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# **BOULDER STEEL LIMITED**

**ABN 78 009 074 588**

## **Annual Report**

**for the year ended 30 June 2008**

## Corporate Information

**ABN 78 009 074 588**

### Directors

Mr Richard Martin (Chairman - Non Executive Director appointed 26 August 2008)  
Mr Abdulrahman Falaknaz (Former Chairman 01 January until 26 August 2008)  
Mr Helmut Pekarek (Resigned on 01 January 2008)  
Dr Peter Hans Wallner (Managing Director & Deputy Chairman)  
Mr Carl Ulrich Moser (General Manager)  
Mr Joachim Folko von Schnakenburg (Non Executive Director)

### Company Secretary

Daniel George Owen, B.Comm., Dip.Hosp

### Registered Office

Level 2  
16 Byfield Street  
NORTH RYDE NSW 2113  
Tel: (+61 2) 9413 1811  
Fax: (+61 2) 9419 2818  
Email: [admin@bouldersteel.com.au](mailto:admin@bouldersteel.com.au)

### Solicitors

Dibbs Abbott Stillman  
Level 8  
Angel Place  
123 Pitt Street  
SYDNEY NSW 2000

### Bankers

Westpac Bank  
425 Victoria Avenue  
CHATSWOOD NSW 2067

### Share Register

Computershare Investor Services Pty Ltd  
Level 5  
115 Grenfell Street  
ADELAIDE SA 5000  
Tel: (+61 8) 8236 2300  
Fax: (+61 8) 8236 2305

### Auditors

Wong & Mayes  
Chartered Accountants  
Lumley Building  
Level 16  
309 Kent Street  
SYDNEY NSW 2000

### Internet Address

[www.bouldersteel.com.au](http://www.bouldersteel.com.au)

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## Directors' Report

Your Directors submit their report for the year ended 30 June 2008.

### 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.

#### Names, qualifications, experience and special responsibilities

##### **Mr Richard Martin** B.Bus

Chairman - Appointed on 26 August 2008

Mr Martin obtained a Bachelor of Business degree with a major in accounting from Charles Sturt University in 1980. He became a Chartered Accountant in 1983 and was in public practice until 1997 with twelve years as a principal of a medium sized Sydney practice.

During his time in public practice Mr Martin was involved in working in the areas of accounting services and taxation. He obtained significant experience in start-up and operational businesses with exposure to hospitality, oil and gas, resources and property industries. His work included complex business structuring, financing, management of foreign currency exposure, listing of companies on the Australian Stock Exchange (as it then was) and the establishment and operation of accounting and reporting systems.

Since ceasing public practice in 1997, Mr Martin has worked as an executive director in a small investment company in Sydney. His experience has been focussed on property development and management; plus technology company start-up, development and financing.

In 2005, Mr Martin became a director of BioLayer Corporation Limited, an ASX listed company, as a part of a merger, and has been involved with financing and capital raising for this company.

In recent years, Mr Martin has obtained extensive experience in the establishment and operation of management systems in emerging companies as well as negotiating, financing and implementing the sale and purchase of enterprises, plus ongoing control of management of operations.

##### **Mr Helmut Pekarek** B.Eng, M.Eng

Former Chairman - Resigned on 01 January 2008

Mr Pekarek is currently a Member of Council of RMIT University, a Board Member of the Australian Business Arts Foundation and Vice President of the German-Australian Chamber of Industry and Commerce. He is also a Group Chairman in the CEO Circle and a Committee Member of the Australian-German Association.

From 1996-2002 Mr Pekarek held the position of Managing Director of Siemens Ltd and spokesman for the Siemens Group of companies in Australia and New Zealand; from 1997-2003 he was also Chairman of the Company. Prior to his arrival in Australia, Mr Pekarek was an Executive Director of Siemens' Power Generation Group in Erlangen, Germany. He joined the Siemens Group in 1970, after having held positions in research, power plant engineering and project planning in Europe and the United States.

Mr Pekarek, who holds a Master of Engineering (Applied Physics) degree from Technical University Vienna, has been awarded the Centenary Medal of the Commonwealth of Australia and the Order of Merit of the Federal Republic of Germany.

He is also a Director of:-

. Asia Pacific Seamless Tubes Ltd – Resigned on 01 January 2008

**Dr Peter Hans Wallner** BSc, MSc, Ph.D, FAusIMM, MAIME

Managing Director & Deputy Chairman

Dr Wallner obtained his PhD in Geology in 1976 from Aachen University in Germany following a BSc and MSc in Geology from Berlin Free University. He spent five years in the Philippines where he became Vice President, Operations with La Playa Mining Corporation, a company successful in the discovery and production of a number of metallurgical and chemical chromite deposits.

From 1981 to 1985 he was Chief Geologist of Little River Goldfields NL in Australia. From 1989 to May 2004 he was Chairman and Chief Executive Officer of Boulder Steel Limited. Since May 2004 he has been the Deputy Chairman and Joint Managing Director of Boulder Steel Ltd. On 1 May 2006 he became the Deputy Chairman and sole Managing Director.

He is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the American Society for Mining, Metallurgy and Exploration and the Association of Exploration Geochemists.

He is also a Director of:-

- . Asia Pacific Seamless Tubes Ltd
- . Envitec Energy Ltd
- . EFS Holdings Pty Ltd

**Carl Ulrich Moser** BSc, MSc, MAusIMM

General Manager

Mr Moser obtained his MSc in Geology in 1982 from Technische Universität München, Germany. After arriving in Australia in 1982, he worked for various Australian mining companies and became involved in gold and mineral exploration in Australia, the Pacific and North America. He has more than 20 years of experience in corporate management and information technology. Mr Moser became General Manager in 1991, and he is a Member of the Australasian Institute of Mining and Metallurgy.

He is also a Director of

- . Asia Pacific Seamless Tubes Ltd
- . Envitec Energy Ltd
- . EFS Holdings Pty Ltd

**Joachim Folko von Schnakenburg** BEng, MEng

Non Executive Director

Mr von Schnakenburg was appointed a Director of the Company on 22 January 2002. He is a German based specialist consultant on the development and market introduction of future oriented technologies for the production of specialty steels and non-ferrous long products.

Mr von Schnakenburg has more than 30 years experience in the steel industry. He previously held a number of senior positions with leading European steel and plant manufacturing companies covering key areas of development, construction, plant design, purchasing and marketing.

He is also a Director of

- . Asia Pacific Seamless Tubes Ltd

### **Mr AbdulRahman Ahmad Falaknaz**

Non Executive Director, Former Chairman from 01. January 2008 until 26 August 2008

Mr Abdulrahman Ahmad Falaknaz was born in Dubai – UAE on 1 July 1946. Educated in Bombay, India 1952-1961 where he obtained Cambridge school certificate and returned to his homeland – Dubai in March of 1962.

He joined The British Bank of the Middle East, now HSBC as a bills clerk and was promoted in 1965 to deal in foreign exchange and gold bullion and silver bullion on behalf of the bank and also was responsible for the whole balance sheet of the bank from the age of 19 years until 1968 when he left the bank to pursue business opportunities.

Currently, he is on the board of a few sporting committees such as: Vice President of the UAE Tennis Federation, Chairman of the Dubai Cricket Council, Vice President of the Emirates Cricket Board, Board member and Financial Director of the UAE Olympic Committee and he is very active in promoting youth sports opportunities in the UAE.

Mr Falaknaz is one of three partners in the prestigious Dubai Sports City project which is the largest private sporting project comprising a city within a city concept along with 4 specially dedicated stadiums namely, cricket, hockey, indoor covered stadium and a multipurpose stadium being built for 60,000 spectators.

Falak Holding is the holding company monitoring 20 companies under its umbrella of activities from local and international investments, fashion and jewellery boutiques, exhibition organizing, mobile retail outlets, complete furnishing apartment undertaking, real estate comprising buildings, villas and warehousing facilities and construction of steel frames for tower buildings and other business activities.

International investments currently are in mining in Australia, Canada, Turkey and India.

### **Company Secretary**

The following person held the position of Company Secretary at the end of the financial year:

#### **Mr Kenneth William O'Brien, FCA.**

Mr O'Brien has worked for Boulder Steel Ltd for the past 18 years. He was appointed Company Secretary from 2 February 1989 until 30 June 2008.

Mr Daniel Owen was appointed as Company Secretary on 1 July 2008. He has a degree in Commerce and is shortly due to complete his Graduate Diploma in Corporate Governance of ASX Listed Entities.

Daniel had trained under Ken O'Brien for the last 18 months gaining valuable experience and knowledge.

