

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2017**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2017 RM'000	30/06/2016 RM'000	30/06/2017 RM'000	30/06/2016 RM'000
<b>Revenue</b>	654,919	590,882	2,638,142	2,400,495
Cost of sales	(630,914)	(501,317)	(2,318,143)	(2,284,469)
<b>Gross profit</b>	24,005	89,565	319,999	116,026
Operating expenses	(43,808)	(44,091)	(173,020)	(153,325)
Other operating income/(expenses)	23,922	(135,253)	8,657	(131,533)
<b>Profit/(Loss) from operation</b>	4,119	(89,779)	155,636	(168,832)
Interest income	671	647	1,397	1,621
Finance costs	(12,976)	(8,282)	(48,464)	(44,222)
Share of profit/(loss) in associated companies, net of tax	249	1,185	1,553	(1,696)
<b>(Loss)/ Profit before taxation</b>	(7,937)	(96,229)	110,122	(213,129)
Taxation	13,924	(15,917)	(14,929)	(6,754)
<b>Profit/(Loss) for the period</b>	5,987	(112,146)	95,193	(219,883)
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	5,567	(112,675)	93,295	(221,153)
Non-controlling interests	420	529	1,898	1,270
<b>Profit/(Loss) for the period</b>	5,987	(112,146)	95,193	(219,883)
<b>Earnings/(Loss) per ordinary share (sen): -</b>				
(a) Basic	1.30	(26.86)	22.07	(52.73)
(b) Fully diluted	0.99	N/A	16.04	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 2016.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2017 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2017 RM'000	30/06/2016 RM'000	30/06/2017 RM'000	30/06/2016 RM'000
<b>Profit/(Loss) for the period</b>	5,987	(112,146)	95,193	(219,883)
Gain/(Loss) on fair value of available-for-sale financial assets	589	(17)	1,046	(10)
Reversal of fair value reserve upon disposal of available-for-sale financial assets	-	-	-	(42)
Foreign currency translation differences for foreign operation	(23)	(3,770)	58	(3,743)
Cash flow hedge	(1,631)	9,812	417	(1,111)
<b>Total comprehensive income/(expense) for the period</b>	4,922	(106,121)	96,714	(224,789)
<b>Total comprehensive income/(expense) attributable to:</b>				
Owners of the Company	4,545	(106,650)	94,859	(226,059)
Non-controlling interests	377	529	1,855	1,270
<b>Total comprehensive income/(expense) for the period</b>	4,922	(106,121)	96,714	(224,789)

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 2016.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**
**The figures have not been audited**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	As At End of Current Quarter 30/06/2017 RM'000	As At End of Preceding Financial Year 30/06/2016 RM'000
<b>ASSETS</b>		
Property, plant and equipment	1,197,606	1,247,321
Goodwill on consolidation	30,256	30,256
Investments in associated companies	15,405	14,127
Other investments	1,427	381
Deferred tax assets	53,138	49,664
Tax credit receivable	22,716	18,341
<b>Total non-current assets</b>	<b>1,320,548</b>	<b>1,360,090</b>
Inventories	688,567	518,637
Trade and other receivables	178,400	188,034
Current tax assets	6,111	1,649
Derivative financial assets	103	1,059
Cash and cash equivalents	89,953	46,949
<b>Total current assets</b>	<b>963,134</b>	<b>756,328</b>
<b>TOTAL ASSETS</b>	<b>2,283,682</b>	<b>2,116,418</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	464,874	419,417
Reserves	154,448	106,502
Redeemable Convertible Unsecured Loan Stocks (Equity Portion)	145,544	153,900
	764,866	679,819
<b>NON-CONTROLLING INTERESTS</b>	<b>5,392</b>	<b>8,316</b>
<b>TOTAL EQUITY</b>	<b>770,258</b>	<b>688,135</b>
<b>LIABILITIES</b>		
Deferred tax liabilities	9,798	14,987
Redeemable Convertible Unsecured Loan Stocks (Liability Portion)	21,143	30,306
Deferred income	11,722	13,246
Employee benefits	29,341	26,821
Trade and other payables	-	67,912
Borrowings	291,921	221,137
<b>Total non-current liabilities</b>	<b>363,925</b>	<b>374,409</b>
Employee benefits	333	441
Trade and other payables	374,953	424,202
Borrowings	770,471	621,196
Current tax liabilities	3,603	5,490
Derivative financial liabilities	139	2,545
<b>Total current liabilities</b>	<b>1,149,499</b>	<b>1,053,874</b>
<b>TOTAL LIABILITIES</b>	<b>1,513,424</b>	<b>1,428,283</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,283,682</b>	<b>2,116,418</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.78</b>	<b>1.62</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2016

