

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
<b>Revenue</b>	585,750	592,435	585,750	592,435
Cost of sales	(494,591)	(593,670)	(494,591)	(593,670)
<b>Gross profit/(loss)</b>	91,159	(1,235)	91,159	(1,235)
Operating expenses	(39,735)	(33,595)	(39,735)	(33,595)
Other operating expenses	(7,663)	(10,349)	(7,663)	(10,349)
<b>Profit/(Loss) from operation</b>	43,761	(45,179)	43,761	(45,179)
Interest income	216	197	216	197
Finance costs	(11,427)	(10,649)	(11,427)	(10,649)
Share of profit/(loss) in associated companies, net of tax	547	(952)	547	(952)
<b>Profit/(Loss) before taxation</b>	33,097	(56,583)	33,097	(56,583)
Taxation	(13,417)	4,923	(13,417)	4,923
<b>Profit/(Loss) for the period</b>	19,680	(51,660)	19,680	(51,660)
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	19,303	(51,910)	19,303	(51,910)
Non-controlling interests	377	250	377	250
<b>Profit/(Loss) for the period</b>	19,680	(51,660)	19,680	(51,660)
<b>Earnings/(Loss) per ordinary share (sen): -</b>				
(a) Basic	4.60	(12.38)	4.60	(12.38)
(b) Fully diluted	3.38	N/A	3.38	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 FIRST QUARTER ENDED 30 SEPTEMBER 2016**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
<b>Profit/(Loss) for the period</b>	19,680	(51,660)	19,680	(51,660)
Gain/(Loss) on fair value of available-for-sale financial assets	208	(57)	208	(57)
Foreign currency translation differences for foreign operation	76	121	76	121
Cash flow hedge	5,509	10,510	5,509	10,510
<b>Total comprehensive income/(expense) for the period</b>	<b>25,473</b>	<b>(41,086)</b>	<b>25,473</b>	<b>(41,086)</b>
<b>Total comprehensive income/(expense) attributable to:</b>				
Owners of the Company	25,093	(41,336)	25,093	(41,336)
Non-controlling interests	380	250	380	250
<b>Total comprehensive income/(expense) for the period</b>	<b>25,473</b>	<b>(41,086)</b>	<b>25,473</b>	<b>(41,086)</b>

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 FIRST QUARTER ENDED 30 SEPTEMBER 2016**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016**

	As At End of Current Quarter 30/09/2016 RM'000	As At End of Preceding Financial Year 30/06/2016 RM'000
<b>ASSETS</b>		
Property, plant and equipment	1,233,528	1,247,321
Goodwill on consolidation	30,256	30,256
Investments in associated companies	14,674	14,127
Other investments	589	381
Deferred tax assets	43,641	49,664
Tax credit receivable	18,196	18,341
<b>Total non-current assets</b>	<b>1,340,884</b>	<b>1,360,090</b>
Inventories	542,025	518,637
Trade and other receivables	187,424	188,034
Current tax assets	1,974	1,649
Derivative financial assets	4,246	1,059
Cash and cash equivalents	45,557	46,949
<b>Total current assets</b>	<b>781,226</b>	<b>756,328</b>
<b>TOTAL ASSETS</b>	<b>2,122,110</b>	<b>2,116,418</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	419,607	419,417
Reserves	131,595	106,502
Redeemable Convertible Unsecured Loan Stocks (Equity Portion)	153,735	153,900
	704,937	679,819
<b>NON-CONTROLLING INTERESTS</b>		
	8,696	8,316
<b>TOTAL EQUITY</b>	<b>713,633</b>	<b>688,135</b>
<b>LIABILITIES</b>		
Deferred tax liabilities	14,951	14,987
Redeemable Convertible Unsecured Loan Stocks (Liability Portion)	28,325	30,306
Deferred income	12,865	13,246
Retirement benefits	27,801	26,821
Trade and other payables	70,177	67,912
Borrowings	345,762	221,137
<b>Total non-current liabilities</b>	<b>499,881</b>	<b>374,409</b>
Retirement benefits	83	441
Trade and other payables	238,295	424,202
Borrowings	659,145	621,196
Derivative financial liabilities	331	2,545
Current tax liabilities	10,742	5,490
<b>Total current liabilities</b>	<b>908,596</b>	<b>1,053,874</b>
<b>TOTAL LIABILITIES</b>	<b>1,408,477</b>	<b>1,428,283</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,122,110</b>	<b>2,116,418</b>
Net assets per share attributable to owners of the Company (RM)	1.68	1.62

