

BOULDER STEEL LTD
ABN 78 009 074 588
AND CONTROLLED ENTITIES

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31
DECEMBER 2007
PROVIDED TO THE ASX UNDER LISTING
RULE 4.2A

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2007.

Appendix 4D

Half Year Report for the six months to 31 December 2007

Name of entity

BOULDER STEEL LTD

ABN or equivalent company reference:	78 009 074 588
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1. Reporting period

Report for the half year ended	31 DECEMBER 2007
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Previous corresponding period is the financial year ended and half year ended

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	up/down	29%	to	307,660
Profit (loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up/down	20%	to	(2,063,431)
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	up/down	20%	to	(2,063,431)
Dividends (<i>item 2.4</i>)	Amount per security	Franked amount per security		
Interim dividend	N/A ¢	¢		
Final dividend	¢	¢		
Previous corresponding period	N/A ¢	¢		
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A			
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>):				
Revenue from ordinary activities decreased by 29% from A\$457,676 to A\$307,660. Bank interest decreased from A\$431,890 to A\$189,573, largely due to a falling US\$/A\$ exchange rate and a lower deposit interest rate received. Share of profits from Euro Forming Services GmbH increased from A\$25,786 to A\$118,087.				
Loss from ordinary activities and net loss for the period attributable to members both decreased by 20% to A\$2,063,431, mainly due to capitalisation of ongoing costs for the Australian Seamless Tube and the UAE Finishing Plant projects.				

3. Net tangible assets per security (item 3)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	6.9 cents	7.1 cents

4. Details of entities over which control has been gained or lost during the period: (item 4)

Control gained over entities

Name of entities (item 4.1)	N/A	
Date(s) of gain of control (item 4.2)		
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 4.3)		\$
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)		\$

Loss of control of entities

Name of entities (item 4.1)	N/A	
Date(s) of loss of control (item 4.2)		
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 4.3).		\$
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)		\$

5. Dividends (*item 5*)

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2007	N/A	\$
Final dividend – year ended 30 June 2006		\$

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	¢	¢	¢
Previous year	¢	¢	¢

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (<i>each class separately</i>)	N/A	
Preference securities (<i>each class separately</i>)		
Other equity instruments (<i>each class separately</i>)		
Total		

6. **Details of dividend or distribution reinvestment plans in operation are described below (*item 6*):**

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

7. Details of associates and joint venture entities *(item 7)*

Name of associate or joint venture entity %Securities held

Euro Forming Services GmbH	50

Aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	2007/08 \$	2006/07 \$
Profit (loss) from ordinary activities before tax	236,174	114,528
Income tax on ordinary activities	-	(62,956)
Net profit (loss) from ordinary activities after tax	118,087	51,572
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	118,087	25,786

8. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached), which has been prepared in accordance with Australian accounting standards.

9. Independent review of the financial report *(item 9)*

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

10. Matters relating to a qualified independent review statement

A description of the dispute or qualification in respect of the independent review of the half-year financial report is provided below *(item 17)*

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BOULDER STEEL LTD
ABN 78 009 074 588
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2007

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2007.

**BOULDER STEEL LTD AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2007**

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BOULDER STEEL LTD AND CONTROLLED ENTITIES DIRECTORS' REPORT

The directors present their report together with the condensed financial report of the consolidated entity consisting of Boulder Steel Ltd and the entities it controlled, for the half-year ended 31 December 2007 and independent review report thereon. This financial report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards.

Directors Names

The names of the directors in office at any time during or since the end of the half-year are:

Name	Period of directorship
Helmut Pekarek	10 May 2004 to 31 December 2007
Peter Wallner	Since 12 June 1986
Joachim von Schnakenburg	Since 22 January 2002
Carl Moser	Since 31 March 1992
Abdulrahman Falaknaz	Since 1 May 2006

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of Operations

The consolidated loss of the group for the half-year after providing for income tax amounted to \$2,063,431 (2006/07: Loss \$2,566,671)

1. Australian Seamless Tube Project, Ipswich, Queensland 100% Boulder Steel Limited (through subsidiary)

The Company's wholly owned subsidiary, Asia Pacific Seamless Tubes Limited ("APST") is continuing to seek finalisation of government approvals for the project which is located at the Southern End of the Swanbank Enterprise Park ("SEP") near Ipswich, Queensland.

