

# Appendix 4E

## Preliminary final report

Name of entity

BOULDER STEEL LTD

ABN or equivalent company reference

78 009 074 588

Half yearly  
(tick)

Preliminary  
final (tick)

Financial year ended ('current period')

30 JUNE 2009

### Results for announcement to the market

				\$A'000
				2009
Revenues from ordinary activities	up/down	43%	To	194
Profit (loss) from ordinary activities after tax attributable to members	up/down	33%	To	(7,851)
Net profit (loss) for the period attributable to members	up/down	33%	To	(7,851)

### MANAGEMENT'S COMMENTS ON THE RESULTS FOR THE PERIOD

#### Summary

During the financial year to 30 June 2009, Boulder Steel Limited has achieved a number of milestones in relation to the proposed A\$2.2 billion world class iron and steel plant to be located in Gladstone, Queensland.

- In March 2009 the project was granted "Significant Project Status" by the Queensland Government which indicates that all Government Agencies will give their full attention to project's requisite approval process.
- In May 2009 a strategic partnership was formed with Arabia for Business Strategies LLC (ABS), a Saudi Arabian Company, to jointly develop the Iron and Steel development opportunities.
- In June 2009 a Letter of Intent (LOI) was signed to develop a rail and heavy beam mill in the Kingdom of Saudi Arabia, which will be strategically placed to supply material for the multi-billion dollar infrastructure work announced by the Kingdom of Saudi Arabia.
- Also in June 2009 the Australian Government announced that the project has been declared a "non controlled action" project. This means that the QLD Government will be responsible for the review and environmental approval of the project.

Subsequent to year-end on 31 August 2009 the draft Terms of Reference for the Environmental Impact Statement (EIS) were released by the QLD Government for public comment. It is to be noted that the EIS is now almost half completed.

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### **Discussion of Financial Results**

The consolidated loss for the period was significantly lower than the previous financial year but was impacted by the global financial crisis, particularly in respect to the results of the 50% owned EFS business in Europe.

The equity share of loss for EFS increased to \$2,342,000 reflecting the downturn in the European automotive component market and the start-up costs of the new factory located in Austria.

EFS has undertaken necessary restructuring at both its Bitburg and Austrian operations. The Austrian business has since secured significant contracts, which are projected to bring the business to profitability during the second half of the 2009 calendar year. The Bitburg facility is now operating ahead of budget.

The value of the UAE Seamless Tube Finishing Plant Project (Sharjah) was diminished by \$3,260,000 reflecting the circumstances in the UAE market.

The dispute with Falak Holding during the year resulted in one-off payments for consulting fees and staff costs amounting to \$2,300,000.

### **Comments**

Boulder Steel Limited has experienced a year of milestone events, most notably the establishment of the strategic partnership with Arabia for Business Strategies LLC (ABS) in May this year.

ABS engaged Boulder's clear vision of an end-to-end steel business concept incorporating raw materials and steel production in Gladstone, Australia and of equal importance downstream processing and distribution in the Kingdom of Saudi Arabia and MENA region.

Since signing the MOU Boulder and ABS have simultaneously commenced work on the full scope of activities outlined for the partnership.

The partners are also pursuing additional opportunities that were subsequently identified, resulting in a need to extend the term of the MOU.

Both are committed to achieve their objective to be a world class steel producer in a timely manner.

In the early part of the 2008/9 financial year and prior to commencing the strategic partnership with ABS, Boulder's major shareholder, Falak Holding LLC, opposed the Board and Management's vision.

The actions brought by Falak Holdings in 2008 to enforce its desire, cost the Company \$2.3million, disrupted and delayed Boulder to progress with the implementation of its objectives.

The general meetings in November 2008 and February 2009 restructured the Board and share registry and opened the way for the Company to resume execution of the vision set out by previous management.

Boulder's (\$AUD2.2 billion) proposed world class Iron and Steel plant to be located in Gladstone, Queensland has now taken another step towards realisation.

The Gladstone project is an important component of Boulder's growth strategy to deliver shareholder value and it dovetails the Australian operations of the strategic partnership with the downstream processing in the Kingdom of Saudi Arabia.

