



Financial Results

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Submitted

Company Information

Main Market Company

New Announcement

Submitting Investment

Bank/Advisor (if applicable)

Submitting Secretarial Firm (if applicable)

* Company name SOUTHERN STEEL BERHAD
 * Stock name SSTEEL
 * Stock code 5665
 * Contact person TING KOK KEONG
 * Designation COMPANY SECRETARY
 * Contact number 04 3852 666
 E-mail address ting.kokkeong@southsteel.com

Part A : To be filled by Public Listed Company

* Financial Year End 31/12/2009
 * Quarter 4 Qtr
 * Quarterly report for the financial period ended 31/12/2009
 * The figures have not been audited

Please attach the full Quarterly Report here

- [Q409cfs.pdf](#)
- [Q409 Notes.pdf](#)

Remarks

- DEFAULT CURRENCY
- OTHER CURRENCY

Currency Malaysian Ringgit (MYR)

Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Key Financial Information for the financial period ended
 * 31/12/2009

INDIVIDUAL QUARTER

CUMULATIVE QUARTER

	CURRENT YEAR QUARTER *	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE *	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Revenue	588,636	488,420	2,032,517	3,222,399
2. Profit/(loss) before tax	63,287	-299,974	8,803	106,538
3. Profit/(loss) for the period	59,739	-263,255	16,208	102,577
4. Profit/(loss) attributable to ordinary equity holders of the parent	59,739	-259,847	16,208	104,689
5. Basic earnings/(loss) per share (Subunit)	14.20	-62.00	3.90	25.00
6. Proposed/Declared dividend per share (Subunit)	0.00	0.00	5.00	12.50
	AS AT END OF CURRENT QUARTER*		AS AT PRECEDING FINANCIAL YEAR END	
7. Net assets per share attributable to ordinary equity holders of the parent (\$\$)		1.8000		1.8100
Remarks :				

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Part A3 : ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER*	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE*	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Gross interest income	198	12	694	1,550
2. Gross interest expense	5,381	11,218	22,511	38,363
Remarks :				

Note: The above information is for the Exchange internal use only.

Southern Steel Berhad
 Unaudited Condensed Consolidated Income Statements
 RM'000

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/09	Preceding Year Corresponding Quarter 31/12/08	Current Year To Date 31/12/09	Preceding Year Corresponding Period To Date 31/12/08
Revenue	588,636	488,420	2,032,517	3,222,399
Cost of sales	<u>(498,793)</u>	<u>(485,741)</u>	<u>(1,903,100)</u>	<u>(2,504,027)</u>
Gross profit	89,843	2,679	129,417	718,372
Other operating expenses	(31,654)	(32,627)	(138,739)	(201,203)
Other operating income	10,206	-	38,668	15,706
Loss from impairment of property, plant and equipment	-	(1,251)	-	(30,969)
Provision for diminution in value of inventories	-	(254,957)	-	(359,286)
Finance cost	(5,381)	(11,218)	(22,511)	(38,363)
Share of results of associated companies	<u>273</u>	<u>(2,600)</u>	<u>1,968</u>	<u>2,281</u>
Profit/(Loss) before taxation	63,287	(299,974)	8,803	106,538
Taxation	(3,548)	36,719	7,405	(3,961)
Profit/(Loss) for the period	<u>59,739</u>	<u>(263,255)</u>	<u>16,208</u>	<u>102,577</u>
Attributable to:				
Equity holders of the parent	59,739	(259,847)	16,208	104,689
Minority interests	-	(3,408)	-	(2,112)
Profit/(Loss) for the period	<u>59,739</u>	<u>(263,255)</u>	<u>16,208</u>	<u>102,577</u>
Earnings/(Loss) per share (SEN)				
- Basic and fully diluted	<u>14.2</u>	<u>(62.0)</u>	<u>3.9</u>	<u>25.0</u>

Southern Steel Berhad
Unaudited Condensed Consolidated Balance Sheets

	As At End of Current Quarter 31/12/09 RM'000	As At Preceding Financial Year Ended 31/12/08 RM'000
NET ASSETS		
Non-Current Assets		
Property, plant & equipment	645,685	669,728
Prepaid lease payment	74,067	64,739
Goodwill on consolidation	48,991	48,991
Investments in associates	16,966	15,799
Other investments	788	788
	786,497	800,045
Current Assets		
Inventories	695,218	862,883
Receivables	248,647	195,979
Bank and cash balances	32,410	67,407
	976,275	1,126,269
Current Liabilities		
Payables	161,502	187,961
Short term borrowings	761,974	904,270
Current income tax liabilities	17,463	326
	940,939	1,092,557
Net Current Assets	<u>35,336</u>	<u>33,712</u>
Non-Current Liabilities		
Deferred tax liabilities	41,385	49,975
Other deferred liabilities	26,630	25,202
	68,015	75,177
Total Net Assets	<u>753,818</u>	<u>758,580</u>
EQUITY		
Share Capital	411,467	411,467
Reserves	342,351	347,113
Equity attributable to equity holders of the company	753,818	758,580
Minority Interest	-	-
Total Equity	<u>753,818</u>	<u>758,580</u>