## DIRECTORS AND SENIOR EXECUTIVES REMUNERATION

### REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director of Boulder Steel Limited.

#### Remuneration Policy

The remuneration policy of Boulder Steel Limited has been designed to align Director objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the economic entity's financial results. The Board of Boulder Steel Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors to run and manage the economic entity, as well as create goal congruence between Directors and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members of the economic entity is as follows:

The remuneration policy, setting the terms and conditions for the executive Directors was developed by the Board. All executive Directors receive a base salary (which is based on factors such as scope of responsibilities, length of service and experience), superannuation, fringe benefits, options and performance incentives. The Board reviews executive Director's packages annually by reference to the economic entity's performance, executive Director's performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executive Directors is measured against criteria agreed for each executive Director, based predominantly on the forecast growth of the economic entity, and its shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executive Directors and reward them for performance that results in long-term growth in shareholder wealth.

Executive Directors are also entitled to participate in the employee share and option arrangements.

The executive Directors receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to executive Directors is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

Non executive Directors are remunerated at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the non-executive Directors are encouraged to hold shares in the Company and are also able to participate in the employee option plan.

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors. The issue of options to the majority of Directors is to encourage the alignment of personal and shareholder interests.

#### Details of Remuneration for Year Ended 30 June 2008

The remuneration for each Director and executive officer receiving the highest remuneration during the year was as follows:

	Salary, Fees and Commissions	Superannuation Contribution	Cash Bonus	Non-cash Benefits	Options	Total
<b>Directors</b>	\$	\$	\$	\$	\$	\$
Abdulrahman Falaknaz	-	-	-	-	-	-
Helmut Pekarek	350,000	25,000	-	-	-	375,000
Peter Wallner	391,827	35,454	-	-	-	427,281
Carl Moser	156,879	22,218	-	11,397	-	190,494
Joachim von Schnakenburg	62,949	-	-	-	-	62,949

Due to its size the Company does not have any employees that are specified executives.

**Options Issued as Part of Remuneration for the Year Ended 30 June 2008**

Options are issued to Directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of Directors of Boulder Steel Limited and its subsidiaries to increase goal congruence between Directors and shareholders.

No options were issued, exercised or lapsed since the last report.

**Employment Contracts of Directors and Senior Executives**

The employment conditions of the Executive Directors are formalised in contracts of employment.

The employment contracts stipulate a range of one to 18 months resignation periods and payments on termination

**SHARES AND OPTIONS**

**Ordinary Shares**

**Options over Ordinary Shares**

Shares and Options held by Directors

Richard Martin	56,471	936,471
Dr Peter Hans Wallner	43,000	10,255,264
Mr Carl Ulrich Moser	9,570	5,000,000
Mr Joachim Folko von Schnakenburg	62,933	2,387,067
Abdulrahman Falaknaz	88,300,000	-

**DIVIDENDS**

No dividend has been paid or declared since the end of the previous financial year.

**Nature of operations and principal activities**

The principal activities during the year of entities within the consolidated entity were:

- Metal products manufacturing; and
- The development of a steel infrastructure project.

There have been no significant changes in the nature of those activities during the year.

## REVIEW AND RESULTS OF OPERATIONS

### Group Overview

#### **1. Australian Iron and Steel Projects, Queensland**

**100% Boulder Steel Limited (through subsidiary)**

On 30 June 2008, the Company announced its decision to move the expanded Australian Project to a new location near Gladstone/ Queensland. The project site has excellent infrastructure. It is close to port, gas, power and rail as well as to some essential raw material sources.

The previously selected Ipswich location was not large enough to accommodate the expanded project, which now includes a pig iron plant.

Adding a pig iron plant to the project scope has significant benefits:

- The production of pig iron enhances the quality of the raw material base for the steel plant. The use of pig iron in the steel making process ensures the output of high quality steel products (billets and blooms), which are essential for the production of seamless tubes.
- The use of pig iron from a fully integrated production plant is further improving project economics and return on investment, as demonstrated in an independent assessment report. The production costs are lower than in the previously considered scrap-based steel plant.

The project team has selected a suitable site in the Aldoga Precinct of the Gladstone State Development Area, which is ideally suited for the establishment of a iron and steel-making production facility. It has sufficient space for possible future expansion.

Current focus of the project team's efforts is on securing:

- Raw material supplies
- Supply of power, gas, land and water to the site
- Favourable freight rates for raw materials as well as for iron and steel products
- State and local government approvals
- Project partners and project financiers

Discussions with a potential joint-venture partner are at an advanced stage and indications are that an MOU is very soon to be signed with this strategic investor.

#### **2. Sharjah Finishing Plant, Sharjah, United Arab Emirates**

**100% Boulder Steel Limited (through subsidiary Boulder Steel (UAE) Ltd**

During the period under review, 15 hectares of land were obtained in the Hamriyah Free Zone in Sharjah, UAE to set up a Seamless Tube Finishing Plant with an annual capacity of 250,000 tonnes.

On 7 March 2008 the Company announced that UK-based engineering firm McLellan had updated the feasibility study for the UAE-Project and reported "a good rate of return for projects in the steel industry".

Land levelling at the project site commenced on 26 March 2008 and was successfully completed by the end of June 2008 by UAE contractor Al-Sahel General Transport Est. The scoping study for the Environmental Clearance process was approved by HFZA and a sampling programme commenced.

The 'Concept Drawings' as well as the Preliminary Design Drawings for the project were completed by QHC Architects and Engineers, Sharjah.

Boulder Steel (UAE) Limited is currently negotiating a strategic partnership with existing major players in the seamless tube industry. Once a strategic partner has been secured, the company aims to proceed towards financial tie-up.

**3. Euro Forming Services GmbH (“EFS”)**  
**50% Boulder Steel Limited**

During the 2007/08 financial year, EFS's total sales were €12,726,519 (A\$21,210,865), down from €12,832,090 (A\$21,386,817) during the previous financial year. EFS recently expanded its production lines in Germany and started production in a new facility in Austria. It is expected that the expanded operations will substantially increase EFS' revenue over the next few years.

EFS – Quarterly Revenue during the four quarters of FY 2007/08			
3rd Quarter 2007	4th Quarter 2007	1st Quarter 2008	2nd Quarter 2008
€3,402,428	€3,333,812	€2,986,772	€3,003,507
A\$5,670,713	A\$5,556,354	A\$4,977,953	A\$5,005,845
+0.9%*	-2.0%*	-10.0%*	+0.5%*

\* Quarterly revenue changes

**OPERATING RESULTS FOR THE PERIOD**

The consolidated loss of the economic entity after providing for income tax amounted to \$11,704,661 (2007: the loss was \$ 4,103,423).

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

**Issued Capital**

The issued capital of the Company increased from 479,700,020 ordinary shares to 481,801,953 ordinary shares during the Financial Year 2007/2008.

The Company had 168,028,485 options on issue at the end of the reporting period. Details of the various share and option issues during the Financial Year 2007/2008 are set out in Note 14(a) to the Accounts.

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**SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

There were no significant events after the balance date.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

The likely developments, future prospects and business strategies and expected results have not been included in this report as the Directors believe on reasonable grounds that the inclusion of such information would be likely to result in unreasonable prejudice to the economic entity.

**ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Company's current operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

During the financial year the Company has paid insurance premiums to insure certain officers of the Company. Officers of the Company include all of the Company's Directors and Secretary. The insurer will pay all of the insured persons/or Company's loss arising from any claim made for any wrongful act in their capacity as officers of the Company.

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## DIRECTORS' MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

	Directors' Meetings	
	Number Eligible to Attend	Number Attended
<b>Number of meetings attended:</b>		
Mr Abdulrahman Falaknaz	18	16
Mr Helmut Pekarek	14	13
Dr Peter Hans Wallner	18	16
Mr Carl Ulrich Moser	18	18
Mr Joachim Folko von Schnakenburg	18	18

## CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of BOULDER STEEL LIMITED support and have adhered to the principles of corporate governance to the extent that they are relevant to the Company given its size.

## OPTIONS

At the date of this report, the unissued ordinary shares of Boulder Steel Limited under option are as follows:

Date of Expiry	Exercise Price	Number under Option
<b>30 November 2008</b>	20 cents	148,347,018
<b>30 June 2009</b>	60 cents	5,500,000
<b>30 June 2009</b>	30 cents	6,387,067
<b>31 March 2011</b>	20 cents	8,150,000

## PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

The Board of Directors, in accordance with advice from the Board, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by management to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 13 of the financial report.

Signed in accordance with a resolution of the Directors.