Boulder welcomes the recent statement by the Premier of Queensland that the proposed iron and steel plant is in line with the State Government's ClimateQ strategy.

Boulder has been following the requirements of the State Development and Public Works Organisation (SDPWO) Act in Queensland which forms part of the lead-up to the Environmental Impact Statement (EIS) process.

The draft Terms of Reference (TOR) from the Queensland Department of Infrastructure and Planning have now been released by the State Government.

The TOR corroborate the work already undertaken by Boulder for the EIS and the company embraces the opportunity to work alongside government to develop integrated steel mill and power generation facilities utilising cleaner, smarter technologies for a lower carbon future.

Equally as important as the Gladstone Iron and Steel Mill and therefore a key element of the concept are the planned downstream processing activities in the Kingdom of Saudi Arabia.

The Gladstone and Saudi components complement each other. The ABS Boulder partnership leverages the advantages of steel production in Australia to provide high quality, low cost semi products to the planned joint finishing plants in the Kingdom of Saudi Arabia.

The Letter of Intent (LOI) signed in June 2009 for the construction of a Rail and Heavy Beam Steel Mill in the Kingdom of Saudi Arabia by the strategic partners represents the first phase of joint downstream activities.

This facility will provide essential steel products for the multi-billion dollar infrastructure work announced by the Kingdom of Saudi Arabia.

Boulder Steel's 50% owned business in Europe, Euro Forming Services GmbH, has weathered the impact of the financial crisis. The company undertook restructuring activities at both its Bitburg facility and the newly commenced Austrian plant.

Since taking these measures EFS has completed financing arrangements for the Austrian plant expansion with its bankers to provide for its existing production contracts and two new customers in the luxury segment of European car production.

Both EFS facilities are operating ahead of budget.

### **Dividends**

\* The directors do not propose to pay a dividend this year. No dividends were paid during the financial year ended 30 June 2009.

**Condensed consolidated statement of financial performance**

	Current period - \$A'000	Previous corresponding period - \$A'000
Revenues from ordinary activities:		
Other revenue	-	-
Interest revenue	194	338
<b>Total revenues from ordinary activities</b>	<b>194</b>	<b>338</b>
Expenses from ordinary activities:		
Office expenses	283	369
Corporate	613	894
Staff costs	1,751	1,550
Consulting Fees	1,098	470
Project investment expenses	-	7,499
Foreign Exchange losses / (gains)	(1,382)	1,078
Other expenses	-	182
Depreciation and amortisation	57	55
Provision for diminution of investment	3,260	-
<b>Total expenses from ordinary activities</b>	<b>5,680</b>	<b>12,097</b>
Borrowing costs	3	5
Share of net profits (losses) of associates and joint venture entities	(2,362)	59
<b>Profit / (loss) from ordinary activities before tax</b>	<b>(7,851)</b>	<b>(11,705)</b>
Income tax on ordinary activities	-	-
<b>Profit / (loss) from ordinary activities after tax</b>	<b>(7,851)</b>	<b>(11,705)</b>
<b>Profit / (loss) from extraordinary items after tax</b>	<b>-</b>	<b>-</b>
<b>Net Profit / (loss) for the period attributable to members</b>	<b>(7,851)</b>	<b>(11,705)</b>
<b>Total changes in equity not resulting from transactions with owners as owners</b>	<b>(7,851)</b>	<b>(11,705)</b>

**Condensed consolidated statement of financial position**

	<b>2009 \$A'000</b>	<b>2008 \$A'000</b>
<b>Current assets</b>		
Cash	1,900	7,517
Receivables	53	60
Other (provide details if material)	82	82
<b>Total current assets</b>	<b>2,035</b>	<b>7,659</b>
<b>Non-current assets</b>		
Receivables	7,357	8,689
Investments (equity accounted)	2,441	2,762
Other financial assets	3,639	4,608
Other property, plant and equipment (net)	144	201
Intangibles (net)	-	-
<b>Total non-current assets</b>	<b>13,581</b>	<b>16,260</b>
<b>Total assets</b>	<b>15,616</b>	<b>23,919</b>
<b>Current liabilities</b>		
Payables	934	960
Interest bearing liabilities	-	-
Provisions	169	1,220
<b>Total current liabilities</b>	<b>1,103</b>	<b>2,180</b>
<b>Non-current liabilities</b>		
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,103</b>	<b>2,180</b>
<b>Net assets</b>	<b>14,513</b>	<b>21,739</b>
<b>Equity</b>		
Capital/contributed equity	60,292	59,667
Retained profits (accumulated losses)	(45,779)	(37,928)
Note 1		
<b>Equity attributable to members of the parent entity</b>	<b>14,513</b>	<b>21,739</b>
Outside <sup>+</sup> equity interests in controlled entities	-	-
<b>Total equity</b>	<b>14,513</b>	<b>21,739</b>

