

Southern Steel Berhad
Unaudited Condensed Consolidated Income Statements
RM'000

| | Current Qtr ended 30/6/04 | Comparative Qtr ended 30/06/03 | 6 months Cumulative 30/6/04 | 6 months Cumulative 30/6/03 |
|---|--|---|--|--|
| Revenue | 565,177 | 446,285 | 1,118,395 | 840,876 |
| Cost Of Sales | <u>(480,965)</u> | <u>(385,694)</u> | <u>(971,967)</u> | <u>(738,642)</u> |
| Gross Profit | 84,212 | 60,591 | 146,428 | 102,234 |
| Other Operating Expenses | (30,178) | (27,595) | (61,974) | (53,063) |
| Other Operating Income | 1,443 | 1,083 | 16,875 | 2,056 |
| Operating Profit | <u>55,477</u> | <u>34,079</u> | <u>101,329</u> | <u>51,227</u> |
| Finance cost | (8,607) | (10,864) | (17,340) | (22,014) |
| Share of results of associated companies | <u>(1,962)</u> | <u>2,493</u> | <u>5,006</u> | <u>5,424</u> |
| Profit before tax | 44,908 | 25,708 | 88,995 | 34,637 |
| Taxation | (13,385) | (8,093) | (26,177) | (12,090) |
| Share of taxes of associated companies | (108) | (524) | (379) | (890) |
| | <u>(13,493)</u> | <u>(8,617)</u> | <u>(26,556)</u> | <u>(12,980)</u> |
| Profit after tax | <u>31,415</u> | <u>17,091</u> | <u>62,439</u> | <u>21,657</u> |
| Minority Interests | (591) | 423 | (660) | 764 |
| Net Profit for the period | <u>30,824</u> | <u>17,514</u> | <u>61,779</u> | <u>22,421</u> |
| EPS – Basic (SEN) | <u>10.5</u> | <u>6.2</u> | <u>21.0</u> | <u>7.9</u> |
| - Diluted (SEN) | <u>7.8</u> | <u>6.2</u> | <u>15.8</u> | <u>7.9</u> |

Southern Steel Berhad
Unaudited Condensed Consolidated Balance Sheets
RM'000

| | Unaudited Quarter ended 30/6/04 RM'000 | Audited Year ended 31/12/03 RM'000 |
|---------------------------------|---|---|
| Property, Plant & Equipment | 1,018,931 | 1,057,527 |
| Goodwill On Consolidation | 54,683 | 56,581 |
| Investments in Associates | 88,143 | 78,738 |
| Other Investments | 708 | 708 |
| Current Assets | | |
| Inventories | 706,776 | 375,251 |
| Receivables | 166,982 | 174,462 |
| Investment | 319 | 510 |
| Bank & Cash balances | 31,658 | 71,220 |
| | 905,734 | 621,443 |
| Current Liabilities | | |
| Payables | 354,873 | 236,008 |
| Short Term Borrowings | 757,993 | 658,082 |
| Taxation | 3,123 | 1,627 |
| | 1,115,989 | 895,717 |
| Net Current Liabilities | (210,255) | (274,274) |
| | 952,210 | 919,280 |
| Share Capital | 307,619 | 287,461 |
| Reserves | 170,435 | 121,059 |
| ICULS (Equity Component) | 92,137 | 108,750 |
| Shareholders' Fund | 570,191 | 517,270 |
| Minority Interest | 3,870 | 3,210 |
| Long Term Liabilities | | |
| Borrowings | 240,391 | 281,381 |
| ICULS (Liability Component) | 18,942 | 23,880 |
| Other deferred liabilities | 118,816 | 93,539 |
| | 952,210 | 919,280 |

Southern Steel Berhad
Unaudited Condensed Consolidated Cash Flow Statement

| | 6 months Cumulative 30/6/04 RM'000 | 6 months Cumulative 30/6/03 RM'000 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Profit before taxation | 88,995 | 34,637 |
| Adjustments for: | | |
| Depreciation & amortisation | 46,240 | 47,115 |
| Interest expense | 17,340 | 22,014 |
| Share of results of associated companies | (5,006) | (5,424) |
| Provisions for inventories, doubtful debts & others | 31,106 | 11,196 |
| Operating profit before working capital changes | <u>178,676</u> | <u>109,538</u> |
| Changes in working capital | (236,817) | (143,223) |
| Cash generated from operations | <u>(58,142)</u> | <u>(33,685)</u> |
| Retirement benefits paid | (528) | (525) |
| Interest paid | (16,099) | (22,301) |
| Income tax paid | (676) | (335) |
| Net cash flows from operating activities | <u>(75,444)</u> | <u>(56,846)</u> |
| INVESTING ACTIVITIES | | |
| Dividend income | 550 | - |
| Purchase of property, plant & equipment | (6,117) | (4,304) |
| Others | (2,077) | 608 |
| Net cash used in investing activities | <u>(7,644)</u> | <u>(3,696)</u> |
| FINANCING ACTIVITIES | | |
| Term loan repayment | (56,818) | - |
| Short term borrowings | 100,400 | 43,611 |
| Proceeds from ICULS | - | - |
| Dividends paid | (15,381) | - |
| Others | - | - |
| | <u>28,200</u> | <u>43,611</u> |
| Net change in cash and cash equivalents | (54,887) | (16,931) |
| Cash & cash equivalents at beginning of period | 63,478 | 26,190 |
| Cash & cash equivalents at end of period | <u><u>8,591</u></u> | <u><u>9,259</u></u> |
| Cash & cash equivalents : | | |
| Cash in hand and at bank | 19,458 | 7,425 |
| Short term deposits | 12,200 | 6,200 |
| Bank Overdraft | (23,066) | (4,366) |
| | <u><u>8,591</u></u> | <u><u>9,259</u></u> |

Southern Steel Berhad
Unaudited Condensed Consolidated Statements of Changes in Equity
RM'000

| | Share Capital RM'000 | Reserves RM'000 | Accumulated Losses RM'000 | ICULS- Equity RM'000 | Total RM'000 |
|-----------------------------|-------------------------|--------------------|---------------------------------|----------------------------|-----------------|
| Balance at 1.1.03 | 282,353 | 154,079 | (78,560) | - | 357,872 |
| Movements during the period | - | (425) | 22,421 | - | 21,996 |
| Balance at 30.6.03 | <u>282,353</u> | <u>153,654</u> | <u>(56,139)</u> | <u>-</u> | <u>379,868</u> |
| Balance at 1.1.04 | 287,461 | 152,020 | (30,961) | 108,750 | 517,270 |
| Movements during the period | 20,158 | 2,978 | 61,779 | (16,613) | 68,302 |
| Dividend | | | (15,381) | | (15,381) |
| Balance at 30.6.04 | <u>307,619</u> | <u>154,998</u> | <u>15,437</u> | <u>92,137</u> | <u>570,191</u> |