



FOR IMMEDIATE RELEASE
May 15, 2015

ALLOY STEEL INTERNATIONAL REPORTS 2015FY SECOND QUARTER RESULTS

Perth, Australia, Alloy Steel International, Inc. (OTC: AYSI) (“Alloy Steel” or “the Company”) the manufacturer of Arcoplate and provider of equipment wear protection and enhanced material handling solutions to the mining and mineral processing industries, today reported results for its second quarter 2015 financial year ended March 31, 2015.

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

Thushara (Sam) Dahanayake
Company Secretary
+61 8 9248 3188
samd@alloysteel.net



ALLOY STEEL INTERNATIONAL, INC.
PO Box 3087 Malaga DC WA 6945 Australia
Telephone: +61 8 9248 3188
Facsimile: +61 8 9248 3166
info@alloysteel.net www.alloysteel.net



ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEETS
March 31, 2015 and September 30, 2014

	March 2015 (unaudited) US\$	September 2014 (audited) US\$
ASSETS		
Current Assets		
Cash and cash equivalents	11,716,740	7,720,048
Accounts receivable, less allowance for doubtful accounts of \$nil at March, 2015 and September 30, 2014	3,979,224	5,076,839
Inventories	5,888,346	6,439,409
Prepaid expenses and other current assets	283,979	422,573
Total Current Assets	21,868,289	19,658,869
Property and Equipment, net	7,516,091	8,645,891
Other Assets		
Deferred tax assets	182,819	471,571
Other assets	17,863	17,863
Total Other Assets	200,682	489,434
Total Assets	\$29,585,062	\$28,794,194
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable, current portion	58,124	110,429
Accounts payable	610,463	691,175
Royalties payable, related party	109,693	121,348
Current tax payable	1,287,025	656,858
Accrued payroll and related costs	449,255	523,907
Other accrued liabilities	2,217,677	2,292,606
Total Current Liabilities	4,732,237	4,396,323
Long-Term Liabilities		
Notes payable, less current portion	33,452	60,578
Deferred tax liabilities	160,646	330,547
Other liabilities	42,749	36,303
Total Long-Term Liabilities	236,847	427,428
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; 17,350,000 issued and outstanding	173,500	173,500
Capital in excess of par value	1,769,382	1,769,382
Retained earnings	27,071,690	23,041,226
Accumulated foreign exchange losses	(4,365,681)	(982,595)
Total Equity before minority interests	24,648,891	24,001,513
Minority interests	(32,913)	(31,070)
Total Stockholders' Equity	24,615,978	23,970,443
Total Liabilities and Stockholders' Equity	\$29,585,062	\$ 28,794,194

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

	<u>Quarter Ended</u>		<u>Half Year Ended</u>	
	March 31 2015 (unaudited) US\$	March 31 2014 (unaudited) US\$	March 31 2015 (unaudited) US\$	March 31 2014 (unaudited) US\$
Sales	\$8,973,570	\$6,428,812	\$14,256,435	\$12,850,467
Cost of Sales	(4,185,322)	(2,556,487)	(7,198,607)	(5,823,726)
Gross Profit	4,788,248	3,872,325	7,057,828	7,026,741
Operating Expenses Selling, general and administrative expenses	(1,298,105)	(2,274,420)	(2,499,987)	(3,586,515)
Profit (Loss) From Operations	3,490,143	1,597,905	4,557,841	3,440,226
Other Income (Expense)				
Interest income	26,838	26,215	53,677	50,378
Interest expense	(1,877)	(9,078)	(4,588)	(14,833)
Sundry income (expense)	65,709	20,085	147,051	34,716
Realised foreign exchange profit (loss)	122,477	(26,331)	460,656	(13,964)
Unrealised foreign exchange profit (loss)	403,393	(260,357)	705,806	53,414
Total Other Income (Expense)	616,540	(249,466)	1,362,602	109,711
Profit (Loss) Before Income Tax	4,106,683	1,348,439	5,920,443	3,549,937
Income tax (expense) benefit	(1,326,694)	(379,554)	(1,891,822)	(1,053,057)
Net Profit (Loss)	2,779,989	968,885	4,028,621	2,496,880
Net (profit) loss attributable to minority interests	1,381	1,443	1,843	1,905
Net Profit (Loss) Attributable to Stockholders	\$2,781,370	\$970,328	\$4,030,464	\$2,498,785
Basic Income (Loss) and Diluted Profit (Loss) per Common Share	\$0.160	\$0.056	\$0.232	\$0.144
Weighted average common shares used in computing basic and diluted profit (loss) per share	17,350,000	17,350,000	17,350,000	17,350,000

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF SHAREHOLDER EQUITY
Half Year Ended March 31, 2015
(Unaudited)

	<u>Common Stock</u>		Capital in	Retained	Accumulated	Minority	Total
	Shares	Amount	Excess of	Earnings	Foreign	Interests	Stockholders'
		US\$	Par Value	US\$	Exchange	US\$	Equity
			US\$	US\$	Losses		US\$
					US\$		
Balances as at Sep 30, 2014	17,350,000	173,500	1,769,382	23,041,226	(982,595)	(31,070)	23,970,443
Net Profit attributable to stockholders	-	-	-	4,030,464	-	(1,843)	4,028,621
Foreign exch. loss for the period	-	-	-	-	(3,383,086)	-	(3,383,086)
Balances as at Mar 31, 2015	17,350,000	\$173,500	\$1,769,382	\$27,071,690	\$(4,365,681)	\$(32,913)	\$24,615,978

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Half Year Ended March 31, 2015 and 2014

	<u>Half Year Ended</u>	
	March 31	March 31
	2015	2014
	(unaudited)	(unaudited)
	US\$	US\$
Cash Flows From Operating Activities		
Net profit	4,028,622	2,535,836
<i>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</i>		
Depreciation and amortisation	500,468	623,116
Profit on sale of plant and equipment	(104,200)	-
Loss attributable minority interests	(1,843)	(1,905)
<i>Increase (decrease) in cash and cash equivalents attributable to changes in operating assets and liabilities:</i>		
Accounts receivable	190,098	(3,637,112)
Inventories	(45,777)	(1,986,958)
Prepaid expenses and other current assets	95,158	545,307
Accounts payable and other current liabilities	111,765	449,914
Income taxes payable	865,908	(1,465,358)
Net Cash Provided by (Used in) Operating Activities	<u>5,640,199</u>	<u>(2,937,160)</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(363,248)	(902,150)
Proceeds on sale of property, plant and equipment	104,200	-
Net Cash Provided by (Used in) Investing Activities	<u>(259,048)</u>	<u>(902,150)</u>
Cash Flows From Financing Activities		
Repayments on notes and loans payable	(136,640)	(50,737)
Net Cash Provided by (Used in) Financing Activities	<u>(136,640)</u>	<u>(50,737)</u>
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	<u>(1,247,819)</u>	<u>(112,376)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,996,692	(4,002,423)
Cash and Cash Equivalents at Beginning of Period	7,720,048	8,780,660
Cash and Cash Equivalents at End of Period	<u><u>\$11,716,740</u></u>	<u><u>\$4,778,237</u></u>

Exchange Rate Movements

The operations of Alloy Steel International, Inc. are predominantly conducted by its Australian subsidiary with the majority of the amounts reported initially recorded in Australian dollars. The Australian dollar/US dollar exchange rate has been volatile over the reporting period, resulting in significant impact on the reported results of the Company.