The mandatory public display process has concluded.

Most Queensland government department authorities have given their support for the project while two departments are still reviewing the project documentation.

During this review process, the Ipswich City Council ("ICC"), as the consent authority, suggested that APST may wish to consider and assess a second, alternative site option which had recently become available within the Swanbank Enterprise Park and compare the project benefits between both sites. This alternative site is already an approved industrial site and will not be subject to the same approval requirements as the original site as it is located in the central area of the SEP.

APST has confirmed with ICC and the land owners, that the final site selection will be based on APST not suffering any timing or cost penalties should the decision be made to move sites.

A final analysis of the site comparisons will be completed shortly and we expect that the project will benefit positively from this opportunity.

Approvals for either site are expected before the end of June 2008 with construction to commence as soon as possible thereafter.

Proposals have been received from most major equipment suppliers for the process equipment. Delays have been experienced with receiving proposals for the steel plant equipment due to heavy workloads of the major suppliers. This problem has been solved. APST expects these proposals to be received within the next four weeks at which time design for the overall plant and ancillaries can be finalised.

As a result of these delays, the financing of the APST project will be delayed until after the successful funding of the UAE Finishing Plant is in place.

2. Sharjah Finishing Plant, Sharjah, United Arab Emirates **100% Boulder Steel Limited**

During the half-year period under review, the following milestones have been achieved:

A local office of Boulder Steel was set up and registered with the Sharjah authorities. The registered address is: PO Box 49688, Hamriyah Free Zone, Sharjah, UAE.

Industrial Licence No. 3102 was granted by Hamriyah Free Zone for a Finishing Facility for Seamless Steel Tubes.

15 hectares of land at Hamriyah Free Zone were obtained for setting up the UAE facility.

Mr K.K. Kahale was appointed Chief Operation Officer for the UAE facility. Mr Kahale is a mechanical engineer from India with more than 30 years experience in the international steel industry. He has held senior technical and management positions with major international steel companies, including Arcelor Mittal and ESSAR Group, in India, Algeria and in the UAE.

The technical concept, plant layout and project realisation stages for the Sharjah facility have been finalised. The project will be executed in three phases:

- **PHASE I**
Threading line for the production of 50,000 to 60,000 tpa of tubing and casing in the outer diameter (OD) range (2.3/8" 2.7/8" to 9.5/8".
- **PHASE II**
Lines necessary to reach a total capacity of 250,000 tpa of API pipes:
 - Heat treatment line OD 4.1/2" to 13.3/8" (14.3/8")
 - Quality assurance lines (EMI and UT)
 - Finishing line for API casing and tubing OD 4.1/2" to 13.3/8" with a capacity of 200,000 tpa.

- Coupling workshop OD 2.3/8” to 13.3/8”.

- **PHASE III**

Sizing and threading line for premium connections OD 3.1/2” to 9.5/8”

Additional coupling threader in the coupling shop.

Various quotes for the major plant equipment were obtained through EMS, the Italian-based technical consultants to the UAE project.

A draft of the commercial and technical feasibility report by UK-based consulting firm McLellan has been received by the Company and is currently being evaluated.

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

During the half-year period, EFS’s total sales were €6,736,240 (A\$11,227,067)*, up from €6,671,517 (A\$11,119,195)* during the previous period.

On 16 November 2007 the Company announced that EFS had received a firm order for the manufacturing and delivery of mudguard mounts from a major European truck manufacturing company. The contract value is €15 million (approx A\$ 24.75 million) over a three year period. Production is scheduled to start in mid-2008.

A leading German car component manufacturer has increased its order volume of air suspension pistons by approx. €80,000/month

EFS’ new manufacturing facility in Heiligenkreuz/Austria is currently being prepared for start of production in the (northern) summer of 2008.

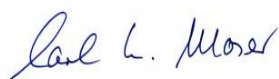
EFS – Quarterly Revenue during last 4 quarters			
1st Quarter 2007	2nd Quarter 2007	3rd Quarter 2007	4th Quarter 2007
€3,300,146	€3,371,371	€3,402,428	€3,333,812
A\$5,500,243	A\$5,618,952	A\$5,670,713	A\$5,556,354
+20.0%*	+2.2%*	+0.9%*	-2.0%*

* Quarterly revenue changes

Auditor’s Declaration

A copy of the auditor’s declaration in relation to the review for the half-year is provided with this report.