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**
**The figures have not been audited**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017**

	Attributable to owners of the Company										Total	Non-controlling interests	Total equity
	Non-distributable					Distributable							
	Share capital	Redeemable convertible unsecured loan stocks ("RCULS") (equity portion)	Share premium	Merger reserve	Other reserve	Fair value reserve	Hedging reserve	Exchange fluctuation reserve	Executive share scheme 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	RM'000
<b>Current year-to-date ended 30 June 2017</b>													
<b>At 1 July 2016</b>	419,417	153,900	35,852	30,000	100	11	(1,111)	1,724	-	39,926	679,819	8,316	688,135
Profit for the period	-	-	-	-	-	-	-	-	-	93,295	93,295	1,898	95,193
Other comprehensive income:													
- Gain on fair value of available-for-sale financial assets	-	-	-	-	-	1,046	-	-	-	-	1,046	-	1,046
- Foreign currency translation differences	-	-	-	-	-	-	-	58	-	-	58	-	58
- Cash flow hedge	-	-	-	-	-	-	460	-	-	-	460	(43)	417
<b>Total comprehensive income for the period</b>	-	-	-	-	-	1,046	460	58	-	93,295	94,859	1,855	96,714

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**
**The figures have not been audited**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017 (cont'd)**

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Non-distributable								Distributable				
	Share capital	RCULS (equity portion)	Share premium	Merger reserve	Other reserve	Fair value reserve	Hedging reserve	Exchange fluctuation reserve	Executive share scheme reserve	Retained earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Current year-to-date ended 30 June 2017</b>													
Conversion of RCULS	9,605	(8,356)	-	-	-	-	-	-	-	(95)	1,154	-	1,154
Transfer to other reserve	-	-	-	-	90	-	-	-	-	(90)	-	-	-
Liquidation of a subsidiary	-	-	-	-	(50)	-	-	-	-	50	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	(12,864)	(12,864)	-	(12,864)
Share-based payments	-	-	-	-	-	-	-	-	1,015	-	1,015	-	1,015
Acquisition from non-controlling interests	-	-	-	-	-	-	-	-	-	883	883	(4,779)	(3,896)
<b>Total transactions with owners</b>	<b>9,605</b>	<b>(8,356)</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,015</b>	<b>(12,116)</b>	<b>(9,812)</b>	<b>(4,779)</b>	<b>(14,591)</b>
Reclassification pursuant to S618(2) of CA 2016*	35,852	-	(35,852)	-	-	-	-	-	-	-	-	-	-
<b>At 30 June 2017</b>	<b>464,874</b>	<b>145,544</b>	<b>-</b>	<b>30,000</b>	<b>140</b>	<b>1,057</b>	<b>(651)</b>	<b>1,782</b>	<b>1,015</b>	<b>121,105</b>	<b>764,866</b>	<b>5,392</b>	<b>770,258</b>

\* Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any outstanding share premium shall become part of share capital. Included in share capital is share premium amounting to RM35,852,064 that is available to be utilised in accordance with Section 618(3) of CA 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**
**The figures have not been audited**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017 (cont'd)**

