



FOR IMMEDIATE RELEASE

August 11, 2017

ALLOY STEEL INTERNATIONAL REPORTS 2017 THIRD QUARTER RESULTS

Perth, Australia, August 11, 2017 – 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 2017 financial year third quarter ended June 30, 2017.

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
June 30, 2017 and September 30, 2016

	June 2017 (unaudited)	September 2016 (audited)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 12,028,065	\$ 14,317,327
Accounts receivable, less allowance for doubtful accounts of \$57,860 at June 30, 2017 and \$57,394 September 30, 2016	3,611,656	2,660,879
Inventories	1,738,951	2,893,683
Prepaid expenses and other current assets	349,795	718,267
Land and building held for sale	3,970,745	4,000,000
TOTAL CURRENT ASSETS	21,699,212	24,590,156
PROPERTY AND EQUIPMENT, net	2,647,246	1,873,163
OTHER ASSETS		
Deferred tax assets	270,637	219,231
Total other assets	270,637	219,231
TOTAL ASSETS	\$24,617,095	\$ 26,682,550
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable, current portion	\$ -	\$ 12,698
Accounts payable	997,003	628,073
Royalties payable, related party	94,419	126,231
Current tax payable	775,991	-
Accrued payroll and related costs	466,082	495,673
Other accrued liabilities	-	26,336
TOTAL CURRENT LIABILITIES	2,333,495	1,289,011
LONG-TERM LIABILITIES		
Deferred tax liabilities	132,266	166,915
Other liabilities	62,221	46,269
TOTAL LONG-TERM LIABILITIES	194,487	213,184
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	24,873,023	27,980,975
Accumulated other comprehensive income (loss)	(4,723,712)	(4,740,422)
TOTAL STOCKHOLDERS' EQUITY	22,089,113	25,180,355
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$24,617,095	\$ 26,682,550

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

	<u>Quarter Ended</u>		<u>Nine Months Ended</u>	
	June 30 2017 (unaudited) US\$	June 30 2016 (unaudited) US\$	June 30 2017 (unaudited) US\$	June 30 2016 (unaudited) US\$
SALES	5,237,213	3,803,780	16,220,944	13,132,627
COST OF SALES	(3,265,501)	(2,994,711)	(9,539,369)	(7,676,185)
GROSS PROFIT	1,971,712	809,069	6,681,575	5,456,442
OPERATING EXPENSES				
Selling, general and administrative expenses	(954,153)	(1,182,980)	(2,652,390)	(3,588,451)
PROFIT (LOSS) FROM OPERATIONS	1,017,559	(373,911)	4,029,185	1,867,991
OTHER INCOME (EXPENSE)				
Interest income	31,327	27,540	79,922	83,009
Interest expense	-	(464)	(99)	(1,855)
Sundry income (expense)	23,360	84,561	79,902	192,105
Realised foreign exchange profit (loss)	(16,024)	55,897	(26,726)	109,476
Unrealised foreign exchange profit (loss)	(41,038)	129,282	(50,691)	(470,811)
Total Other Income (Expense)	(2,375)	296,816	82,308	(88,076)
PROFIT (LOSS) BEFORE INCOME TAX	1,015,184	(77,095)	4,111,493	1,779,915
INCOME TAX (EXPENSE) BENEFIT	(336,966)	(61,980)	(1,310,972)	(740,234)
NET PROFIT (LOSS)	678,218	(139,075)	2,800,521	1,039,681
Net (profit) loss attributable to minority interests	-	-	-	(12,803)
NET PROFIT (LOSS) ATTRIBUTABLE TO STOCKHOLDERS	678,218	(139,075)	2,800,521	1,026,878
BASIC INCOME (LOSS) AND DILUTED PROFIT (LOSS) PER COMMON SHARE	0.040	(0.008)	0.164	0.059
WEIGHTED AVERAGE COMMON SHARES USED IN COMPUTING BASIC AND DILUTED PROFIT (LOSS) PER SHARE	17,042,000	17,350,000	17,042,000	17,350,000

ALLOY STEEL INTERNATIONAL INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Nine Months Ended June 30, 2017 and 2016

	June 2017 (unaudited) US\$	June 2016 (unaudited) US\$
Net Income	\$ 2,800,521	\$ 1,039,681
Other Comprehensive (Loss)		
Foreign currency translation adjustment	<u>16,710</u>	<u>1,475,903</u>
Total Other Comprehensive (Loss)	<u>16,710</u>	<u>1,475,903</u>
Total Comprehensive Income	<u>\$ 2,817,231</u>	<u>\$ 2,515,584</u>

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
Nine Months Ended June 30, 2017

	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balances, October 1, 2016	17,042,000	\$170,420	\$1,769,382	\$27,980,975	\$(4,740,422)	\$25,180,355
Net Income attributable to stockholders	-	-	-	2,800,521	-	2,800,521
Other comprehensive income	-	-	-	-	16,710	16,710
Common control reserve on acquisition of subsidiary	-	-	-	(5,908,473)	-	(5,908,473)
Balances, June 30, 2017	<u>17,042,000</u>	<u>\$170,420</u>	<u>\$1,769,382</u>	<u>24,873,023</u>	<u>(4,723,712)</u>	<u>22,089,113</u>

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ended June 30, 2017 and 2016

	Nine Months Ended	
	June 30	June 30
	2017	2016
	(unaudited)	(unaudited)
	US\$	US\$
Cash Flows From Operating Activities		
Net income	\$ 2,800,521	\$ 1,039,681
<i>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</i>		
Depreciation and amortisation	469,576	439,160
(Profit)/loss on sale of plant and equipment	29,923	-
(Profit)/loss attributable to minority interest	-	12,803
<i>Increase (decrease) in cash and cash equivalents attributable to changes in operating assets and liabilities:</i>		
Accounts receivable	(419,914)	454,080
Inventories	1,115,134	827,317
Prepaid expenses and other current assets	163,234	(90,940)
Accounts payable and other current liabilities	65,047	(290,706)
Income taxes payable	880,866	(1,006,551)
Net Cash Provided by (Used in) Operating Activities	5,104,387	1,384,844
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(1,285,367)	(105,737)
Proceeds on sale of property, plant and equipment	24,665	-
Investment in Subsidiary	(5,908,474)	-
Net Cash Provided by (Used in) Investing Activities	(7,169,176)	(105,737)
Cash Flows From Financing Activities		
Repayments on notes and loans payable	(12,533)	(28,612)
Net movement in loans	(275,963)	-
Net Cash Provided by (Used in) Financing Activities	(288,496)	(28,612)
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	64,023	731,529
Net Increase (Decrease) in Cash and Cash Equivalents	(2,289,262)	1,982,024
Cash and Cash Equivalents at Beginning of Period	14,317,327	12,025,603
Cash and Cash Equivalents at End of Period	\$ 12,028,065	\$ 14,007,627

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.