Signed in accordance with a resolution of the directors:



DirectorCarl Moser.....

Dated this 29th day of February 2008

AUDITOR'S INDEPENDENCE DECLARATION
To the Directors of Boulder Steel Ltd.

In relation to the half-year independent review for the six months to 31 December 2007, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001
- (ii) No contraventions of any applicable code of professional conduct

Date 28 February 2008
Sydney

Wong & Mayes
Martin G Thompson
Partner

**BOULDER STEEL LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Half-year	
	2007	2006
	\$	\$
Revenue		
Other income		-
Interest Received	189,573	431,890
Total income	189,573	431,890
Employee benefits expense	(544,993)	(676,258)
Depreciation and amortisation expenses	(27,706)	(2,419)
Communication/office	(365,956)	(440,486)
Project expenses	-	-
Consulting fees	(1,010,842)	(1,375,179)
Unrealised foreign exchange gain/(loss)	(418,630)	(114,846)
Finance costs	(2,474)	(3,486)
Other expenses	(490)	(285,045)
Total Expenses	(2,371,091)	(2,592,457)
Share of profits of associates and joint ventures accounted for using the equity method	118,087	25,786
Profit before income tax	(2,063,431)	(2,566,671)
Income tax expense (income tax benefit)	-	-
Profit from continuing operations	(2,063,431)	(2,566,671)
Profit (loss) from discontinued operations	-	-
Profit for the half-year	(2,063,431)	(2,566,671)
Profit attributable to minority interests	-	-
Profit attributable to the members of the parent	(2,063,431)	(2,566,671)
Basic earnings per share (cents)	(0.43)	(0.54)
Diluted earnings per share (cents)	(0.40)	(0.44)

The accompanying notes form part of these financial statements.

BOULDER STEEL LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	31 Dec	30 June
	2007	2007
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	12,570,227	18,657,500
Receivables	72,802	164,000
Other financial assets	81,600	81,600
	12,724,629	18,903,100
TOTAL CURRENT ASSETS		
NON-CURRENT ASSETS		
Investments accounted for using the equity method	2,821,735	2,645,112
Receivables	8,779,199	8,302,792
Property, plant and equipment	247,619	275,326
Other non-current assets	8,562,932	4,739,405
	20,411,485	15,962,635
TOTAL NON-CURRENT ASSETS		
TOTAL ASSETS	33,136,114	34,865,735
CURRENT LIABILITIES		
Payables	713,789	806,659
Short-term provisions	1,042,341	1,042,340
	1,756,130	1,848,999
TOTAL CURRENT LIABILITIES		
NON-CURRENT LIABILITIES	-	-
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	1,756,130	1,848,999
NET ASSETS	31,379,984	33,016,731
EQUITY		
Share capital/Revenue	59,666,630	59,239,950
Retained earnings	(28,286,646)	(26,223,214)
TOTAL EQUITY	31,379,984	33,016,736

The accompanying notes form part of these financial statements.

**BOULDER STEEL LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Half-year	
	2007	2006
	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE HALF-YEAR	33,016,735	34,797,647
Net income recognised directly in equity	-	-
Profit/loss for the half year	<u>(2,063,431)</u>	<u>(2,566,671)</u>
Total recognised income and expense for the period	<u>(2,063,431)</u>	<u>(2,566,671)</u>
Attributable to:		
Members of the parent	(2,063,431)	(2,566,671)
Minority interest	-	-
Transactions with equity holders in their capacity as equity holders:		
Contributions	426,680	1,600,973
Share based expense reserve	-	-
TOTAL EQUITY AT THE END OF THE HALF-YEAR	31,379,984	33,831,949

The accompanying notes form part of these financial statements.

