

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 2010

Results for announcement to the market

| | | | | \$A'000 |
|--|---------|-----|----|------------|
| Revenues from ordinary activities | up/down | 74% | to | 2010 51 |
| Profit (loss) from ordinary activities after tax attributable to members | up/down | 11% | to | (7,020) |
| Net profit (loss) for the period attributable to members | up/down | 11% | to | (7,020) |

MANAGEMENT'S COMMENTS ON THE RESULTS FOR THE PERIOD

Summary of Management Discussions of the Above Results

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

- Framework agreements for each intended facet of business were entered into with Arabia for Business Strategies LLC.
- The Terms of Reference (TOR) for the Environmental Impact Study (EIS) were released by the QLD Government in November 2009. The TOR included changes from the draft TOR which extended the required tasks for the EIS. The EIS is now almost complete.
- Proposals from steel plant equipment suppliers were received for each of the major plant areas. These were evaluated and the plant design has been updated to reflect the preferred proposals.
- With the ongoing support of local and State government authorities the infrastructure plan to sustain the plant including rail, road, shipping and port facilities was completed during the period under review.
- Planning meetings continued with suppliers of specialised auxiliary plant equipment. These items included pulverised coal injection plant, oxygen plant,

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slag granulators, lime kilns, scrap, slag handling and processing facilities and haul road operation.

- The plant site master plan has reached the point where the land purchase agreements can be negotiated with the Queensland Government Property Services Group.
- Negotiations with project partners continued.

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

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

Discussion of Financial Results

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

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

The Company successfully raised AUD 3million by way of private placements during the 2009/2010 financial year.

Dividends

- * The directors do not propose to pay a dividend this year. No dividends were paid during the financial year ended 30 June 2010.

Condensed Consolidated Statement of Comprehensive Income

| | Current period - \$A'000 | Previous corresponding period - \$A'000 |
|--|--------------------------|---|
| Revenues from ordinary activities: | | |
| Other revenue | - | - |
| Interest revenue | 51 | 194 |
| Total revenues from ordinary activities | 51 | 194 |
| Expenses from ordinary activities: | | |
| Office expenses | 273 | 283 |
| Corporate | 397 | 613 |
| Staff costs | 819 | 1,751 |
| Consulting Fees | 389 | 1,098 |
| Depreciation and amortisation | 61 | 57 |
| Provision for diminution of investment | 3,026 | 3,260 |
| Total expenses from ordinary activities | 4,965 | 7,062 |
| Borrowing costs | - | 3 |
| Share of net profits (losses) of associates and joint venture entities | (346) | (2,362) |
| Profit / (loss) from ordinary activities before tax | (5,260) | (9,233) |
| Income tax on ordinary activities | - | - |
| Profit / (loss) from ordinary activities after tax | (5,260) | (9,233) |
| Profit / (loss) from extraordinary items after tax | - | - |
| Net Profit / (loss) for the period attributable to members | (5,260) | (9,233) |
| Other Comprehensive Income | | |
| Foreign Exchange gain/(loss) | (1,760) | 1,382 |
| Total Comprehensive Income for year | (7,020) | (7,851) |

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| | 2010 SA'000 | 2009 SA'000 |
|---|----------------|----------------|
| Condensed Consolidated Statement of Financial Position | | |
| Current assets | | |
| Cash | 1,085 | 1,900 |
| Receivables | 36 | 53 |
| Other (provide details if material) | 100 | 82 |
| Total current assets | 1,221 | 2,035 |
| Non-current assets | | |
| Receivables | 6,048 | 7,357 |
| Investments (equity accounted) | 1,397 | 2,441 |
| Other financial assets | 2,173 | 3,639 |
| Other property, plant and equipment (net) | 84 | 144 |
| Intangibles (net) | - | - |
| Total non-current assets | 9,702 | 13,581 |
| Total assets | 10,923 | 15,616 |
| Current liabilities | | |
| Payables | 54 | 934 |
| Interest bearing liabilities | - | - |
| Provisions | 214 | 169 |
| Total current liabilities | 268 | 1,103 |
| Non-current liabilities | | |
| Interest bearing liabilities | - | - |
| Provisions | - | - |
| Total non-current liabilities | - | - |
| Total liabilities | 268 | 1,103 |