	← Attributable to owners of the Company →												
	Share capital	RCULS (equity portion)	Share premium	Non-distributable			Distributable				Total	Non-controlling interests	Total equity
Merger reserve				Other reserve	Fair value reserve	Hedging 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	RM'000	RM'000	RM'000
Preceding year corresponding period ended 30 June 2016													
At 1 July 2015	419,417	153,900	35,852	30,000	50	63	-	5,467	261,129	905,878	7,046	912,924	
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	(221,153)	(221,153)	1,270	(219,883)	
Other comprehensive (expense)/income:													
- Gain on fair value of available-for-sale financial assets	-	-	-	-	-	(10)	-	-	-	(10)	-	(10)	
- Reversal of fair value reserve upon disposal of available for sales financial assets	-	-	-	-	-	(42)	-	-	-	(42)	-	(42)	
- Foreign currency translation differences	-	-	-	-	-	-	-	(3,743)	-	(3,743)	-	(3,743)	
- Cash flow hedge	-	-	-	-	-	-	(1,111)	-	-	(1,111)	-	(1,111)	
<b>Total comprehensive (expense)/income for the period</b>	-	-	-	-	-	(52)	(1,111)	(3,743)	(221,153)	(226,059)	1,270	(224,789)	
Transfer to capital redemption reserve	-	-	-	-	50	-	-	-	(50)	-	-	-	
<b>At 30 June 2016</b>	<b>419,417</b>	<b>153,900</b>	<b>35,852</b>	<b>30,000</b>	<b>100</b>	<b>11</b>	<b>(1,111)</b>	<b>1,724</b>	<b>39,926</b>	<b>679,819</b>	<b>8,316</b>	<b>688,135</b>	

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 2016.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017**

	Current Year- To-Date 30/06/2017 RM'000	Preceding Year Corresponding Period 30/06/2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	110,122	(213,129)
Adjustments for:-		
Depreciation and amortisation	61,140	63,440
Net financing costs	47,067	42,601
Dividend income	-	(4)
Share of (profit)/loss in associated companies, net of tax	(1,553)	1,696
Gain on disposal of associated companies	-	(25,039)
Gain on disposal of property, plant and equipment	(44)	(125)
Gain on disposal of other investment	(2,993)	(52)
Write off of property, plant and equipment	1,131	140,873
Non-cash items	4,305	14,886
Operating profit before changes in working capital	219,175	25,147
Changes in working capital		
Net change in current assets	(160,296)	330,777
Net change in current liabilities	(125,054)	1,937
Taxation paid	(30,127)	(9,770)
Financing costs paid	(47,146)	(45,572)
Retirement benefits paid	(1,159)	(941)
Dividend income received	275	4
Interest income received	1,397	1,621
<b>Net cash (used in)/generated from operating activities</b>	(142,935)	303,203
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition from non-controlling interests	(903)	-
Acquisition of property, plant and equipment	(11,499)	(71,449)
Proceeds from disposal of other investment	311	144
Proceeds from disposal of investment in associated companies	-	25,039
Proceeds from disposal of plant and equipment	-	125
<b>Net cash used in investing activities</b>	(12,091)	(46,141)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to owners of the Company	(12,864)	-
Drawdown/(Repayment) of borrowings	221,487	(250,448)
RCULS coupon payment	(9,223)	(9,287)
<b>Net cash generated from/(used in) financing activities</b>	199,400	(259,735)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	44,374	(2,673)
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	45,499	48,132
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b>	58	40
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	89,931	45,499

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER  
 ENDED 30 JUNE 2017**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED  
 30 JUNE 2017 (cont'd)**

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

	<b>30/06/2017</b>	<b>30/06/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits, cash and bank balances	89,953	46,949
Bank overdrafts	(22)	(1,450)
	<u>89,931</u>	<u>45,499</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2016.



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

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**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 2016. This interim financial report also complies with International Accounting Standards 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 2016.

The Group has adopted the MFRSs, amendments and interpretations effective for annual period beginning on or after 1 January 2016 where applicable to the Group. The initial adoption of these applicable MFRSs, 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 during the quarter under review were 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**

For the quarter under review, RM5,498,625 nominal amount of RCULS were converted into 5,236,783 new ordinary shares. For the financial year-to-date, RM10,085,068 nominal amount of RCULS were converted into 9,604,819 new ordinary shares. The outstanding nominal value of RCULS as at 30 June 2017 was RM175,656,182.

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

**7. Dividend paid**

During the financial year-to-date, the Company paid an interim single tier dividend of 3.0 sen per share amounting to RM13 million on 1 June 2017.

