

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2014

| | Individual Quarter | | Cumulative Quarter | |
|---|-------------------------|--|-------------------------|---|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To-date | Preceding Year Corresponding Period |
| | 30/06/2014 RM'000 | 30/06/2013 RM'000 | 30/06/2014 RM'000 | 30/06/2013 RM'000 |
| Revenue | 723,680 | 710,779 | 2,813,500 | 2,822,838 |
| Cost of sales | (673,179) | (648,030) | (2,620,917) | (2,618,132) |
| Gross profit | 50,501 | 62,749 | 192,583 | 204,706 |
| Operating expenses | (37,757) | (42,100) | (139,167) | (140,067) |
| Other operating income | 16,840 | 10,069 | 21,627 | 19,189 |
| Profit from operation | 29,584 | 30,718 | 75,043 | 83,828 |
| Finance costs | (8,241) | (6,797) | (30,345) | (27,506) |
| Share of loss in associated companies | (1,201) | (3,446) | (13,780) | (11,964) |
| Profit before taxation | 20,142 | 20,475 | 30,918 | 44,358 |
| Taxation | (6,428) | 4,083 | (11,044) | (1,178) |
| Profit for the period | 13,714 | 24,558 | 19,874 | 43,180 |
| Attributable to: | | | | |
| Owners of the Company | 13,393 | 24,222 | 18,952 | 42,177 |
| Non-controlling interests | 321 | 336 | 922 | 1,003 |
| Profit for the period | 13,714 | 24,558 | 19,874 | 43,180 |
| Earnings per ordinary share (sen): - | | | | |
| (a) Basic | 3.2 | 5.8 | 4.5 | 10.1 |
| (b) Fully diluted | N/A | N/A | N/A | N/A |

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2014 (CONTINUED)

| | Individual Quarter | | Cumulative Quarter | |
|---|-------------------------|--|-------------------------|---|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To-date | Preceding Year Corresponding Period |
| | 30/06/2014 RM'000 | 30/06/2013 RM'000 | 30/06/2014 RM'000 | 30/06/2013 RM'000 |
| Profit for the period | 13,714 | 24,558 | 19,874 | 43,180 |
| (Loss)/Gain on fair value of available-for-sale financial assets | (12) | 98 | (433) | (288) |
| Reversal of fair value reserve upon disposal of available-for-sale financial assets | - | 716 | - | 6,676 |
| Foreign currency translation differences for foreign operation | (249) | 1,158 | 1,738 | (297) |
| Total comprehensive income for the period | 13,453 | 26,530 | 21,179 | 49,271 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 13,132 | 26,194 | 20,257 | 48,268 |
| Non-controlling interests | 321 | 336 | 922 | 1,003 |
| Total comprehensive income for the period | 13,453 | 26,530 | 21,179 | 49,271 |

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

| | As At End of Current Quarter | As at End of Preceding Financial Year |
|--|---------------------------------|---|
| | 30/06/2014 RM'000 | 30/06/2013 RM'000 |
| ASSETS | | |
| Property, plant and equipment | 1,309,298 | 977,108 |
| Goodwill on consolidation | 30,256 | 30,256 |
| Investment in associated companies | 65,545 | 79,325 |
| Other investments | 861 | 1,294 |
| Deferred tax assets | 16,542 | 10,944 |
| Tax credit receivables | 16,637 | 17,015 |
| Total non-current assets | 1,439,139 | 1,115,942 |
| Inventories | 699,649 | 753,946 |
| Trade and other receivables | 202,204 | 231,779 |
| Current tax assets | 3,738 | 11,672 |
| Derivative financial assets | 673 | 224 |
| Deposits placed with licensed banks | 21,750 | 18,580 |
| Cash and bank balances | 37,872 | 68,260 |
| Total current assets | 965,886 | 1,084,461 |
| TOTAL ASSETS | 2,405,025 | 2,200,403 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | |
| Share capital | 419,417 | 419,417 |
| Reserves | 445,423 | 441,942 |
| | 864,840 | 861,359 |
| Non-controlling interests | 6,424 | 5,502 |
| TOTAL EQUITY | 871,264 | 866,861 |
| LIABILITIES | | |
| Deferred tax liabilities | 29,086 | 22,837 |
| Deferred income | 16,295 | 19,087 |
| Retirement benefits | 25,692 | 23,993 |
| Borrowings | 438,378 | 228,124 |
| Other payables | 105,919 | - |
| Total non-current liabilities | 615,370 | 294,041 |
| Derivative financial liabilities | 664 | 118 |
| Retirement benefits | 275 | 405 |
| Trade and other payables | 339,528 | 231,992 |
| Borrowings | 577,331 | 806,986 |
| Current tax liabilities | 593 | - |
| Total current liabilities | 918,391 | 1,039,501 |
| TOTAL LIABILITIES | 1,533,761 | 1,333,542 |
| TOTAL EQUITY AND LIABILITIES | 2,405,025 | 2,200,403 |
| Net assets per share attributable to owners of the Company (RM) | 2.06 | 2.05 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014
The figures have not been audited
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2014

