

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2016

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2016 RM'000	31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
Revenue	731,568	621,324	1,317,318	1,213,759
Cost of sales	(625,846)	(630,189)	(1,120,437)	(1,223,860)
Gross profit/(loss)	105,722	(8,865)	196,881	(10,101)
Operating expenses	(42,562)	(39,927)	(82,297)	(73,522)
Other operating (expenses)/ income	(4,235)	10,147	(11,898)	(201)
Profit/(Loss) from operation	58,925	(38,645)	102,686	(83,824)
Interest income	272	344	488	541
Finance costs	(12,184)	(13,366)	(23,611)	(24,015)
Share of profit/(loss) in associated companies, net of tax	828	(2,057)	1,375	(3,009)
Profit/(Loss) before taxation	47,841	(53,724)	80,938	(110,307)
Taxation	(10,802)	6,477	(24,219)	11,400
Profit/(Loss) for the period	37,039	(47,247)	56,719	(98,907)
Profit/(Loss) attributable to:				
Owners of the Company	36,553	(47,578)	55,856	(99,489)
Non-controlling interests	486	331	863	582
Profit/(Loss) for the period	37,039	(47,247)	56,719	(98,907)
Earnings/(Loss) per ordinary share (sen): -				
(a) Basic	8.67	(11.34)	13.28	(23.72)
(b) Fully diluted	6.27	N/A	9.67	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 SECOND QUARTER ENDED 31 DECEMBER 2016

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2016 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year-	Preceding Year
	Quarter	Corresponding	To-Date	Corresponding
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	37,039	(47,247)	56,719	(98,907)
(Loss)/Gain on fair value of available-for-sale financial assets	(101)	(2)	107	(59)
Foreign currency translation differences for foreign operation	17	(21)	93	100
Cash flow hedge	9,686	(9,513)	15,195	997
Total comprehensive income/(expense) for the period	46,641	(56,783)	72,114	(97,869)
Total comprehensive income/(expense) attributable to:				
Owners of the Company	46,078	(57,115)	71,171	(98,451)
Non-controlling interests	563	332	943	582
Total comprehensive income/(expense) for the period	46,641	(56,783)	72,114	(97,869)

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 SECOND QUARTER ENDED 31 DECEMBER 2016
The figures have not been audited
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	As At End of Current Quarter 31/12/2016 RM'000	As At End of Preceding Financial Year 30/06/2016 RM'000
ASSETS		
Property, plant and equipment	1,222,365	1,247,321
Goodwill on consolidation	30,256	30,256
Investments in associated companies	15,227	14,127
Other investments	488	381
Deferred tax assets	42,805	49,664
Tax credit receivable	16,853	18,341
Total non-current assets	1,327,994	1,360,090
Inventories	533,222	518,637
Trade and other receivables	214,494	188,034
Current tax assets	1,429	1,649
Derivative financial assets	10,845	1,059
Cash and cash equivalents	59,513	46,949
Total current assets	819,503	756,328
TOTAL ASSETS	2,147,497	2,116,418
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	421,823	419,417
Reserves	177,680	106,502
Redeemable Convertible Unsecured Loan Stocks (Equity Portion)	151,807	153,900
	751,310	679,819
NON-CONTROLLING INTERESTS		
	9,259	8,316
TOTAL EQUITY	760,569	688,135
LIABILITIES		
Deferred tax liabilities	14,119	14,987
Redeemable Convertible Unsecured Loan Stocks (Liability Portion)	26,021	30,306
Deferred income	12,484	13,246
Retirement benefits	28,274	26,821
Trade and other payables	71,841	67,912
Borrowings	318,842	221,137
Total non-current liabilities	471,581	374,409
Retirement benefits	167	441
Trade and other payables	271,228	424,202
Borrowings	626,905	621,196
Derivative financial liabilities	161	2,545
Current tax liabilities	16,886	5,490
Total current liabilities	915,347	1,053,874
TOTAL LIABILITIES	1,386,928	1,428,283
TOTAL EQUITY AND LIABILITIES	2,147,497	2,116,418
Net assets per share attributable to owners of the Company (RM)	1.78	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 SECOND QUARTER ENDED 31 DECEMBER 2016

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

	← Attributable to owners of the Company →												
	← Non-distributable →								Distributable		Total	Non-controlling interests	Total equity
	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	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	
Current year-to-date ended 31 December 2016													
At 1 July 2016	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	-	-	-	-	-	-	-	-	55,856	55,856	863	56,719	
Other comprehensive income:													
- Gain on fair value of available-for-sale financial assets	-	-	-	-	-	107	-	-	-	107	-	107	
- Foreign currency translation differences	-	-	-	-	-	-	-	93	-	93	-	93	
- Cash flow hedge	-	-	-	-	-	-	15,115	-	-	15,115	80	15,195	
Total comprehensive income for the period	-	-	-	-	-	107	15,115	93	55,856	71,171	943	72,114	
- Conversion of RCULS	2,406	(2,093)	-	-	-	-	-	-	7	320	-	320	
- Transfer to other reserve	-	-	-	-	25	-	-	-	(25)	-	-	-	
At 31 December 2016	421,823	151,807	35,852	30,000	125	118	14,004	1,817	95,764	751,310	9,259	760,569	