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 ENDED 30 JUNE 2017**

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**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
<b>Segment profit</b>	152,488	3,148	155,636
Included in the measure of segment profit are:			
Revenue from external customers	2,638,142	-	2,638,142
Depreciation and amortisation	61,116	24	61,140
<b>Reconciliation of reportable segment profit</b>			<b>RM'000</b>
<b>Profit</b>			
Reportable segment			155,636
Interest income			1,397
Finance costs			(48,464)
Share of profit in associated companies, net of tax			1,553
Profit before taxation			<u>110,122</u>

**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:

- a) Smart Motive Sdn Bhd ("SM"), an indirect wholly-owned subsidiary of the Company, has been placed under members' voluntary liquidation pursuant to Section 439(1)(b) of the CA 2016. The Joint Liquidators of SM have convened a Final Meeting to conclude the Members' Voluntary Liquidation and accordingly, SM was dissolved on 21 May 2017.
- b) Solid Samphire Motif Sdn Bhd ("SSMC"), a wholly-owned subsidiary of the Company, has been placed under member's voluntary liquidation pursuant to Section 439(1)(b) of the CA 2016. The Joint Liquidators of SSMC have convened a Final Meeting to conclude the Member's Voluntary Liquidation and accordingly, SSMC was dissolved on 19 July 2017.

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**11. Review of performance**

For the quarter under review, the Group recorded revenue of RM655 million and loss before taxation (“LBT”) of RM8 million as compared with revenue and LBT of RM591 million and RM96 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2016 (“FY2016”).

For the financial year-to-date, the Group registered revenue of RM2,638 million and profit before taxation (“PBT”) of RM110 million as compared with revenue and LBT of RM2,400 million and RM213 million respectively for the corresponding period of FY2016.

The higher revenue for the quarter under review/financial year-to-date as compared with the corresponding quarter/period of the FY2016 was mainly due to higher selling prices. Excluding the impact of RM141 million in respect of the write-off in property, plant and equipment of a subsidiary in the corresponding quarter of the FY2016, the performance of the Group for the quarter under review was worse than that of the corresponding quarter due to higher material cost. However, performance for the financial year-to-date was better than the corresponding period of FY2016 due to stronger results in the last few quarters.

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

For the quarter under review, the Group posted a LBT of RM8 million as compared with a PBT of RM37 million in the preceding quarter. The lower result was attributable to lower sales volume and intense price competition due to the prevailing soft market.

**13. Prospects**

With international steel prices firming, imports reducing and a steady domestic demand, the Board expects the performance of the Group for the financial year ending 30 June 2018 to be satisfactory.

**14. Profit forecast/profit guarantee**

This note is not applicable.

**15. Profit before taxation**

	Current Year Quarter 30/06/2017 RM'000	Current Year- To-Date 30/06/2017 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation and amortisation	14,784	61,140
Reversal of provision for inventories	(2,268)	(18,219)
Loss on foreign exchange	2,800	6,957
Fair value gain on financial instruments designated as hedge instrument	(815)	(2,179)
Write-off of property, plant and equipment	18	1,131
Gross dividend income from other investment	-	-
Allowance of impairment and write-off of trade receivables	131	287
Gain on disposal of quoted/unquoted investments or properties	(2,993)	(2,993)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

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**16. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2017 RM'000	Preceding Year Corresponding Quarter 30/06/2016 RM'000	Current Year- To-Date 30/06/2017 RM'000	Preceding Year Corresponding Period 30/06/2016 RM'000
Current taxation				
- Current year	4,264	10,905	30,497	16,324
- (Over)/Under provision in prior year	(287)	646	(6,719)	(906)
	<u>3,977</u>	<u>11,551</u>	<u>23,778</u>	<u>15,418</u>
Deferred taxation				
- Current year	(15,836)	3,689	(7,274)	(8,475)
- (Over)/Under provision in prior year	(653)	140	(1,711)	(199)
	<u>(16,489)</u>	<u>3,829</u>	<u>(8,985)</u>	<u>(8,674)</u>
Utilisation of tax credit receivable arising from unutilised reinvestment allowances				
- Current year	(1,412)	-	136	-
- Under provision in prior year	-	537	-	10
	<u>(1,412)</u>	<u>537</u>	<u>136</u>	<u>10</u>
	<u>(13,924)</u>	<u>15,917</u>	<u>14,929</u>	<u>6,754</u>

The Group's effective tax rate for the quarter under review and financial year-to-date was lower than the statutory tax rate mainly due to recognition of deferred tax asset by a subsidiary.