| | ← Attributable to owners of the Company → | | | | | | | | | |
|---|---|---------------|----------------|----------------------------|--------------------|------------------------------|-------------------|----------|---------------------------|--------------|
| | ← Non-distributable → | | | | | | Distributable | | | |
| | Share capital | Share premium | Merger reserve | Capital redemption reserve | Fair value reserve | Exchange fluctuation reserve | Retained earnings | 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 | RM'000 |
| Current year-to-date ended 30 June 2014 | | | | | | | | | | |
| At 1 July 2013 | 419,417 | 35,852 | 30,000 | 50 | 832 | 1,708 | 373,500 | 861,359 | 5,502 | 866,861 |
| Profit for the period | - | - | - | - | - | - | 18,952 | 18,952 | 922 | 19,874 |
| Other comprehensive (expense)/income | | | | | | | | | | |
| - Loss on fair value of available-for-sale financial assets | - | - | - | - | (433) | - | - | (433) | - | (433) |
| - Foreign currency translation differences | - | - | - | - | - | 1,738 | - | 1,738 | - | 1,738 |
| Total comprehensive (expenses)/income for the period | - | - | - | - | (433) | 1,738 | 18,952 | 20,257 | 922 | 21,179 |
| Total distribution to owners of the Company | | | | | | | | | | |
| - Dividends | - | - | - | - | - | - | (16,776) | (16,776) | - | (16,776) |
| At 30 June 2014 | 419,417 | 35,852 | 30,000 | 50 | 399 | 3,446 | 375,676 | 864,840 | 6,424 | 871,264 |

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014
The figures have not been audited
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2014 (CONTINUED)

| | ← Attributable to owners of the Company → | | | | | | | | | | |
|---|---|-----------------------|----------------|----------------------------|--------------------|------------------------------|-------------------|----------|---------|---------------------------|--------------|
| | Share capital | ← Non-distributable → | | | | | Distributable | | Total | Non-controlling interests | Total equity |
| | | Share premium | Merger reserve | Capital redemption reserve | Fair value reserve | Exchange fluctuation reserve | Retained earnings | RM'000 | | | |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Preceding year corresponding period ended 30 June 2013 | | | | | | | | | | | |
| At 1 July 2012 | 419,417 | 35,852 | 30,000 | 50 | (5,556) | 2,005 | 366,149 | 847,917 | (1,527) | 846,390 | |
| Profit for the period | - | - | - | - | - | - | 42,177 | 42,177 | 1,003 | 43,180 | |
| Other comprehensive income/(expense) | | | | | | | | | | | |
| - Gain on fair value of available-for-sale financial assets | - | - | - | - | (288) | - | - | (288) | - | (288) | |
| - Foreign currency translation differences | - | - | - | - | - | (297) | - | (297) | - | (297) | |
| - Reversal of fair value reserve upon disposal of available-for-sale financial assets | - | - | - | - | 6,676 | - | - | 6,676 | - | 6,676 | |
| Total comprehensive income/(expense) for the period | - | - | - | - | 6,388 | (297) | 42,177 | 48,268 | 1,003 | 49,271 | |
| Total distribution to owners of the Company | | | | | | | | | | | |
| - Dividends | - | - | - | - | - | - | (29,359) | (29,359) | - | (29,359) | |
| - Issuance of shares to non-controlling interests | - | - | - | - | - | - | (5,467) | (5,467) | 6,026 | 559 | |
| At 30 June 2013 | 419,417 | 35,852 | 30,000 | 50 | 832 | 1,708 | 373,500 | 861,359 | 5,502 | 866,861 | |

