

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

|  | Individual Quarter      |  | Cumulative Quarter      |   |
|--|-------------------------|--|-------------------------|---|
|  | Current Year<br>Quarter | Preceding Year<br>Corresponding<br>Quarter | Current Year<br>To-date | Preceding Year<br>Corresponding<br>Period |
|  | 30/09/2013<br>RM'000    | 30/09/2012<br>RM'000                       | 30/09/2013<br>RM'000    | 30/09/2012<br>RM'000                      |
| <b>Revenue</b>                                     | 677,952                 | 704,113                                    | 677,952                 | 704,113                                   |
| Cost of sales                                      | (640,463)               | (657,393)                                  | (640,463)               | (657,393)                                 |
| <b>Gross profit</b>                                | 37,489                  | 46,720                                     | 37,489                  | 46,720                                    |
| Operating expenses                                 | (33,408)                | (32,914)                                   | (33,408)                | (32,914)                                  |
| Other operating income                             | 3,484                   | 3,994                                      | 3,484                   | 3,994                                     |
| <b>Profit from operation</b>                       | 7,565                   | 17,800                                     | 7,565                   | 17,800                                    |
| Finance costs                                      | (7,267)                 | (7,791)                                    | (7,267)                 | (7,791)                                   |
| Share of loss of associated companies              | (4,536)                 | (1,402)                                    | (4,536)                 | (1,402)                                   |
| <b>(Loss)/Profit before taxation</b>               | (4,238)                 | 8,607                                      | (4,238)                 | 8,607                                     |
| Taxation   | 243                     | (1,491)                                    | 243                     | (1,491)                                   |
| <b>(Loss)/Profit for the period</b>                | (3,995)                 | 7,116                                      | (3,995)                 | 7,116                                     |
| <b>Attributable to:</b>                            |                         |  |                         |   |
| Owners of the company                              | (4,172)                 | 7,094                                      | (4,172)                 | 7,094                                     |
| Non-controlling interests                          | 177                     | 22   | 177                     | 22  |
| <b>(Loss)/Profit for the period</b>                | (3,995)                 | 7,116                                      | (3,995)                 | 7,116                                     |
| <b>(Loss)/Earnings per ordinary share (sen): -</b> |                         |  |                         |   |
| (a) Basic  | (1.0)                   | 1.7  | (1.0)                   | 1.7                                       |
| (b) Fully diluted                                  | N/A                     | N/A  | N/A                     | N/A                                       |

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2013.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2013 (CONTINUED)**

|   | Individual Quarter      |  | Cumulative Quarter      |   |
|---|-------------------------|--|-------------------------|---|
|   | Current Year<br>Quarter | Preceding Year<br>Corresponding<br>Quarter | Current Year<br>To-date | Preceding Year<br>Corresponding<br>Period |
|   | 30/09/2013<br>RM'000    | 30/09/2012<br>RM'000                       | 30/09/2013<br>RM'000    | 30/09/2012<br>RM'000                      |
| <b>(Loss)/Profit for the period</b>                             | (3,995)                 | 7,116                                      | (3,995)                 | 7,116                                     |
| Fair value (loss)/gain on available-for-sale financial assets   | (112)                   | 2,139                                      | (112)                   | 2,139                                     |
| Foreign currency translation differences for foreign operations | 1,748                   | (1,276)                                    | 1,748                   | (1,276)                                   |
| <b>Total comprehensive (expense)/income for the period</b>      | <b>(2,359)</b>          | <b>7,979</b>                               | <b>(2,359)</b>          | <b>7,979</b>                              |
| <b>Total comprehensive (expense)/income attributable to:</b>    |                         |  |                         |   |
| Owners of the Company   | (2,536)                 | 7,958                                      | (2,536)                 | 7,958                                     |
| Non-controlling interests                                       | 177                     | 21   | 177                     | 21  |
| <b>Total comprehensive (expense)/income for the period</b>      | <b>(2,359)</b>          | <b>7,979</b>                               | <b>(2,359)</b>          | <b>7,979</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 2013.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013**

