

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2012

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30/06/2012 RM'000	30/06/2011 RM'000	30/06/2012 RM'000	30/06/2011 RM'000
Revenue	764,161	N/A	3,296,270	N/A
Cost of sales	(696,860)	N/A	(3,131,827)	N/A
Gross profit	67,301	N/A	164,443	N/A
Operating expenses	(36,350)	N/A	(141,491)	N/A
Other operating income	8,168	N/A	23,660	N/A
Profit from operation	39,119	N/A	46,612	N/A
Finance costs	(7,102)	N/A	(32,920)	N/A
Share of profit of associated companies	165	N/A	79	N/A
Profit before taxation	32,182	N/A	13,771	N/A
Taxation	(8,653)	N/A	(6,533)	N/A
Profit for the period	23,529	N/A	7,238	N/A
Attributable to:				
Owners of the company	23,377	N/A	8,747	N/A
Non-controlling interests	152	N/A	(1,509)	N/A
Profit for the period	23,529	N/A	7,238	N/A
Profit per ordinary share (sen): -				
- Basic and fully diluted	5.6	N/A	2.1	N/A

Note:

No comparative figures were disclosed as the Group changed its financial year end from 31 December to 30 June during the preceding 18 months' period ended 30 June 2011.

The Condensed Consolidated Income Statements should be read in conjunction with the Financial Statements for the 18 Months' Period Ended 30 June 2011.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2012

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30/06/2012 RM'000	30/06/2011 RM'000	30/06/2012 RM'000	30/06/2011 RM'000
Profit for the period	23,529	N/A	7,238	N/A
Fair value loss on available-for-sale investment	(5,844)	N/A	(8,795)	N/A
Foreign currency translation differences for foreign operations	1,398	N/A	2,005	N/A
Total comprehensive income for the period	19,083	N/A	448	N/A
Total comprehensive income/(expense) attributable to:				
Owners of the Company	18,946	N/A	1,975	N/A
Non-controlling interests	137	N/A	(1,527)	N/A
Total comprehensive income for the period	19,083	N/A	448	N/A

Note:

No comparative figures were disclosed as the Group changed its financial year end from 31 December to 30 June during the preceding 18 months' period ended 30 June 2011.

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Financial Statements for the 18 Months' Period Ended 30 June 2011.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2012

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	As At End of Current Quarter 30/06/2012 RM'000	As At End of Preceding Financial Year 30/06/2011 RM'000
Non-current assets		
Property, plant and equipment	792,779	683,150
Associated companies	17,847	17,768
Available-for-sale investment	31,510	2,771
Deferred tax assets	13,909	10,331
Goodwill on consolidation	48,991	48,991
	<u>905,036</u>	<u>763,011</u>
Current assets		
Inventories	700,842	1,040,568
Receivables	228,534	252,348
Tax recoverable	11,031	14,169
Derivative financial assets	-	199
Deposits, cash and bank balances	66,490	199,401
	<u>1,006,897</u>	<u>1,506,685</u>
Current liabilities		
Payables	266,547	294,574
Short term borrowings	727,850	1,032,870
Current tax liabilities	-	5
Retirement benefits	725	772
Derivative financial liabilities	78	-
	<u>995,200</u>	<u>1,328,221</u>
Net Current Assets	<u>11,697</u>	<u>178,464</u>
Non-current liabilities		
Long term borrowing	24,619	-
Deferred tax liabilities	19,790	29,026
Retirement benefits	29,543	28,174
	<u>73,952</u>	<u>57,200</u>
TOTAL NET ASSETS	<u>842,781</u>	<u>884,275</u>
Equity attributable to owners of the Company		
Share capital	411,467	411,467
Reserves	432,841	472,808
	<u>844,308</u>	<u>884,275</u>
Non-controlling interests	(1,527)	-
TOTAL EQUITY	<u>842,781</u>	<u>884,275</u>
Net assets per share attributable to owners of the Company (RM)	<u>2.0</u>	<u>2.1</u>

The Condensed Consolidated Statement Of Financial Position should be read in conjunction with the Financial Statements for the 18 Months' Period Ended 30 June 2011.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2012

