

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2018

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2018

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year-	Preceding Year
	Quarter	Corresponding	To-Date	Corresponding
	31/3/2018	31/3/2017	31/3/2018	31/3/2017
	RM'000	RM'000	RM'000	RM'000
Revenue	953,368	665,905	2,809,555	1,983,223
Cost of sales	(836,410)	(558,778)	(2,457,226)	(1,703,180)
Gross profit	116,958	107,127	352,329	280,043
Operating expenses	(46,289)	(50,977)	(132,075)	(137,550)
Other operating income/(expenses)	697	(7,319)	11,011	9,024
Profit from operation	72,366	48,831	231,265	151,517
Interest income	391	238	1,729	726
Finance costs	(11,370)	(11,877)	(35,757)	(35,488)
Share of profit/(loss) in associated companies, net of tax	257	(71)	237	1,304
Profit before taxation	61,644	37,121	197,474	118,059
Taxation	(9,344)	(4,634)	(21,705)	(28,853)
Profit for the period	52,300	32,487	175,769	89,206
Profit attributable to:				
Owners of the Company	52,267	31,872	175,642	87,728
Non-controlling interests	33	615	127	1,478
Profit for the period	52,300	32,487	175,769	89,206
Earnings per ordinary share (sen): -				
(a) Basic	12.07	7.54	40.67	20.82
(b) Fully diluted	8.80	5.41	29.64	14.95

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 THIRD QUARTER ENDED 31 MARCH 2018

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2018 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/3/2018 RM'000	31/3/2017 RM'000	31/3/2018 RM'000	31/3/2017 RM'000
Profit for the period	52,300	32,487	175,769	89,206
(Loss)/Gain on fair value of available-for-sale financial assets	(630)	350	(357)	457
Foreign currency translation differences for foreign operation	(40)	(12)	(89)	81
Cash flow hedge	(1,162)	(13,147)	(1,854)	2,048
Total comprehensive income for the period	50,468	19,678	173,469	91,792
Total comprehensive income attributable to:				
Owners of the Company	50,435	19,143	173,334	90,314
Non-controlling interests	33	535	135	1,478
Total comprehensive income for the period	50,468	19,678	173,469	91,792

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 THIRD QUARTER ENDED 31 MARCH 2018

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	As At End of Current Quarter 31/3/2018 RM'000	As At End of Preceding Financial Year 30/06/2017 RM'000
ASSETS		
Property, plant and equipment	1,166,190	1,197,606
Goodwill on consolidation	30,256	30,256
Investments in associated companies	15,092	15,405
Other investments	1,070	1,427
Deferred tax assets	67,393	52,679
Tax credit receivable	21,850	22,716
Total non-current assets	1,301,851	1,320,089
Inventories	779,858	688,566
Trade and other receivables, including derivatives	309,898	184,870
Current tax assets	8,146	6,154
Cash and cash equivalents	66,633	86,542
Total current assets	1,164,535	966,132
TOTAL ASSETS	2,466,386	2,286,221
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	469,090	464,874
Reserves	331,518	154,692
Redeemable Convertible Unsecured Loan Stocks (Equity Portion)	141,876	145,544
	942,484	765,110
NON-CONTROLLING INTERESTS		
	5,283	5,148
TOTAL EQUITY	947,767	770,258
LIABILITIES		
Deferred tax liabilities	24,669	9,339
Redeemable Convertible Unsecured Loan Stocks (Liability Portion)	8,225	16,579
Deferred income	10,578	11,721
Employee benefits	31,325	28,880
Borrowings	219,935	286,491
Total non-current liabilities	294,732	353,010
Redeemable Convertible Unsecured Loan Stocks (Liability Portion)	6,639	4,564
Employee benefits	400	795
Provisions	21,874	26,047
Trade and other payables, including derivatives	352,172	351,638
Borrowings	838,806	775,648
Current tax liabilities	3,996	4,261
Total current liabilities	1,223,887	1,162,953
TOTAL LIABILITIES	1,518,619	1,515,963
TOTAL EQUITY AND LIABILITIES	2,466,386	2,286,221
Net assets per share attributable to owners of the Company (RM)	2.18	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.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2018