|  | As At End of<br>Current Quarter<br>30/09/2013<br>RM'000 | As at End of<br>Preceding<br>Financial Year<br>30/06/2013<br>RM'000 |
|--|---|---|
| <b>ASSETS</b>  |   |   |
| Property, plant and equipment  | 1,034,014   | 977,108   |
| Goodwill on consolidation  | 30,256  | 30,256  |
| Investment in associated Companies                                     | 74,790  | 79,325  |
| Other investments  | 1,183   | 1,294   |
| Deferred tax assets  | 10,944  | 10,944  |
| Tax credit receivables   | 20,439  | 17,015  |
| <b>Total non-current assets</b>  | <b>1,171,626</b>  | <b>1,115,942</b>  |
| Inventories  | 614,801   | 753,946   |
| Trade and other receivables  | 239,645   | 231,779   |
| Current tax assets   | 2,785   | 11,672  |
| Derivative financial assets  | 224   | 224   |
| Deposits, cash and bank balances                                       | 83,160  | 86,840  |
| <b>Total current assets</b>  | <b>940,615</b>  | <b>1,084,461</b>  |
| <b>TOTAL ASSETS</b>  | <b>2,112,241</b>  | <b>2,200,403</b>  |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>                    |   |   |
| Share capital  | 411,467   | 411,467   |
| Reserves   | 447,356   | 449,892   |
|  | 858,823   | 861,359   |
| Non-controlling interests  | 5,679   | 5,502   |
| <b>TOTAL EQUITY</b>  | <b>864,502</b>  | <b>866,861</b>  |
| <b>LIABILITIES</b>   |   |   |
| Borrowings   | 274,607   | 228,124   |
| Retirement benefits  | 24,413  | 23,993  |
| Deferred tax liabilities   | 20,481  | 22,837  |
| Deferred income  | 18,705  | 19,087  |
| <b>Total non-current liabilities</b>                                   | <b>338,206</b>  | <b>294,041</b>  |
| Retirement benefits  | 405   | 405   |
| Trade and other payables   | 179,670   | 231,992   |
| Borrowings   | 728,962   | 806,986   |
| Derivative financial liabilities                                       | 496   | 118   |
| <b>Total current liabilities</b>                                       | <b>909,533</b>  | <b>1,039,501</b>  |
| <b>TOTAL LIABILITIES</b>   | <b>1,247,739</b>  | <b>1,333,542</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                    | <b>2,112,241</b>  | <b>2,200,403</b>  |
| <b>Net assets per share attributable to owners of the Company (RM)</b> | <b>2.04</b>   | <b>2.05</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 2013.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**
**The figures have not been audited**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

|   | ← Attributable to owners of the Company → |                       |                |                            |                    |                              |                   |         |                           | Total equity |              |
|---|---|-----------------------|----------------|----------------------------|--------------------|------------------------------|-------------------|---------|---------------------------|--------------|--------------|
|   | Share capital                             | ← Non-distributable → |                |                            |                    |                              | Distributable     |         | Non-controlling interests |              | Total equity |
|   |   | Share premium         | Merger reserve | Capital redemption reserve | Fair value reserve | Exchange fluctuation reserve | Retained earnings | Total   |                           |              |              |
| RM'000  | RM'000                                    | RM'000                | RM'000         | RM'000                     | RM'000             | RM'000                       | RM'000            | RM'000  | RM'000                    | RM'000       |              |
| <b>Current year-to-date ended 30 September 2013</b>               |   |                       |                |                            |                    |                              |                   |         |                           |              |              |
| <b>At 1 July 2013</b>   | 411,467                                   | 35,852                | 30,000         | 50                         | 832                | 1,708                        | 381,450           | 861,359 | 5,502                     | 866,861      |              |
| Other comprehensive (expense)/income                              |   |                       |                |                            |                    |                              |                   |         |                           |              |              |
| - fair value loss on available-for-sale financial assets          | -   | -                     | -              | -                          | (112)              | -                            | -                 | (112)   | -                         | (112)        |              |
| - foreign currency translation differences for foreign operations | -   | -                     | -              | -                          | -                  | 1,748                        | -                 | 1,748   | -                         | 1,748        |              |
| (Loss)/Profit for the period                                      | -   | -                     | -              | -                          | -                  | -                            | (4,172)           | (4,172) | 177                       | (3,995)      |              |
| <b>Total comprehensive (expense)/income for the period</b>        | -   | -                     | -              | -                          | (112)              | 1,748                        | (4,172)           | (2,536) | 177                       | (2,359)      |              |
| <b>At 30 September 2013</b>                                       | 411,467                                   | 35,852                | 30,000         | 50                         | 720                | 3,456                        | 377,278           | 858,823 | 5,679                     | 864,502      |              |

