



PERWAJA HOLDINGS BERHAD
(Company No: 798513-D)

FOR IMMEDIATE RELEASE

**PERWAJA REPORTS 38% RISE IN FY08 REVENUE
TO RM2.33 BILLION**

<i>RM 'm</i>	Full Year Ended		Change	Three Months Ended		Change
	31/12/08	31/12/07	%	31/12/08	30/09/08	%
Revenue	2,334.9	1,693.0	▲ 37.9	221.3	978.0	▼ 77.4
Gross Profit	604.3	251.5	▲ 140.3	69.8	250.0	▼ 72.1
Profit After Tax	90.1	162.6	▼ 44.6	(212.8)	80.3	n.m.

Kuala Lumpur, 23 February 2009 – Leading integrated producer of primary steel products, Perwaja Holdings Berhad (Bursa: PERWAJA), today reported a 37.9% jump in Group revenue to a record RM2,334.9 million for the financial year ended 31 December 2008 (FY08), compared to RM1,693 million registered in the previous financial year (FY07). For the three months ended 31 December 2008 (4Q08), Group revenue slipped 77.4% to RM221.3 million from RM978 million in the previous quarter ended 30 September 2008 (3Q08), due to declining demand and average selling prices.

Amidst a deteriorating economic environment, demand for steel products plunged significantly leading to a sharp decline in steel prices in the second half of the year. In line with this, the Group made provisions totaling RM346.1 million for the impairment of inventory value in the second half of 2008. Excluding the provisions made, the Group registered a 168% increase in full-year net profit for FY08 of RM436.2 million, as compared to RM162.6 million in FY07.

Tan Sri Dato' Pheng Yin Huah, Managing Director of Perwaja said, "2008 was a roller-coaster year not just for Perwaja, but for the industry as a whole. We achieved a strong set of results in the first half of 2008, driven by a sharp spike in steel price and robust demand both from the domestic and regional markets. Unfortunately, the downswing in the second half of the year was just as sharp, and this had reduced our overall performance."



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The Group experienced strong gyrations in billet prices throughout 2008 as it soared to a peak of RM3,318 per tonne in July, some 115.8% higher compared to the beginning of the year, before hitting a low of RM1,444 per tonne in December. For 4Q08, average selling price of billets fell 45.4% as compared to the previous quarter. On a full-year basis, average selling price of billets was 71.9% higher at RM2,611 per tonne compared to FY07, while the average selling price of DRI rose 84.4% to RM1,757 per tonne.

The Group produced 154,348 metric tonnes (MT) of DRI and 145,600 MT of billets in 4Q08. This was substantially lower than the 239,946 MT of DRI and 277,002 MT of billets produced in 3Q08, as the Group temporarily reduced its installed production capacity by some 50%. This was in view of lower demand and prices for steel products viz-a-viz high production cost which was compounded by the fact that natural gas tariff remained unchanged despite a significant decline in crude oil prices. Consequently, total DRI produced by Perwaja in FY08 was 790,547 MT, while total billets produced was 892,338 MT.

Outlook

With most economies in the region having slipped into recessionary mode, demand for steel products is expected to remain soft, with prices stabilizing around current levels. Nevertheless, Perwaja is hopeful that the Malaysian Government's RM7 billion construction-focused stimulus package together with the upcoming mini-budget to be tabled by March 2009, will generate domestic demand for its products, even though any positive effect can probably only be felt in the later half of 2009.

While prices of iron ore and scrap are also expected to fall in line with the decline in downstream demand, Perwaja is adopting a pro-active approach towards cost containment by looking for alternative and cheaper sources of iron ore. In a bid to bring down excess inventory, it is also significantly reducing DRI production until its billet and iron ore inventory has been de-stocked. In addition, Perwaja will continue to focus on research and development efforts to improve efficiency and diversify its product range to tap new opportunities and customers as and when the market turns around.

Tan Sri Dato' Pheng said, "In view of the uncertainties in the market, we will need to exercise caution in the mapping of our growth strategy. What is more important for us now



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is to strengthen our fundamentals so that we can be ready for the next wave of opportunities when market conditions improve.”

About Perwaja Holdings Berhad

Perwaja Holdings Berhad is an investment holding company. Perwaja Steel Sdn Bhd, a wholly owned subsidiary, is a leading steel manufacturer of upstream products and the sole producer of DRI and beam-blanks & blooms in Malaysia. Amongst its range of products, the Group also produces billets. Perwaja's products are used in the manufacturing, construction and infrastructure industries. Today, the Group has a DRI production capacity of 1.5 million metric tonnes and a billet, beam-blanks and blooms production capacity of 1.3 million metric tonnes.

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