Southern Steel Berhad
Unaudited Condensed Consolidated Cash Flow Statement

	Current Period To Date 31/12/09 RM'000	Preceding Year Corresponding Period To Date 31/12/08 RM'000
OPERATING ACTIVITIES		
Profit before taxation	8,803	106,538
Adjustments for:		
Depreciation (and amortisation)	85,424	81,636
Interest expense	22,511	38,363
Share of results of associated companies	(1,968)	(2,281)
Loss from impairment of property, plant and equipment	-	30,969
Provision for diminution in value of inventories	-	359,286
Net unrealised foreign exchange loss	6,709	23,837
Provisions for inventories, doubtful debts & others	33,298	65,464
Operating profit before working capital changes	<u>154,777</u>	<u>703,812</u>
Changes in working capital	103,683	(558,786)
Cash generated from operations	<u>258,460</u>	<u>145,026</u>
Retirement benefits/other provision paid	(2,117)	(1,764)
Interest paid	(23,593)	(37,991)
Income tax paid	(5,000)	(44,829)
Net cash flows from operating activities	<u>227,750</u>	<u>60,442</u>
INVESTING ACTIVITIES		
Dividend income	1,123	1,810
Purchase of property, plant & equipment & prepaid lease	(94,315)	(70,063)
Others	695	1,889
Net cash used in investing activities	(92,497)	(66,364)
FINANCING ACTIVITIES		
Term loan repayment	-	(88,344)
Short term borrowings	(129,074)	157,312
Dividends paid	(20,970)	(72,641)
Net cash used in financing activities	(150,044)	(3,673)
Net change in cash and cash equivalents	(14,791)	(9,595)
Cash & cash equivalents at beginning of period	39,529	49,124
Cash & cash equivalents at end of period	<u>24,738</u>	<u>39,529</u>
Cash in hand and at bank	14,313	56,861
Short term deposits	18,097	10,546
Bank overdraft	(7,672)	(27,878)
	<u>24,738</u>	<u>39,529</u>

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

<----- Attributable to Equity Holders of SSB ----->

	Share Capital RM'000	Reserves RM'000	Retained Profit RM'000	ICULS- Equity RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance at 01.01.08	398,959	65,902	228,949	12,482	706,292	2,112	708,404
Movements during the period	12,508	-	104,689	(12,482)	104,715	(2,112)	102,603
Dividends paid	-	-	(52,427)	-	(52,427)	-	(52,427)
Balance at 31.12.08	<u>411,467</u>	<u>65,902</u>	<u>281,211</u>	<u>-</u>	<u>758,580</u>	<u>-</u>	<u>758,580</u>
Balance at 01.01.09	411,467	65,902	281,211	-	758,580	-	758,580
Movements during the period	-	-	16,208	-	16,208	-	16,208
Dividends paid	-	-	(20,970)	-	(20,970)	-	(20,970)
Balance at 31.12.09	<u>411,467</u>	<u>65,902</u>	<u>276,449</u>	<u>-</u>	<u>753,818</u>	<u>-</u>	<u>753,818</u>

Notes

1. Accounting Policies & Methods

This quarterly financial report prepared in accordance with Financial Reporting Standard ("FRS") 134 "Interim Financial Reporting" and paragraph 9.22 of Bursa Malaysia Securities Berhad Listing Requirements should be read in conjunction with the Group's financial statements for the year ended 31 December 2008.

The accounting policies and methods of computation are consistent with those adopted for the annual financial statements for the year ended 31 December 2008.

As at 31 December 2009, the following FRSs and Issues Committee ("IC") Interpretations were in issue but not yet effective and have not been applied by the Group:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of the above mentioned FRS and IC Interpretation.

2. Audit Report

The preceding financial year's audit report was not qualified.

3. Seasonal or Cyclical Factors

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

4. Unusual Items

There were no items of unusual nature, size, or incidence which affect assets, liabilities, equity, net income or cash flows.

5. Changes in estimates

There have been no changes in estimates of amounts reported in the prior financial year.

6. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current financial year to date.

7. Dividends

- (a) The Board does not recommend any final dividend for the financial year ended 31 December 2009 (2008: Nil).
- (b) For the financial year-to-date, total gross tax exempt interim dividends of 5.0% have been declared (2008: 12.5%).

8. Primary Segment Revenue and Results

The Group's primary business segment is steel. As such, the segment revenue and results are as disclosed in the condensed consolidated income statement.

9. Valuation of Lands and Buildings

Lands and buildings are stated at cost less accumulated depreciation.

10. Material Subsequent Events

There were no material subsequent events that have not been reflected at the date of issue of this announcement.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial year to date.

12. Changes in Contingent Liabilities or Contingent Assets

There were no material changes in contingent liabilities or assets since the last annual balance sheet date.

