

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2019
The figures have not been audited
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2019

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/3/2019 RM'000	Preceding Year Corresponding Quarter 31/3/2018 RM'000	Current Year- To-Date 31/3/2019 RM'000	Preceding Year Corresponding Period 31/3/2018 RM'000
Revenue	699,963	953,368	2,438,506	2,809,555
Cost of sales	(726,301)	(833,200)	(2,397,062)	(2,455,016)
Gross (loss)/profit	(26,338)	120,168	41,444	354,539
Operating expenses	(34,787)	(46,289)	(117,166)	(132,075)
Other operating income/(expense)	17,672	(1,513)	(4,602)	8,801
(Loss)/Profit from operation	(43,453)	72,366	(80,324)	231,265
Interest income	287	391	1,033	1,729
Finance costs	(12,527)	(11,370)	(36,372)	(35,757)
Share of (loss)/profit in associated companies, net of tax	(257)	257	(520)	237
(Loss)/Profit before taxation	(55,950)	61,644	(116,183)	197,474
Taxation	14,400	(9,344)	32,059	(21,705)
(Loss)/Profit for the period	(41,550)	52,300	(84,124)	175,769
(Loss)/Profit attributable to:				
Owners of the Company	(41,572)	52,267	(84,198)	175,642
Non-controlling interests	22	33	74	127
(Loss)/Profit for the period	(41,550)	52,300	(84,124)	175,769
(Loss)/Earnings per ordinary share (sen): -				
(a) Basic	(9.59)	12.07	(19.42)	40.67
(b) Fully diluted	N/A	8.80	N/A	29.64

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 2018.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2019

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2019 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/3/2019 RM'000	Preceding Year Corresponding Quarter 31/3/2018 RM'000	Current Year- To-Date 31/3/2019 RM'000	Preceding Year Corresponding Period 31/3/2018 RM'000
(Loss)/Profit for the period	(41,550)	52,300	(84,124)	175,769
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Gain/(Loss) on fair value of equity instrument at fair value through other comprehensive income	47		(381)	
<i>Item that are or may be reclassified subsequently to profit or loss</i>				
Loss on fair value of available-for-sale financial assets	-	(630)	-	(357)
Foreign currency translation differences for foreign operation	(9)	(40)	83	(89)
Cash flow hedge	2,814	(1,162)	412	(1,854)
Total comprehensive (expense)/income for the period	(38,698)	50,468	(84,010)	173,469
Total comprehensive (expense)/income attributable to:				
Owners of the Company	(38,791)	50,435	(84,074)	173,334
Non-controlling interests	93	33	64	135
Total comprehensive (expense)/income for the period	(38,698)	50,468	(84,010)	173,469

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 2018.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2019
The figures have not been audited
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	As At End of Current Quarter 31/3/2019 RM'000	As At End of Preceding Financial Year 30/06/2018 RM'000
ASSETS		
Property, plant and equipment	1,128,263	1,156,271
Goodwill on consolidation	30,256	30,256
Investments in associated companies	14,696	15,216
Other investments	642	1,023
Deferred tax assets	109,615	69,427
Tax credit receivable	21,040	20,890
Total non-current assets	1,304,512	1,293,083
Inventories	688,004	842,202
Trade and other receivables, including derivatives	219,056	288,562
Current tax assets	17,362	10,687
Cash and cash equivalents	71,383	54,550
Total current assets	995,805	1,196,001
TOTAL ASSETS	2,300,317	2,489,084
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	469,494	469,494
Reserves	275,079	355,495
Redeemable Convertible Unsecured Loan Stocks (Equity Portion)	141,524	141,524
	886,097	966,513
NON-CONTROLLING INTERESTS		
	5,638	5,574
TOTAL EQUITY	891,735	972,087
LIABILITIES		
Deferred tax liabilities	21,443	15,163
Redeemable Convertible Unsecured Loan Stocks (Liability Portion)	3,403	8,205
Deferred income	9,538	10,682
Employee benefits	32,216	31,632
Borrowings	109,993	189,958
Total non-current liabilities	176,593	255,640
Redeemable Convertible Unsecured Loan Stocks (Liability Portion)	3,444	4,665
Employee benefits	830	534
Provisions	11,603	21,945
Trade and other payables, including derivatives	246,770	374,079
Borrowings	969,314	860,108
Current tax liabilities	28	26
Total current liabilities	1,231,989	1,261,357
TOTAL LIABILITIES	1,408,582	1,516,997
TOTAL EQUITY AND LIABILITIES	2,300,317	2,489,084
Net assets per share attributable to owners of the Company (RM)	2.04	2.23

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2018.