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014
The figures have not been audited
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2014

| | Current Year To-date | Preceding Year Corresponding Period |
|--|-------------------------|---|
| | 30/06/2014 RM'000 | 30/06/2013 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 30,918 | 44,358 |
| Adjustments for:- | | |
| Depreciation and amortisation | 71,668 | 75,859 |
| Net finance costs | 29,497 | 27,506 |
| Share of loss in associated companies | 13,780 | 11,964 |
| Other non-cash items | (2,793) | (7,115) |
| Operating profit before changes in working capital | 143,070 | 152,572 |
| Changes in working capital | | |
| Net change in current assets | 83,872 | (112,560) |
| Net change in current liabilities | 60,398 | (28,835) |
| Taxation refunded/(paid) | 906 | (5,673) |
| Finance costs paid | (58,890) | (40,570) |
| Retirement benefits paid | (400) | (1,273) |
| Interest income received | 848 | 563 |
| Dividend income received | 245 | 1,069 |
| Net cash generated from/(used in) operating activities | 230,049 | (34,707) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | (223,073) | (287,515) |
| Proceeds from disposal of property, plant and equipment | 245 | 33 |
| Proceeds from disposal of other investment | - | 38,375 |
| Investment in associated companies | - | (361) |
| Proceeds from disposal of subsidiaries | - | 7,780 |
| Net cash used in investing activities | (222,828) | (241,688) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| (Repayment)/Drawdown of borrowings | (17,862) | 331,817 |
| Dividends paid | (16,776) | (29,359) |
| Issuance of shares to non-controlling shareholders of a subsidiary | - | 559 |
| Net cash (used in)/generated from financing activities | (34,638) | 303,017 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (27,417) | 26,622 |
| CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD | 84,227 | 57,902 |
| EFFECT ON EXCHANGE RATE FLUCTUATIONS ON CASH HELD | 1,738 | (297) |
| CASH & CASH EQUIVALENTS AT END OF PERIOD | 58,548 | 84,227 |

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2014 (CONTINUED)

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following statements of financial position amounts:

| | 30/06/2014 | 30/06/2013 |
|-------------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Deposits placed with licensed banks | 21,750 | 18,580 |
| Cash and bank balances | 37,872 | 68,260 |
| Bank overdrafts | (1,074) | (2,613) |
| | <hr/> | <hr/> |
| | 58,548 | 84,227 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

The figures have not been audited

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 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 financial year ended 30 June 2013. This interim financial report also complies with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2013.

The Group has adopted the MFRSs, amendments and interpretations effective for annual periods beginning on or after 1 January 2013 where applicable to the Group. The initial adoption of these applicable MFRS, amendments and interpretations do not have any material 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 annual 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 quarter under review and 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 financial years.

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

There were no issuance of shares, share buy-back, share cancellations, resale of treasury shares and repayments of debts or equity securities during the quarter under review and financial year-to-date.

7. Dividend paid

The Company has paid the following dividends during the current financial year-to-date:-

| | Current Year To-date RM’000 |
|--|--|
| First interim dividend of 2.0 sen per share tax exempt, paid on 27 December 2013 | 8,388 |
| Second interim dividend of 2.0 sen per share tax exempt, paid on 30 May 2014 | 8,388 |
| | <u>16,776</u> |

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

The figures have not been audited

8. Operating Segments

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

| | Steel products RM'000 | Investment holding and others RM'000 | Total RM'000 |
|--|--------------------------|--|-----------------|
| Segment profit | 74,943 | 100 | 75,043 |
| Included in the measure of segment profit are: | | | |
| Revenue from external customers | 2,813,166 | 334 | 2,813,500 |
| Depreciation and amortisation | (71,644) | (24) | (71,668) |

Reconciliation of reportable segment profit

| | RM'000 |
|---------------------------------------|----------|
| Reportable segment | 75,043 |
| Finance costs | (30,345) |
| Share of loss in associated companies | (13,780) |
| Consolidated profit before taxation | 30,918 |

9. Material events not reflected in the financial statements

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

10. 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 other than as mentioned below:

Centimeter Wire Sdn Bhd ("CW"), a wholly-owned subsidiary of the Company, has been placed under member's voluntary liquidation pursuant to Section 254(1)(b) of the Companies Act 1965. The joint liquidators of CW have convened a Final Meeting to conclude the Member's Voluntary Liquidation of CW and accordingly, CW dissolved on 22 August 2014.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

The figures have not been audited

11. Review of performance

For the quarter under review, the Group recorded a revenue of RM723.7 million and a profit before taxation (“PBT”) of RM20.1 million as compared with a revenue and PBT of RM710.8 million and RM20.5 million respectively in the corresponding quarter of the preceding year ended 30 June 2013 (“FY 2013”). Excluding the unrealised exchange gain of RM4.5 million and recognition of deferred income arising from tax incentive claims of RM3.7 million, PBT for the quarter under review was lower at RM11.9 million as a result of lower margin.