Peter H. Wallner  
Managing Director

Carl U. Moser  
Director

Dated this 29th day September 2008

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## Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

To the Directors of Boulder Steel Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there has been:

- i. No contraventions of the auditors independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.

Wong & Mayes  
Chartered Accountants

Martin G. Thompson  
29th September 2008

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## Corporate Governance Statement

The Board of Directors of Boulder Steel Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Boulder Steel Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board has adopted a Corporate Governance Report which further details the Company's corporate governance principles.

### Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least four Directors and should maintain a majority of non-executive Directors;
- the chairperson must be a non-executive Director;
- the Board should comprise Directors with an appropriate range of qualifications and expertise; and
- the Board shall meet at least monthly and follow meeting guidelines set down to ensure all Directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

The Directors in office at the date of this statement are:

Name	Position	Name	Position
Mr Richard Martin	Non Executive Chairman - appointed 26 August 2008	Mr Joachim Folko von Schnakenburg	Non Executive Director
Mr Abdulrahman Falaknaz	Chairman – from 01 January 26 August 2008	Mr Helmut Pekarek	Former Chairman – Resigned on 01 January 08
Dr Peter Hans Wallner	Managing Director & Deputy Chairman		
Mr Carl Ulrich Moser	Director & General Manager		

### Audit Committee

On 23 May 2006, the Company established an Audit Committee consisting of up to 3 directors with the responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. It also includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations. Also responsible for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity.

### Remuneration policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors. The Board of Directors assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

To assist in achieving these objectives, the Board of Directors links the nature and amount of executive Directors' emoluments to the Company's financial and operational performance.

### Board Responsibilities

As the Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways. The Board has adopted a Corporate Governance Report which further details the Company's corporate governance principles.

The responsibility for the operation and administration of the consolidated entity is delegated by the Board to the Managing Director. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board.

The Company has procedures in place to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

### Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is informally reviewed annually by the Chairperson. Directors whose performance is unsatisfactory are asked to retire. The performance evaluation of the Board for this year is in progress.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders;
- the half-yearly report distributed to all shareholders; and
- the annual general meeting and other meetings so called to obtain approval for Board action as appropriate.

### ASX Corporate Governance Principles

The Directors of Boulder Steel Ltd support the principles of the ASX Corporate Governance Guidelines. To date, due to the size of the Company the Board has not formally adopted all policies or guidelines required for compliance with the ASX's guidelines. The Board will, adopt policies as appropriate and as outlined below.

#### Principle 1 – Lay Sound Foundations for Management and Oversight

Due to its size the Company has not formalised and disclosed the functions reserved for the Board and management but it plans to do so as the Company grows. To that effect, the Board has adopted a Corporate Governance Report which sets out key principles for implementation.

#### Principle 2 – Structure the Board to Add Value

The Board currently includes two independent Directors one of whom is the Chairman. Information on the experience and competencies are included in the Annual Report. On 23 May 2006 the Company established a remuneration committee.

#### Principle 3 – Promote Ethical and Responsible Decision-Making

The Corporate Governance Report adopted by the Board on 23 May 2006 contains appropriate Ethical Standards and a Code of Ethics.

#### Principle 4 – Safeguard Integrity in Financial Reporting

An audit & risk committee was established on 23 May 2006, which oversees financial control and reporting.

#### Principle 5 – Make Timely and Balanced Disclosure

The Directors have always adhered to the principles of continuous disclosure. Written policies and procedures designed to ensure compliance will be introduced during the year once the Company grows to a sufficient level.

**Principle 6 – Respect the Rights of Shareholders**

The Company believes that it adequately communicates relevant information to all shareholders on a timely basis. The Company encourages shareholder participation at shareholder meetings.

**Principle 7 – Recognise and Manage Risk**

The Directors are aware of the need to identify and manage risk. An Audit & Risk committee was established on 23 May 2006, which oversees the introduction and implementation of appropriate policies and procedures.

**Principle 8 – Encourage Enhanced Performance**

Formal performance evaluation criteria and processes will be established in the future. Given the current size and direction of the Company this was not formally introduced during the year.

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## Income Statement

YEAR ENDED 30 JUNE 2008	Notes	CONSOLIDATED		PARENT ENTITY	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>REVENUE FROM ORDINARY ACTIVITIES</b>	2	<b>337,855</b>	912,099	<b>337,855</b>	912,099
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>					
Salaries and employee benefits expense		<b>1,549,520</b>	654,389	<b>1,549,520</b>	654,389
Impairment of Goodwill		-	-	-	-
Depreciation expense		<b>1,370,610</b>	42,282	<b>55,413</b>	42,282
Other expenses:					
Statutory expense		<b>77,768</b>	61,618	<b>77,768</b>	61,618
Consulting fee		<b>470,331</b>	670,735	<b>470,331</b>	670,735
Corporate expenses		<b>816,477</b>	283,751	<b>494,844</b>	283,951
			-		-
Office expenses		<b>368,956</b>	222,443	<b>368,956</b>	222,443
Foreign exchange losses / (gains)		<b>1,077,982</b>	3,072,273	<b>1,077,982</b>	2,729,866
Profit on sale of fixed assets		-	-	-	-
Provision for non recovery of loans		-	-	<b>4,746,511</b>	-
Project investment expenses – APST Ltd		<b>7,190,226</b>	-	-	-
Share based payments		-	-	-	-
Other		<b>180,610</b>	211,736	<b>180,610</b>	211,736
Borrowing cost expense		<b>5,424</b>	3,855	<b>5,424</b>	140,136
<b>Share of net profits/(loss) of associates</b>					
Accounted for using the equity method		<b>58,848</b>	207,559	-	-
<b>PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE</b>	2, 3(a)	<b>(11,704,661)</b>	(4,103,423)	<b>(8,689,504)</b>	(4,104,856)
Income tax expense relating to ordinary activities		-	-	-	-
<b>PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE</b>		<b>(11,704,661)</b>	(4,103,423)	<b>(8,689,504)</b>	(4,104,856)
<b>PROFIT/LOSS FROM EXTRAORDINARY ITEMS AFTER RELATED INCOME TAX EXPENSES</b>		-	-	-	-
<b>NET PROFIT/(LOSS)</b>		<b>(11,704,661)</b>	(4,103,423)	<b>(8,689,504)</b>	(4,104,856)
<b>NET PROFIT/(LOSS) ATTRIBUTABLE TO OUTSIDE EQUITY INTEREST</b>			-		-
<b>NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF BOULDER STEEL LIMITED</b>		<b>(11,704,661)</b>	(4,103,423)	<b>(8,689,504)</b>	(4,104,856)
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>		<b>(11,704,661)</b>	(4,103,423)	<b>(8,689,504)</b>	(4,104,856)
Earnings per share:					
Basic earnings per share (cents per share)	24	<b>(2.4)</b>	(0.9)		
Diluted earnings per share (cents per share)	24	<b>(2.4)</b>	(0.7)		

The Income Statement is to be read in conjunction with the Notes to the Financial Statements

## Balance Sheet

YEAR ENDED 30 JUNE  
2008

	Notes	CONSOLIDATED		PARENT ENTITY	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash assets	22(A)	7,516,767	18,657,500	7,495,701	18,512,059
Receivables	4	59,874	164,000	32,616	36,172
Other financial assets	5	81,600	81,600	81,600	81,600
<b>TOTAL CURRENT ASSETS</b>		<b>7,658,241</b>	<b>18,903,100</b>	<b>7,609,917</b>	<b>18,629,831</b>
<b>NON-CURRENT ASSETS</b>					
Receivables	6	8,688,774	8,302,792	13,405,591	13,205,406
Investments accounted for using the equity method	7	2,762,498	2,645,112	-	-
Other financial assets	8	4,608,418	4,739,405	1,881,272	1,822,748
Property, plant and equipment	9	200,966	275,326	179,366	234,779
Intangible assets	10	-	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,260,656</b>	<b>15,962,635</b>	<b>15,466,229</b>	<b>15,262,933</b>
<b>TOTAL ASSETS</b>		<b>23,918,897</b>	<b>34,865,735</b>	<b>23,076,146</b>	<b>33,892,764</b>
<b>CURRENT LIABILITIES</b>					
Payables	11	959,630	806,658	117,980	44,526
Provisions	12	1,220,512	1,042,340	1,220,512	985,839
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,180,142</b>	<b>1,848,998</b>	<b>1,338,492</b>	<b>1,030,365</b>
<b>NON-CURRENT LIABILITIES</b>					
Interest-bearing liabilities	13	-	-	-	2,861,921
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,861,921</b>
<b>TOTAL LIABILITIES</b>		<b>2,180,142</b>	<b>1,848,998</b>	<b>1,338,492</b>	<b>3,892,286</b>
<b>NET ASSETS</b>		<b>21,738,755</b>	<b>33,016,737</b>	<b>21,737,654</b>	<b>30,000,478</b>
<b>EQUITY</b>					
Parent entity interest					
Contributed equity	14a	59,666,630	59,239,950	59,666,630	59,239,950
Accumulated losses	14b	(37,927,875)	(26,223,214)	(37,928,976)	(29,239,472)
Total parent entity interest in equity		21,738,755	33,016,736	21,737,654	30,000,478
Outside equity interest	17	-	-	-	-
<b>TOTAL EQUITY</b>		<b>21,738,755</b>	<b>33,016,736</b>	<b>21,737,654</b>	<b>30,000,478</b>