**17. Corporate proposals**

There are no corporate proposals announced but not completed as at the date of this report.

**18. Group's borrowings and debt securities**

Particulars of the Group's borrowings and debt securities as at 30 June 2017 are as follows:

	RM'000
Borrowings:	
Unsecured long term borrowings	291,921
Unsecured short term borrowings	770,471
	<u>1,062,392</u>
Debt Securities:	
Redeemable Convertible Unsecured Loan Stocks – Liability Portion	<u>21,143</u>

There were no borrowings denominated in foreign currencies as at 30 June 2017.

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**19. Changes in material litigation**

Southern HRC Sdn Bhd (“SHRC”), a wholly-owned subsidiary of Southern Steel Berhad, has on 7 July 2016 and 11 July 2016 terminated the contract between SHRC and Danieli & C. Officine Meccaniche S.p.A. (“Danieli”) dated 16 June 2011 for the design, manufacture and supply of a “Thin Slab Casting Unit feeding directly a twin Steckel Mill” (“Plant”) for the production of hot rolled coils (“Contract”) and the Service Agreement No. 1 between SHRC, Danieli and Danieli Malaysia Sdn Bhd (“DMSB”) dated 10 May 2014 (“Service Agreement”) respectively.

Danieli Co. Ltd (a wholly-owned subsidiary of Danieli) (“Danieli Thailand”) has demanded payment of €2,843,650.90 being the balance purchase price of the spare parts sold and delivered. SHRC is disputing Danieli’s aforesaid claims.

**(i) Commencement of Arbitration Proceedings by SHRC**

Following the termination of the Contract and Service Agreement as mentioned above, SHRC has commenced arbitration proceedings against Danieli and DMSB by way of a Request for Arbitration dated 29 August 2016 under the Arbitration Rules of the International Chamber of Commerce (“ICC Rules”) arising out of the Contract and Service Agreement.

SHRC is claiming several reliefs against Danieli and DMSB, including repayment of contract sum and damages for misrepresentation and breach of contract.

**(ii) Commencement of Arbitration Proceedings against SHRC by Danieli and DMSB**

Danieli and DMSB have also commenced arbitration proceedings against SHRC by way of a Request for Arbitration under the ICC Rules and the Request came to the attention of SHRC’s management on 25 August 2016.

Danieli and DMSB are seeking several declarations in relation to the Contract and the Service Agreement and claiming damages, interest and costs as well as payment of €34,908,670.70. As mentioned in Note 19(i) above, SHRC is disputing and claiming several reliefs against Danieli and DMSB.

Both arbitration proceedings in Notes 19(i) and 19(ii) have been consolidated (“First Arbitration”) and will be heard together by an arbitral tribunal in Singapore.

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**The figures have not been audited**

**19. Changes in material litigation (cont'd)**

(iii) Commencement of Arbitration Proceedings against SHRC by Danieli Thailand

Danieli Thailand has commenced arbitration proceedings against SHRC by way of a Request for Arbitration under the ICC Rules and the Request came to the attention of SHRC's management on 24 November 2016 ("Second Arbitration").

Danieli Thailand is claiming the sum of €2,800,000.00, being the balance purchase price of spare parts under a sale contract dated 24 December 2013 between SHRC and Danieli Thailand ("Sale Contract") plus interest and general damages.

SHRC is disputing and will be challenging the claim by Danieli Thailand in the arbitration proceedings.

The same arbitral tribunal for the First Arbitration had been constituted to hear this Second Arbitration. The arbitral tribunal has directed that the Second Arbitration shall be heard jointly with the First Arbitration.

(iv) Commencement of Court Proceeding against SHRC by Danieli Thailand

Danieli Thailand has commenced a court proceeding against SHRC at the Kuala Lumpur Sessions Court for payment of a further €115,067.10 plus interest and costs for certain goods and services provided to SHRC in respect of the Plant ("Court Proceeding").