**BOULDER STEEL LTD AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Half-year	
	2007	2006
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers and employees	(1,932,776)	(2,927,135)
Interest received	189,573	431,890
Borrowing costs	(2,474)	(3,484)
Net cash provided by operating activities	<u>(1,745,677)</u>	<u>(2,498,729)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(1,704,545)	(242,308)
Payment for investments	-	(2,389,109)
Payment for other non current assets - Project Expenses	(2,200,582)	(81,600)
Net cash provided by investing activities	<u>(3,905,127)</u>	<u>(2,713,017)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	-	-
Proceeds option applications	426,680	1,600,973
Repayment of borrowings	-	-
Net cash provided by financing activities	<u>426,680</u>	<u>1,600,973</u>
Net increase/(decrease) in cash and cash equivalents	<u>(5,224,124)</u>	<u>(3,610,773)</u>
Cash and cash equivalents at beginning of half year	<u>18,657,500</u>	<u>27,624,706</u>
FX Losses	<u>(863,149)</u>	<u>-</u>
Cash and cash equivalents at end of the half-year	<u><u>12,570,227</u></u>	<u><u>24,013,933</u></u>

The accompanying notes form part of these financial statements.

**CLIENT NAME OF PTY LTD
ABN**

**NOTES TO THE *CONSOLIDATED* FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2001**

BOULDER STEEL LTD AND CONTROLLED ENTITIES

Notes to the financial statements

31 December 2007

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

31 DECEMBER 2007

**NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR
FINANCIAL REPORT**

This general purpose half year financial report has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2007 and any public announcements made by Boulder Steel Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of preparation of the half-year financial report

This is the first financial report of Boulder Steel Ltd prepared in accordance with Australian Equivalents of International Financial Reporting Standards (AIFRS). The financial reports of Boulder Steel Ltd were prepared in accordance with the previous Australian Generally Accepted Accounting Principles (AGAAP) until 30 June 2007. There are certain differences between accounting policies under AIFRS and AGAAP and where applicable the comparative figures have been restated to reflect these adjustments. A summary of the significant accounting policies under AIFRS is provided below.

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes on assets as described in the accounting policies.

Summary of the significant accounting policies under AIFRS:

(b) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Boulder Steel Limited controlled from time to time during the year and at balance date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(c) Revenue Recognition

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of a service is recognised upon delivery of the service to the customer.

Government grants received that relate to specific assets or expenses are deferred and recognised as income in the same period as the asset is consumed or when the associated expenses are incurred.

BOULDER STEEL LTD AND CONTROLLED ENTITIES

Notes to the financial statements

31 December 2007

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint ventures are accounted for in accordance with the equity method.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, deposits held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials and consumables: purchase cost on a first-in-first-out basis; Finished goods and work-in-progress: cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

(f) Property, plant and equipment

Cost and valuation

Freehold land and buildings are measured at fair value. At each balance date the carrying value of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value. Changes in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in shareholders' equity after bringing to account any capital gains tax that would arise on disposal of that asset.

All other classes of property, plant and equipment are measured at cost.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. Refer to note 1(i).

Depreciation

Land is not depreciated. The depreciable amounts of all other fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

	2007	2006
Plant and equipment:	5 years	5 years
Leased plant and equipment:	5 years	5 years

BOULDER STEEL LTD AND CONTROLLED ENTITIES

Notes to the financial statements

31 December 2007

(g) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to entities within the consolidated entity are classified as finance leases. Finance leases are capitalised, recording at the inception of the lease an asset and liability equal to the present value of the minimum lease payments, and disclosed as plant and equipment under lease.

Leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Lease payments are allocated between interest expense and reduction of the lease liability. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the Income Statement.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Operating Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(h) Intangibles

Goodwill

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entities at the date of acquisition.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Research and Development

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when it is expected beyond reasonable doubt that future benefits will exceed the deferred costs. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost over a period (not exceeding three years), during which the related benefits are expected to be realised, once commercial production is commenced. Other development expenditure is recognised as an expense when incurred.

BOULDER STEEL LTD AND CONTROLLED ENTITIES

Notes to the financial statements

31 December 2007

(i) Impairment of assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(j) Taxes

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(k) Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Share-based payments

The group operates an employee share option plan and an employee share scheme. The bonus element over the exercise price for the grant of shares and options is recognised as an expense in the Income Statement in the period(s) when the benefit is earned.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options at grant date. Under the transitional arrangements for first-time adoption of AIFRS, no expense has been recognised for options granted before 7 November 2002 and/or vested before 1 January 2005. For options granted after 7 November 2002 and vesting after 1 January 2005 the fair value of options at grant date is determined using a Black-Scholes option pricing model, and is recognised as an employee expense over the period during which the employees become entitled to the option.

