statements

continued

	Australia \$'000	Overseas \$'000	Total \$'000
For the six months ended 31 December 2022			
Performance obligation			
Sale of steel plates	58,770	13,215	71,985
Shipping and handling	6,204	226	6,430
Total revenue from contracts with customers	64,974	13,441	78,415
Timing of revenue recognition			
Goods transferred at a point in time	58,770	13,215	71,985
Services transferred over time	6,204	226	6,430
Total revenue from contracts with customers	64,974	13,441	78,415

13. Income Tax

The income tax expense of \$3,560k for the six months ended 31 December 2023 differs from what it would have been under the Group's statutory income tax rate of 30% (\$3,626k) primarily due to share of profit of equity accounted investees reported net of tax and the controlled foreign company (CFC) attributed income.

14. Changes in accounting policies

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

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* (Cth), including:

(i) Giving a true and fair view of the financial position as at 31 December 2023 and of its performance for the six months ended on that date of the consolidated entity; and

(ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*;

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

Signed in accordance with a resolution of directors, pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Rowan Melrose
CEO and Managing Director
28 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Bisalloy Steel Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Bisalloy Steel Group Limited which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bisalloy Steel Group is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bisalloy Steel Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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Directors' Responsibility for the Half-Year Financial Report

The directors of the Bisalloy Steel Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors those charged with governance determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**RSM Australia
Partners**

 Digitally signed by
RSM Australia Partners

LOUIS QUINTAL
Partner

RSM Australia Partners

Sydney, NSW
Dated: 28 February 2024

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