

Masteel records RM15.5 mil net profits in 2Q11

- *Integrated steel manufacturer benefiting from active housing construction sector and better product margins*
- *Growth prospects to come from mega infrastructure projects*

Petaling Jaya, Malaysia, 24 August 2011 - Integrated steel manufacturer Malaysia Steel Works (KL) Bhd (“Masteel”, “马来西亚钢厂(吉隆坡)有限公司”)(Bloomberg: MSW MK; Reuters: MSWK.KL) posted 91.8% higher net profit of RM15.5 million for the second quarter ended 30 June 2011 (“2Q11”), on the back of revenue growth of 43.4% to RM338.0 million.

The Group recorded revenue of RM235.7 million and net profit of RM8.1 million in the same quarter a year ago.

Financial Summary (Unaudited Consolidated Results)						
RM'000	2Q11 to 30.6.11	2Q10 to 30.6.10	Change	1H11 to 30.6.11	1H10 to 30.6.10	Change
Revenue	337,988	235,656	43.4%	616,400	427,778	44.1%
Pre-tax Profit	15,393	8,263	86.3%	22,167	14,962	48.2%
Net Profit to Shareholders	15,479	8,070	91.8%	21,670	14,423	50.2%
Basic EPS (sen)	7.35	4.06	81.0%	10.29	7.26	41.7%

Dato’ Sri Tai Hean Leng, Managing Director/Chief Executive Officer of Masteel, said: “The impressive growth was attributed to strong demand in both our domestic and overseas markets, as well as improved selling prices of the Group’s steel products.

Our production facilities are currently operating at high utilization rate of about 83% in order to cope with the rising demand for steel bars in the construction industry in the region.”

During the quarter, the Group sold 40% more in tonnage than it did in the same quarter of last year, mainly due to robust demand from the local housing construction sector and the commencement of major public sector projects, such as the RM2-billion Low Cost Carrier Terminal (“LCCT”).

At the same time, the Group’s overseas sales increased by about 2 folds to RM125 million, constituting about 37% of the total revenue for the quarter under review.

Masteel

MALAYSIA STEEL WORKS (KL) BHD

Cumulatively, the Group's six-month financial performance ended 30 June 2011 ("1H11") saw revenue rising 44.1% to RM616.4 million, from RM427.8 million previously, and net profit up at a faster rate of 50.2% to RM21.7 million, against RM14.4 million previously.

The Group's better bottom line for 1H11 was not only due to the improved product margins from higher steel prices, but also the lower effective tax rate as a result of utilization of reinvestment allowance of RM4.7 million and prior-year tax overprovision of RM1.3 million.

Basic earnings per share ("EPS") amounted to 10.29 sen per share in 1H11, versus EPS of 7.26 sen per share in 1H10.

On Masteel's rest-of-the-year prospects, Dato' Sri Tai shared: "We are still optimistic of the Group's financial performance for financial year ended 31 December 2011, notwithstanding the economic headwind in Europe and United States, due to the fact that demand for steel products in the domestic market will continue to be spurred by the upcoming Klang Valley MRT project.

With Masteel's factories strategically located in Petaling Jaya and Klang, we are certainly in good stead to be one of the key suppliers of steel bars for the mega project."

About Masteel

Malaysia Steel Works (KL) Bhd is listed on the Main Market of Bursa Malaysia Securities Berhad. It is involved in the manufacturing of high-tensile deformed steel bars, mild steel round bars and steel billets. It exports 30% to 40% of its products and has 68 domestic dealers and several international trading houses as partners in Australia, New Zealand, Indonesia, Singapore, Thailand, Vietnam and The Philippines.

Masteel has vast experience in the operations & maintenance of the latest process technologies and automation systems with over 40 years of track record of managing European-made steel mills and industrial plants.

Masteel is one of the top five integrated steel companies in Malaysia.

Issued for and on behalf of MALAYSIA STEEL WORKS (KL) BHD by Aquilas Advisory (Malaysia) Sdn Bhd. For media enquiries, please contact:

Ms. Julia Pong

julia@aquilas.com.my

T: +603-2711 1391

H/P: +6012-390 9258