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2012

	Attributable to owners of the Company									
	Share capital	Share premium	Merger reserve	Capital redemption reserve	Fair value reserve	Exchange fluctuation reserve	Distributable Retained profits	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 30 June 2012										
At 1 July 2011	411,467	35,852	30,000	50	3,221	-	403,685	884,275	-	884,275
Other comprehensive (expense)/income										
- fair value loss on available-for-sale investment	-	-	-	-	(8,777)	-	-	(8,777)	(18)	(8,795)
- foreign currency translation differences for foreign operations	-	-	-	-	-	2,005	-	2,005	-	2,005
Profit for the period	-	-	-	-	-	-	8,747	8,747	(1,509)	7,238
Total comprehensive (expense)/income for the period	-	-	-	-	(8,777)	2,005	8,747	1,975	(1,527)	448
Dividends	-	-	-	-	-	-	(41,942)	(41,942)	-	(41,942)
At 30 June 2012	411,467	35,852	30,000	50	(5,556)	2,005	370,490	844,308	(1,527)	842,781

Note:

No comparative figures were disclosed as the Group changed its financial year end from 31 December to 30 June during the preceding 18 months' period ended 30 June 2011.

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Financial Statements for the 18 Months' Period Ended 30 June 2011.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2012

	Current Year To-date	Preceding Year Corresponding Period
	30/06/2012 RM'000	30/06/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,771	N/A
Adjustments for:-		
Depreciation and amortisation	84,505	N/A
Net financing cost	32,165	N/A
Share of profit of associated companies	(79)	N/A
Other non-cash items	1,625	N/A
Operating profit before changes in working capital	131,987	N/A
Changes in working capital		
Net change in current assets	363,540	N/A
Net change in current liabilities	(25,390)	N/A
Retirement benefits paid	(1,809)	N/A
Taxation paid	(16,213)	N/A
Interest paid	(32,920)	N/A
Net cash generated from operating activities	419,195	N/A
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	971	N/A
Proceeds from disposal of property, plant and equipment	70	N/A
Purchase of property, plant and equipment	(197,253)	N/A
Purchase of available-for-sale investments	(34,007)	N/A
Interest received	755	N/A
Net cash used in investing activities	(229,464)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of borrowings	(280,172)	N/A
Dividend paid	(41,942)	N/A
Net cash used in financing activities	(322,114)	N/A
NET CHANGE IN CASH AND CASH EQUIVALENTS	(132,383)	N/A
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	190,973	N/A
EFFECT ON FOREIGN EXCHANGE	(299)	N/A
CASH & CASH EQUIVALENTS AT END OF PERIOD	58,291	N/A

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH
QUARTER ENDED 30 JUNE 2012**

The figures have not been audited

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	30/06/2012	30/06/2011
	RM'000	RM'000
Deposits, cash and bank balances	66,490	N/A
Bank overdraft	(8,199)	N/A
	<u>58,291</u>	<u>N/A</u>

Note:

No comparative figures were disclosed as the Group changed its financial year end from 31 December to 30 June during the preceding 18 months' period ended 30 June 2011.

The Condensed Consolidated Statement Of Cash Flows should be read in conjunction with the Financial Statements for the 18 Months' Period Ended 30 June 2011.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2012

The figures have not been audited

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the 18 months' period ended 30 June 2011.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the 18 months' period ended 30 June 2011 except for the changes in accounting policies and presentation resulting from the adoption of relevant FRSs, Amendments to FRSs and IC Interpretations that are effective for the financial periods beginning on or after 1 July 2010, 1 January 2011 and 1 July 2011 respectively.

The adoption of relevant FRSs, Amendments to FRSs and IC Interpretations are not expected to have any significant financial impact on the financial statements of the Group.

2. Qualification of audit report of the preceding annual financial statements

The audit report for the preceding 18 months' period ended 30 June 2011's financial statements was not qualified.

3. Seasonality or cyclicity of interim operations

The business operations of the Group are affected by both cyclical factors in the construction industry as well as festive seasons.

4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the financial year to-date.

5. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years

There were no changes in estimates of amounts reported in the prior 18 months' period ended 30 June 2011.