13. Tax (Charge) / Credit

(a) Taxation comprises the following:

	Current year quarter 31/12/09 RM'000	Current year-to-date 31/12/09 RM'000
Current income taxation	(2,243)	(1,185)
Deferred taxation	(1,305)	8,590
	<u>(3,548)</u>	<u>7,405</u>

(b) Reconciliation of income tax expense:

	Current year quarter 31/12/09 RM'000	Current year-to-date 31/12/09 RM'000
Profit before taxation	<u>63,287</u>	<u>8,803</u>
Tax calculated at tax rate of 25%	(15,822)	(2,201)
Tax expense on share of results of associated company	68	492
Expenses not deductible for tax purposes	121	(818)
Utilisation of reinvestment allowances	4,282	4,320
Over provision in prior financial year	6,561	8,688
Current year tax losses not recognised	564	(3,565)
Others	678	489
	<u>(3,548)</u>	<u>7,405</u>

14. Sale of Unquoted Investments and/or Properties

There were neither sale of unquoted investments nor properties for the current financial year to date.

15. Quoted Securities

(a) There were neither purchases nor disposals of quoted securities for the current financial year to date.

(b) Investments in quoted securities as at 31 December 2009:

At cost	RM'000
	6,586
Provision for diminution in value of investments	<u>(5,798)</u>
At book value	<u>788</u>
At market value	<u>1,508</u>

16. Status of Corporate Proposals

The Group has obtained six out of the seven certificates of fitness for occupation (CFs) of properties required pursuant to the Company's ICULS issue completed in August 2003. The remaining CF for Lots 6047, 6048 and 6049, has yet to be issued. The Securities Commission has extended the time for compliance to October 31, 2010.

17. Group Borrowings

(a) The Group borrowings as at 31 December 2009 comprised of unsecured short-term borrowings amounting to RM762 million.

(b) Included in the above are US Dollars borrowings amounting to RM69 million.

18. Off Balance Sheet Financial Instruments

There were no financial instruments with material off balance sheet risk as at the date of issue of this quarterly report.

19. Changes in Material Litigation

Since the date of the last annual balance sheet date, there has not arisen any material litigation up to the date of issue of this report.

20. Related Party Transactions

Significant transactions with related parties are as follows:

		12 months ended 31/12/09 RM'000
Sales of goods to :		
Hong Leong Company (Malaysia) Berhad Group	Enterprises controlled by the same enterprise which exercises significant influence over the Company	90,765
Hong Bee Group	Enterprises that are indirectly controlled by a Director of a subsidiary	64,953
Cheah Hong Inn Sdn. Bhd.	Enterprise in which a Director of a subsidiary has significant influence	54,318
Kim Company Sdn. Bhd.	Enterprise in which a Director of a subsidiary has significant influence	14,011
Chin Well Holdings Berhad Group	Enterprises that has a Director in common with the Company	1,034
Associated company - Steel Industries (Sabah) Sdn. Bhd.	Enterprises in which the Company has significant influence	115,425
Purchase of goods from:		
NatSteel Trade International Pte. Ltd.	Enterprise controlled by a major shareholder of the Company	440,945

Service rendered by :
Su Hock Group

Enterprises in which
substantial interest is owned
indirectly by a Director, who
is also a substantial
shareholder of the Company

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21. Review of Performance

The Group's revenue for the quarter under review was RM588.6 million, compared to RM488.4 million in the preceding year corresponding quarter. The increased revenue was due to higher demands as the market recovered. The Group thus recorded a profit before taxation ("PBT") of RM63.3 million in the current quarter, as compared to a loss before taxation of RM300.0 million in the preceding year corresponding quarter.

For the financial year ended 31 December 2009, the Group registered a profit before taxation of RM8.8 million as compared to RM106.5 million in the previous year. For the year as a whole, 2009 became progressively better as the steel industry recovered from the financial crisis.

22. Material Change in Profit/(Loss) Before Taxation Compared to Immediate Preceding Quarter

The Group's revenue increased to RM588.6 million from RM561.9 million in the immediate preceding quarter. This quarter's PBT of RM63.3 million as compared to the immediate preceding quarter's RM40.9 million was in line with the recovery noted in the steel market.

23. Prospect

The Board expects the performance for the year 2010 to depend on the stability of the economy.

24. Earnings Per Share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the current quarter is based on the net profit attributable to ordinary shareholders of RM59.739 million and the weighted average number of ordinary shares outstanding during the quarter of 419,417,208.

The calculation of basic earnings per ordinary share for the current year to date is based on the net profit attributable to ordinary shareholders of RM16.208 million and the weighted average number of ordinary shares outstanding during the quarter of 419,417,208.

	Current Quarter	Current Year to Date
Net profit attributable to shareholders (RM'000)	59,739	16,208
Weighted average number of ordinary shares in issue during the current quarter/year ('000)	419,417	419,417
Basic earnings per ordinary share (sen)	14.2	3.9

Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the current quarter/ year to date as there are no potential ordinary shares.