

Masteel 2Q12 profit up 22.7% to RM19.0 mil

- ***Benefited from higher selling prices of steel bars/billets***
- ***Lower input costs, plant optimisation also boosted bottomline***

Petaling Jaya, Malaysia, 29 August 2012 - Integrated steel manufacturer **Malaysia Steel Works (KL) Berhad (Masteel, 马来西亚钢厂 (吉隆坡) 有限公司, Bloomberg: MSW MK; Reuters: MSWK.KL)** has reaped the benefits of higher selling prices and improved margins in its second quarter ended 30 June 2012 (2Q12), which has resulted in a 22.7% rise in net profit to RM19.0 million.

This strong performance was achieved on the back of stronger demand for steel products in 2Q12, coupled with improved efficiencies at its two plants in the Klang Valley, which helped Masteel to enjoy RM344.1 million in revenue.

By comparison, the Group secured a net profit of RM15.5 million in 2Q11 on the back of RM338.0 million in topline. Basic earnings per share (EPS) in 2Q12 rose to 9.02 sen versus 7.35 sen a year ago.

“In 2Q12, we benefited from increasing steel product prices and the increased activity in the construction industry, which resulted in strong demand for the products we manufacture.

Going forward, we will continue to ramp up our marketing efforts to boost demand for our products and take opportunities from within the domestic and regional markets.”

Dato' Sri Tai Hean Leng (拿督斯里戴贤龙)
Managing Director / Chief Executive Officer, Malaysia Steel Works (KL) Bhd

Financial Summary (Unaudited Consolidated Results)						
RM'000	2Q12 to 30.6.12	2Q11 to 30.6.11	Change	1H12 to 30.6.12	1H11 to 30.6.11	Change
Revenue	344,127	337,998	1.8%	684,047	616,400	11.0%
Pre-tax Profit	18,883	15,393	22.7%	14,002	21,167	(33.8%)
Net Profit to Shareholders	18,991	15,479	22.7%	14,110	21,670	(34.9%)
Basic EPS (sen)	9.02	7.35	22.7%	6.70	10.29	(34.9%)

Masteel operates a 550,000 metric tonne (MT) per annum meltshop in Bukit Raja and a 350,000 MT rolling mill in Petaling Jaya, both in Selangor. It is currently setting up a second rolling mill in Bukit Raja, which - once fully operational - will have an annual production capacity of 180,000 MT.

Even without the new second rolling mill up and running, the Group was able to post an 11% increase in revenue for its first half ended 30 June 2012 (1H12) to RM684.1 million from RM616.4 million in the same period last year.

Such positives, Dato' Sri Tai said, boded well for Masteel's prospects going forward, given the opportunities that the Group could take benefits from in both the local and regional markets.

"The demand for steel in Malaysia is expected to rise on the back of projects rolled out and being rolled out under the Malaysian Government's Economic Transformation Programme and the 10th Malaysia Plan. Developments like the Tun Razak Exchange and the Klang Valley My Rapid Transit rail transport will require a lot of steel.

"Due to our strategic location in the Klang Valley, we are well poised to continue to benefit from the high intensity of construction activities centred around the Greater Kuala Lumpur initiative and the development projects associated with it," he concluded.

About Masteel

Malaysia Steel Works (KL) Berhad 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:

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