

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2019**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/6/2019 RM'000	Preceding Year Corresponding Quarter 30/6/2018 RM'000	Current Year- To-Date 30/6/2019 RM'000	Preceding Year Corresponding Period 30/6/2018 RM'000
<b>Revenue</b>	696,978	888,636	3,135,484	3,698,191
Cost of sales	(685,099)	(801,876)	(3,082,161)	(3,253,538)
<b>Gross profit</b>	11,879	86,760	53,323	444,653
Operating expenses	(36,361)	(43,777)	(153,527)	(175,851)
Other operating (expense)/income	(5,594)	(4,208)	(10,196)	1,238
<b>(Loss)/Profit from operation</b>	(30,076)	38,775	(110,400)	270,040
Interest income	349	323	1,382	2,052
Finance costs	(11,704)	(12,837)	(48,076)	(48,594)
Share of (loss)/profit in associated companies, net of tax	(570)	124	(1,090)	361
<b>(Loss)/Profit before taxation</b>	(42,001)	26,385	(158,184)	223,859
Taxation	7,216	9,091	39,275	(12,614)
<b>(Loss)/Profit for the period</b>	(34,785)	35,476	(118,909)	211,245
<b>(Loss)/Profit attributable to:</b>				
Owners of the Company	(34,850)	35,205	(119,048)	210,847
Non-controlling interests	65	271	139	398
<b>(Loss)/Profit for the period</b>	(34,785)	35,476	(118,909)	211,245
<b>(Loss)/Earnings per ordinary share (sen): -</b>				
(a) Basic	(8.04)	8.12	(27.45)	48.78
(b) Fully diluted	N/A	5.93	N/A	35.50

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 FOURTH QUARTER ENDED 30 JUNE 2019**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2019 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/6/2019 RM'000	Preceding Year Corresponding Quarter 30/6/2018 RM'000	Current Year- To-Date 30/6/2019 RM'000	Preceding Year Corresponding Period 30/6/2018 RM'000
<b>(Loss)/Profit for the period</b>	(34,785)	35,476	(118,909)	211,245
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Loss on fair value of equity instrument at fair value through other comprehensive income	(12)	(47)	(393)	(404)
Remeasurement of defined benefit liability	2,579	-	2,579	-
<i>Item that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operation	10	37	93	(52)
Cash flow hedge	(716)	2,754	(304)	900
<b>Total comprehensive (expense)/income for the period</b>	<b>(32,924)</b>	<b>38,220</b>	<b>(116,934)</b>	<b>211,689</b>
<b>Total comprehensive (expense)/income attributable to:</b>				
Owners of the Company	(32,986)	37,929	(117,060)	211,263
Non-controlling interests	62	291	126	426
<b>Total comprehensive (expense)/income for the period</b>	<b>(32,924)</b>	<b>38,220</b>	<b>(116,934)</b>	<b>211,689</b>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2018.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**
**The figures have not been audited**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	As At End of Current Quarter 30/6/2019 RM'000	As At End of Preceding Financial Year 30/06/2018 RM'000
<b>ASSETS</b>		
Property, plant and equipment	1,117,399	1,156,271
Goodwill on consolidation	30,256	30,256
Investments in associated companies	13,851	15,216
Other investments	630	1,023
Deferred tax assets	106,151	69,427
Tax credit receivable	19,941	20,890
<b>Total non-current assets</b>	<b>1,288,228</b>	<b>1,293,083</b>
Inventories	672,589	842,202
Trade and other receivables, including derivatives	208,528	288,562
Current tax assets	14,559	10,687
Cash and cash equivalents	43,938	54,550
<b>Total current assets</b>	<b>939,614</b>	<b>1,196,001</b>
<b>TOTAL ASSETS</b>	<b>2,227,842</b>	<b>2,489,084</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	470,205	469,494
Reserves	242,610	355,495
Redeemable Convertible Unsecured Loan Stocks (Equity Portion)	141,524	141,524
	854,339	966,513
<b>NON-CONTROLLING INTERESTS</b>		
	5,584	5,574
<b>TOTAL EQUITY</b>	<b>859,923</b>	<b>972,087</b>
<b>LIABILITIES</b>		
Deferred tax liabilities	8,852	15,163
Redeemable Convertible Unsecured Loan Stocks (Liability Portion)	-	8,205
Deferred income	9,158	10,682
Employee benefits	29,293	31,632
Borrowings	85,000	189,958
<b>Total non-current liabilities</b>	<b>132,303</b>	<b>255,640</b>
Redeemable Convertible Unsecured Loan Stocks (Liability Portion)	4,789	4,665
Employee benefits	1,107	534
Provisions	11,081	21,945
Trade and other payables, including derivatives	359,323	374,079
Borrowings	858,970	860,108
Current tax liabilities	346	26
<b>Total current liabilities</b>	<b>1,235,616</b>	<b>1,261,357</b>
<b>TOTAL LIABILITIES</b>	<b>1,367,919</b>	<b>1,516,997</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,227,842</b>	<b>2,489,084</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.97</b>	<b>2.23</b>