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements

## Statement Changes in Equity

YEAR ENDED 30 JUNE 2008

STATEMENT OF CHANGES IN EQUITY	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Equity Holders</b>				
<b>Share Capital</b>				
Balance at start of period	46,404,675	44,082,163	46,404,675	44,082,163
Issue of share capital	-	-	-	-
Share options exercised	426,680	2,326,337	426,680	2,326,337
Capital raising costs	-	(3,825)	-	(3,825)
<b>Total Share Capital</b>	<b>46,831,355</b>	<b>46,404,675</b>	<b>46,831,355</b>	<b>46,404,675</b>
<b>Share Based Expenses</b>				
Balance at start of period	12,835,275	12,835,275	12,835,275	12,835,275
Equity settled share based payment transactions	-	-	-	-
<b>Total Share Based Expenses</b>	<b>12,835,275</b>	<b>12,835,275</b>	<b>12,835,275</b>	<b>12,835,275</b>
<b>Retained Earnings</b>				
Balance at start of period	(26,223,214)	(22,119,791)	(29,239,472)	(25,134,616)
Loss for the period	(11,704,661)	(4,103,423)	(8,689,504)	(4,104,856)
<b>Retained Earnings at End of Period</b>	<b>(37,927,875)</b>	<b>(26,223,214)</b>	<b>(37,928,976)</b>	<b>(29,239,472)</b>
<b>Total Equity Attributable to Equity Holders</b>	<b>21,738,757</b>	<b>33,016,736</b>	<b>21,737,654</b>	<b>30,000,478</b>

## Cash Flow Statement

YEAR ENDED 30 JUNE 2008	Notes	CONSOLIDATED		PARENT ENTITY	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Interest/dividends received		337,855	912,099	337,855	912,099
Payments in course of operations		(2,021,855)	(6,871,779)	(2,830,350)	(1,933,601)
Borrowing costs		(5,423)	(3,855)	(5,423)	(3,854)
<b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	23(b)	<b>(1,689,423)</b>	<b>(5,963,535)</b>	<b>(2,497,918)</b>	<b>(1,025,356)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Loans to controlled entities		-	-	(7,422,620)	(4,902,614)
Security Deposit		-	(81,600)	-	(81,600)
Loans to associates		-	(2,389,110)	-	(2,389,110)
Purchase of Plant & Equipment		-	(316,118)	-	(270,968)
Investment in Associate		-	-	-	-
Project Expenses		(8,355,490)	-	-	-
<b>NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(8,355,490)</b>	<b>(2,786,828)</b>	<b>(7,422,620)</b>	<b>(7,644,292)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from share issue		426,680	2,322,512	426,680	2,322,513
Repayment of lease liabilities		-	-	-	-
Repayment of borrowings		-	-	-	-
Proceeds from borrowings		-	-	-	-
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>426,680</b>	<b>2,322,512</b>	<b>426,680</b>	<b>2,322,513</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>					
		<b>(9,618,233)</b>	<b>(6,427,851)</b>	<b>(9,493,858)</b>	<b>(6,347,135)</b>
Add opening cash brought forward		18,657,500	27,624,706	18,512,059	27,398,549
Unrealised FX / gain (loss)		(1,522,500)	(2,539,355)	(1,522,500)	(2,539,355)
<b>CLOSING CASH CARRIED FORWARD</b>	23(a)	<b>7,516,767</b>	<b>18,657,500</b>	<b>7,495,701</b>	<b>18,512,059</b>

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

## Notes to the Financial Statements

YEAR ENDED 30 JUNE 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Boulder Steel Limited and its controlled entities and Boulder Steel Limited as an individual parent entity. Boulder Steel Limited is a listed public Company, incorporated and domiciled in Australia.

The financial statements have been prepared on an accruals basis and are based on historical costs, and do not take into account changing money values or, except where stated current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies adopted are consistent with those of previous years unless as otherwise stated.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report.

#### (a) Principles on consolidation

A controlled entity is any entity controlled by Boulder Steel Limited. Control exists where Boulder Steel Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Boulder Steel Limited to achieve the objectives of Boulder Steel Limited. A list of controlled entities is contained in Note 9 to the financial statements.

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

All inter-Company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

#### (b) Investment in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

#### (c) Project development expenditure

Project development expenditures have been written-off in the year in which they are incurred in projects where activities in the area have not yet reached a stage that permits reasonable assessment of the recovery of expenditure.

Where development expenditure is expected to be recouped through the successful development of the project, costs are capitalised and will be amortised against the estimated economical life of the project.

Where the project is developed through a subsidiary or associated Company the funds advanced to the entity are written off as project development expenditure.

## Notes to the Financial Statements

Year ended 30 JUNE 2008

### (d) Foreign currency translation

Transactions in foreign currencies have been converted at rates of exchange ruling on the date of those transactions. At balance date, amounts receivable and payable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Realised and unrealised gains and losses are brought to account in determining the profit or loss for the year.

### (e) Foreign controlled entities

The financial statements of foreign controlled entities have been translated using the temporal method. Under this method, monetary assets and liabilities are translated into Australian currency at the rate of exchange current at balance date, while revenue and expense items are translated at the average of rates ruling during the year and non-monetary assets and liabilities are translated at the rate ruling at their historic rate. Exchange differences arising on translation are brought to account in the profit and loss account in the period in which they arise.

### (f) Going Concern

The business operations of the Company are not sufficiently mature in their development to generate the revenues necessary to meet the immediate working capital needs of the Company. Notwithstanding, the financial statements have been prepared on the assumption that the Company will continue as a going concern based on the demonstrated past and continued ability of the Directors to raise equity capital from the market place.

### (g) Goodwill

Pursuant to the adoption of AASB3 Business Combinations goodwill and goodwill on consolidation are initially recorded as the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 10 years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

### (h) Income tax

#### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilized. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

## Notes to the Financial Statements

Year ended 30 JUNE 2008

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probably that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Income Statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill

(j) Amounts payable by controlled entities

A provision for non-recovery has been made against amounts receivable from controlled entities in order to reflect the net worth of controlled entities or estimates of the recoverable amount. Amounts considered irrecoverable have been written off.

(k) Financial assets

Financial investments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these investments are assessed at each reporting date to determine whether there is any evidence that an investment is impaired. Any such impairment is reported in the Income Statement.

(l) Comparative figures

Comparative figures have been reclassified, where necessary, to conform with current reporting requirements.

(m) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

## Notes to the Financial Statements

Year ended 30 JUNE 2008

### n) Good and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables.

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

### (o) Property, plant & equipment

Acquisition items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

Class Fixed Asset	Depreciation Rate	
Leased motor vehicles	22.5%	Diminishing
Motor vehicles	22.5%	Diminishing
Plant and equipment	10-30%	Diminishing

### (p) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill is tested for impairment at each reporting date and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment is treated as a revaluation increase.