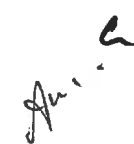


QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2019

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2019

	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	Foreign currency translation 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 2019												
At 1 July 2018	469,494	141,524	30,000	150	-	221	1,730	5,898	317,496	966,513	5,574	972,087
(Loss)/Profit for the period	-	-	-	-	-	-	-	-	(84,198)	(84,198)	74	(84,124)
Other comprehensive income/(expense):												
- Loss on fair value of equity instruments	-	-	-	-	-	-	-	-	(381)	(381)	-	(381)
- Foreign currency translation differences	-	-	-	-	-	-	83	-	-	83	-	83
- Cash flow hedge	-	-	-	-	-	422	-	-	-	422	(10)	412
Total comprehensive income/(expense) for the period	-	-	-	-	-	422	83	-	(84,579)	(84,074)	64	(84,010)
Share-based payments	-	-	-	-	-	-	-	3,658	-	3,658	-	3,658
At 31 March 2019	469,494	141,524	30,000	150	-	643	1,813	9,556	232,917	886,097	5,638	891,735



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2019

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2019 (cont'd)

	← Attributable to owners of the Company →											
	← Non-distributable →								Distributable			Total equity
	Share capital	RCULS (equity portion)	Merger reserve	Other reserve	Fair value reserve	Hedging reserve	Foreign currency translation reserve	Executive share scheme 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 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	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

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 2018.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2019
The figures have not been audited
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2019

	Current Year- To-Date 31/3/2019 RM'000	Preceding Year Corresponding Period 31/3/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(116,183)	197,474
Adjustments for:-		
Depreciation and amortisation	35,610	40,254
Net financing costs	35,339	34,028
Share of loss/(profit) in associated companies, net of tax	520	(237)
Non-cash items	4,611	3,807
Operating (loss)/profit before changes in working capital	(40,103)	275,326
Changes in working capital		
Net change in current assets	222,525	(216,479)
Net change in current liabilities	(133,807)	(1,559)
Taxation paid	(8,672)	(22,595)
Financing costs paid	(35,990)	(35,072)
Retirement benefits paid	(1,387)	(810)
Interest income received	1,033	1,729
Dividend income received	-	550
Net cash generated from operating activities	3,599	1,090
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(7,619)	(8,850)
Proceeds from disposal of plant and equipment	69	-
Net cash used in investing activities	(7,550)	(8,850)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(Repayment) of borrowings	30,029	(3,376)
RCULS coupon payment	(8,540)	(8,684)
Net cash generated from/(used) in financing activities	21,489	(12,060)
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,538	(19,820)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	53,762	86,542
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	83	(89)
CASH & CASH EQUIVALENTS AT END OF PERIOD	71,383	66,633

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

	31/3/2019 RM'000	31/3/2018 RM'000
Deposits, cash and bank balances	71,383	66,633

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2018.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2019

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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 2018. 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 2018 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2018 which are applicable to the Group including MFRS 15 Revenue from Contracts with Customers. 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

There were no RCULS conversion, 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. The outstanding nominal value of RCULS as at 31 March 2019 was RM170,804,885.

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 THIRD QUARTER ENDED 31 MARCH 2019

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8. Operating Segments

The Group's segmental report for the financial year-to-date is as follows:

	Steel products RM'000	Investment holding and others RM'000	Total RM'000
Segment (loss)/profit	(80,886)	562	(80,324)
Included in the measure of segment (loss)/profit are:			
Revenue from external customers	2,438,506	-	2,438,506
Depreciation and amortisation	35,592	18	35,610
Reconciliation of reportable segment (loss)/profit			RM'000
Loss			
Reportable segment			(80,324)
Interest income			1,033
Finance costs			(36,372)
Share of loss in associated companies, net of tax			(520)
Loss before taxation			(116,183)

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.

11. Review of performance

For the quarter under review, the Group's revenue was RM700 million and loss before taxation ("LBT") was RM56 million as compared with revenue and profit before taxation ("PBT") of RM953 million and RM62 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2018 ("FY2018").

For the financial year-to-date, the Group's revenue was RM2,439 million and LBT was RM116 million as compared with revenue and PBT of RM2,810 million and RM197 million respectively for the corresponding period of FY2018.

The lower revenue and LBT recorded for the quarter under review/financial year-to-date as compared with the corresponding quarter/period of FY2018 were largely due to lower selling prices.

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

The Group posted LBT of RM56 million in the current quarter as compared with LBT of RM60 million for the preceding quarter as the market condition remained challenging.

13. Prospects

Although there is indication of revival of some infrastructure projects by the Government, their impact and timing are still uncertain. Further to this uncertainty and the intense competition caused by the new foreign owned competitor, the Group intends to ensure that its market position will not be compromised. The Group will intensify its effort to manage down its cost.

14. Profit forecast/profit guarantee

This note is not applicable.