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**
**The figures have not been audited**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2013  
(CONTINUED)**

|  | ← Attributable to owners of the Company → |                       |                |                            |                    |                              |                   |         |                           |              |
|--|---|-----------------------|----------------|----------------------------|--------------------|------------------------------|-------------------|---------|---------------------------|--------------|
|  | Share capital                             | ← Non-distributable → |                |                            |                    |                              | Distributable     |         | Non-controlling interests | Total equity |
|  |   | Share premium         | Merger reserve | Capital redemption reserve | Fair value reserve | Exchange fluctuation reserve | Retained earnings | Total   |                           |              |
| RM'000   | RM'000                                    | RM'000                | RM'000         | RM'000                     | RM'000             | RM'000                       | RM'000            | RM'000  | RM'000                    | RM'000       |
| <b>Preceding year corresponding period ended 30 September 2012</b> |   |                       |                |                            |                    |                              |                   |         |                           |              |
| <b>At 1 July 2012</b>  | 411,467                                   | 35,852                | 30,000         | 50                         | (5,556)            | 2,005                        | 374,099           | 847,917 | (1,527)                   | 846,390      |
| Other comprehensive income/(expense)                               |   |                       |                |                            |                    |                              |                   |         |                           |              |
| - fair value gain on available-for-sale financial assets           | -   | -                     | -              | -                          | 2,140              | -                            | -                 | 2,140   | (1)                       | 2,139        |
| - foreign currency translation differences for foreign operations  | -   | -                     | -              | -                          | -                  | (1,276)                      | -                 | (1,276) | -                         | (1,276)      |
| Profit for the period  | -   | -                     | -              | -                          | -                  | -                            | 7,094             | 7,094   | 22                        | 7,116        |
| <b>Total comprehensive income/(expense) for the period</b>         | -   | -                     | -              | -                          | 2,140              | (1,276)                      | 7,094             | 7,958   | 21                        | 7,979        |
| <b>At 30 September 2012</b>  | 411,467                                   | 35,852                | 30,000         | 50                         | (3,416)            | 729                          | 381,193           | 855,875 | (1,506)                   | 854,369      |

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 2013.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