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 FOURTH QUARTER ENDED 30 JUNE 2019**
**The figures have not been audited**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019**

	← Attributable to owners of the Company →										
	← Non-distributable →							Distributable			Total equity
	Share capital	Redeemable convertible unsecured loan stocks ("RCULS") (equity portion)	Merger reserve	Other 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
<b>Current year-to-date ended 30 June 2019</b>											
<b>At 1 July 2018</b>	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	-	-	-	-	-	-	-	(119,048)	(119,048)	139	(118,909)
Other comprehensive income/(expense):											
- Loss on fair value of equity instruments	-	-	-	-	-	-	-	(393)	(393)	-	(393)
- Remeasurement of defined benefit liability	-	-	-	-	-	-	-	2,567	2,567	12	2,579
- Foreign currency translation differences	-	-	-	-	-	93	-	-	93	-	93
- Cash flow hedge	-	-	-	-	(279)	-	-	-	(279)	(25)	(304)
<b>Total comprehensive income/(expense) for the period</b>	-	-	-	-	(279)	93	-	(116,874)	(117,060)	126	(116,934)
Share-based payments	-	-	-	-	-	-	4,886	-	4,886	-	4,886
Dividend	-	-	-	-	-	-	-	-	-	(116)	(116)
Reclassification	711	-	-	(150)	-	-	-	(561)	-	-	-
<b>Total transactions with owners</b>	711	-	-	(150)	-	-	4,886	(561)	4,886	(116)	4,770
<b>At 30 June 2019</b>	470,205	141,524	30,000	-	(58)	1,823	10,784	200,061	854,339	5,584	859,923

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019 (cont'd)**

	← Attributable to owners of the Company →								Total	Non-controlling interests	Total equity
	← Non-distributable →				Distributable						
	Share capital	RCULS (equity portion)	Merger reserve	Other 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
<b>Preceding year corresponding period ended 30 June 2018</b>											
<b>At 1 July 2017</b>	464,874	145,544	30,000	140	(651)	1,782	1,015	122,406	765,110	5,148	770,258
Profit for the period	-	-	-	-	-	-	-	210,847	210,847	398	211,245
Other comprehensive (expense)/income:											
- Loss on fair value of available-for-sale financial assets	-	-	-	-	-	-	-	(404)	(404)	-	(404)
- Foreign currency translation differences	-	-	-	-	-	(52)	-	-	(52)	-	(52)
- Cash flow hedge	-	-	-	-	872	-	-	-	872	28	900
<b>Total comprehensive income/(expense) for the period</b>	-	-	-	-	872	(52)	-	210,443	211,263	426	211,689
Conversion of RCULS	4,620	(4,020)	-	-	-	-	-	(166)	434	-	434
Share-based payments	-	-	-	-	-	-	4,883	-	4,883	-	4,883
Dividend	-	-	-	-	-	-	-	(15,177)	(15,177)	-	(15,177)
Reclassification	-	-	-	10	-	-	-	(10)	-	-	-
<b>Total transactions with owners</b>	4,620	(4,020)	-	10	-	-	4,883	(15,353)	(9,860)	-	(9,860)
<b>At 30 June 2018</b>	469,494	141,524	30,000	150	221	1,730	5,898	317,496	966,513	5,574	972,087