15. (Loss)/Profit before taxation

	Current Year Quarter 31/3/2019 RM'000	Current Year- To-Date 31/3/2019 RM'000
Loss before taxation is arrived at after charging/(crediting):		
Depreciation and amortisation	11,524	35,610
(Reversal)/Provision for inventories	(11,930)	6,763
Gain on foreign exchange	(2,121)	(1,237)
Fair value loss/(gain) on financial instruments designated as hedge instrument	159	(128)
Write-off of plant and equipment	-	17
Gain on disposal of plant and equipment	(1)	(69)
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 THIRD QUARTER ENDED 31 MARCH 2019
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16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/3/2019 RM'000	Preceding Year Corresponding Quarter 31/3/2018 RM'000	Current Year- To-Date 31/3/2019 RM'000	Preceding Year Corresponding Period 31/3/2018 RM'000
Current taxation				
- Current year	(2,673)	3,119	1,616	21,799
- Prior year	383	(1,828)	383	(1,828)
	<u>(2,290)</u>	<u>1,291</u>	<u>1,999</u>	<u>19,971</u>
Deferred taxation				
- Current year	(2,147)	7,185	(23,999)	866
- Prior year	(9,909)	2	(9,909)	2
	<u>(12,056)</u>	<u>7,187</u>	<u>(33,908)</u>	<u>868</u>
Utilisation of tax credit receivable arising from unutilised reinvestment allowances				
- Current year	96	866	-	866
- Prior year	(150)	-	(150)	-
	<u>(54)</u>	<u>866</u>	<u>(150)</u>	<u>866</u>
	<u>(14,400)</u>	<u>9,344</u>	<u>(32,059)</u>	<u>21,705</u>

For the quarter under review and financial year-to-date, the Group recognised additional deferred tax asset arising from tax losses recorded in certain subsidiaries.

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 2019 are as follows:

	RM'000
Borrowings:	
Unsecured long term borrowings	109,993
Unsecured short term borrowings	969,314
	<u>1,079,307</u>
Debt Securities:	
Redeemable Convertible Unsecured Loan Stocks – Liability Portion	<u>6,847</u>

There were no borrowings denominated in foreign currencies as at 31 March 2019.

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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) were consolidated (“First Arbitration”) and would 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 was constituted to hear this Second Arbitration. The arbitral tribunal directed that the Second Arbitration shall be heard jointly with the First Arbitration.

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19. Changes in material litigation (cont'd)

The Tribunal fixed 30 October 2018 to 9 November 2018 for oral hearing of the arbitration.

The Tribunal completed hearing of the arbitration after a total of 9 days' hearing, i.e. from 30 October to 9 November 2018.

At the end of the hearing, the Tribunal directed the parties to file and exchange post-hearing submissions by 28 February 2019.

The Tribunal further fixed 15 March 2019 for oral closing submissions in Singapore.

The Tribunal completed hearing of the oral closing submissions on 15 March 2019.

Parties are awaiting the Tribunal's decision.

20. Dividend

- (a) The Board does not recommend any interim dividend for the quarter ended 31 March 2019 of the financial year ending 30 June 2019 (3rd quarter 2017/2018: single tier dividend of 3.5 sen per share).
- (b) For the financial year-to-date, no dividend has been declared (2017/2018: single tier dividend of 3.5 sen per share).

21. (Loss)/Earnings per ordinary share

(a) Basic (loss)/earnings per ordinary share

The basic (loss)/earnings per ordinary share for the quarter under review is calculated by dividing the Group's loss attributable to owners of the Company of RM41,573,000 (3rd quarter 2017/2018: profit attributable to owners of the Company of RM52,267,000) by the weighted average number of ordinary shares during the quarter of 433,642,301 (3rd quarter 2017/2018: 433,049,878).

The basic (loss)/earnings per ordinary shares for this financial year-to-date is calculated by dividing the Group's loss attributable to owners of the Company of RM84,199,000 (2017/2018: profit attributable to owners of the Company of RM175,642,000) by weighted average number of ordinary shares during the period of 433,642,301 (2017/2018: 431,852,088)

	<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
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	'000	'000	'000	'000
Issued ordinary shares at beginning of period	433,642	432,913	433,642	429,022
Effect of RCULS conversion	-	137	-	2,830
Weighted average number of ordinary shares (basic)	433,642	433,050	433,642	431,852
Basic (loss)/earnings per ordinary share (sen)	(9.59)	12.07	(19.42)	40.67

21. (Loss)/Earnings per ordinary share (cont'd)



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

The Group's diluted loss per ordinary share in the quarter under review/financial year-to-date is not presented as the assumed potential new ordinary shares are anti-dilutive.

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 2019, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Contract amount	Fair Value Assets
	RM'000	/ (Liabilities)
	RM'000	RM'000
Less than 1 year	(12,096)	177

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 2018.

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
Company Secretary

Kuala Lumpur
30 May 2019