

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

The figures have not been audited

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2017 RM'000	30/09/2016 RM'000	30/09/2017 RM'000	30/09/2016 RM'000
Revenue	899,747	585,750	899,747	585,750
Cost of sales	(786,619)	(494,591)	(786,619)	(494,591)
Gross profit	113,128	91,159	113,128	91,159
Operating expenses	(44,175)	(39,735)	(44,175)	(39,735)
Other operating income/(expenses)	90	(7,663)	90	(7,663)
Profit from operation	69,043	43,761	69,043	43,761
Interest income	597	216	597	216
Finance costs	(12,737)	(11,427)	(12,737)	(11,427)
Share of profit in associated companies, net of tax	580	547	580	547
Profit before taxation	57,483	33,097	57,483	33,097
Taxation	(4,049)	(13,417)	(4,049)	(13,417)
Profit for the period	53,434	19,680	53,434	19,680
Profit attributable to:				
Owners of the Company	53,417	19,303	53,417	19,303
Non-controlling interests	17	377	17	377
Profit for the period	53,434	19,680	53,434	19,680
Earnings per ordinary share (sen): -				
(a) Basic	12.42	4.60	12.42	4.60
(b) Fully diluted	9.03	3.30	9.03	3.30

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 2017.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2017 RM'000	30/09/2016 RM'000	30/09/2017 RM'000	30/09/2016 RM'000
Profit for the period	53,434	19,680	53,434	19,680
Gain on fair value of available-for-sale financial assets	155	208	155	208
Foreign currency translation differences for foreign operation	(13)	76	(13)	76
Cash flow hedge	(264)	5,509	(264)	5,509
Total comprehensive income for the period	53,312	25,473	53,312	25,473
Total comprehensive income attributable to:				
Owners of the Company	53,281	25,093	53,281	25,093
Non-controlling interests	31	380	31	380
Total comprehensive income for the period	53,312	25,473	53,312	25,473

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 2017.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	As At End of Current Quarter 30/09/2017 RM'000	As At End of Preceding Financial Year 30/06/2017 RM'000
ASSETS		
Property, plant and equipment	1,187,283	1,197,606
Goodwill on consolidation	30,256	30,256
Investments in associated companies	15,985	15,405
Other investments	1,582	1,427
Deferred tax assets	71,556	52,679
Tax credit receivable	22,716	22,716
Total non-current assets	1,329,378	1,320,089
Inventories	592,672	688,566
Trade and other receivables	342,826	184,701
Current tax assets	6,780	6,154
Derivative financial assets	47	169
Cash and cash equivalents	74,926	86,542
Total current assets	1,017,251	966,132
TOTAL ASSETS	2,346,629	2,286,221
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	467,906	464,874
Reserves	209,340	154,692
Redeemable Convertible Unsecured Loan Stocks (Equity Portion)	142,907	145,544
	820,153	765,110
NON-CONTROLLING INTERESTS	5,179	5,148
TOTAL EQUITY	825,332	770,258
LIABILITIES		
Deferred tax liabilities	25,213	9,339
Redeemable Convertible Unsecured Loan Stocks (Liability Portion)	12,331	16,579
Deferred income	11,341	11,721
Employee benefits	30,216	28,880
Borrowings	286,919	286,491
Total non-current liabilities	366,020	353,010
Redeemable Convertible Unsecured Loan Stocks (Liability Portion)	6,522	4,564
Employee benefits	133	795
Provisions	24,256	26,047
Trade and other payables	385,541	351,434
Borrowings	734,999	775,648
Current tax liabilities	2,618	4,261
Derivative financial liabilities	1,208	204
Total current liabilities	1,155,277	1,162,953
TOTAL LIABILITIES	1,521,297	1,515,963
TOTAL EQUITY AND LIABILITIES	2,346,629	2,286,221
Net assets per share attributable to owners of the Company (RM)	1.90	1.78

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2017.

SOUTHERN STEEL BERHAD (5283-X)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	← Attributable to owners of the Company →												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	Total			
Current year-to-date ended 30 September 2017	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
At 1 July 2017	464,874	145,544	-	30,000	140	1,057	(651)	1,782	1,015	121,349	765,110	5,148	770,258	
Profit for the period	-	-	-	-	-	-	-	-	-	53,417	53,417	17	53,434	
Other comprehensive income:														
- Gain on fair value of available-for-sale financial assets	-	-	-	-	-	155	-	-	-	-	155	-	155	
- Foreign currency translation differences	-	-	-	-	-	-	-	(13)	-	-	(13)	-	(13)	
- Cash flow hedge	-	-	-	-	-	-	(278)	-	-	-	(278)	14	(264)	
Total comprehensive income for the period	-	-	-	-	-	155	(278)	(13)	-	53,417	53,281	31	53,312	