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

	← 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)	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
Current year-to-date ended 31 March 2018												
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	-	-	-	-	-	-	-	-	175,642	175,642	127	175,769
Other comprehensive (expense)/income:												
- Loss on fair value of available-for-sale financial assets	-	-	-	-	(357)	-	-	-	-	(357)	-	(357)
- Foreign currency translation differences	-	-	-	-	-	-	(89)	-	-	(89)	-	(89)
- Cash flow hedge	-	-	-	-	-	(1,862)	-	-	-	(1,862)	8	(1,854)
Total comprehensive (expense)/income for the period	-	-	-	-	(357)	(1,862)	(89)	-	175,642	173,334	135	173,469
- Conversion of RCULS	4,216	(3,668)	-	-	-	-	-	-	(142)	406	-	406
- Share-based payments	-	-	-	-	-	-	-	3,634	-	3,634	-	3,634
Total transactions with owners of the Company	4,216	(3,668)	-	-	-	-	-	3,634	(142)	4,040	-	4,040
At 31 March 2018	469,090	141,876	30,000	140	700	(2,513)	1,693	4,649	296,849	942,484	5,283	947,767

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2018
The figures have not been audited
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018 (cont'd)

	← Attributable to owners of the Company →											
	← Non-distributable →							Distributable				Total equity
	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	
	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 March 2017												
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	-	-	-	-	-	-	-	-	87,728	87,728	1,478	89,206
Other comprehensive income:												
- Gain on fair value of available-for-sale financial assets	-	-	-	-	-	457	-	-	-	457	-	457
- Foreign currency translation differences	-	-	-	-	-	-	-	81	-	81	-	81
- Cash flow hedge	-	-	-	-	-	-	2,048	-	-	2,048	-	2,048
Total comprehensive income for the period	-	-	-	-	-	457	2,048	81	87,728	90,314	1,478	91,792
- Conversion of RCULS	4,368	(3,800)	-	-	-	-	-	-	(28)	540	-	540
- Liquidation of a subsidiary	-	-	-	-	(50)	-	-	-	-	(50)	-	(50)
- Others	-	-	-	-	25	-	-	-	(25)	-	-	-
Total transactions with owners of the Company	4,368	(3,800)	-	-	(25)	-	-	-	(53)	490	-	490
- Transfer in accordance with S618(2) of CA 2016*	35,852	-	(35,852)	-	-	-	-	-	-	-	-	-
At 31 March 2017	459,637	150,100	-	30,000	75	468	937	1,805	127,601	770,623	9,794	780,417

* Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any outstanding share premium shall become part of share capital.

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.

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The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018

	Current Year- To-Date 31/3/2018 RM'000	Preceding Year Corresponding Period 31/3/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	197,474	118,059
Adjustments for:-		
Depreciation and amortisation	40,254	46,356
Net financing costs	34,028	34,762
Share of profit in associated companies, net of tax	(237)	(1,304)
Non-cash items	3,807	9,388
Operating profit before changes in working capital	275,326	207,261
Changes in working capital		
Net change in current assets	(216,479)	(206,891)
Net change in current liabilities	(1,559)	(154,970)
Taxation paid	(22,595)	(14,971)
Financing costs paid	(35,072)	(34,459)
Retirement benefits paid	(810)	(75)
Dividend income received	550	-
Interest income received	1,729	726
Net cash generated/(used) in operating activities	1,090	(203,379)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(8,850)	(11,189)
Proceeds from disposal of plant and equipment	-	311
Net cash used in investing activities	(8,850)	(10,878)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/Drawdown of borrowings	(3,376)	248,330
RCULS coupon payment	(8,684)	(9,223)
Net cash (used in)/generated from financing activities	(12,060)	239,107
NET CHANGE IN CASH AND CASH EQUIVALENTS	(19,820)	24,850
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	86,542	45,499
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	(89)	81
CASH & CASH EQUIVALENTS AT END OF PERIOD	66,633	70,430

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

	31/3/2018 RM'000	31/3/2017 RM'000
Deposits, cash and bank balances	66,633	70,430

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 THIRD QUARTER ENDED 31 MARCH 2018

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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 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.

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

For the quarter under review, RM341,800 nominal amount of RCULS were converted into 325,523 new ordinary shares. For the financial year-to-date, RM4,427,097 nominal amount of RCULS were converted into 4,216,274 new ordinary shares. The outstanding nominal value of RCULS as at 31 March 2018 was RM171,229,085.