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 FIRST QUARTER ENDED 30 SEPTEMBER 2016**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

	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	Retained earnings			
	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 September 2016</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	-	-	-	-	-	-	-	-	19,303	19,303	377	19,680
Other comprehensive income:												
- Gain on fair value of available-for-sale financial assets	-	-	-	-	-	208	-	-	-	208	-	208
- Foreign currency translation differences	-	-	-	-	-	-	-	76	-	76	-	76
- Cash flow hedge	-	-	-	-	-	-	5,506	-	-	5,506	3	5,509
<b>Total comprehensive income for the period</b>	-	-	-	-	-	208	5,506	76	19,303	25,093	380	25,473
- Conversion of RCULS	190	(165)	-	-	-	-	-	-	-	25	-	25
<b>At 30 September 2016</b>	419,607	153,735	35,852	30,000	100	219	4,395	1,800	59,229	704,937	8,696	713,633

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (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	RM'000	RM'000
Preceding year corresponding period ended 30 September 2015														
<b>At 1 July 2015</b>	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	-	-	-	-	-	-	-	-	(51,910)	(51,910)	250	(51,660)		
Other comprehensive (expense)/income:														
- Loss on fair value of available-for-sale financial assets	-	-	-	-	-	(57)	-	-	-	(57)	-	(57)		
- Foreign currency translation differences	-	-	-	-	-	-	-	121	-	121	-	121		
- Cash flow hedge	-	-	-	-	-	-	10,510	-	-	10,510	-	10,510		
<b>Total comprehensive (expense)/income for the period</b>	-	-	-	-	-	(57)	10,510	121	(51,910)	(41,336)	250	(41,086)		
<b>At 30 September 2015</b>	419,417	153,900	35,852	30,000	50	6	10,510	5,588	209,219	864,542	7,296	871,838		

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 FIRST QUARTER ENDED 30 SEPTEMBER 2016**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

	Current Year- To-Date 30/09/2016 RM'000	Preceding Year Corresponding Period 30/09/2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	33,097	(56,583)
Adjustments for:-		
Depreciation and amortisation	15,436	15,424
Net financing costs	11,211	10,649
Share of (profit)/loss in associated companies, net of tax	(547)	952
Gain on disposal of associated companies	-	(25,039)
Non-cash items	4,637	32,399
Operating profit/(loss) before changes in working capital	63,834	(22,198)
Changes in working capital		
Net change in current assets	(22,778)	82,461
Net change in current liabilities	(184,513)	(63,849)
Taxation paid	(2,358)	(1,100)
Net financing costs paid	(11,061)	(13,722)
Retirement benefits paid	(20)	(116)
Interest income received	216	-
<b>Net cash used in operating activities</b>	(156,680)	(18,524)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(2,757)	(27,625)
Proceeds from disposal of plant and equipment	-	60
Proceeds from disposal of investment in associated companies	-	25,039
<b>Net cash used in investing activities</b>	(2,757)	(2,526)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	163,068	76,611
RCULS coupon payment	(4,605)	(4,605)
<b>Net cash generated from financing activities</b>	158,463	72,006
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(974)	50,956
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	45,499	48,132
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b>	76	121
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	44,601	99,209

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

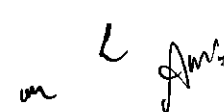
The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (cont'd)**

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

	30/09/2016 RM'000	30/09/2015 RM'000
Deposits, cash and bank balances	45,557	99,584
Bank overdrafts	(956)	(375)
	44,601	99,209

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.