6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the quarter under review and financial year-to-date.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2012

The figures have not been audited

7. Dividend paid

During the financial year-to-date, the Company paid

- (i) a first interim dividend of 5.0 sen per share tax exempt amounted to RM20,971,000 on 15 December 2011
- (ii) a second interim dividend of 5.0 sen per share tax exempt amounted to RM20,971,000 on 18 June 2012

8. Operating Segments

The Group's segmental report for the financial year to-date is as follows: -

	Steel products	Investment holding and others	Total
	RM'000	RM'000	RM'000
Segment profit	45,617	995	46,612
Included in the measure of segment profit are:			
External revenue	3,295,024	1,246	3,296,270
Depreciation and amortisation	84,505	-	84,505
Reconciliation of segment profit to consolidated profit			
			RM'000
Reportable segments			46,612
Finance costs			(32,920)
Share of profit of associated companies			79
Consolidated profit before taxation			13,771

9. Valuations of property, plant and equipment

There are no revaluation of property, plant and equipment as at the date of this report.

10. Material events not reflected in the financial statements

There are no material subsequent events to be disclosed as at the date of this report.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2012
The figures have not been audited
11. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations except that Southern Steel Berhad (“SSB” or “the Company”), had on 8 May 2012 announced that it had entered into separate Share Sale Agreements with its subsidiaries/shareholders of a subsidiary to acquire the equity interests in the following subsidiaries:-

Transferor	Transferee	Subject Company	Equity Interest %	No. of Share	Consideration RM
Southern Wire Industries Malaysia Sdn Bhd (“SWI”)	SSB	Southern PC Steel Sdn Bhd (“SPC”)	*96.77	3,000,000 ordinary shares of RM1.00 each	45,098,000.00
SWI	SSB	Trend Staples Industry Sdn Bhd	100.00	530,000 ordinary shares of RM1.00 each	1.00
Starglow Investments Ltd (“Starglow”)	SSB	SWI	@0.73	100,000 Class B ordinary shares of RM1.00 each	100,000.00
Interactive Corporation	SSB	Southern Speciality Wire Sdn Bhd (“SSW”)	# 20	1,500,000 ordinary shares of RM1.00 each	600,000.00
Chuang Chen-Chi			# 5	375,000 ordinary shares of RM1.00 each	200,000.00

* The remaining 3.23% equity interest in SPC is held by Starglow, an indirect wholly-owned subsidiary of SSB.

@ The remaining 99.27% equity interest in SWI is held by SSB.

Referred to as “Acquisition of SSW”

12. Contingent liabilities or contingent assets

There are no contingent liabilities or contingent assets as at the date of this report.

13. Review of performance

For the quarter under review, the Group had a revenue of RM764.2 million and profit before taxation (“PBT”) of RM32.2 million. For the financial year-to-date, the Group had a revenue of RM3,296.3 million and PBT of RM13.8 million. The increased revenue and profit for the quarter under review was due to increased prices and margin. The Group continued to exercise stringent cost control and improved productivity, especially in the context of a competitive and challenging market.

There were no comparative figures reported as the Group changed its financial year end from 31 December to 30 June during the preceding 18 months’ period ended 30 June 2011.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2012

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14. Material changes in profit before taxation against the immediate preceding quarter

The Group's revenue and PBT for the quarter under review were RM764.2 million and RM32.2 million respectively as compared with the preceding quarter's revenue and loss before taxation of RM869.3 million and RM29.3 million respectively because of better pricing.

15. Prospects

The world economy is still sluggish and uncertain, mainly plagued by the Euro debt crisis. However, with the progressive implementation of various projects under the Malaysian Economic Transformation Program and 10th Malaysian Plan, the local market is expected to pick up. Barring unforeseen circumstances, the Board expects the Group to perform better in the new financial year.

16. Profit forecast / profit guarantee

This note is not applicable.