## Notes to the Financial Statements

Year ended 30 JUNE 2008

### (q) New accounting standards and interpretations

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected		Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report	01.01.2009	01.07.2009
	AASB 102	Inventories			
	AASB 107	Cash Flow Statements			
	AASB 119	Employee Benefits			
	AASB 127	Consolidated and Separate Financial Statements			
	AASB 134	Interim Financial Reporting			
	AASB 136	Impairment of Assets			
AASB 8 Operating Segments	AASB 114	Segment Reporting	As Above	01.01.2009	01.07.2009

## Notes continued

### YEAR ENDED 30 JUNE 2008

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>2. REVENUE FROM ORDINARY ACTIVITIES</b>				
<b>Revenues from operating activities</b>				
Other income	-	-	-	-
Interest received – other corporations	337,855	912,099	337,855	912,099
<b>Total revenues from ordinary activities</b>	<b>337,855</b>	<b>912,099</b>	<b>337,855</b>	<b>912,099</b>
<b>3. PROFIT FROM ORDINARY ACTIVITIES</b>				
<b>(a) Expenses</b>				
Borrowing costs:				
- wholly owned subsidiary	-	-	-	136,282
- other	5,424	3,855	5,424	3,854
	<b>5,424</b>	<b>3,855</b>	<b>5,424</b>	<b>140,136</b>
Depreciation	55,413	46,885	55,413	42,282
Provision for non recovery of loans	-	-	-	-
Amortisation	1,315,197	-	-	-
Foreign exchange (gains)/losses	1,077,982	3,072,273	1,077,982	2,729,866
Provision for diminution of investment	-	-	-	-
<b>4. RECEIVABLES – CURRENT</b>				
Loans to related parties (Note 21)				
GST refundable	40,028	143,118	23,794	27,348
Other receivables	120,546	121,582	109,522	109,524
Less: Provision for non-recovery of other receivables	(100,700)	(100,700)	(100,700)	(100,700)
	<b>59,874</b>	<b>164,000</b>	<b>32,616</b>	<b>36,172</b>
<b>5. OTHER FINANCIAL ASSETS – CURRENT</b>				
Security deposit	81,600	81,600	81,600	81,600
<b>6. RECEIVABLES – NON CURRENT</b>				
Loans to associated companies	8,688,774	8,302,792	8,688,774	8,302,792
Loans to controlled party	-	-	14,677,578	26,275,812
Less: Provision for non recovery of loans controlled entities	-	-	(9,960,761)	(21,373,198)
	<b>8,688,774</b>	<b>8,302,792</b>	<b>13,405,591</b>	<b>13,205,406</b>

The Company has agreed not to seek repayment of the amounts due by its controlled entities until the profitability and financial resources of those entities permit

## Notes continued

YEAR ENDED 30 JUNE 2008

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
<b>7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b>	\$	\$	\$	\$
Shares in associated companies	-	-	-	-
	<b>2,762,498</b>	2,645,112	-	-

### Interests in Associated Companies

Name	Place of Incorp.	Principal Activity	Ownership Interest		Carrying Amount	
			2008	2007	2008	2007
			%	%	\$	\$
Grand Central Holdings Ltd*	British Virgin Islands	Investment Company	50	50	-	-
Euro Forming Services GmbH**	Germany	Metal forging (automotive and other industries)	50	50	<b>2,762,498</b>	2,645,112

Movement during the year in equity accounted investment in associated companies

	2008	2007
<b>Opening Balance</b>	<b>2,645,112</b>	2,401,158
Additional investments/(reclassified as loans)		-
FX gain (loss)	<b>58,538</b>	36395
Share of net profits/(losses) of associates		
Accounted for using the equity method	<b>58,848</b>	207,559
<b>Closing Balance</b>	<b>2,762,498</b>	2,645,112

Euro Forming Services GmbH**		
Total Operating Profit/(Losses)	1,361,966	1,169,331
Current assets	9,262,087	9,377,372
Non-current assets	9,228,884	9,462,584
Current liabilities	14,792,597	15,428,481
Non-current liabilities	29,359	44,955
<b>Net Assets</b>	<b>3,669,013</b>	3,366,519

\*\* Incorporated in Germany in March 2000. The Company manufactures forged steel components, such as axles, stabilisers , and shock absorbers for the automobile, and other industries.

The financial statements are Euro Forming Services GmbH disclose loans from shareholders as current liabilities. These loans are at call, however the shareholders do not intend that they will be repaid within 12 months. This Company discloses its loan as a non current asset.

## Notes continued

YEAR ENDED 30 JUNE 2008

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>8. OTHER FINANCIAL ASSETS – NON-CURRENT</b>				
Shares in associated Company, at cost	-	-	1,881,272	1,822,748
Shares in controlled entities, at cost (i)	-	-	5,360,273	5,360,273
Less: Provision for diminution in value of investment	-	-		
			<b>(5,360,273)</b>	<b>(5,360,273)</b>
Capitalised Steel Project Expenditure	17,382,405	10,323,166	1,881,272	1,822,748
Provision for diminution	(12,773,987)	(5,583,761)	-	-
	<b>4,608,418</b>	<b>4,739,405</b>	<b>1,881,272</b>	<b>1,822,748</b>

(i) Investments in Controlled Entities

	Country of Incorp	Equity Holding		Cost of Parent Entity's Investment		Balance Date
		2008 %	2007 %	2008 \$	2007 \$	
<b>BOULDER STEEL LIMITED</b> (Parent Entity)	<b>Aust</b>					
<b>Controlled Entities</b>						
<b>Chrome Corp In't#</b>	<b>USA</b>		100	279	279	30-Jun
<b>Chrome Corp. of America Inc#</b>	<b>USA</b>		100	-	15	30-Jun
<b>Asia Pacific Seamless Tubes Ltd**</b>	<b>Aust</b>		100	5,360,273	5,360,273	30-Jun
<b>EFS Holdings Pty Ltd#</b>	<b>Aust</b>		100	1	1	30-Jun
				<b>5,360,553</b>	<b>5,360,568</b>	
Less: provision for diminution in value				<b>(5,360,553)</b>	<b>(5,360,568)</b>	
				<b>-</b>	<b>-</b>	

# Not audited by the parent entity's auditors.

\* The Principal activities of the controlled entities are investment, mineral exploration and development.

\*\* Incorporated to develop the Company's interest in the Australian Steel Project.  
Full ownership occurred on 12 December 2001.

## Notes continued

YEAR ENDED 30 JUNE 2008	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>				
<b>NON-CURRENT ASSETS</b>				
Furniture & fittings, at cost	277,061	277,061	277,061	277,061
Less: Accumulated depreciation	(97,695)	(42,282)	(97,695)	(42,282)
	<b>179,366</b>	234,779	<b>179,366</b>	234,779
Plant, equipment & furniture fittings, at cost	-	45,150	-	-
Less: Accumulated depreciation	-	(4,603)	-	-
	-	40,547	-	-
Motor vehicles, at cost	27,000	-	-	-
Less: Accumulated depreciation	(5,400)	-	-	-
	<b>21,600</b>	-	-	-
	<b>200,966</b>	275,326	<b>179,366</b>	234,779
<b>10. INTANGIBLES</b>				
<b>Goodwill</b>				
Goodwill on acquisition of Asia Pacific Seamless Tubes Ltd	639,697	639,697	-	-
Accumulated amortisation	(639,697)	(639,697)	-	-
	-	-	-	-
<b>11. PAYABLES – CURRENT</b>				
<b>Unsecured</b>				
Other creditors & accruals	959,630	806,658	117,980	44,526

## Notes continued

YEAR ENDED 30 JUNE 2008	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>12. PROVISIONS</b>				
Current – employee benefits	1,220,512	1,042,340	1,220,512	985,839
Non-current – employee benefits	-	-	-	-
	<u>1,220,512</u>	<u>1,042,340</u>	<u>1,220,512</u>	<u>985,839</u>
<b>13. INTEREST BEARING LIABILITIES</b>				
Non-current				
Unsecured				
- promissory note payable controlled entity	-	-	-	2,861,921
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,861,921</u>

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## Notes continued

### YEAR ENDED 30 JUNE 2008

	No. of Shares		Parent Entity	
	2008	2007	2008 \$	2007 \$
<b>14(a) CONTRIBUTED EQUITY</b>				
Ordinary shares	<b>481,801,953</b>	479,700,020	<b>44,302,323</b>	43,875,643
Proceeds from non renounceable rights issue			<b>912,889</b>	912,889
Proceeds from non-renounceable rights issue			<b>1,616,143</b>	1,616,143
Share based payment reserve			<b>12,835,275</b>	12,835,275
			<b>59,666,630</b>	59,239,950

Movements in issued and paid up ordinary share capital of the Company during the past two years were as follows

<b>2008</b>				
Date	Details	No. of Shares	Issue Price \$	Cash Proceeds from Issue \$
	<b>Opening Balance</b>	<b>479,700,020</b>		<b>43,875,643</b>
	Exercise Options	<b>62,933</b>	<b>0.30</b>	<b>7,800</b>
	Exercise Options	<b>2,039,000</b>	<b>0.20</b>	<b>418,880</b>
		<b>481,801,953</b>		<b>44,302,323</b>

<b>2007</b>				
Date	Details	No. of Shares	Issue Price \$	Cash Proceeds from Issue \$
<b>01/07/06</b>	<b>Opening Balance</b>	468,318,335	-	41,553,131
	Exercise Options	500,000	0.30	150,000
	Exercise Options	10,881,685	0.20	2,176,337
	Capital raising costs		-	(3,825)
		<b>479,700,020</b>		<b>43,875,643</b>