SOUTHERN STEEL BERHAD (5283-X)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (cont'd)

	Attributable to owners of the Company												Non-controlling interests	Total equity
	Non-distributable						Distributable					Total		
	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				
Current year-to-date ended 30 September 2017	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
Conversion of RCULS	3,032	(2,637)	-	-	-	-	-	-	-	-	(103)	292	-	292
Share-based payments	-	-	-	-	-	-	-	-	-	1,470	-	1,470	-	1,470
Total transactions with owners	3,032	(2,637)	-	-	-	-	-	-	-	1,470	(103)	1,762	-	1,762
At 30 September 2017	467,906	142,907	-	30,000	140	1,212	(929)	1,769	2,485	174,663	820,153	5,179	825,332	

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (cont'd)

	← Attributable to owners of the Company →												
	← Non-distributable →								Distributable		Total	Non-controlling interests	Total equity
	Share capital	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	RM'000	RM'000	
Preceding year corresponding period ended 30 September 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	-	-	-	-	-	-	-	-	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	
Total comprehensive income for the period	-	-	-	-	-	208	5,506	76	19,303	25,093	380	25,473	
- Conversion of RCULS	190	(165)	-	-	-	-	-	-	-	25	-	25	
At 30 September 2016	419,607	153,735	35,852	30,000	100	219	4,395	1,800	59,229	704,937	8,696	713,633	

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 2017.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

The figures have not been audited

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

	Current Year- To-Date 30/09/2017 RM'000	Preceding Year Corresponding Period 30/09/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	57,483	33,097
Adjustments for:-		
Depreciation and amortisation	13,881	15,436
Net financing costs	12,140	11,211
Share of profit in associated companies, net of tax	(580)	(547)
Non-cash items	2,142	4,637
Operating profit before changes in working capital	85,066	63,834
Changes in working capital		
Net change in current assets	(62,231)	(22,778)
Net change in current liabilities	32,991	(184,513)
Taxation paid	(8,790)	(2,358)
Financing costs paid	(12,485)	(11,061)
Retirement benefits paid	(80)	(20)
Interest income received	597	216
Net cash generated from/(used in) operating activities	35,068	(156,680)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(3,501)	(2,757)
Net cash used in investing activities	(3,501)	(2,757)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/Drawdown of borrowings	(38,793)	163,068
RCULS coupon payment	(4,355)	(4,605)
Net cash (used in)/generated from financing activities	(43,148)	158,463
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11,581)	(974)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	86,520	45,499
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	(13)	76
CASH & CASH EQUIVALENTS AT END OF PERIOD	74,926	44,601

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2017****The figures have not been audited****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
30 SEPTEMBER 2017 (cont'd)**

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

	30/09/2017	30/09/2016
	RM'000	RM'000
Deposits, cash and bank balances	74,926	45,557
Bank overdrafts	-	(956)
	<u>74,926</u>	<u>44,601</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 2017.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2017****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 2017. 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 2017 except for the adoption of MFRS 9 Financial Instruments on 1 July 2017. The adoption of MFRS 9 does not have any material impact on the financial statements of the Group except for the following:

- **Classification of financial assets and financial liabilities**

Equity investments held by the Group were previously classified as fair value through profit or loss and available for sale where the fair value gains or losses were recognised in the profit or loss and other comprehensive income respectively. The fair value gain or loss recognised in other comprehensive income was recycled to profit or loss upon disposal of the financial asset. In accordance with MFRS 9, the Group’s equity investments are measured at fair value, and the Group elected to recognise the fair value gain or loss in the other comprehensive income. Such fair value gain or loss is not permitted to be recycled to profit or loss upon disposal of the equity instrument.

The Group has also adopted the MFRSs, amendments and interpretations effective for annual period beginning on or after 1 January 2017 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.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
 ENDED 30 SEPTEMBER 2017**
The figures have not been audited
6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

For the quarter under review and financial year-to-date, RM3,182,900 nominal amount of RCULS were converted into 3,031,330 new ordinary shares. The outstanding nominal value of RCULS as at 30 September 2017 was RM172,473,282.

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.

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	68,973	70	69,043
Included in the measure of segment profit are:			
Revenue from external customers	899,747	-	899,747
Depreciation and amortisation	13,875	6	13,881
Reconciliation of reportable segment profit			RM'000
Profit			
Reportable segment			69,043
Interest income			597
Finance costs			(12,737)
Share of profit in associated companies, net of tax			580
Profit before taxation			57,483

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.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 2017**

The figures have not been audited

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:

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 Companies Act, 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.