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	231,047	218	231,265
Included in the measure of segment profit are:			
Revenue from external customers	2,809,555	-	2,809,555
Depreciation and amortisation	40,236	18	40,254
Reconciliation of reportable segment profit			
Profit			
Reportable segment			231,265
Interest income			1,729
Finance costs			(35,757)
Share of profit in associated companies, net of tax			237
Profit before taxation			197,474

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:

On 16 April 2018, E-Tatt Steel Wires Sdn Bhd ("E-Tatt"), an indirect wholly-owned subsidiary of the Company, had been placed under member's voluntary liquidation pursuant to Section 439(1)(b) of the CA 2016. Mr Ling Kam Hoong and Ms Wong Swee Tyng of Messrs Ling Kam Hoong & Co., had been appointed as Liquidators of E-Tatt.

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11. Review of performance

For the quarter under review, the Group recorded revenue of RM953 million and profit before taxation ("PBT") of RM62 million as compared with revenue and PBT of RM666 million and RM37 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2017.

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

For the financial year-to-date, the Group registered revenue of RM2,810 million and PBT of RM197 million as compared with revenue and PBT of RM1,983 million and RM118 million respectively for the corresponding period of the preceding financial year.

The higher revenue and PBT for the financial year-to-date as compared with the corresponding period of the preceding financial year were mainly due to higher sales volume with improved margin.

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

For the quarter under review, the Group posted PBT of RM62 million as compared with PBT of RM78 million for the preceding quarter. The lower PBT was attributable to lower sales volume as well as lower margin.

13. Prospects

Although demand is likely to be weaker in this last quarter of the financial year due to the festive season, the Board expects the Group's performance to remain satisfactory for the year ending 30 June 2018.

14. Profit forecast/profit guarantee

This note is not applicable.

15. Profit before taxation

	Current Year Quarter 31/3/2018 RM'000	Current Year- To-Date 31/3/2018 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation and amortisation	12,874	40,254
Reversal of provision for inventories	(605)	(6,306)
Gain on foreign exchange	(624)	(1,247)
Fair value loss on derivatives	1,074	2,932
Write-off of property, plant and equipment	1	12
Gross dividend income from other investment	-	-
Allowance of impairment and write-off of trade receivables	-	-
Gain on disposal of quoted/unquoted investments or properties	-	-

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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
	31/3/2018 RM'000	31/3/2017 RM'000	31/3/2018 RM'000	31/3/2017 RM'000
Current taxation				
- Current year	3,119	9,493	21,799	26,233
- Prior year	(1,828)	(6,432)	(1,828)	(6,432)
	<u>1,291</u>	<u>3,061</u>	<u>19,971</u>	<u>19,801</u>
Deferred taxation				
- Current year	7,185	2,571	866	8,562
- Prior year	2	(1,058)	2	(1,058)
	<u>7,187</u>	<u>1,513</u>	<u>868</u>	<u>7,504</u>
Utilisation of tax credit receivable arising from unutilised reinvestment allowances				
- Current year	866	60	866	1,548
	<u>9,344</u>	<u>4,634</u>	<u>21,705</u>	<u>28,853</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 utilisation of previously unrecognized 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 31 March 2018 are as follows:

	RM'000
Borrowings:	
Unsecured long term borrowings	219,935
Unsecured short term borrowings	838,806
	<u>1,058,741</u>
Debt Securities:	
Redeemable Convertible Unsecured Loan Stocks – Liability Portion	<u>14,864</u>

There were no borrowings denominated in foreign currencies as at 31 March 2018.

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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 Note 19(i) and 19(ii) 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 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.

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19. Changes in material litigation (cont'd)

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.

Both parties have now agreed to an amicable settlement, without admission of liability, and the Court Proceeding has been withdrawn accordingly.

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

20. Dividend

- (a) The Board has declared an interim single tier dividend of 3.5 sen per share for the quarter ended 31 March 2018 of the financial year ending 30 June 2018 (3rd quarter 2016/2017: single tier dividend of 3.0 sen per share) to be paid on 13 June 2018 to holders of ordinary shares whose name appear in the Record of Depositors at the close of business on 31 May 2018.