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## Notes continued

### YEAR ENDED 30 JUNE 2008

#### 14(a) CONTRIBUTED EQUITY cont.

	<b>PARENT ENTITY</b>	
	<b>2008</b>	2007
<b>Options</b>		
<b>Number of Options Issued</b>		
Balance brought forward	<b>170,130,418</b>	181,512,103
Issued during the year	-	-
Expired during year	-	-
Options exercised during the year	<b>(2,101,933)</b>	(11,381,685)
Balance carried forward	<b>168,028,485</b>	170,130,418

The terms of the options are as follows:

5,500,000	options for one fully paid share at 60 cents each exercisable up to 30 June 2009
6,050,000	options for one fully paid share at 30 cents each exercisable up to 30 June 2009
8,150,000	options for one fully paid share at 20 cents each, exercisable up to 31 March 2011
148,328,485	options for one fully paid share at 20 cents each exercisable up to 30 November 2008
<u>168,028,485</u>	

	<b>CONSOLIDATED</b>		<b>PARENT ENTITY</b>	
	<b>2008</b>	2007	<b>2008</b>	2007
	\$	\$	\$	\$
<b>14(b) ACCUMULATED LOSSES</b>				
Balance at the beginning of year	<b>(26,223,214)</b>	(22,119,792)	<b>(29,239,472)</b>	(25,134,616)
Net profit/(loss) attributable to members of Boulder Steel Limited	<b>(11,763,509)</b>	(4,310,982)	<b>(8,689,504)</b>	(4,104,856)
AASB: 1016 Accounting for Investments in Associates	<b>58,848</b>	207,559	-	-
Total available for appropriation	<b>(37,927,875)</b>	(26,223,204)	<b>(37,928,976)</b>	(29,239,472)
Balance at end of year	<b>(37,927,875)</b>	(26,223,214)	<b>(37,928,976)</b>	(29,239,472)

## Notes continued

### YEAR ENDED 30 JUNE 2008

#### CONSOLIDATED

2008 2007  
\$ \$

#### PARENT ENTITY

2008 2007  
\$ \$

#### 15. AUDITOR'S REMUNERATION

Amounts received , or due and receivable by the auditors for:

a) Auditing the accounts and consolidated accounts of Boulder Steel Limited and the accounts of each of its controlled entities

i) Parent entity's auditors	70,557	47,500	70,557	47,500
ii) Other auditors	-	-	-	-

	<b>70,557</b>	<b>47,500</b>	<b>70,557</b>	<b>47,500</b>
--	---------------	---------------	---------------	---------------

b) Other Services

i) Parent entity's auditors	67,834	48,729	59,332	48,729
ii) Other auditors	-	-	-	-

	<b>67,834</b>	<b>48,729</b>	<b>59,332</b>	<b>48,729</b>
--	---------------	---------------	---------------	---------------

#### 16. REMUNERATION OF DIRECTORS

a. Names and positions held of Parent Entity Directors in office at any time during the financial year are:

##### Parent Entity Directors

Helmut Pekarek	Director	Resigned 01 January 2008
Peter Wallner	Managing Director, CEO	
Carl Moser	Director, General Manager	
Joachim von Schnakenburg	Director	
Abdulrahman Falaknaz	Director, Chairman	

##### Specified Executives

Due to the size of the Company there are no employees that meet the definition of specified executive.

## Notes continued

### YEAR ENDED 30 JUNE 2008

#### 16 b. Specified Directors Remuneration

2008	Primary			Total
	Salary, Fees & Commissions	Superannuation Contribution	Non-Cash Benefits	
Helmut Pekarek	350,000	25,000	-	375,000
Peter Wallner	391,827	35,454	-	427,281
Carl Moser	156,880	23,838	11,397	192,115
Joachim von Schnakenburg	62,999	-	-	62,999
Abdulrahman Falaknaz	-	-	-	-
	<u>961,706</u>	<u>84,292</u>	<u>11,397</u>	<u>1,057,395</u>

During the year Mr Pekarek received \$ 275,000 in retirement benefits in accordance with his contract of service.

2007	Primary			Total
	Salary, Fees & Commissions	Superannuation Contribution	Non-Cash Benefits	
Helmut Pekarek	116,818	-	-	116,818
Peter Wallner	351,797	31,661	-	383,458
Carl Moser	142,414	12,817	10,365	165,596
Joachim von Schnakenburg	65,489	-	-	65,489
Abdulrahman Falaknaz	-	-	-	-
	<u>676,518</u>	<u>44,478</u>	<u>10,365</u>	<u>731,361</u>

#### c. Shares Issued on Exercise of Remuneration Options

No options were exercised during the year

## Notes continued

### YEAR ENDED 30 JUNE 2008

#### 16 d. Options and Rights Holdings

Number of options held by specified Directors and executives:

	Balance 1.7.2007	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30.6.2008	Total vested 30.6.2008	Total Exercisable 30.6.2008
<b>Parent Entity Directors</b>							
Peter Wallner	10,255,264	-	-	-	10,255,264	10,255,264	10,255,264
Carl Moser	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000
Joachim von Schnakenburg	2,450,000	-	62,933	-	2,387,067	2,387,067	2,387,067
Abdulrahman Falaknaz	-	-	-	-	-	-	-

#### e. Shareholdings

Number of shares held by Parent Entity Directors and specified executives:

	Balance 1.7.2007	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.6.2008
<b>Parent Entity Directors</b>					
Peter Wallner	43,500	-	-	-	43,500
Carl Moser	9,570	-	-	-	9,570
Joachim von Schnakenburg	50,000	-	62,933	(50,000)	62,933
Abdulrahman Falaknaz	88,300,000	-	-	-	88,300,000

#### f. Remuneration Practices

The Company's policy for determining the nature and amount of emoluments of Board members of the Company is as follows:

The remuneration structure for executive Directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and specified Directors are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement specified Directors and executives are paid employee benefit entitlements accrued to date of retirement.

## Notes continued

YEAR ENDED 30 JUNE 2008

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>17. OUTSIDE EQUITY INTEREST</b>				
Opening Balance	12,802	12,802	-	-
Written Off	(12,802)	(12,802)	-	-
Closing Balance	-	-	-	-
<b>18. COMMITMENTS</b>				
<b>Operating leases</b>				
- not later than 1 year	156,240	156,240	156,240	156,240
- non-current later than 1 year and not later than 5 years	364,560	520,800	364,560	520,800
	520,800	677,040	520,800	677,040

These operating leases relate to office accommodation and car parking at Level 2/16 Byfield Street, North Ryde, NSW 2113

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## Notes continued

YEAR ENDED 30 JUNE 2008

YEAR ENDED 30 JUNE 2008

### 19. SEGMENTAL INFORMATION

Primary reporting - Geographical segments: 2008	Australia \$	Germany \$	UAE \$	Total \$
<b>Revenue</b>				
Other income	-	-	-	-
Interest	337,855	-	-	337,855
Total segment revenue	337,855	-	-	337,855
Unallocated revenue	-	-	-	-
Total revenue from ordinary activities	337,855	-	-	337,855
<b>Result</b>				
Segment result	(10,448,322)	-	(1,315,197)	(11,763,519)
Share of net profits of equity accounted associated and joint venture entities	-	58,858	-	58,858
Unallocated expenses net of unallocated revenue	-	-	-	-
Profit/(Loss) from ordinary activities before income tax expense	(10,448,322)	58,858	(1,315,197)	(11,704,661)
Income tax expense	-	-	-	-
Profit/(Loss) from ordinary activities after income tax expense	(10,448,322)	58,858	(1,315,197)	(11,704,661)
<b>Assets</b>				
Segment assets	7,859,207	-	4,608,418	12,467,625
Investments accounted for using the equity method	-	11,451,272	-	11,451,272
Unallocated assets	-	-	-	-
Total assets	7,859,207	11,451,272	4,608,418	23,918,897
<b>Liabilities</b>				
Segment liabilities	2,180,142	-	-	2,180,142
Unallocated liabilities	-	-	-	-
<b>Total Liabilities</b>	2,180,142	-	-	2,180,142
<b>Other</b>				
Acquisition of non-current segment assets	-	-	4,608,418	4,608,418
Depreciation and amortization of segment assets	55,413	-	1,315,197	1,370,610