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| | | |
|--|----------|----------|
| Net assets | 10,655 | 14,513 |
| Equity | | |
| Capital/contributed equity | 63,454 | 60,292 |
| Retained profits (accumulated losses) Note 1 | (52,799) | (45,779) |
| Equity attributable to members of the parent entity | 10,655 | 14,513 |
| Outside ⁺ equity interests in controlled entities | - | - |
| Total equity | 10,655 | 14,513 |

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Notes to the Condensed Consolidated Statement of Financial Position

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 | (45,779) | (37,928) |
| (Less) Capital reduction | - | - |
| Net profit (loss) attributable to members | (7,020) | (7,851) |
| Retained profits (accumulated losses) at end of financial period | (52,799) | (45,779) |

Condensed consolidated statement of cash flows

| | Current period \$A'000 | Previous corresponding period - \$A'000 |
|---|------------------------|---|
| Cash flows related to operating activities | | |
| Receipts from customers | - | - |
| Payments to suppliers and employees | (2,449) | (4,692) |
| Interest and other items of similar nature received | 32 | 194 |
| Interest and other costs of finance paid | - | (3) |
| Net operating cash flows | (2,417) | (4,501) |
| Cash flows related to investing activities | | |
| Project Expenses | (1,560) | (2,290) |
| Investment in associates | - | (271) |
| Property Plant & Equipment acquired | - | - |
| Loans to associates | - | - |
| Net investing cash flows | (1,560) | (2,561) |
| Cash flows related to financing activities | | |
| Proceeds from issues of ⁺ securities (shares, options, etc.) | 3,162 | 625 |
| Proceeds from borrowings | - | - |
| Repayment of borrowings | - | - |
| Loans to other entities | - | - |
| Net financing cash flows | 3,162 | 625 |
| Net increase (decrease) in cash held | (815) | (6,437) |
| Cash at beginning of period <i>(see Reconciliation of cash)</i> | 1,900 | 7,517 |
| Unrealised FX (loss)/gain | - | 820 |
| Cash at end of period <i>(see Reconciliation of cash)</i> | 1,085 | 1,900 |

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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.

| |
|--|
| |
|--|

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 | 1,085 | 1,900 |
| Deposits at call | - | - |
| Bank overdraft | - | - |
| Other (provide details) | - | - |
| Total cash at end of period | 1,085 | 1,900 |

| Earnings per security (EPS) | Current period | Previous corresponding Period |
|-----------------------------|----------------|-------------------------------|
| Basic EPS | (1.4) cents | (1.6) cents |
| Diluted EPS | (1.3) cents | (1.6) cents |
| | | |

| |
|---|
| Net loss: A\$7,019,620 basic weighted average of shares on issue: 494,317,887 |
|---|

Interests in entities which are not controlled entities

| <i>Name of entity</i> | 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 |
| Equity accounted associates and joint venture entities | | | | |
| Euro Forming Services GmbH | 50 | 50 | (346) | (2,362) |
| Total | | | (346) | (2,362) |

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Segment reporting

Reporting Segments 2010

| | Australia \$ | UAE \$ | (A\$ '000s) Germany \$ | Consolidated \$ |
|-----------------------------|-----------------|-----------|------------------------------|--------------------|
| Other revenue | 51 | - | - | 51 |
| Operating profit/ (loss) | (3,580) | (3,094) | (346) | (7,020) |
| Segment assets | 3,479 | - | 7,445 | 10,924 |
| Segment liabilities | 268 | - | - | 268 |

Reporting Segments 2009

| | Australia \$ | UAE \$ | (A\$ '000s) Germany \$ | Consolidated \$ |
|-----------------------------|-----------------|-----------|------------------------------|--------------------|
| Other revenue | 194 | - | - | 194 |
| Operating profit/ (loss) | (1,648) | (3,841) | (2,362) | (7,851) |
| Segment assets | 2,757 | 3,061 | 9,798 | 15,616 |
| Segment liabilities | 863 | 229 | - | 1,103 |

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 2010

Print name: Carl U. Moser
Director