17. Profit before taxation

	Current Year Quarter 30/06/2012 RM'000	Current Year To-date 30/06/2012 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from other investments	(502)	(971)
Depreciation and amortization	21,627	84,505
Reversal of impairment on trade receivables	(455)	(1,357)
Allowance for inventories obsolescence	(4,071)	376
Gain on foreign exchange	(2,352)	(2,626)
Finance income	(144)	(755)
Fair value (gain)/loss on derivatives instruments	(155)	277
Reversal of impairment of plant and equipment	(111)	-
Gain on disposal of available-for-sale investment	(1,228)	(1,228)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2012
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18. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30/06/2012 RM'000	30/06/2011 RM'000	30/06/2012 RM'000	30/06/2011 RM'000
Current taxation (Malaysian):				
- Current year	(2,407)	N/A	(3,882)	N/A
- Under provision in prior years	(14,521)	N/A	(14,521)	N/A
	(16,928)	N/A	(18,403)	N/A
Deferred taxation				
Current year	11,086	N/A	14,681	N/A
Under provision in prior years	(2,811)	N/A	(2,811)	N/A
	8,275	N/A	11,870	N/A
	(8,653)	N/A	(6,533)	N/A

The Group's effective tax rate for the financial period is lower than statutory tax rate mainly due to tax incentive claimed in the Group.

19. Corporate proposal

There are no corporate proposal announced but not completed as at the date of this report other than as mentioned below:-

On 9th May 2012, Southern Steel Berhad ("SSB" or "the Company") announced that it had entered into a joint venture agreement with NV Bekaert SA ("Bekaert") of Belgium, to form a joint venture company ("JV Co") in Singapore for the manufacture and sale of specified steel wire in the ASEAN region with an initial share capital of S\$10,000 and in the participation ratio of SSB 45% : Bekaert 55% ("Proposed JV"). The enlarged joint venture business encompasses SSB's existing downstream wire business and Bekaert's existing Indonesian galvanized and multi-coated wire business.

The proposed JV has received the following approvals since the last announcement:-

- the Malaysian Industrial Development Authority for the sale and transfer of the entire issued share capital of Southern Wire Industries (Malaysia) Sdn Bhd by SSB to JV Co
- the Capital Investment Coordinating Board (BKPM) of Indonesia and
- the approval of European Commission based on EU Competition Law Rules Applicable to Merger Control.

The remaining condition precedent is the approval from the Minister of Law and Human Rights of the Republic of Indonesia.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2012

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20. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 30 June 2012 are as follows: -

	RM'000
Unsecured long term borrowings	24,619
Unsecured short term borrowings	727,850
	<u>752,469</u>

21. Changes in material litigation

There are no material litigations as at the date of this report.

22. Dividend

- (a) The board does not recommend any final dividend for the financial year ended 30 June 2012.
- (b) For the financial year-to-date, total dividend of 10.0 sen per share tax exempt has been declared.

23. Earnings per ordinary share
(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the quarter under review is calculated by dividing the Group's profit attributable to owners of the Company of RM23,377,000 and the weighted average number of ordinary shares during the quarter of 419,417,208.

The calculation of basic earnings per ordinary share for the financial year-to-date is calculated by dividing the Group's profit attributable to owners of the company of RM8,747,000 and the weighted average number of ordinary shares during the period of 419,417,208.

(b) Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share in the quarter under review / financial year-to-date as there are no dilutive potential ordinary shares.

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24. Realised and unrealised profits /(losses) disclosure

The retained profits as at 30 June 2012 and 30 June 2011 are analysed as follows:-

	As At End of Current Financial year 30/06/2012 RM'000	As At End of Preceding Financial Year 30/06/2011 RM'000
Total retained profits of the Company and the subsidiaries:-		
-Realised	510,530	499,716
-Unrealised	(14,979)	(19,013)
	<u>495,551</u>	<u>480,703</u>
 Total share of retained profit of associated company:		
- Realised	12,195	12,185
- Unrealised	152	83
	<u>12,347</u>	<u>12,268</u>
	<u>507,898</u>	<u>492,971</u>
 Less: Consolidation adjustments	(137,408)	(89,286)
 Total Group's retained profits	<u><u>370,490</u></u>	<u><u>403,685</u></u>

By Order of the Board
Southern Steel Berhad

Ting Kok Keong
Company Secretary

Penang
17 August 2012