
Boulder Steel announces FY 10 preliminary report

Monday, 06 Sep, 2010

Summary of management Discussions

During the financial year to June 30th 2010, Boulder Steel Ltd has continued to develop the plans for the Gladstone Steel Project in Queensland, which will be a world class facility for the production of high quality semi finished steel products including blooms, beam blanks and slabs. The tasks completed during the year included:

1. Framework agreements for each intended facet of business were entered into with Arabia for Business Strategies LLC.
2. The Terms of Reference for the Environmental Impact Study were released by the QLD Government in November 2009. The TOR included changes from the draft TOR which extended the required tasks for the EIS. The EIS is now almost complete.
3. Proposals from steel plant equipment suppliers were received for each of the major plant areas. These were evaluated and the plant design has been updated to reflect the preferred proposals.
4. With the ongoing support of local and State government authorities the infrastructure plan to sustain the plant including rail, road, shipping and port facilities was completed during the period under review.
5. Planning meetings continued with suppliers of specialized auxiliary plant equipment. These items included pulverized coal injection plant, oxygen plant, slag granulators, lime kilns, scrap, slag handling and processing facilities and haul road operation.
6. The plant site master plan has reached the point where the land purchase agreements can be negotiated with the Queensland Government Property Services Group.
7. Negotiations with project partners continued.

Euro Forming Services Group, Boulder Steel's 50% owned steel manufacturing business in Europe, continued its strong recovery during the year to 30 June 2010 and reached pre GFC turnover levels. EFS has received orders from leading European automotive manufacturers expanding both the customer base and depth of supply that should see further meaningful growth in revenue for the 2010-11 financial year.

The improved performance of the EFS group was reflected in the operating profit for the year ended June 30th 2010 before depreciation, interest and tax of EUR 998,402. Both the Bitburg, Germany and Heiligenkreuz, Austria factories are making a positive contribution to the group's cash flow. The performance of the Heiligenkreuz facility justifies the expansion of the EFS Group and it is providing planned capability for increased growth in the future.

Discussion of Financial Results

The consolidated loss for the period was again significantly lower than the previous financial year. The result was impacted by the closure of operations in the UAE and a write off of the asset at a cost of AUD 3 million; plus a foreign exchange provision as a result of the fall in value of the Euro of AUD 1.8 million.

The equity share of loss of EFS for the year ended June 30th 2010 after depreciation and amortisation reduced to AUD 346,000, reflecting the improved conditions in the European automotive component market.

The company successfully raised AUD 3 million by way of private placements during the 2009-10 financial year.

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