



**FOR IMMEDIATE RELEASE**

**May 15, 2018**

**ALLOY STEEL INTERNATIONAL REPORTS 2018 SECOND QUARTER RESULTS**

**Perth, Australia, May 15, 2018 – 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 2018 financial year second quarter ended March 31, 2018.

**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.

**ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES**  
**CONSOLIDATED BALANCE SHEETS**  
**March 31, 2018 and September 30, 2017**

	March 2018 (unaudited) US\$	September 2017 (audited) US\$
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	10,894,867	12,910,894
Accounts receivable, less allowance for doubtful accounts of \$57,657 at March 31, 2018 and \$58,966 September 30, 2017	3,978,390	3,469,491
Inventories	4,103,683	2,400,704
Prepaid expenses and other current assets	423,653	574,721
Land and building held for sale	3,902,104	4,032,642
<b>TOTAL CURRENT ASSETS</b>	<u>23,302,697</u>	<u>23,388,452</u>
<b>PROPERTY AND EQUIPMENT, net</b>	<u>3,205,090</u>	<u>2,448,339</u>
<b>OTHER ASSETS</b>		
Deferred tax assets	226,560	223,519
Total other assets	<u>226,560</u>	<u>223,519</u>
<b>TOTAL ASSETS</b>	<u>26,734,347</u>	<u>26,060,310</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	1,601,910	1,359,295
Royalties payable, related party	118,614	80,784
Current tax payable	318,431	744,467
Accrued payroll and related costs	493,076	497,473
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,532,031</u>	<u>2,682,019</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred tax liabilities	110,635	139,635
Other liabilities	82,856	69,867
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>193,491</u>	<u>209,502</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY</b>		
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	26,694,602	25,327,944
Accumulated other comprehensive income (loss)	(4,625,579)	(4,098,957)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>24,008,825</u>	<u>23,168,789</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>26,734,347</u>	<u>26,060,310</u>

**ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<u>Quarter Ended</u>		<u>Half Year Ended</u>	
	March 31	March 31	March 31	March 31
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	US\$	US\$	US\$	US\$
<b>SALES</b>	5,054,199	5,320,399	10,307,626	10,983,732
<b>COST OF SALES</b>	(3,206,656)	(3,034,048)	(6,508,832)	(6,273,868)
<b>GROSS PROFIT</b>	1,847,543	2,286,351	3,798,794	4,709,864
<b>OPERATING EXPENSES</b>				
Selling, general and administrative expenses	(1,053,288)	(839,314)	(2,053,578)	(1,698,237)
<b>PROFIT (LOSS) FROM OPERATIONS</b>	794,255	1,447,037	1,745,216	3,011,627
<b>OTHER INCOME (EXPENSE)</b>				
Interest income	52,362	26,649	72,143	48,595
Interest expense	-	-	-	(99)
Sundry income (expense)	22,216	23,779	43,960	56,542
Realised foreign exchange profit (loss)	22,798	(16,070)	(18,893)	(10,702)
Unrealised foreign exchange profit (loss)	104,718	(339,724)	155,948	(9,653)
Total Other Income (Expense)	202,094	(305,366)	253,158	84,683
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	996,349	1,141,671	1,998,374	3,096,310
<b>INCOME TAX (EXPENSE) BENEFIT</b>	(322,931)	(362,284)	(631,716)	(974,006)
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO STOCKHOLDERS</b>	673,418	779,387	1,366,658	2,122,304
<b>BASIC INCOME (LOSS) AND DILUTED PROFIT (LOSS) PER COMMON SHARE</b>	0.040	0.045	0.080	0.124
<b>WEIGHTED AVERAGE COMMON SHARES USED IN COMPUTING BASIC AND DILUTED PROFIT (LOSS) PER SHARE</b>	17,042,000	17,042,000	17,042,000	17,042,000

**ALLOY STEEL INTERNATIONAL INC. AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**Half Year Ended March 31, 2018 and 2017**

	<b>March 2018</b> <b>(unaudited)</b> <b>US\$</b>	<b>March 2017</b> <b>(unaudited)</b> <b>US\$</b>
<b>Net Income</b>	1,366,658	2,122,304
<b>Other Comprehensive (Loss)</b>		
Foreign currency translation adjustment	<u>(526,622)</u>	<u>(33,970)</u>
<b>Total Other Comprehensive (Loss)</b>	<u>(526,622)</u>	<u>(33,970)</u>
<b>Total Comprehensive Income</b>	<u><u>840,036</u></u>	<u><u>2,088,334</u></u>

**ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY**  
**Half Year Ended March 31, 2018**

	Common Stock Shares	Amount US\$	Capital in Excess of Par Value US\$	Retained Earnings US\$	Accumulated Other Comprehensive Income US\$	Total Stockholders' Equity US\$
Balances, October 1, 2017	17,042,000	170,420	1,769,382	25,327,944	(4,098,957)	23,168,789
Net Income attributable to stockholders	-	-	-	1,366,658	-	1,366,658
Other comprehensive income	-	-	-	-	(526,622)	(526,622)
Balances, March 31, 2018	17,042,000	170,420	1,769,382	26,694,602	(4,625,579)	24,008,825

**ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Half Year Ended March 31, 2018 and 2017**

	<u>Half Year Ended</u>	
	<b>March 31</b>	<b>March 31</b>
	<b>2018</b>	<b>2017</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>US\$</b>	<b>US\$</b>
<b>Cash Flows From Operating Activities</b>		
Net income	1,366,658	2,131,304
<i>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</i>		
Depreciation and amortisation	363,060	300,422
(Profit)/loss on sale of plant and equipment	(6,385)	20,775
<i>Increase (decrease) in cash and cash equivalents attributable to changes in operating assets and liabilities:</i>		
Accounts receivable	(144,904)	(315,444)
Inventories	(1,769,242)	629,344
Prepaid expenses and other current assets	142,035	(44,792)
Accounts payable and other current liabilities	(124,137)	(233,689)
Income taxes payable	(449,661)	521,694
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(622,576)</u>	<u>3,009,614</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(1,143,728)	(1,149,801)
Proceeds on sale of property, plant and equipment	6,385	8,698
Investment in Subsidiary	-	(5,919,457)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(1,137,343)</u>	<u>(7,060,560)</u>
<b>Cash Flows From Financing Activities</b>		
Repayments on notes and loans payable	-	(12,556)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>-</u>	<u>(12,556)</u>
<b>Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>	<u>(256,108)</u>	<u>(27,613)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(2,016,027)	(4,091,115)
<b>Cash and Cash Equivalents at Beginning of Period</b>	12,910,894	14,317,327
<b>Cash and Cash Equivalents at End of Period</b>	<u>10,894,867</u>	<u>10,226,212</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.