For the financial year-to-date, the Group recorded a revenue of RM2,813.5 million and PBT of RM30.9 million as compared with a revenue and PBT of RM2,822.8 million and RM44.4 million respectively for the corresponding period of FY 2013. The lower PBT was mainly attributable to lower margins and share of higher losses in an associated company.

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

For the quarter under review, the Group achieved a higher PBT of RM20.1 million as compared with a PBT of RM10.6 million in the preceding quarter. The improvement in PBT was mainly contributed by higher unrealised exchange gain and recognition of deferred income arising from tax incentive claims as mentioned above.

13. Prospects

Chinese steel products continue to be dumped into Malaysia in higher quantities through the leakages contained in various trade remedial actions. The industry is now reviewing the effectiveness of these actions together with relevant government authorities. If these leakages cannot be closed effectively in the near future, the Malaysian steel industry will come under even greater pressure and the Group will not be able to hold its modest profits in this severe scenario in the financial year ending 30 June 2015. Nonetheless, the Board is hopeful that with stronger enforcement on anti-dumping actions and various cost savings measures, this severe scenario can be avoided.

14. Profit forecast/Profit guarantee

This note is not applicable.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014
The figures have not been audited
15. Profit before taxation

| | Current Year Quarter 30/06/2014 RM'000 | Current Year To-date 30/06/2014 RM'000 |
|--|---|---|
| Profit before taxation is arrived at after charging/(crediting): | | |
| Finance income | (407) | (848) |
| Gross dividend income from other investments | (1) | (245) |
| Depreciation and amortisation | 18,051 | 71,668 |
| Impairment loss on trade receivables | 7,897 | 8,782 |
| Inventories written down | (830) | 226 |
| Gain on foreign exchange | (5,083) | (7,640) |
| Fair value (gain)/loss on derivative instruments | (536) | 97 |
| Gain on disposal of quoted/unquoted investments or properties | - | - |
| Impairment of properties, plant and equipment | - | - |

16. Taxation

| | Individual Quarter | | Cumulative Quarter | |
|--|-------------------------|--|-------------------------|---|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To-date | Preceding Year Corresponding Period |
| | 30/06/2014 RM'000 | 30/06/2013 RM'000 | 30/06/2014 RM'000 | 30/06/2013 RM'000 |
| Current taxation (Malaysian): | | | | |
| - Current year | 2,033 | 3,416 | 8,286 | 6,843 |
| - Over provision in prior years | (400) | (2,030) | (665) | (2,163) |
| | 1,633 | 1,386 | 7,621 | 4,680 |
| Deferred taxation: | | | | |
| - Current year | 3,468 | (1,146) | 776 | (3,121) |
| - Under/(Over) provision in prior years | 301 | (1,936) | (125) | (1,410) |
| | 3,769 | (3,082) | 651 | (4,531) |
| Utilisation of tax credit receivable arising from unutilised reinvestment allowances | | | | |
| - Current year | 1,176 | 2,731 | 2,922 | 6,148 |
| - Over provision in prior years | (150) | (5,118) | (150) | (5,119) |
| | 1,026 | (2,387) | 2,772 | 1,029 |
| | 6,428 | (4,083) | 11,044 | 1,178 |

The Group's effective tax rate for the financial year-to-date was higher than statutory tax rate mainly due to tax losses for certain companies not recognised as credit at Group and higher disallowed expenses for certain companies.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

The figures have not been audited

17. Corporate proposals

On 30 April 2014, Hong Leong Investment Bank Berhad (“HLIB”) announced, on behalf of Southern Steel Berhad (“SSB” or the “Company”), that the Company proposed to undertake the following:

- i) a renounceable rights issue of up to RM209,708,604 nominal value of five (5)-year 5% redeemable convertible unsecured loan stocks at 100% of its nominal value (“RCULS”) on the basis of RM1.00 nominal value of RCULS for every two (2) existing ordinary shares of RM1.00 each held in SSB (“SSB Shares”) on an entitlement date to be determined later by the Board (“Proposed Rights Issue of RCULS”); and
- ii) an increase in the authorised share capital of SSB from RM502,000,000 comprising 500,000,000 SSB Shares and 2,000,000 preference shares of RM1.00 each in SSB (“Preference Shares”) to RM802,000,000 comprising 800,000,000 SSB Shares and 2,000,000 Preference Shares (“Proposed Increase in Authorised Share Capital”).