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016 (cont'd)

	← Attributable to owners of the Company →												
	← Non-distributable →					Distributable							
	Share capital	RCULS (equity portion)	Share premium	Merger reserve	Other reserve	Fair value reserve	Hedging 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	RM'000	RM'000	
Preceding year corresponding period ended 31 December 2015													
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	-	-	-	-	-	-	-	-	(99,489)	(99,489)	582	(98,907)	
Other comprehensive (expense)/income:													
- Loss on fair value of available-for-sale financial assets	-	-	-	-	-	(59)	-	-	-	(59)	-	(59)	
- Foreign currency translation differences	-	-	-	-	-	-	-	100	-	100	-	100	
- Cash flow hedge	-	-	-	-	-	-	997	-	-	997	-	997	
Total comprehensive (expense)/income for the period	-	-	-	-	-	(59)	997	100	(99,489)	(98,451)	582	(97,869)	
At 31 December 2015	419,417	153,900	35,852	30,000	50	4	997	5,567	161,640	807,427	7,628	815,055	

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 SECOND QUARTER ENDED 31 DECEMBER 2016

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2016

	Current Year- To-Date 31/12/2016 RM'000	Preceding Year Corresponding Period 31/12/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	80,938	(110,307)
Adjustments for:-		
Depreciation and amortisation	30,595	30,485
Net financing costs	23,123	23,475
Share of (profit)/loss in associated companies, net of tax	(1,375)	3,009
Gain on disposal of associated companies	-	(25,039)
Non-cash items	9,393	23,739
Operating profit/(loss) before changes in working capital	142,674	(54,638)
Changes in working capital		
Net change in current assets	(41,045)	360,385
Net change in current liabilities	(153,648)	(75,458)
Taxation paid	(5,124)	(2,006)
Net financing costs paid	(22,901)	(26,548)
Retirement benefits paid	(75)	(107)
Interest income received	488	3
Net cash (used in)/generated from operating activities	(79,631)	201,631
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(7,019)	(37,373)
Proceeds from disposal of plant and equipment	311	25,039
Proceeds from disposal of investment in associated companies	-	95
Net cash used in investing activities	(6,708)	(12,239)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(Repayment) of borrowings	104,864	(133,311)
RCULS coupon payment	(4,605)	(4,605)
Net cash generated from/(used in) financing activities	100,259	(137,916)
NET CHANGE IN CASH AND CASH EQUIVALENTS	13,920	51,476
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	45,499	48,132
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	94	100
CASH & CASH EQUIVALENTS AT END OF PERIOD	59,513	99,708

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2016 (cont'd)

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

	31/12/2016	31/12/2015
	RM'000	RM'000
Deposits, cash and bank balances	59,513	99,752
Bank overdrafts	-	(44)
	<u>59,513</u>	<u>99,708</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 SECOND QUARTER
ENDED 31 DECEMBER 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, RM2,326,350 nominal amount of RCULS were converted into 2,215,569 new ordinary shares of RM1.00 each. For the financial year-to-date, RM2,526,350 nominal amount of RCULS were converted into 2,406,045 new ordinary shares of RM1 each. The outstanding nominal value of RCULS as at 31 December 2016 was RM183,214,900.

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 SECOND QUARTER ENDED 31 DECEMBER 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
Segment profit	102,596	90	102,686
Included in the measure of segment profit are:			
Revenue from external customers	1,317,318	-	1,317,318
Depreciation and amortisation	30,583	12	30,595
Reconciliation of reportable segment profit			RM'000
Profit			
Reportable segment			102,686
Interest income			488
Finance costs			(23,611)
Share of profit in associated companies, net of tax			1,375
Profit before taxation			<u>80,938</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:

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 SECOND QUARTER ENDED 31 DECEMBER 2016

The figures have not been audited

11. Review of performance

For the quarter under review, the Group recorded a revenue of RM732 million and profit before taxation ("PBT") of RM48 million as compared with a revenue and loss before taxation ("LBT") of RM621 million and RM54 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 a revenue of RM1,317 million and PBT of RM81 million as compared with a revenue and LBT of RM1,214 million and RM110 million respectively for the corresponding period of the FY2016.

The higher revenue and profit for the quarter under review/financial year-to-date as compared with the corresponding quarter/period of the FY2016 was mainly due to improved selling prices.

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

For the quarter under review, the Group posted a PBT of RM48 million as compared with a PBT of RM33 million in the preceding quarter. The higher PBT for the quarter under review was mainly contributed by higher sales volume.

13. Prospects

The positive impact of the provisional safeguard duties effective from 26 September 2016 was reduced by imports from other countries not covered by the measures. Going forward, selling prices are unlikely to improve further in view of the weak local demand. On the other hand, margin may be under pressure due to higher cost of incoming raw materials. The management will continue to improve on the Group's operational efficiency and productivity.

