

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

	Current Qtr ended 30/9/06 RM'000	Current Qtr ended 30/9/05 RM'000	9 months Cumulative 30/9/06 RM'000	9 months Cumulative 30/9/05 RM'000
Revenue	632,720	628,211	1,767,466	1,882,531
Cost Of Sales	<u>(562,503)</u>	<u>(606,503)</u>	<u>(1,614,707)</u>	<u>(1,780,474)</u>
Gross Profit	70,217	21,708	152,759	102,057
Other Operating Expenses	(28,465)	(30,280)	(86,237)	(89,658)
Other Operating Income	1,807	5,274	17,948	9,876
Finance cost	(11,710)	(11,728)	(33,849)	(32,982)
Share of results of associated companies	<u>(238)</u>	<u>(4,942)</u>	<u>(2,170)</u>	<u>(1,462)</u>
Profit / (Loss) before tax	31,611	(19,968)	48,451	(12,169)
Taxation	25,114	430	20,497	(3,098)
Profit /(Loss) for the period	<u>56,725</u>	<u>(19,538)</u>	<u>68,948</u>	<u>(15,267)</u>
Attributable to :				
Equity holders of the parent	56,405	(17,419)	68,557	(12,571)
Minority Interests	320	(2,119)	391	(2,696)
Profit /(Loss) for the period	<u>56,725</u>	<u>(19,538)</u>	<u>68,948</u>	<u>(15,267)</u>
EPS / (LPS) – Basic (SEN)	<u>15.6</u>	<u>(4.9)</u>	<u>18.9</u>	<u>(3.7)</u>
- Diluted (SEN)	<u>13.5</u>	<u>(4.1)</u>	<u>16.4</u>	<u>(2.9)</u>

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

	Unaudited Quarter ended 30/9/06 RM'000	Audited Year ended 31/12/05 RM'000
<b>NET ASSETS</b>		
<b>Non Current Assets</b>		
Property, Plant & Equipment	873,128	928,977
Goodwill On Consolidation	48,984	48,991
Investments in Associates	12,890	80,345
Other Investments	860	860
	935,862	1,059,173
<b>Current Assets</b>		
Inventories	495,562	581,690
Receivables	219,033	155,545
Investment	319	319
Bank & Cash balances	46,848	51,288
	761,762	788,842
<b>Non Current Assets Classified as Held for Sale</b>	63,931	-
	<u>825,693</u>	<u>788,842</u>
<b>Current Liabilities</b>		
Payables	184,592	212,201
Short Term Borrowings	635,063	696,771
Current Income Tax Liabilities	71	1,319
	819,726	910,291
<b>Net Current Assets / (Liabilities)</b>	<u>5,967</u>	<u>(121,449)</u>
<b>Non Current Liabilities</b>		
Borrowings	218,473	263,655
ICULS (Liability Component)	5,238	4,571
Deferred tax liabilities	81,247	102,118
Other deferred liabilities	25,918	24,588
	330,876	394,932
<b>Total Net Assets</b>	<u><u>610,953</u></u>	<u><u>542,792</u></u>
<b>EQUITY</b>		
Share Capital	361,980	361,780
Reserves	199,226	131,493
ICULS (Equity Component)	47,010	47,174
Equity attributable to equity holders of the company	608,216	540,447
Minority Interest	2,737	2,345
<b>Total Equity</b>	<u><u>610,953</u></u>	<u><u>542,792</u></u>

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

	9 months Cumulative 30/9/06 RM'000	9 months Cumulative 30/9/05 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	48,451	(14,093)
Adjustments for:		
Depreciation	63,822	68,646
Interest expense	33,849	32,982
Share of results of associated companies	2,170	3,386
Provisions for inventories, doubtful debts & others	4,148	15,930
Operating profit before working capital changes	<u>152,440</u>	<u>106,851</u>
Changes in working capital	(22,225)	11,833
Cash generated from operations	<u>130,215</u>	<u>118,684</u>
Retirement benefits/other provision paid	(735)	(841)
Interest paid	(29,021)	(31,535)
Income tax paid	(2,112)	(3,140)
Net cash flows from operating activities	<u>98,347</u>	<u>83,168</u>
<b>INVESTING ACTIVITIES</b>		
Dividend income	571	550
Purchase of property, plant & equipment	(8,244)	(22,652)
Others	300	3,412
Net cash used in investing activities	<u>(7,373)</u>	<u>(18,690)</u>
<b>FINANCING ACTIVITIES</b>		
Term loan repayment	(38,245)	(28,817)
Short term borrowings	(64,751)	(67,508)
Proceeds from issuance of shares	-	1,875
Dividends paid	-	(26,578)
Net cash used in financing activities	<u>(102,996)</u>	<u>(121,028)</u>
Net change in cash and cash equivalents	(12,022)	(56,550)
Cash & cash equivalents at beginning of period	34,049	57,611
Cash & cash equivalents at end of period	<u>22,027</u>	<u>1,061</u>
Cash & cash equivalents :		
Cash in hand and at bank	43,028	10,005
Short term deposits	3,820	650
Bank Overdraft	(24,821)	(9,594)
	<u>22,027</u>	<u>1,061</u>

Southern Steel Berhad  
 Unaudited Condensed Consolidated Statements of Changes in Equity

	< ----- Attributable to Equity Holders of the Company ----- >					Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Reserves RM'000	Retained Profit / (Accumulated Losses) RM'000	ICULS- Equity RM'000	Total 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	43,476	(33)	(12,571)	(35,831)	(4,958)	(835)	(5,793)
Dividend	-	-	(26,578)	-	(26,578)	-	(26,578)
Accretion arising from additional Shares issued by a subsidiary	-	12	-	-	12	-	12
Balance at 30.9.05	<u>362,176</u>	<u>152,541</u>	<u>(3,376)</u>	<u>47,174</u>	<u>558,516</u>	<u>3,618</u>	<u>562,134</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	200	(4,196)	71,929	(164)	67,769	392	68,161
Balance at 30.9.06	<u>361,980</u>	<u>145,596</u>	<u>53,630</u>	<u>47,010</u>	<u>608,216</u>	<u>2,737</u>	<u>610,953</u>