

## Alert Steel reduces net loss by 46%

Alert Steel (AET) has reduced its net loss for the year ended June by 46% to R73 million from R135.4 million a year ago.

The group's headline loss decreased by 50% to R58.4 million (Jun 2011: R117.7 million), with the headline loss per share decreasing by 91% to 4.4 cents per share (June 2011: 47.3 cents).

The fully diluted headline loss per share amounted to 4.3 cents compared with a loss of 45.9 cents the previous year.

Revenue increased by 12% to R825 million (2011: R735 million). The gross profit increased by 23% to R171 million (2011: R139 million), with operating expenses decreasing by 7% to R195 million (2011: R21 million).

Commenting on the results, the group said: "The remedial measures implemented over the last year have had a positive impact on Alert Steels performance but progress with the turnaround continued to be hampered by a number of external factors including a deteriorating operating environment, industrial action and supply shortages.

"In addition to the two national strike actions during the course of the year as well as stock shortages from September to December 2011, slow trading during December and January negatively impacted Alert Steel cash flows, which affected its ability to pay suppliers within terms. As a result, stock supply was intermittent until the rights offer underwriters advanced their funds to the company. Market conditions have also been poor for the last 3 months of the new financial year. All these factors have had a severe impact on the group's revenue and profitability, Alert said.

Finance costs were also higher than anticipated, primarily due to a charge of R1.5 million to raise a cash-back guarantee to Arcelor Mittal and shareholder loans bearing high interest ahead of the rights offers of October 2011 and June 2012.