(The Proposed Rights Issue of RCULS and the Proposed Increase in Authorised Share Capital are collectively referred to as the “Proposals”)

The Proposals are conditional upon approvals being obtained from the following:

- (i) the Securities Commission Malaysia (“SC”) for the issuance of the RCULS;
- (ii) Bursa Malaysia Securities Berhad (“Bursa Securities”) for the following:
 - (a) admission of the RCULS to the Official List of Bursa Securities; and
 - (b) listing of and quotation for the RCULS to be issued pursuant to the Proposed Rights Issue of RCULS and the new SSB Shares to be issued pursuant to the conversion of RCULS, on the Main Market of Bursa Securities;
- (iii) the shareholders of SSB at an extraordinary general meeting to be convened; and
- (iv) other relevant authorities/parties, if required.

HLIB had, on behalf of the Company, submitted an application on 25 August 2014 for the listing of and quotation for the RCULS to be issued pursuant to the Proposed Rights Issue of RCULS and the new SSB Shares to be issued pursuant to the conversion of RCULS to the Bursa Securities. HLIB had also, on even date, submitted an application to the SC for the issuance of RCULS pursuant to the Proposed Rights Issue of RCULS.

The Proposed Rights Issue of RCULS is conditional upon the Proposed Increase in Authorised Share Capital. The Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

For the avoidance of doubt, upon receipt of all relevant approvals, the Proposals will be implemented separately and are not meant to be completed simultaneously.

Barring any unforeseen circumstances and subject to all approvals being obtained, the Proposals are expected to be completed in the fourth quarter of 2014.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

The figures have not been audited

18. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 30 June 2014 are as follows: -

| | RM'000 |
|---------------------------------|---------------|
| Unsecured long term borrowings | 438,378 |
| Unsecured short term borrowings | 577,331 |
| | 1,015,709 |

There were no borrowings denominated in foreign currencies as at 30 June 2014.

19. Changes in material litigation

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

20. Dividend

- (a) The Board does not recommend any final dividend for the financial year ended 30 June 2014 (2012/2013: Nil).
- (b) For the financial year-to-date, a total dividend of 4.0 sen per share tax exempt (2012/2013: 7.0 sen per share tax exempt) has been declared.

21. Earnings per ordinary share

- (a) Basic earnings per ordinary share

The 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 RM13,393,000 (4th quarter 2012/2013 : RM24,222,000) by the weighted average number of ordinary shares during the period of 419,417,208 (4th quarter 2012/2013 : 419,417,208).

The 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 RM18,952,000 (2012/2013 : RM42,177,000) by the weighted average number of ordinary shares during the period of 419,417,208 (2012/2013 : 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 and preceding year corresponding quarter/period as there were no dilutive potential ordinary shares.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014
The figures have not been audited
22. Realised and unrealised profits/(losses) disclosure

The breakdown of the retained earnings of the Group, into realised and unrealised profits/(losses) are as follows:

| | As At End of Current Quarter 30/06/2014 RM'000 | As At End of Preceding Financial Year 30/06/2013 RM'000 |
|--|---|---|
| Total retained earnings of the Company and its subsidiaries: | | |
| -realised | 461,395 | 445,077 |
| -unrealised | 14,694 | (13,526) |
| | 476,089 | 431,551 |
| Total share of retained earnings of associated companies: | | |
| -realised | (23,562) | 384 |
| -unrealised | 30 | - |
| | (23,532) | 384 |
| Less: Consolidation adjustments | (76,881) | (58,435) |
| Group retained earnings | 375,676 | 373,500 |

By Order of the Board
Southern Steel Berhad

Joanne Leong Wei Yin
Lee Wui Kien
Company Secretaries

Kuala Lumpur
27 August 2014