## Notes to the condensed consolidated statement of financial performance

### Note 1

#### Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
Retained profits (accumulated losses) at the beginning of the financial period	(37,928)	(26,223)
(Less) Capital reduction	-	-
Net profit (loss) attributable to members	(7,851)	(11,705)
<b>Retained profits (accumulated losses) at end of financial period</b>	<b>(45,779)</b>	<b>(37,928)</b>

#### Condensed consolidated statement of cash flows

	Current period \$A'000	Previous corresponding period - \$A'000
<b>Cash flows related to operating activities</b>		
Receipts from customers	-	-
Payments to suppliers and employees	(4,692)	(2,878)
Interest and other items of similar nature received	194	338
Interest and other costs of finance paid	(3)	(5)
<b>Net operating cash flows</b>	<b>(4,501)</b>	<b>(2,546)</b>
<b>Cash flows related to investing activities</b>		
Project Expenses	(2,290)	(7,499)
Investment in associates	(271)	-
Property Plant & Equipment acquired	-	-
Loans to associates	-	-
<b>Net investing cash flows</b>	<b>(2,561)</b>	<b>(7,499)</b>
<b>Cash flows related to financing activities</b>		
Proceeds from issues of <sup>+</sup> securities (shares, options, etc.)	625	427
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Loans to other entities	-	-
<b>Net financing cash flows</b>	<b>625</b>	<b>427</b>
<b>Net increase (decrease) in cash held</b>	<b>(6,437)</b>	<b>(9,618)</b>
Cash at beginning of period (see Reconciliation of cash)	7,517	18,658
Unrealised FX (loss)/gain	820	(1,523)
<b>Cash at end of period</b> (see Reconciliation of cash)	<b>1,900</b>	<b>7,517</b>

## Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows.

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## Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding period - \$A'000
Cash on hand and at bank	1,900	7,517
Deposits at call	-	-
Bank overdraft	-	-
Other (provide details)	-	-
<b>Total cash at end of period</b>	<b>1,900</b>	<b>7,517</b>

Earnings per security (EPS)	Current period	Previous corresponding Period
Basic EPS	(1.6) cents	(2.4) cents
Diluted EPS	(1.6) cents	(2.4) cents

Net loss:	A\$7,850,885	weighted average of shares on issue: 481,803,953
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## Interests in entities which are not controlled entities

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contributions to net profit / (loss)	
	Current period	Previous corresponding period	Current period A\$000	Previous Corresponding period A\$000
<b>Equity accounted associates and joint venture entities</b>				
Euro Forming Services GmbH	50	50	(2,362)	59
<b>Total</b>			<b>(2,362)</b>	<b>59</b>

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## Segment reporting

### Geographic Segments 2009

	Australia \$	UAE \$	Germany \$	Consolidated \$
<b>Other revenue</b>	194	-	-	194
<b>Operating profit/ (loss)</b>	(1,648)	(3,841)	(2,362)	(7,851)
<b>Segment assets</b>	2,757	3,061	9,798	15,616
<b>Segmental liabilities</b>	863	229	-	1,103

### Geographic Segments 2008

	Australia \$	UAE \$	Germany \$	Consolidated \$
Other revenue	338	-	-	338
Operating profit/ (loss)	(11,443)	(321)	59	(11,705)
Segment assets	7,859	4,608	11,451	23,918
Segment liabilities	1,967	213	-	2,180

### Other Information

1. The accounts are in the process of being audited
2. The entity has a formally constituted audit committee.

Sign here:



Date: 31 August 2009

Print name: Carl U. Moser  
Director

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