BOULDER STEEL LTD AND CONTROLLED ENTITIES
Notes to the financial statements
31 December 2007

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an expense when the employees become entitled to the shares.

(I) Financial Instruments

Classification

The group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates the designation at each reporting date.

Financial assets at fair value through profit or loss

Investments in listed securities are carried at fair value through profit and loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in the profit and loss of the current period. Fair value of listed investments are based on current bid prices.

Non-listed investment for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Held-to-Maturity Investments

Fixed term investments intended to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

Loans and Receivables

Loan and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Available-for-Sale

Available-for-sale financial assets include any financial assets not included in the above categories and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit and loss. An impairment loss arising in relation to an “available-for-sale” instrument is recognised directly in profit and loss for the period.

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

BOULDER STEEL LTD AND CONTROLLED ENTITIES
Notes to the financial statements
31 December 2007

Hedge Accounting

Certain derivatives are designated as hedging instruments and are further classified as either fair value hedges or cash flow hedges.

At the inception of each hedging transaction the group documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in fair value of derivatives that are designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

To qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable.

Changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in equity in the cash flow hedging reserve. This gain or loss is released to profit or loss in the same period when the forecast transactions occur, thereby mitigating any exchange fluctuations that would have transpired in the absence of the hedge.

(m) Foreign Currencies

Functional and presentation currency

The financial statements of each group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

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Group Companies

The financial statements of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve as a separate component of equity in the balance sheet.

(n) Comparatives

In accordance with the first-time adoption of AIFRS, comparative information has been reclassified where appropriate through retrospective application of AIFRS to the previous year results so as to achieve consistency with current year disclosures.

NOTE 2: COMPARATIVE INFORMATION - SEASONAL OPERATIONS

The group's operations are not seasonal and therefore there are no substantial variations between levels of revenues or profits for different interim periods during the year.

NOTE 3: SUBSEQUENT EVENTS

There were no material events subsequent to the end of the half-year.

NOTE 4: SIGNIFICANT ITEMS

There were no significant items which occurred during the financial period.

NOTE 5: REVISIONS OF ACCOUNTING ESTIMATES

Apart from the changes describe nature and amount of changes in estimates of amounts reported in prior annual reporting periods, if those changes have a material effect in the current interim period.

NOTE 6: DIVIDENDS

No dividends were declared or paid during the financial periods.

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NOTE 7: SEGMENT INFORMATION

	Half-year	
	2007	2006
	\$	\$
Segment revenue		
Australia	189,573	431,890
Germany	-	-
Share of net profits of associates	118,087	25,786
Unallocated revenue	-	-
Total revenue	307,660	457,676
Segment results		
Australia	(2,181,518)	(2,592,457)
Germany	118,087	25,786
Unallocated revenue less unallocated expenses	-	-
Loss before income tax	(2,063,431)	(2,566,671)

NOTE 8: ISSURANCES, REPURCHASES, AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

No issuances, repurchases and repayments of debt securities account during the financial period.

NOTE 9: CHANGES IN THE COMPOSITION OF THE ENTITY

There were no changes in the composition of the entity during the interim period.

NOTE 10: CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since 30 June 2007.

BOULDER STEEL LIMITED

DIRECTORS DECLARATION

The directors declare that the financial statements and notes set out on pages 7 to 18 in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standard AASB 134 “Interim Financial Reporting” and the *Corporations Regulations 2001*, and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors’ opinion there are reasonable grounds to believe that Boulder Steel Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Carl U. Moser
Director

Sydney
29 February 2008

WONG & MAYES

CHARTERED ACCOUNTANTS
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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF BOULDER STEEL LTD

Scope

We have reviewed the condensed consolidated financial report of Boulder Steel Ltd for the half-year ended 31 December 2006 as set out on pages 7 to 18. The directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the entity to lodge the financial report with the Australian Securities and Investments Commission.


Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

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 Boulder Steel Ltd is not in accordance with:

- (a) the Corporations Act 2001, including;
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Dated 28 February 2007
Sydney


Wong & Mayes
Martin G Thompson
Partner