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 FOURTH QUARTER ENDED 30 JUNE 2019**
**The figures have not been audited**
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019**

	Current Year- To-Date 30/6/2019 RM'000	Preceding Year Corresponding Period 30/6/2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(158,184)	223,859
Adjustments for:-		
Depreciation and amortisation	46,148	52,791
Net financing costs	46,694	46,542
Share of loss/(profit) in associated companies, net of tax	1,090	(361)
Non-cash items	8,619	2,521
Operating (loss)/profit before changes in working capital	(55,633)	325,352
Changes in working capital		
Net change in current assets	248,362	(256,127)
Net change in current liabilities	(23,715)	22,294
Taxation paid	(6,363)	(30,020)
Financing costs paid	(47,616)	(47,735)
Retirement benefits paid	(2,054)	(902)
Interest income received	1,382	2,052
Dividend income received	275	550
<b>Net cash generated from operating activities</b>	<b>114,638</b>	<b>15,464</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(10,630)	(11,474)
Proceeds from disposal of plant and equipment	40	-
<b>Net cash used in investing activities</b>	<b>(10,590)</b>	<b>(11,474)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(105,308)	(12,839)
RCULS coupon payment	(8,541)	(8,680)
Dividend paid	-	(15,177)
Dividend paid to minority interest	(116)	-
<b>Net cash used in financing activities</b>	<b>(113,965)</b>	<b>(36,696)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(9,917)</b>	<b>(32,706)</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>53,762</b>	<b>86,520</b>
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b>	<b>93</b>	<b>(52)</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>43,938</b>	<b>53,762</b>

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019****The figures have not been audited****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019 (cont'd)**

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

	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits, cash and bank balances	43,938	54,550
Bank overdrafts	-	(788)
	<u>43,938</u>	<u>53,762</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 2018.**



## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

**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 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 30 June 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 FOURTH QUARTER ENDED 30 JUNE 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
<b>Segment loss</b>	(110,214)	(186)	(110,400)

Included in the measure of segment loss are:

Revenue from external customers	3,135,484	-	3,135,484
Depreciation and amortisation	46,125	23	46,148

**Reconciliation of reportable segment loss**

	RM'000
<b>Loss</b>	
Reportable segment	(110,400)
Interest income	1,382
Finance costs	(48,076)
Share of loss in associated companies, net of tax	(1,090)
Loss before taxation	(158,184)

**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:

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 Companies Act, 2016. The Joint Liquidators of E-Tatt had convened a Final Meeting to conclude the Member's Voluntary Liquidation and accordingly, E-Tatt will be dissolved on 12 September 2019.

**11. Review of performance**

For the quarter under review, the Group's revenue was RM697 million and loss before taxation ("LBT") was RM42 million as compared with revenue and profit before taxation ("PBT") of RM889 million and RM26 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 RM3,135 million and LBT was RM158 million as compared with revenue and PBT of RM3,698 million and RM224 million respectively for the corresponding period of FY2018.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**

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**11. Review of performance (cont'd)**

As noted in the previous few quarters, the lower revenue and LBT 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.

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

The Group posted LBT of RM42 million for the current quarter as compared with LBT of RM56 million for the preceding quarter with improved margins.

**13. Prospects**

The market will remain volatile. The impact from the revival of some infrastructure projects by the Government will be slow and insufficient to address the over-supply condition in the market as created by the new entrants. However, the Group will continue to adopt measures to address cost and ensure its market position is not compromised.

