



## China Steel Australia (ASX:CNH)

29 August 2008

### **China Steel exceeds prospectus forecast with \$13.1m NPAT**

#### **Key points**

- **NPAT of \$13.1m, a 75% increase compared with 2007 and exceeding prospectus forecast**
- **Revenue of \$22.5m, exceeding prospectus forecast of \$21.1m**
- **\$92 million expansion of processing plant with trebling of production on target for January 2009 completion**
- **Expanded production will increase China Steel's revenue and earnings for the 2009/2010**

NICKEL pig iron producer China Steel Australia (ASX:CNH) today announced a net profit after tax (NPAT) of \$13.1 million for the 12 months to 30 June 2008, up 75 per cent compared with 2007.

The NPAT result exceeded the prospectus forecast of \$12.3 million. China Steel's revenue also exceeded its prospectus forecast, achieving \$22.5 million in 2007/2008 compared to the forecast \$21.1 million.

China Steel Australia Executive Director Lanson Lim said the company's performance in exceeding its prospectus forecasts underlined the strength of the market for nickel pig iron which is sought by Chinese stainless steel producers as an alternative to pure nickel in the face of high prices for metals and commodities.

"China Steel's listing on the ASX in February this year followed a successful and oversubscribed initial public offer. This result has confirmed the faith the market placed in the company," Mr Lim said.

#### **Outlook**

Construction work on the \$92 million expansion of China Steel's processing plant is well on target to meet a scheduled completion date of January 2009.

Mr Lim said the expanded plant near the city of Linyi in the Shandong province of China will have a production capacity of nickel pig iron of 135,000 metric tonnes per year, up from current levels of 45,000 metric tonnes.

“This expansion will significantly increase China Steel’s revenue and earnings for the 2009/2010 financial year by trebling production capacity,” Mr Lim said.

“This expanded plant can also be part of the core infrastructure for an integrated steel making facility, giving China Steel the opportunity to develop as an integrated steel producer.

“The Linyi plant is currently running at full capacity. Having the expanded plant underway in January 2009 will ensure we can take full advantage of the opportunities available and remain the foremost supplier of high quality nickel pig iron in China.

“China is the world’s largest consumer of stainless steel and the nation’s massive infrastructure growth continues unabated.

“Demand for all metal products, including nickel pig iron, used in the production of stainless steel for China’s domestic consumption, is expected to remain very strong despite the volatility in other markets.

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