This is to inform that a Depositor shall qualify for the entitlement only in respect of:-

- (i) shares transferred into the Depositor's securities account before 4.00p.m. on 31 May 2018 in respect of ordinary transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Bursa Malaysia Securities Berhad's Listing Requirements
- (b) For the financial year-to-date, a total single tier dividend of 3.5 sen per share (2016/2017: single tier dividend of 3.0 sen per share) has been declared.

21. Earnings per ordinary share

(a) Basic earnings per ordinary share

The basic earnings per ordinary share for the quarter under review is calculated by dividing the Group's profit attributable to owners of the Company of RM 52,267,000 (3rd quarter 2016/2017: RM31,872,000) by the weighted average number of ordinary shares during the quarter of 433,049,878 (3rd quarter 2016/2017: 422,915,916).

The basic earnings per ordinary shares for this financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM 175,642,000 (2016/2017: RM87,728,000) by weighted average number of ordinary shares during the period of 431,852,088 (2016/2017: 421,294,053).

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21. Earnings per ordinary share (cont'd)

(a) Basic earnings per ordinary share (cont'd)

Weighted average number of ordinary shares (basic)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/3/2018 '000	Preceding Year Corresponding Quarter 31/3/2017 '000	Current Year To-Date 31/3/2018 '000	Preceding Year Corresponding Period 31/3/2017 '000
Number of ordinary shares at beginning of period	432,913	421,823	429,022	419,417
Effect of conversion of RCULS	137	1,093	2,830	1,877
Weighted average number of ordinary shares	433,050	422,916	431,852	421,294
Basic earnings per ordinary share (sen)	12.07	7.54	40.67	20.82

(b) Diluted earnings 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 RM 52,469,000 (3rd quarter 2016/2017: RM32,187,000) by the weighted average number of ordinary shares during the quarter of 596,125,197 (3rd quarter 2016/2017: 595,444,304) after adjustment for the effect of 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 RM 176,324,000 (2016/2017: RM88,757,000) by the weighted average number of ordinary shares during the period of 594,927,407 (2016/2017: 593,822,441) after adjustment for the effect of RCULS.

Profit attributable to owners of the Company (diluted)

	Current Year Quarter 31/3/2018 RM'000	Preceding Year Corresponding Quarter 31/3/2017 RM'000	Current Year To-Date 31/3/2018 RM'000	Preceding Year Corresponding Period 31/3/2017 RM'000
Profit attributable to owners of the Company (basic)	52,267	31,872	175,642	87,728
Interest expense on RCULS	202	315	682	1,029
Profit attributable to owners of the Company (diluted)	52,469	32,187	176,324	88,757

Weighted average number of ordinary shares (diluted)

	Current Year Quarter 31/3/2018 '000	Preceding Year Corresponding Quarter 31/3/2017 '000	Current Year To-Date 31/3/2018 '000	Preceding Year Corresponding Period 31/3/2017 '000
Weighted average number of ordinary shares (basic)	433,050	422,916	431,852	421,294
Effect of conversion of RCULS	163,075	172,528	163,075	172,528
Weighted average number of ordinary shares (diluted)	596,125	595,444	594,927	593,822
Diluted earnings per ordinary share (sen)	8.80	5.41	29.64	14.95

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The figures have not been audited

22. Derivatives

The Group has entered into a number of forward foreign exchange contracts to hedge the cash flow risk in relation to the variations of cash flows arising from future forecasted transactions.

The forward foreign exchange contracts are stated at fair value using observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

As at 31 March 2018, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Contract amount RM'000	Fair Value Assets / (Liabilities) RM'000
Less than 1 year	208,360	(2,205)

Derivatives (which are classified as financial assets/liabilities) categorised as fair value through profit or loss are subsequently measured at their fair values with the gains/losses recognised in profit or loss. Net gain/loss arising from fair value changes of derivatives is as disclosed in Note 15.

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the previous financial year ended 30 June 2017.

23. Gains/losses arising from fair value changes of financial liabilities

Other than derivatives which are classified as financial liabilities when they are at fair value loss position, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

By Order of the Board
Southern Steel Berhad

Joanne Leong Wei Yin
Lee Wui Kien
Company Secretaries

Kuala Lumpur
15 May 2018