|   | Current Year<br>To-date | Preceding Year<br>Corresponding<br>Period |
|---|-------------------------|---|
|   | 30/09/2013<br>RM'000    | 30/09/2012<br>RM'000                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                         |   |
| (Loss)/Profit before taxation                                 | (4,238)                 | 8,607                                     |
| Adjustments for:-   |                         |   |
| Depreciation and amortisation                                 | 17,818                  | 19,227                                    |
| Net financing costs   | 7,116                   | 7,676                                     |
| Share of loss of associated companies                         | 4,536                   | 1,402                                     |
| Other non-cash items  | 5,943                   | 147                                       |
| Operating profit before changes in working capital            | 31,175                  | 37,059                                    |
| Changes in working capital                                    |                         |   |
| Net change in current assets                                  | 121,640                 | (30,388)                                  |
| Net change in current liabilities                             | (50,906)                | (88,591)                                  |
| Taxation refund/(paid)  | 6,991                   | (1,378)                                   |
| Finance costs paid  | (6,865)                 | (6,790)                                   |
| Retirement benefits paid                                      | (137)                   | (457)                                     |
| <b>Net cash generated from/(used in) operating activities</b> | 101,898                 | (90,545)                                  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |                         |   |
| Acquisition of property, plant and equipment                  | (75,264)                | (46,587)                                  |
| Investment in associated companies                            | -                       | (361)                                     |
| Net cash inflow from disposal of subsidiaries                 | -                       | 9,411                                     |
| Interest income received                                      | 54                      | 71  |
| Dividend income received                                      | 7                       | 7   |
| <b>Net cash used in investing activities</b>                  | (75,203)                | (37,459)                                  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                         |   |
| Net (repayment)/drawdown of borrowings                        | (48,586)                | 139,832                                   |
| <b>Net cash (used in)/generated from financing activities</b> | (48,586)                | 139,832                                   |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                | (21,891)                | 11,828                                    |
| <b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>     | 83,410                  | 57,901                                    |
| <b>EFFECT ON EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b>      | 1,747                   | 1,041                                     |
| <b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>           | 63,266                  | 70,770                                    |

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**

**The figures have not been audited**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (CONTINUED)**

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

|                                  | 30/09/2013<br>RM'000 | 30/09/2012<br>RM'000 |
|----------------------------------|----------------------|----------------------|
| Deposits, cash and bank balances | 83,160               | 86,511               |
| Bank overdrafts                  | (19,894)             | (15,741)             |
|                                  | <u>63,266</u>        | <u>70,770</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 2013.**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**

**The figures have not been audited**

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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 2013. This interim financial report also complies with International Accounting Standards (“IAS”) 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 2013.

The Group has adopted the MFRSs, amendments and interpretations effective for annual periods beginning on or after 1 January 2013 where applicable to the Group. The initial adoption of these applicable MFRS, 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 are 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 issuance of shares, share buy-back, share cancellations, resale of treasury shares and repayments of debts or equity securities during the quarter under review and financial year-to-date.

**7. Dividend paid**

There was no dividend paid during the quarter under review and financial year-to-date.



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**

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**8. Operating Segments**

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

|                              | Steel products<br>RM'000 | Investment holding<br>and others<br>RM'000 | Total<br>RM'000 |
|------------------------------|--------------------------|--|-----------------|
| <b>Segment profit/(loss)</b> | 628                      | (330)                                      | 298             |

Included in the measure of segment profit/(loss) are:

|                                 |          |      |          |
|---------------------------------|----------|------|----------|
| Revenue from external customers | 677,952  | -    | 677,952  |
| Depreciation and amortisation   | (17,812) | (6)  | (17,818) |
| Finance costs                   | (7,249)  | (18) | (7,267)  |

**Reconciliation of reportable segment profit/(loss)**

|                                       |               |
|---------------------------------------|---------------|
|                                       | <b>RM'000</b> |
| Reportable segment                    | 298           |
| Share of loss of associated companies | (4,536)       |
| Consolidated loss before taxation     | (4,238)       |

**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:

- (i) The following wholly-owned subsidiaries of the Company have been struck off from the Register of the Registrar of Companies:-
  - (a) Sound Industries Sdn Bhd (formerly known as Southern Steel Industries Sdn Bhd); and
  - (b) Steady Solution Sdn Bhd (formerly known as Southern Steel Solutions Sdn Bhd).
  
- (ii) The following wholly-owned subsidiaries of the Company have been placed under members' voluntary liquidation:-
  - (a) Terus Staples Sdn Bhd (formerly known as Trend Staples Industry Sdn Bhd); and
  - (b) Centimeter Wire Sdn Bhd (formerly known as Southern Coated Wire Sdn Bhd).