  
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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

**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 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 and financial year-to-date, RM200,000 nominal amount of RCULS were converted into 190,476 new ordinary shares of RM1.00 each. The outstanding nominal value of RCULS as at 30 September 2016 was RM185,541,250.

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**

There were no dividend paid during the quarter under review and financial year-to-date.





**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

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
<b>Segment profit</b>	43,711	50	43,761

Included in the measure of segment profit are:

Revenue from external customers	585,750	-	585,750
Depreciation and amortisation	15,430	6	15,436

**Reconciliation of reportable segment profit**

	RM'000
<b>Profit</b>	
Reportable segment	43,761
Interest income	216
Finance costs	(11,427)
Share of profit in associated companies, net of tax	547
Profit before taxation	33,097

**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:

The following Company's subsidiaries have been placed under members' voluntary liquidation:-

- a) Smart Motive Sdn Bhd, an indirect wholly-owned subsidiary; and
- b) Solid Samphire Motif Sdn Bhd, a wholly-owned subsidiary.

The liquidations are currently pending tax clearance from the Inland Revenue Board and/or final meeting to be convened.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

**The figures have not been audited**

**11. Review of performance**

For the quarter under review, the Group recorded a revenue of RM586 million and profit before taxation (“PBT”) of RM33 million compared with a revenue and loss before taxation (“LBT”) of RM592 million and RM57 million respectively for the corresponding quarter of the preceding year ended 30 June 2016 (“FY2016”).

Despite the lower revenue registered for the quarter under review, the Group managed to turn to a profit from a loss in the corresponding quarter of FY2016 due to higher selling price and lower cost.

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

For the quarter under review, the Group made a PBT of RM33 million compared with a LBT of RM96 million in the preceding quarter. Included in LBT of the preceding quarter was a write off of property, plant and equipment of a subsidiary company of RM141 million. The slightly lower operational results in the quarter under review was mainly due to an unfavourable foreign exchange movement of RM11 million.

**13. Prospects**

The Malaysian Government announced provisional safeguard duties of 13.9% and 13.4% for steel wire rod and rebar respectively effective from 26 September 2016. However, local market remains competitive as it will take a few months before the existing market inventory of cheap imports can be exhausted. With rising material costs and softer market demand, the Board expects the market to remain uncertain and volatile for the financial year ending 30 June 2017.

**14. Profit forecast/profit guarantee**

This note is not applicable.

**15. Profit before taxation**

	<b>Current Year Quarter 30/09/2016 RM'000</b>	<b>Current Year- To-Date 30/09/2016 RM'000</b>
Profit before taxation is arrived at after charging/(crediting):		
Depreciation and amortisation	15,436	15,436
Provision for and write off of inventories	20,853	20,853
Loss on foreign exchange	4,128	4,128
Fair value loss on financial instruments designated as hedge instrument	108	108
Write-off of property, plant and equipment	1,113	1,113
Gross dividend income from other investment	-	-
Allowance of impairment and write-off of trade receivables	-	-
Gain on disposal of quoted/unquoted investments or properties	-	-

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**
**The figures have not been audited**
**16. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2016 RM'000	Preceding Year Corresponding Quarter 30/09/2015 RM'000	Current Year- To-Date 30/09/2016 RM'000	Preceding Year Corresponding Period 30/09/2015 RM'000
Current taxation				
- Current year	7,288	1,844	7,288	1,844
	7,288	1,844	7,288	1,844
Deferred taxation				
- Current year	5,984	(6,094)	5,984	(6,094)
- Over provision in prior year	-	(673)	-	(673)
	5,984	(6,767)	5,984	(6,767)
Utilisation of tax credit receivable arising from unutilised reinvestment allowances				
- Current year	145	-	145	-
	13,417	(4,923)	13,417	(4,923)

The Group's effective tax rate for the quarter under review was higher than the statutory tax rate was mainly due to deferred tax asset not recognised by a subsidiary incurring loss.