## Notes continued

YEAR ENDED 30 JUNE 2008

### 19. SEGMENTAL INFORMATION cont.

#### Primary reporting – Geographical segments:

	Australia \$	Germany \$	Total \$
<b>2007</b>			
<b>Revenue</b>			
Interest	912,099	-	912,099
External sales	-	-	-
Other segments	-	-	-
Total segment revenue	912,099	-	912,099
Unallocated revenue	-	-	-
Total revenue from ordinary activities	912,099	-	912,099
<b>Result</b>			
Segment result	(4,310,982)	-	(4,310,982)
Share of net profits of equity accounted associated and joint venture entities	-	207,559	207,559
Unallocated expenses net of unallocated revenue	-	-	-
Profit/(Loss) from ordinary activities after income tax expense	(4,310,982)	207,559	(4,103,423)
Income tax expense	-	-	-
Profit/(Loss) from ordinary activities after income tax expense	(4,310,982)	207,559	(4,103,123)
Extraordinary items after income tax expense	-	-	-
<b>Net profit/(Loss)</b>	(4,310,982)	207,559	(4,103,423)
<b>Assets</b>			
Segment assets	23,917,831	8,302,792	32,220,623
Investments accounted for using the equity method	-	2,645,112	2,645,112
Unallocated assets	-	-	-
Total assets	23,917,831	10,947,904	34,865,735
<b>Liabilities</b>			
Segment liabilities	1,848,448	-	1,848,998
Unallocated liabilities	-	-	-
<b>Total Liabilities</b>	1,848,998	-	1,848,998
<b>Other</b>			
Acquisition of non-current Segment assets	-	-	-
Depreciation and amortisation of segment asset	46,885	-	46,885

## Notes continued

YEAR ENDED 30 JUNE 2008

### 19. SEGMENTAL INFORMATION cont.

Secondary reporting – Business segments:

**Business segments:**

Development of metal projects only

### 20. RECEIVABLES AND PAYABLES DENOMINATION IN FOREIGN CURRENCIES

CONSOLIDATED		PARENT ENTITY	
2008	2007	2008	2007
\$	\$	\$	\$

The Australian Dollars equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year end exchange rates are as follows:

**Receivables**

Non-current  
(before provision for non recovery)

	Conversion Rate A\$1				
United States Dollars	0.950	-	-	<b>19,020,857</b>	19,020,857
Euro	0.596	-	-	<b>8,688,774</b>	8,302,792

**Payables**

Non-current

United States Dollars (convertible note)		-	-	-	2,861,921
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## Notes continued

### YEAR ENDED 30 JUNE 2008

#### 21. RELATED PARTIES

##### (a) Payments to Director Related Entities

During the year the Company paid a Director related entity of Mr Joachim von Schnakenburg \$62,999 in consulting fees for work done on behalf of the Company. These funds paid to this entity were for consulting work done in relation to the Company's steel project and were on normal commercial terms.

##### b) Wholly owned group

The wholly owned group consists of Boulder Steel Limited and its wholly owned controlled entities, Chrome Corporation International, Chrome Corporation of America, Asia Pacific Seamless Tubes and EFS Holdings Pty Ltd. Ownership interests in these controlled entities are set out in Note 8.

Transactions between Boulder Steel Limited and related parties in the wholly owned group during the years ended 30 June 2007 and 2008 consisted of:

##### (i) Loans advanced by Boulder Steel Limited

In relation to the receivables there are no fixed terms for the repayment of these loans and no interest is accruing.

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## Notes continued

YEAR ENDED 30 JUNE 2008

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>21. RELATED PARTIES cont.</b>				
Aggregate amounts included in the determination of operating profit/(loss) before income tax that resulted from transactions with related parties in the wholly owned group were as follows:				
Provision for doubtful debts	-	-	-	-
Interest expense	-	-	-	136,231
Aggregate amounts receivable from, and payable to, related parties in the wholly owned group at balance date were as follows:				
Non current receivables	-	-	-	19,020,857
Less: Provision for doubtful debts	-	-	-	(19,020,857)
Non-current payables	-	-	-	2,861,921
The Company has agreed not to seek repayment of the amounts due by its controlled entities until the profitability and financial resources of those entities permit.				
Loans advanced to:				
Asia Pacific Seamless Tubes Limited	-	-	2,705,803	4,902,614
<b>c) Other related parties</b>				
Aggregate amounts brought to account in relation to other transactions with each class of other related parties:				
Loans advanced to:				
Related parties – Euro Forming Services GmbH	-	1,819,797	-	1,819,797
Aggregate amounts receivable from each class of other related parties at balance date were as follows:				
	-	-	-	-
<b>Current receivables</b>				
Related parties	-	-	-	-
	-	-	-	-
<b>Non-current receivables</b>				
Associated companies	8,688,774	8,302,792	8,688,774	8,302,792
Less: Provision for doubtful debts	-	-	-	-
	8,688,774	8,302,792	8,688,774	8,302,792

Ownership interest in related parties:

Interest held in the following classes of related parties are set out in the following notes:

- (i) Controlled entities – Note 8
- (ii) Associated companies – Note 8

## Notes continued

### YEAR ENDED 30 JUNE 2008

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>22. RECONCILIATION OF CASH</b>				
(a) For the purpose of this statement of cash flows, cash includes cash at bank. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items on the balance sheet as follows:				
Cash at Bank	<b>7,516,767</b>	18,657,500	<b>7,495,701</b>	18,512,059
(b) Reconciliation of operating profit/(loss) after tax to the net cash flows from operations				
Operating profit/(loss) after tax	<b>(11,704,661)</b>	(4,103,423)	<b>(8,689,504)</b>	(4,104,856)
Non cash items:				
Depreciation and amortization	<b>(1,370,610)</b>	42,282	<b>55,413</b>	42,282
Provision for doubtful debts	-	-	-	-
Provision for diminution of investment	<b>7,190,226</b>	-	-	-
Unrealised foreign exchange gain/(loss)	<b>1,077,982</b>	3,072,273	<b>1,077,982</b>	2,729,866
Equity accounting	<b>(58,848)</b>	(207,559)	<b>(58,848)</b>	-
Accrued interest	-	-	-	136,282
Provision non-recovery of loans	-	-	<b>4,746,508</b>	-
Provision for employee entitlements	<b>178,172</b>	222,218	<b>234,672</b>	197,221
Changes in assets and liabilities:				
Increase/(decrease) in other creditors & accruals	<b>152,970</b>	(173,880)	<b>73,454</b>	(957,613)
(Increase)/decrease in other debtors	<b>104,126</b>	(80,645)	<b>3,556</b>	31,464
Net cash flows from/(used in) operating activities	<b>(1,689,423)</b>	(1,228,733)	<b>(2,497,918)</b>	(1,025,356)

### 23. EARNINGS/(LOSS) PER SHARE

Profit/(loss) used in the calculation of earnings per share	<b>(11,704,661)</b>	(4,103,423)
Basic profit/loss per share	<b>(2.4) cents</b>	(0.9) cents
Weighted average number of ordinary share on issue used in the calculation of basis loss per share		
	<b>481,742,450</b>	475,386,904
Diluted Profit/(Loss) per share is	<b>(2.4) cents</b>	(0.7) cents
Weighted average number of ordinary shares on issue Used in the calculation of diluted loss per share		
	<b>481,742,450</b>	567,936,789

## Notes continued

### YEAR ENDED 30 JUNE 2008

#### 24 SUBSEQUENT EVENTS

There were no subsequent events.

#### 25 EMPLOYEE BENEFITS

##### Employee Share Option Arrangements

The closing share market price of an ordinary share of Boulder Steel Limited on the Australian Stock Exchange at 30 June 2008 was \$0.14 (30 June 2007: \$0.50).