The liquidations are currently pending tax clearance from the Inland Revenue Board and final meeting to be convened.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**
**The figures have not been audited**
**11. Review of performance**

The Government trade actions against unfair trade practices that were anticipated in the previous quarter were not implemented. Consequently, imported volume had further increased, weighing down prices and margin.

Despite the higher volume recorded, the Group's revenue reduced from RM704.1 million in the corresponding quarter of the preceding financial year to RM678.0 million in the quarter under review due to lower selling prices. The loss before taxation ("LBT") of RM4.2 million in the quarter under review as compared with a profit before taxation ("PBT") of RM8.6 million in the corresponding quarter of the preceding year was mainly due to lower margin and share of higher losses from associated companies.

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

The Group's revenue and LBT for the quarter under review were RM678.0 million and RM4.2 million respectively as compared with the preceding quarter's revenue of RM710.8 million and PBT of RM20.5 million. The loss incurred was mainly due to lower margin and share of higher losses from associated companies.

**13. Prospects**

Chinese steel continues to be dumped into Malaysia and we are not hopeful that governmental trade actions will take effect before the third quarter. While demand will be supported by major infrastructure projects, margins will continue to be affected by prices and level of imports into Malaysia. Assuming that the governmental trade actions are implemented as currently anticipated, the Board expects better performance in the ensuing quarters.

**14. Profit forecast/profit guarantee**

This note is not applicable.

**15. Loss before taxation**

|  | <b>Current Year<br/>Quarter<br/>30/09/2013<br/>RM'000</b> | <b>Current Year<br/>To-date<br/>30/09/2013<br/>RM'000</b> |
|--|---|---|
| Loss before taxation is arrived at after charging/(crediting) :- |   |   |
| Finance income   | (151)   | (151)   |
| Gross dividend income from other investments                     | (7)   | (7)   |
| Depreciation and amortization                                    | 17,818  | 17,818  |
| Allowances for impairment loss on trade receivables              | 827   | 827   |
| Reversal of inventories obsolescence                             | (91)  | (91)  |
| Gain on foreign exchange   | (2,608)   | (2,608)   |
| Fair value loss on derivative instruments                        | 378   | 378   |
| Gain on disposal of quoted/unquoted investments or properties    | -   | -   |
| Impairment of properties, plant and equipment                    | -   | -   |

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**
**The figures have not been audited**
**16. Taxation**

|   | Individual Quarter      |  | Cumulative Quarter      |   |
|---|-------------------------|--|-------------------------|---|
|   | Current Year<br>Quarter | Preceding Year<br>Corresponding<br>Quarter | Current Year<br>To-date | Preceding Year<br>Corresponding<br>Period |
|   | 30/09/2013<br>RM'000    | 30/09/2012<br>RM'000                       | 30/09/2013<br>RM'000    | 30/09/2012<br>RM'000                      |
| Current taxation (Malaysian):   |                         |  |                         |   |
| - Current year  | 1,898                   | 1,724                                      | 1,898                   | 1,724                                     |
| - Over provision in prior years   | -                       | (135)                                      | -                       | (135)                                     |
|   | <u>1,898</u>            | <u>1,589</u>                               | <u>1,898</u>            | <u>1,589</u>                              |
| Deferred taxation:  |                         |  |                         |   |
| - Current year  | (2,356)                 | (2,432)                                    | (2,356)                 | (2,432)                                   |
| - Under provision in prior years  | -                       | 526  | -                       | 526                                       |
|   | <u>(2,356)</u>          | <u>(1,906)</u>                             | <u>(2,356)</u>          | <u>(1,906)</u>                            |
| Utilisation of tax credit receivable<br>arising from unutilised reinvestment<br>allowances – current year | 215                     | 1,808                                      | 215                     | 1,808                                     |
|   | <u>215</u>              | <u>1,808</u>                               | <u>215</u>              | <u>1,808</u>                              |
|   | <u>(243)</u>            | <u>1,491</u>                               | <u>(243)</u>            | <u>1,491</u>                              |