**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 September 2016 are as follows:

	RM'000
Borrowings:	
Unsecured long term borrowings	345,762
Unsecured short term borrowings	659,145
	<u>1,004,907</u>
Debt Securities:	
Redeemable Convertible Unsecured Loan Stocks – Liability Portion	<u>28,325</u>

There were no borrowings denominated in foreign currencies as at 30 September 2016.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

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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” 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) 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**

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 their obligations and entitlements under the Contract and the Service Agreement and to SHRC’s termination of the Contract and the Service Agreement and claiming damages.

SHRC is disputing and will be challenging the claims during the arbitration proceedings.

Both arbitration proceedings have been consolidated and will be heard together by an arbitral tribunal in Singapore.

**20. Dividend**

(a) The Board does not recommend any interim dividend for the quarter ended 30 September 2016 of the financial year ending 30 June 2017 (2015/2016: Nil).

(b) For the financial year-to-date, no dividend has been declared (2015/2016: Nil).

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**
**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/ financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM19,303,000 (1<sup>st</sup> quarter 2015/2016: loss attributable to owners of the Company of RM51,910,000) by the weighted average number of ordinary shares during the quarter of 419,425,490 (1<sup>st</sup> quarter 2015/2016: 419,417,208).

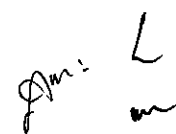
	<i>Weighted average number of ordinary shares</i>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Year</b>	<b>Preceding Year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>Quarter</b>	<b>Corresponding</b>
	<b>30/09/2016</b>	<b>30/09/2015</b>	<b>30/09/2016</b>	<b>30/09/2015</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Issued ordinary shares at beginning of period	419,417	419,417	419,417	419,417
Effect of RCULS conversion	8	-	8	-
<b>Weighted average number of ordinary shares (basic)</b>	<b>419,425</b>	<b>419,417</b>	<b>419,425</b>	<b>419,417</b>

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

The diluted earnings per ordinary share for the quarter under review/ financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company (diluted) of RM20,142,000 by the weighted average number of ordinary shares during the quarter of 596,131,000 after adjustment for the effect of Redeemable Convertible Unsecured Loan Stocks ("RCULS").

	<b>Current Year</b>	<b>Current Year-</b>
	<b>Quarter</b>	<b>To-Date</b>
	<b>30/09/2016</b>	<b>30/09/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owners of the Company	19,303	19,303
Interest expense on RCULS	371	371
Deferred taxation on RCULS	468	468
<b>Profit attributable to owners of the Company (diluted)</b>	<b>20,142</b>	<b>20,142</b>
Weighted average number of ordinary shares ('000)	419,425	419,425
Effect of dilution from RCULS conversion	176,706	176,706
<b>Adjusted weighted average number of ordinary shares in issue and issuable ('000)</b>	<b>596,131</b>	<b>596,131</b>
<b>Diluted earnings per share (sen)</b>	<b>3.38</b>	<b>3.38</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.



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER  
 ENDED 30 SEPTEMBER 2016**

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 30/09/2016 RM'000	As At End of Preceding Financial Year 30/06/2016 RM'000
Total retained earnings of the Company and its subsidiaries:		
-realised	143,550	120,904
-unrealised	11,519	14,044
	155,069	134,948
Total share of retained earnings/(accumulated losses) of associated companies:		
-realised	(961)	(1,508)
-unrealised	-	-
	(961)	(1,508)
Less: Consolidation adjustments	(94,879)	(93,514)
Group's retained earnings	59,229	39,926

By Order of the Board  
Southern Steel Berhad

Joanne Leong Wei Yin  
Lee Wui Kien  
Company Secretaries

Penang  
14 November 2016