**14. Profit forecast/profit guarantee**

This note is not applicable.

**15. Loss before taxation**

	<b>Current Year Quarter 30/6/2019 RM'000</b>	<b>Current Year- To-Date 30/6/2019 RM'000</b>
Loss before taxation is arrived at after charging/(crediting):		
Depreciation and amortisation	10,538	46,148
Provision for inventories	11,883	14,998
Gain on foreign exchange	(356)	(1,593)
Fair value loss on financial instruments designated as hedge instrument	1,940	1,812
Write-off of plant and equipment	-	17
Loss/(Gain) on disposal of plant and equipment	29	(40)
Gross dividend income from other investment	-	-
Reversal for allowance of impairment of trade receivables	(369)	(369)
Gain on disposal of quoted/unquoted investments or properties	-	-

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**
**The figures have not been audited**
**16. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/6/2019 RM'000	Preceding Year Corresponding Quarter 30/6/2018 RM'000	Current Year- To-Date 30/6/2019 RM'000	Preceding Year Corresponding Period 30/6/2018 RM'000
Current taxation				
- Current year	998	1,282	2,614	23,081
- Prior year	(188)	(1)	195	(1,829)
	<u>810</u>	<u>1,281</u>	<u>2,809</u>	<u>21,252</u>
Deferred taxation				
- Current year	(8,757)	(11,494)	(32,756)	(10,628)
- Prior year	(368)	(421)	(10,277)	(419)
	<u>(9,125)</u>	<u>(11,915)</u>	<u>(43,033)</u>	<u>(11,047)</u>
Utilisation of tax credit receivable arising from unutilised reinvestment allowances				
- Current year	949	1,446	949	2,312
- Prior year	150	97	-	97
	<u>1,099</u>	<u>1,543</u>	<u>949</u>	<u>2,409</u>
	<u>(7,216)</u>	<u>(9,091)</u>	<u>(39,275)</u>	<u>12,614</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 30 June 2019 are as follows:

	RM'000
Borrowings:	
Unsecured long term borrowings	89,900
Unsecured short term borrowings	854,070
	<u>943,970</u>
Debt Securities:	
Redeemable Convertible Unsecured Loan Stocks – Liability Portion	<u>4,789</u>

There were no borrowings denominated in foreign currencies as at 30 June 2019.



## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

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” (“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.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**

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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 final dividend for the financial year ended 30 June 2019.
- (b) For the financial year-to-date, no dividend (2017/2018: a total single tier dividend of 3.5 sen per share) has been declared.

**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 RM34,850,000 (4<sup>th</sup> quarter 2017/2018: profit attributable to owners of the Company of RM35,205,000) by the weighted average number of ordinary shares during the quarter of 433,642,301 (4<sup>th</sup> quarter 2017/2018: 433,411,444).

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 RM119,048,000 (2017/2018: profit attributable to owners of the Company of RM210,847,000) by weighted average number of ordinary shares during the period of 433,642,301 (2017/2018: 432,240,859)

	<i>Weighted average number of ordinary shares</i>			
	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To-Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>30/6/2019</b>	<b>30/6/2018</b>	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Issued ordinary shares at beginning of period	433,642	433,238	433,642	429,022
Effect of RCULS conversion	-	173	-	3,219
Weighted average number of ordinary shares (basic)	<u>433,642</u>	<u>433,411</u>	<u>433,642</u>	<u>432,241</u>
Basic (loss)/earnings per ordinary share (sen)	(8.04)	8.12	(27.45)	48.78

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**
**The figures have not been audited**
**21. (Loss)/Earnings per ordinary share (cont'd)**

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

	<b>Contract amount</b>	<b>Fair Value Assets</b>
	<b>RM'000</b>	<b>/ (Liabilities)</b>
	<b>RM'000</b>	<b>RM'000</b>
Less than 1 year	(128,282)	(567)

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  
26 August 2019