The Group's effective tax rate for the financial year-to-date was lower than statutory tax rate mainly due to tax losses for certain companies not recognised as credit.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**
**The figures have not been audited**
**17. Corporate proposals**

There are no corporate proposals announced but not completed as at the date of this report other than as mentioned below:-

Southern Steel Berhad (“the Company” or “SSB”) has, on 26 August 2013, announced that the Company proposed to:

- (a) terminate the existing executive share option scheme (“ESOS”) of SSB, which was established on 8 October 2008 and will expire on 7 October 2018 (“Proposed Termination”); and
- (b) establish an executive share scheme (“Proposed ESS”) comprising an ESOS and an executive share grant scheme of up to 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of SSB.

The Proposed Termination and the Proposed ESS (collectively referred to as the “Proposals”) were approved by the shareholders of SSB on 22 October 2013.

Bursa Securities Malaysia Berhad has, via its letter dated 10 September 2013, granted its approval in-principle for the listing of such number of additional new ordinary shares of RM1.00 each in SSB, representing up to 10% of the issued and paid-up ordinary share capital of the Company, to be issued pursuant to the Proposed ESS.

Barring any unforeseen circumstances, the Company expects to implement the Proposals by the first quarter of year 2014.

**18. Group’s borrowings and debt securities**

Particulars of the Group’s borrowings and debt securities as at 30 September 2013 are as follows: -

|                                 |                  |
|---------------------------------|------------------|
|                                 | <b>RM’000</b>    |
| Unsecured long term borrowings  | 274,607          |
| Unsecured short term borrowings | 728,962          |
|                                 | <u>1,003,569</u> |

There were no borrowings denominated in foreign currencies as at 30 September 2013.

**19. Changes in material litigation**

There are no material litigations as at the date of this report.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**

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**The figures have not been audited**

**20. Dividend**

- (a) The Board has declared an interim dividend of 2.0 sen per share tax exempt for the quarter ended 30 September 2013 of the financial year ending 30 June 2014 (1<sup>st</sup> quarter 2012/2013: 2.0 sen per share tax exempt) to be paid on 27 December 2013 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 18 December 2013.

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 4.00 p.m. on 18 December 2013 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 dividend of 2.0 sen per share tax exempt (2012/2013 : 2.0 sen per share tax exempt) 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/financial year-to-date is calculated by dividing the Group's loss attributable to owners of the Company of RM4,172,000 (1<sup>st</sup> quarter 2012/2013 profits attributable to owners of the Company of RM7,094,000) and the weighted average number of ordinary shares during the quarter of 419,417,208 (1<sup>st</sup> quarter 2012/2013 : 419,417,208).

- (b) Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share in the quarter under review/financial year-to-date and the preceding year's corresponding quarter/period as there were no dilutive potential ordinary shares.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013**
**The figures have not been audited**
**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<br>Current<br>Quarter<br>30/09/2013<br>RM'000 | As At End of<br>Preceding Financial<br>Year<br>30/06/2013<br>RM'000 |
|---|--|---|
| Total retained earnings of the Company and the subsidiaries:- |  |   |
| -realised   | 461,627  | 453,027   |
| -unrealised   | (21,769)   | (13,526)  |
|   | 439,858  | 439,501   |
| Total share of retained earnings of associates:-              |  |   |
| -realised   | (3,966)  | 384   |
| -unrealised   | (98)   | -   |
|   | (4,064)  | 384   |
| Less: Consolidation adjustments                               | (58,516)   | (58,435)  |
| Group's retained earnings                                     | 377,278  | 381,450   |

By Order of the Board  
Southern Steel Berhad

Joanne Leong Wei Yin  
Lee Wui Kien  
Company Secretaries

Kuala Lumpur  
28 November 2013