

**Southern Steel Berhad**  
**Unaudited Condensed Consolidated Income Statements**

	<b>Current Qtr ended 31/3/06 RM'000</b>	<b>Current Qtr ended 31/3/05 RM'000</b>	<b>3 months Cumulative 31/3/06 RM'000</b>	<b>3 months Cumulative 31/3/05 RM'000</b>
Revenue	522,801	585,885	522,801	585,885
Cost Of Sales	<u>(501,379)</u>	<u>(548,446)</u>	<u>(501,379)</u>	<u>(548,446)</u>
Gross Profit	21,422	37,439	21,422	37,439
Other Operating Expenses	(27,876)	(28,481)	(27,876)	(28,481)
Other Operating Income	11,392	1,431	11,392	1,431
Operating Profit	<u>4,938</u>	<u>10,389</u>	<u>4,938</u>	<u>10,389</u>
Finance cost	(10,912)	(10,179)	(10,912)	(10,179)
Share of results of associated companies	<u>(1,602)</u>	<u>4,426</u>	<u>(1,602)</u>	<u>4,426</u>
Profit / (Loss) before tax	(7,576)	4,636	(7,576)	4,636
Taxation	2,513	(420)	2,513	(420)
Profit /(Loss) for the period	<u>(5,063)</u>	<u>4,216</u>	<u>(5,063)</u>	<u>4,216</u>
Attributable to :				
Equity holders of the Company	(4,732)	4,295	(4,732)	4,295
Minority Interests	(331)	(79)	(331)	(79)
	<u>(5,063)</u>	<u>4,216</u>	<u>(5,063)</u>	<u>4,216</u>
EPS/(LPS) – Basic (SEN)	<u>(1.3)</u>	<u>1.3</u>	<u>(1.3)</u>	<u>1.3</u>
- Diluted (SEN)	<u>(1.1)</u>	<u>1.1</u>	<u>(1.1)</u>	<u>1.1</u>

**Southern Steel Berhad**  
**Condensed Consolidated Balance Sheets**

	Unaudited Quarter ended 31/3/06 RM'000	Audited Year ended 31/12/05 RM'000
<b>NET ASSETS</b>		
<b>Non Current Assets</b>		
Property, Plant & Equipment	906,878	928,977
Goodwill On Consolidation	48,991	48,991
Investments in Associates	77,282	80,345
Other Investments	860	860
	1,034,011	1,059,173
<b>Current Assets</b>		
Inventories	485,646	581,690
Receivables	184,721	155,545
Investment	319	319
Bank & Cash balances	25,121	51,288
	695,807	788,842
<b>Current Liabilities</b>		
Payables	167,681	212,201
Short Term Borrowings	640,554	696,771
Current Income Tax Liabilities	802	1,319
	809,037	910,291
<b>Net Current Liabilities</b>	<b>(113,230)</b>	<b>(121,449)</b>
<b>Non Current Liabilities</b>		
Borrowings	253,110	263,655
ICULS (Liability Component)	6,639	4,571
Deferred tax liabilities	99,454	102,118
Other deferred liabilities	25,312	24,588
	384,515	394,932
<b>Total Net Assets</b>	<b>536,266</b>	<b>542,792</b>
<b>EQUITY</b>		
Share Capital	361,780	361,780
Reserves	125,298	131,493
ICULS (Equity Component)	47,174	47,174
<b>Equity attributable to equity holders of the Company</b>	<b>534,252</b>	<b>540,447</b>
Minority Interest	2,014	2,345
<b>Total equity</b>	<b>536,266</b>	<b>542,792</b>

**Southern Steel Berhad**  
**Unaudited Condensed Consolidated Cash Flow Statement**

	<b>3 months Cumulative 31/3/06 RM'000</b>	<b>3 months Cumulative 31/3/05 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	(7,576)	4,636
Adjustments for:		
Depreciation & amortization	21,360	22,850
Interest expense	10,912	10,179
Share of results of associated companies	1,602	(4,426)
Provisions for inventories, doubtful debts & others	(6,378)	4,574
Operating profit before working capital changes	<u>19,920</u>	<u>37,813</u>
Changes in working capital	14,294	(59,774)
Cash generated from operations	<u>34,214</u>	<u>(21,961)</u>
Retirement benefits/other provision paid	(52)	(295)
Interest paid	(5,757)	(11,705)
Income tax paid	(855)	(1,766)
Net cash flows from operating activities	<u>27,550</u>	<u>(35,727)</u>
<b>INVESTING ACTIVITIES</b>		
Dividend income	21	-
Purchase of property, plant & equipment	-	(6,863)
Others	126	59
Net cash used in investing activities	<u>147</u>	<u>(6,804)</u>
<b>FINANCING ACTIVITIES</b>		
Term loan repayment	(3,682)	(8,863)
Short term borrowings	(37,927)	(3,240)
	<u>(41,609)</u>	<u>(12,103)</u>
Net change in cash and cash equivalents	(13,912)	(54,634)
Cash & cash equivalents at beginning of period	34,047	57,611
Cash & cash equivalents at end of period	<u><u>20,135</u></u>	<u><u>2,977</u></u>
Cash & cash equivalents :		
Cash in hand and at bank	13,982	13,877
Short term deposits	11,139	6,190
Bank Overdraft	(4,986)	(17,090)
	<u><u>20,135</u></u>	<u><u>2,977</u></u>

Southern Steel Berhad  
 Unaudited Condensed Consolidated Statements of Changes in Equity

	< ----- Attributable to Equity Holders of the Company ----- >						
	Share Capital RM'000	Reserves RM'000	Retained Profit / (Accumulated Losses) RM'000	ICULS- Equity RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance at 1.1.05	318,700	152,562	35,773	83,005	590,040	4,453	594,493
Movements during the period	13,733	(3)	4,295	(11,318)	6,707	(79)	6,628
Balance at 31.3.05	<u>332,433</u>	<u>152,559</u>	<u>40,068</u>	<u>71,687</u>	<u>596,747</u>	<u>4,374</u>	<u>601,121</u>
Balance at 1.1.06	361,780	153,175	(21,682)	47,174	540,447	2,345	542,792
Reclassified upon adoption of FRS 3	-	(3,383)	3,383	-	-	-	-
Movements during the period	-	(1,463)	(4,732)	-	(6,195)	(331)	(6,526)
Balance at 31.3.06	<u>361,780</u>	<u>148,329</u>	<u>(23,031)</u>	<u>47,174</u>	<u>534,252</u>	<u>2,014</u>	<u>536,266</u>