SHRC is disputing and will be challenging the claim by Danieli Thailand.

SHRC is seeking to stay the Court Proceeding until a final award is issued by the arbitral tribunal for both the First Arbitration and Second Arbitration ("SHRC's Application").

Kuala Lumpur Sessions Court dismissed SHRC's Application. SHRC is appealing to the Kuala Lumpur High Court against the Sessions Court's decision.

The claims are not expected to have a material impact on the earnings of SSB Group for the current financial year.

**20. Dividend**

- (a) The Board does not recommend any final dividend for the financial year ended 30 June 2017 (2015/2016: Nil).
- (b) For the financial year-to-date, a total single tier dividend of 3.0 sen per share (2015/2016: Nil) has been declared.

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**The figures have not been audited**
**21. Earnings/(Loss) per ordinary share**
**(a) Basic earnings/(loss) 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 RM5,567,000 (4<sup>th</sup> quarter 2015/2016: loss attributable to owners of the Company of RM112,675,000) by the weighted average number of ordinary shares during the quarter of 426,810,264 (4<sup>th</sup> quarter 2015/2016: 419,417,208).

The basic earnings per ordinary share for this financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM93,295,000 (2015/2016: loss attributable to owners of the Company of RM221,153,000) by the weighted average number of ordinary shares during the period of 422,669,327 (2015/2016 : 419,417,208).

	<i>Weighted average number of ordinary shares</i>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To-Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>30/06/2017 '000</b>	<b>30/06/2016 '000</b>	<b>30/06/2017 '000</b>	<b>30/06/2016 '000</b>
Issued ordinary shares at beginning of period	423,785	419,417	419,417	419,417
Effect of RCULS conversion	3,025	-	3,252	-
<b>Weighted average number of ordinary shares (basic)</b>	<b>426,810</b>	<b>419,417</b>	<b>422,669</b>	<b>419,417</b>

**(b) Diluted earnings/(loss) per ordinary share**

The diluted earnings per ordinary share for the quarter under review is calculated by dividing the Group's profit attributable to owners of the Company (diluted) of RM5,856,000 by the weighted average number of ordinary shares during the quarter of 594,101,866 after adjustment for the effect of Redeemable Convertible Unsecured Loan Stocks ("RCULS").

The diluted earnings per ordinary share for the financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company (diluted) of RM94,613,000 by the weighted average number of ordinary shares during the period of 589,960,929 after adjustment for the effect of RCULS.

	<b>Current Year Quarter 30/06/2017 RM'000</b>	<b>Current Year- To-Date 30/06/2017 RM'000</b>
Profit attributable to owners of the Company (basic)	5,567	93,295
Interest expense on RCULS	289	1,318
<b>Profit attributable to owners of the Company (diluted)</b>	<b>5,856</b>	<b>94,613</b>
Weighted average number of ordinary shares ('000)	426,810	422,669
Effect of dilution from RCULS conversion	167,292	167,292
<b>Adjusted weighted average number of ordinary shares in issue and issuable ('000)</b>	<b>594,102</b>	<b>589,961</b>
<b>Diluted earnings per share (sen)</b>	<b>0.99</b>	<b>16.04</b>

The Group's diluted loss per ordinary share in preceding year corresponding quarter/period is not presented as the assumed potential new ordinary shares were anti-dilutive.

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 ENDED 30 JUNE 2017**

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:

	<b>As At End of Current Quarter 30/06/2017 RM'000</b>	<b>As At End of Preceding Financial Year 30/06/2016 RM'000</b>
Total retained earnings of the Company and its subsidiaries:		
- realised	190,645	120,904
- unrealised	18,332	14,044
	<u>208,977</u>	<u>134,948</u>
Total share of accumulated losses of associated companies - realised	45	(1,508)
Less: Consolidation adjustments	(87,917)	(93,514)
Group's retained earnings	<u>121,105</u>	<u>39,926</u>

By Order of the Board  
 Southern Steel Berhad

Joanne Leong Wei Yin  
 Lee Wui Kien  
 Company Secretaries

Kuala Lumpur  
 24 August 2017