



FOR IMMEDIATE RELEASE

March 14, 2019

ALLOY STEEL INTERNATIONAL REPORTS 2019 FIRST QUARTER RESULTS

Perth, Australia, March 14, 2019 – Alloy Steel International, Inc. (OTC: AYSI) (“Alloy Steel” or “Company”) the manufacturer of Arcoplate and provider of anti-wear and hang-up solutions to the mining and bulk materials industries, based in Perth, Western Australia, today reported results for its 2019 financial year first quarter ended December 31, 2018.

The completion and posting of Q1 results was delayed due to the Company’s implementation of a new ERP system.

About Alloy Steel

Alloy Steel manufactures and distributes Arcoplate, a technically superior and market leading ‘alloy overlay’ wear plate, servicing the global market place from its modern manufacturing facilities in Perth, Australia. Arcoplate is used throughout the mining and materials processing industries, from opportunistic one-off specialty applications in small companies to large relationship based repeat business applications with leading international companies.

Arcoplate provides users with superior wear protection due to its premium alloy mix, its high ratio of carbide rich alloy and its unique manner of manufacture. The product’s technical superiority combined with its unbeatable ‘whole-of-life’ cost has resulted in Arcoplate’s wide acceptance in the mining and mineral processing industries to reduce wear in a host of fixed plant and mobile equipment applications.

In mining and materials processing industries, where premature equipment wear is the primary cause of downtime, to undertake repairs or refurbishment, Arcoplate can provide users with significant profit improvement. Arcoplate can substantially lower equipment downtime, resulting in higher production, whilst also lowering the overall cost of wear protection.

Furthermore, in applications where material ‘hang-up’ or ‘carry-back’ are also a significant cause of lost production, such as sticky materials that do not discharge freely from truck trays, buckets and chutes, Arcoplate’s unique characteristic of polishing to a very low friction factor has the potential to virtually eliminate these problems, whilst simultaneously providing enhanced equipment wear life.

ENQUIRIES

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ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEETS
December 31, 2018 and September 30, 2018

	December 2018 (unaudited) US\$	September 2018 (audited) US\$
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	11,799,258	11,317,071
Accounts receivable, less allowance for doubtful accounts of \$39,399 at December 31, 2018 and \$54,325 September 30, 2018	4,420,106	5,784,116
Inventories	4,809,142	3,824,090
Prepaid expenses and other current assets	704,842	696,116
Land and building held for sale	3,630,870	3,715,237
TOTAL CURRENT ASSETS	25,364,218	25,336,630
PROPERTY AND EQUIPMENT, net	2,960,529	3,117,523
OTHER ASSETS		
Deferred tax assets	197,030	242,851
Total other assets	197,030	242,851
TOTAL ASSETS	28,521,777	28,697,004
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	1,159,441	1,625,374
Royalties payable, related party	124,723	252,264
Current tax payable	395,120	496,444
Accrued payroll and related costs	496,029	586,342
TOTAL CURRENT LIABILITIES	2,175,313	2,960,424
LONG-TERM LIABILITIES		
Deferred tax liabilities	104,924	137,834
Other liabilities	30,837	45,337
TOTAL LONG-TERM LIABILITIES	135,761	183,171
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred Stock: \$0.01 par value; authorized 3,000,000 shares; issued and outstanding – none	-	-
Common Stock: \$0.01 par value; authorized 50,000,000 shares; 17,042,000 issued and outstanding	170,420	170,420
Capital in excess of par value	1,769,382	1,769,382
Retained earnings	30,972,719	29,725,659
Accumulated other comprehensive income (loss)	(6,701,818)	(6,112,052)
TOTAL STOCKHOLDERS' EQUITY	26,210,703	25,553,409
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	28,521,777	28,697,004

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Quarters Ended December 31, 2018 and 2017

	December 2018	December 2017
	(unaudited)	(unaudited)
	US\$	US\$
Sales	6,724,041	5,253,427
Cost of Sales	(3,955,571)	(3,302,176)
Gross Profit	2,768,470	1,951,251
Operating Expenses		
Selling, general and administrative Expenses	(1,195,821)	(1,000,290)
Profit From Operations	1,572,649	950,961
Other Income (Expense)		
Interest income	47,622	19,781
Sundry income	215	21,744
Realised foreign exchange profit (loss)	(7,192)	(41,691)
Unrealised foreign exchange profit (loss)	130,279	51,230
	170,924	51,064
Income Before Income Tax Expense	1,743,573	1,002,025
Income tax expense	(496,513)	(308,785)
Net Income Attributable to Stockholders	1,247,060	693,240
Basic Income and Diluted Income per Common Share	0.07	0.04
Weighted Average Common Shares Used in computing basic and diluted income (loss) per share	17,042,000	17,042,000

ALLOY STEEL INTERNATIONAL INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Quarters Ended December 31, 2018 and 2017

	December 2018 (unaudited) US\$	December 2017 (unaudited) US\$
Net Income	1,247,060	693,240
Other Comprehensive (Loss)		
Foreign currency translation adjustment	<u>(589,766)</u>	<u>(103,437)</u>
Total Other Comprehensive (Loss)	<u>(589,766)</u>	<u>(103,437)</u>
Total Comprehensive Income	<u><u>657,294</u></u>	<u><u>589,803</u></u>

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
For the three months ended December 31, 2018

	Common Stock Shares	Common Stock Amount US\$	Capital in Excess of Par Value US\$	Retained Earnings US\$	Accumulated Other Comprehensive Income US\$	Total Stockholders' Equity US\$
Balances, October 1, 2018	17,042,000	170,420	1,769,382	29,725,659	(6,112,052)	25,553,409
Net Income attributable to stockholders	-	-	-	1,247,060	-	1,247,060
Other comprehensive income	-	-	-	-	(589,766)	(589,766)
Balances, December 31, 2018	17,042,000	170,420	1,769,382	30,972,719	(6,701,818)	26,210,703

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended December 31, 2018 and 2017

	December-18	December-17
	US\$	US\$
Cash Flows From Operating Activities		
Net income	1,247,060	693,240
<i>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</i>		
Depreciation and amortisation	182,225	155,404
<i>Increase (decrease) in cash and cash equivalents attributable to changes in operating assets and liabilities:</i>		
Accounts receivable	517,329	932,916
Inventories	(1,062,857)	(1,279,401)
Prepaid expenses and other current assets	(24,950)	5,419
Accounts payable and other current liabilities	(35,465)	(151,294)
Income taxes payable	(80,875)	58,865
Net Cash Provided by (Used in) Operating Activities	<u>742,467</u>	<u>415,149</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(94,531)	(962,493)
Net Cash Provided by (Used in) Investing Activities	<u>(94,531)</u>	<u>(962,493)</u>
Cash Flows From Financing Activities		
Movement on related party loans	96,791	-
Net Cash Provided by (Used in) Financing Activities	<u>96,791</u>	<u>-</u>
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	<u>(262,540)</u>	<u>(71,323)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	482,187	(618,667)
Cash and Cash Equivalents at Beginning of Period	11,317,071	12,910,894
Cash and Cash Equivalents at End of Period	<u>11,799,258</u>	<u>12,292,227</u>

Exchange Rate Movements

Predominantly all operations of Alloy Steel International are conducted by the Australian subsidiary, and therefore, the majority of the amounts reported are initially recorded in Australian dollars by the subsidiary. The value of the Australian dollar compared to the US dollar has been volatile over the reporting period, and therefore the exchange rate movement continues to have a noticeable impact upon the value reported by the Company.