(a) Movement in the number of share options held by employees are as follows:

	<b>Economic Entity</b>	<b>Parent</b>
	<b>30.06.08</b>	<b>Entity</b>
	<b>No.</b>	<b>30.06.08</b>
	<b>No.</b>	<b>No.</b>
Opening balance	19,600,000	19,600,000
Granted during the year	-	-
Exercised during the year	(62,933)	(62,933)
Lapsed during the year	-	-
Closing Balance	19,537,067	19,537,067

(b) Details of share options outstanding as at end of year:

			<b>Economic Entity</b>	<b>Parent</b>
			<b>30.06.08</b>	<b>Entity</b>
			<b>No.</b>	<b>30.06.08</b>
	<b>Grant Date</b>	<b>Expiry and</b>	<b>No.</b>	<b>No.</b>
		<b>Exercise Date</b>		
		<b>Exercise</b>		
		<b>Price</b>		
	29/09/2004	30/06/2009	5,500,000	5,500,000
	29/09/2004	30/06/2009	5,887,067	5,887,067
	19/05/2006	31/03/2011	8,150,000	8,150,000
			19,537,067	19,537,067

## Notes continued

### 26 FINANCIAL INSTRUMENTS

#### (a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk that a financial instrument's value will fluctuate as a result of changes in the market, interest rates and the effective weighted average interest rates on those financial assets, is set out below:

	Weighted Average Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturity			Total
			Fixed Less Than One year	Fixed 1 to 5 years	Non- Interest Bearing	
	%	\$	\$	\$	\$	\$
<b>2007</b>						
<b>Financial Assets</b>						
Cash	5.25	18,657,500	-	-	-	18,657,500
Trade Debtors	-	-	-	-	-	-
Receivables	-	-	-	-	164,000	164,000
Security Deposit	4.7	-	-	81,600	-	81,600
<b>Total</b>		<b>18,657,500</b>	<b>0</b>	<b>81,600</b>	<b>164,000</b>	<b>18,903,100</b>
<b>Financial Liabilities</b>						
Trade Payables	-	-	-	-	806,658	806,658
Employee Provisions	-	-	-	-	1,042,340	1,042,340
Other liabilities	-	-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,848,998</b>	<b>1,848,998</b>
<b>2008</b>						
<b>Financial Assets</b>						
Cash	2.58	7,516,767	-	-	-	7,516,767
Term Deposits	-	-	-	-	-	-
Receivables	-	-	-	-	59,874	59,874
Security Deposit	7.7	-	-	81,600	-	81,600
<b>Total</b>		<b>7,516,767</b>	<b>0</b>	<b>81,600</b>	<b>59,874</b>	<b>7,658,241</b>
<b>Financial Liabilities</b>						
Trade Payables	-	-	-	-	959,630	959,630
Employee Provisions	-	-	-	-	1,220,512	1,220,512
Other Liabilities	-	-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,180,142</b>	<b>2,180,142</b>

#### (b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security at the balance date, to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the Balance sheet and notes to the financial statement.

The consolidated entity does not have any material risk exposure to any single debtor or group of debtors under financial instrument entered into by it.

#### (c) Net Fair Values

Methods and assumptions used in determining net fair value:

For assets and other liabilities, the net fair-value approximates the carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The consolidated entity has no financial assets where the carrying amount exceeds net fair value at balance date.

#### (d) Financial Arrangements

The Company has no other financial arrangements in place

## Directors' Declaration

In accordance with a resolution of the Directors of Boulder Steel Limited, we state that:

- (1) In the opinion of the Directors:  
The financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
- (a) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - (b) complying with Accounting Standards and Corporations Regulations 2001; and
- (2) The Chief Executive Officer and Chief Finance Officer have each declared that:-
- (a) the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements, and notes for the financial year give a true and fair view.
- (3) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

---

Peter Hans Wallner  
Managing Director

---

Carl U. Moser  
Director

Dated this 29<sup>th</sup> day September 2008

## WONG & MAYES

### CHARTERED ACCOUNTANTS

A.B.N. 76 132 744 872

MARTIN G. THOMPSON, B.Comm, M.Tax, FCA

M. SILAS CHAN, B. Comm, CA

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### Scope

#### The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Boulder Steel Limited (the company) & the consolidated entity for the year ended 30 June 2008. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

#### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

**Audit Opinion**

In our opinion, the financial report of Boulder Steel Limited is in accordance with:

- a. the Corporations Act 2001, including:
  - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b. other mandatory financial reporting requirements in Australia.

**Wong & Mayes**

Chartered Accountants

**Martin G. Thompson**

Partner

Sydney

Dated this 29th day of September 2008

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## 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 18 September 2008.

### 1. Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

Category	No. of Holders
1 - 1,000	281
1,001 - 5,000	333
5,001-10,000	155
10,001 - 100,000	283
100,001 or more	60
	1,112

The number of shareholdings held in less than marketable parcels is 503

### 2. Twentyfive largest shareholders

The names of the twentyfive largest holders of quoted shares are:

Rank	Name	Listed Ordinary Shares	
		Number of Shares	Percentage of Ordinary Shares
1	ANZ NOMINEES LIMITED	420,711,937	87.32
2	NATIONAL NOMINEES LIMITED	5,656,228	1.17
3	BELL POTTER NOMINEES LTD	5,622,340	1.17
4	FIRST CAPE MANAGEMENT PTY LTD	4,251,735	0.88
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,000,939	0.83
6	FIRST CAPE MANAGEMENT PTY LIMITED	3,556,238	0.74
7	CITICORP NOMINEES PTY LIMITED	2,808,828	0.58
8	GOLDRIM INVESTMENTS PROPRIETARY LIMITED	2,135,000	0.44
9	CATHOLIC CHURCH INSURANCES LIMITED	2,000,000	0.42
10	DB MCDONAGH PTY LTD	1,965,640	0.41
11	LEFTONE NOMINEES PTY LTD	1,500,000	0.31
12	LINK TRADERS (AUST) PTY LTD	1,108,000	0.23
13	MR DON BOYD	1,000,000	0.21
14	J P MORGAN NOMINEES AUSTRALIA LIMITED	972,305	0.20
15	NORMANSKY LIMITED	770,000	0.16
16	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	730,000	0.15
17	REYNOLDS (NOMINEES) PTY LIMITED	597,048	0.12
18	EMPSHORE LIMITED	550,000	0.11
19	RIEG FINANZBERATUNG & IMMOBILIEN GMBH	500,000	0.10
20	GROSVENOR PIRIE MANAGEMENT LIMITED	450,000	0.09
21	MR HEINZ ROEHNER	400,000	0.08
22	GLOBAL CUSTODIAN SERVICES LIMITED	399,485	0.08
23	SASSEY PTY LTD	370,000	0.08
24	MR DONALD MCKENZIE DONALDSON	362,500	0.08
25	MR COLIN ALEXANDER DONALDSON	340,000	0.07
<b>Total</b>		<b>462,758,223</b>	<b>96.03</b>

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### 3. Distribution of Option Holders

The number of shareholders, by size of holding, in each class of share are:

Category	No. of Holders
1 - 1,000	6
1,001 - 5,000	15
5,001-10,000	13
10,001 - 100,000	85
100,001 or more	61
	180

The number of holdings held in less than marketable parcels is 69

### 4. Twentyfive largest holders of listed options

The names of the twentyfive largest holders of options are:

Rank	Name	Listed 20 Cent Options Expiring 30/11/2008	
		Number of Options	Percentage of Options
1	ANZ NOMINEES LIMITED	77,963,437	52.57
2	FIRST CAPE MANAGEMENT PTY LTD	16,000,680	10.79
3	REYNOLDS (NOMINEES) PTY LIMITED	5,812,559	3.92
4	BELL POTTER NOMINEES LTD	5,000,000	3.37
5	NATIONAL NOMINEES LIMITED	4,888,900	3.30
6	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	3,776,414	2.55
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,652,068	1.79
8	MRS RUTH BRECHMANN	2,533,801	1.71
9	STELPLATE PTY LTD	2,351,800	1.59
10	MR HUGH DAVIS	2,233,000	1.51
11	LINK TRADERS (AUST) PTY LTD	1,742,300	1.17
12	MR DONALD BOYD	1,400,000	0.94
13	MR DAVID NATHAN ZUKERMAN	1,289,000	0.87
14	MR HELMUT ROCKER	1,007,125	0.68
15	MR CARL ULRICH MOSER	1,000,000	0.67
16	LINK TRADERS (AUST) PTY LTD	846,000	0.57
17	MR ALEXANDER WALLNER	785,216	0.53
18	AUSTCORP NO 190 PTY LTD	765,000	0.52
19	DNZ SUPERANNUATION PTY LTD	700,000	0.47
20	GOLDRIM INVESTMENTS PROPRIETARY LIMITED	650,000	0.44
21	MRS FIONA DIANA MARTIN	630,000	0.42
22	MR ANTHONY FRANCIS GREVE LE BRUN	589,250	0.40
23	DAVID EDWARDS PALM BEACH REALTY PTY LTD	500,000	0.34
24	EST DR GEORGE PALMER	486,300	0.33
25	DR GEORGE PALMER	426,800	0.29
<b>Total</b>		<b>136,029,650</b>	<b>91.74</b>

### 5. Voting rights

All ordinary shares carry one vote per share without restriction. Options do not carry voting rights.

### 6. Substantial Shareholders

An extract of the Company's register of Substantial Shareholders is set out below:

	No. of Shares	% of Ordinary Shares
ANZ NOMINEES LIMITED	420,711,937	87.32

### 7. Stock Exchange

The Company is listed on the Australian Stock Exchange (Perth) and the Frankfurt, Stuttgart, Munich and Berlin/Bremen Exchanges in Germany and DIFX in Dubai.

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