11. Review of performance

For the quarter under review, the Group recorded revenue of RM900 million and profit before taxation (“PBT”) of RM57 million as compared with revenue and PBT of RM586 million and RM33 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2017 (“FY2017”).

The higher revenue and PBT for the quarter under review as compared with the corresponding quarter of the FY2017 were due to higher sales volume.

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

For the quarter under review, the Group posted a PBT of RM57 million as compared with a loss before taxation of RM8 million in the preceding quarter. The improved performance was attributable to higher sales volume and better margins.

13. Prospects

The uptrend in price since July 2017 has reached its peak in September and started to retrace due to softer demand. We expect the demand to pick up with the gradual rollout of the infrastructure projects. Barring unforeseen circumstances, the Board expects the performance to be satisfactory for the financial year ending 30 June 2018.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

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14. Profit forecast/profit guarantee

This note is not applicable.

15. Profit before taxation

	Current Year Quarter 30/09/2017 RM'000	Current Year- To-Date 30/09/2017 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation and amortisation	13,881	13,881
Reversal of provision for inventories	(5,446)	(5,446)
Gain on foreign exchange	(1,092)	(1,092)
Fair value loss on financial instruments designated as hedge instrument	1,356	1,356
Write-off of property, plant and equipment	11	11
Gross dividend income from other investment	-	-
Allowance of impairment and write-off of trade receivables	-	-
Gain on disposal of quoted/unquoted investments or properties	-	-

16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2017 RM'000	Preceding Year Corresponding Quarter 30/09/2016 RM'000	Current Year- To-Date 30/09/2017 RM'000	Preceding Year Corresponding Period 30/09/2016 RM'000
Current taxation				
- Current year	7,137	7,288	7,137	7,288
Deferred taxation				
- Current year	(3,088)	5,984	(3,088)	5,984
Utilisation of tax credit receivable arising from unutilised reinvestment allowances				
- Current year	-	145	-	145
	4,049	13,417	4,049	13,417

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 utilisation of previously unrecognised 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.

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18. Group's borrowings and debt securities

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

	RM'000
Borrowings:	
Unsecured long term borrowings	286,919
Unsecured short term borrowings	734,999
	1,021,918
Debt Securities:	
Redeemable Convertible Unsecured Loan Stocks – Liability Portion	18,853

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

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 Note 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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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 appealed to the Kuala Lumpur High Court ("SHRC Appeal") against the Sessions Court's decision.

The Kuala Lumpur High Court dismissed SHRC Appeal. SHRC is appealing to the Court of Appeal against the High 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 interim dividend for the quarter ended 30 September 2017 of the financial year ending 30 June 2018 (1st quarter 2016/2017: Nil).
- (b) For the financial year-to-date, no dividend has been declared (2016/2017: Nil).

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The figures have not been audited
21. Earnings per ordinary share
(a) Basic earnings 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 RM53,417,000 (1st quarter 2016/2017: RM19,303,000) by the weighted average number of ordinary shares during the quarter of 429,949,679 (1st quarter 2016/2017: 419,425,490).

	<i>Weighted average number of ordinary shares</i>			
	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	'000	'000	'000	'000
Issued ordinary shares at beginning of period	429,022	419,417	429,022	419,417
Effect of RCULS conversion	928	8	928	8
Weighted average number of ordinary shares (basic)	429,950	419,425	429,950	419,425

(b) Diluted earnings 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 RM53,670,000 (1st quarter 2016/2017: RM19,674,000) by the weighted average number of ordinary shares during the quarter of 594,209,948 (1st quarter 2016/2017: 596,131,442) after adjustment for the effect of Redeemable Convertible Unsecured Loan Stocks ("RCULS").

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company (basic)	53,417	19,303	53,417	19,303
Interest expense on RCULS	253	371	253	371
Profit attributable to owners of the Company (diluted)	53,670	19,674	53,670	19,674
Weighted average number of ordinary shares ('000)	429,950	419,425	429,950	419,425
Effect of dilution from RCULS conversion	164,260	176,706	164,260	176,706
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	594,210	596,131	594,210	596,131
Diluted earnings per share (sen)	9.03	3.30	9.03	3.30

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
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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 30/09/2017 RM'000	As At End of Preceding Financial Year 30/06/2017 RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	233,738	190,645
- unrealised	26,537	18,332
	260,275	208,977
Total share of accumulated losses of associated companies - realised	625	45
Less: Consolidation adjustments	(86,237)	(87,673)
Group's retained earnings	174,663	121,349

By Order of the Board
Southern Steel Berhad

Joanne Leong Wei Yin
Lee Wui Kien
Company Secretaries

Penang
28 November 2017