14. Profit forecast/profit guarantee

This note is not applicable.

15. Profit before taxation

	Current Year Quarter 31/12/2016 RM'000	Current Year- To-Date 31/12/2016 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation and amortisation	15,159	30,595
Reversal of provision for inventories	(3,112)	(23,965)
Loss on foreign exchange	129	4,257
Fair value gain on financial instruments designated as hedge instrument	(440)	(332)
Write-off of property, plant and equipment	-	1,113
Gross dividend income from other investment	-	-
Allowance of impairment and write-off of trade receivables	192	192
Gain on disposal of quoted/unquoted investments or properties	-	-

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

The figures have not been audited

16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2016 RM'000	31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
Current taxation				
- Current year	9,452	1,621	16,740	3,465
	<u>9,452</u>	<u>1,621</u>	<u>16,740</u>	<u>3,465</u>
Deferred taxation				
- Current year	7	(8,098)	5,991	(14,192)
- Over provision in prior year	-	-	-	(673)
	<u>7</u>	<u>(8,098)</u>	<u>5,991</u>	<u>(14,865)</u>
Utilisation of tax credit receivable arising from unutilised reinvestment allowances				
- Current year	1,343	-	1,488	-
	<u>10,802</u>	<u>(6,477)</u>	<u>24,219</u>	<u>(11,400)</u>

The Group's effective tax rate for the quarter under review and financial year-to-date 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 31 December 2016 are as follows:

	RM'000
Borrowings:	
Unsecured long term borrowings	318,842
Unsecured short term borrowings	626,905
	<u>945,747</u>
Debt Securities:	
Redeemable Convertible Unsecured Loan Stocks – Liability Portion	<u>26,021</u>

There were no borrowings denominated in foreign currencies as at 31 December 2016.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

The figures have not been audited

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) (“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 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 in sub-paragraphs (i) and (ii) above have been consolidated (“First Arbitration”) and will be heard together by an arbitral tribunal in Singapore.

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 has been constituted to hear this Second Arbitration. SHRC is seeking for the Second Arbitration to be heard one after the other, or alternatively, heard together with the First Arbitration.

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016
The figures have not been audited
20. Dividend

- (a) The Board does not recommend any interim dividend for the quarter ended 31 December 2016 of the financial year ending 30 June 2017 (2nd quarter 2015/2016: Nil).
- (b) For the financial year-to-date, no dividend has been declared (2015/2016: Nil).

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 RM36,553,000 (2nd quarter 2015/2016: loss attributable to owners of the Company of RM47,578,000) by the weighted average number of ordinary shares during the quarter of 421,576,012 (2nd 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 RM55,856,000 (2015/2016: loss attributable to owners of the Company of RM99,489,000) by the weighted average number of ordinary shares during the period of 420,500,751 (2015/2016 : 419,417,208).

	<i>Weighted average number of ordinary shares</i>			
	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year Quarter	Preceding Year Corresponding Quarter
	31/12/2016 '000	31/12/2015 '000	31/12/2016 '000	31/12/2015 '000
Issued ordinary shares at beginning of period	419,607	419,417	419,417	419,417
Effect of RCULS conversion	1,969	-	1,084	-
Weighted average number of ordinary shares (basic)	421,576	419,417	420,501	419,417

(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 RM37,373,000 by the weighted average number of ordinary shares during the quarter of 596,066,393 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 RM57,515,000 by the weighted average number of ordinary shares during the period of 594,991,132 after adjustment for the effect of RCULS.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016
The figures have not been audited
21. Earnings/(Loss) per ordinary share (cont'd)

(b) Diluted earnings/(loss) per ordinary share (cont'd)

	Current Year Quarter 31/12/2016 RM'000	Current Year- To-Date 31/12/2016 RM'000
Profit attributable to owners of the Company (basic)	36,553	55,856
Interest expense on RCULS	343	714
Deferred taxation on RCULS	477	945
Profit attributable to owners of the Company (diluted)	<u>37,373</u>	<u>57,515</u>
Weighted average number of ordinary shares ('000)	421,576	420,501
Effect of dilution from RCULS conversion	<u>174,490</u>	<u>174,490</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>596,066</u>	<u>594,991</u>
Diluted earnings per share (sen)	6.27	9.67

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.

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 31/12/2016 RM'000	As At End of Preceding Financial Year 30/06/2016 RM'000
Total retained earnings of the Company and its subsidiaries:		
-realised	184,591	120,904
-unrealised	10,633	14,044
	<u>195,224</u>	<u>134,948</u>
Total share of retained earnings/(accumulated losses) of associated companies:		
-realised	(133)	(1,508)
-unrealised	-	-
	<u>(133)</u>	<u>(1,508)</u>
Less: Consolidation adjustments	(99,327)	(93,514)
Group's retained earnings	<u>95,764</u>	<u>39,926</u>

 By Order of the Board
 Southern Steel Berhad

 Joanne Leong Wei Yin
 Lee Wui Kien
 Company Secretaries

 Kuala Lumpur
 14 February 2017