

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2021 RM'000	Preceding Year Corresponding Quarter 30/9/2020 RM'000	Current Year- To-Date 30/9/2021 RM'000	Preceding Year Corresponding Period 30/9/2020 RM'000
Revenue	487,072	444,397	487,072	444,397
Cost of sales	(418,581)	(418,154)	(418,581)	(418,154)
Gross profit	68,491	26,243	68,491	26,243
Operating expenses	(24,232)	(24,139)	(24,232)	(24,139)
Other operating income/(expense)	1,928	(19,225)	1,928	(19,225)
Profit/(Loss) from operations	46,187	(17,121)	46,187	(17,121)
Interest income	210	351	210	351
Finance costs	(7,406)	(9,742)	(7,406)	(9,742)
Share of profit in an associated company, net of tax	701	33	701	33
Profit/(Loss) before taxation	39,692	(26,479)	39,692	(26,479)
Taxation	(4,606)	293	(4,606)	293
Profit/(Loss) from continuing operations	35,086	(26,186)	35,086	(26,186)
Loss from a discontinued operation, net of tax (N1)	(2,853)	(1,887)	(2,853)	(1,887)
Profit/(Loss) for the period	32,233	(28,073)	32,233	(28,073)
Profit/(Loss) attributable to:				
Owners of the Company	32,118	(28,134)	32,118	(28,134)
Non-controlling interests	115	61	115	61
Profit/(Loss) for the period	32,233	(28,073)	32,233	(28,073)
Earnings/(Loss) per ordinary share (sen): -				
(a) Basic	5.39	(4.72)	5.39	(4.72)
(b) Fully diluted	5.39	(4.72)	5.39	(4.72)

(N1) Southern HRC Sdn Bhd ("SHRC"), a wholly-owned subsidiary of the Company had ceased its hot rolled coil operation in the financial year ended 30 June 2020. Accordingly, the financial results of the operation is separately disclosed as a discontinued operation.

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 2021.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2021 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2021 RM'000	Preceding Year Corresponding Quarter 30/9/2020 RM'000	Current Year- To-Date 30/9/2021 RM'000	Preceding Year Corresponding Period 30/9/2020 RM'000
Profit/(Loss) for the period	32,233	(28,073)	32,233	(28,073)
<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	24	(36)	24	(36)
<i>Item that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for a foreign operation	4	(16)	4	(16)
Cash flow hedge	168	384	168	384
Total comprehensive income/(expense) for the period	32,429	(27,741)	32,429	(27,741)
Total comprehensive income/(expense) attributable to:				
Owners of the Company	32,323	(27,809)	32,323	(27,809)
Non-controlling interests	106	68	106	68
Total comprehensive income/(expense) for the period	32,429	(27,741)	32,429	(27,741)

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 2021.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	As At End of Current Quarter 30/9/2021 RM'000	As At End of Preceding Financial Year 30/06/2021 RM'000
ASSETS		
Property, plant and equipment (“PPE”)	405,331	412,896
Rights-of-use assets (“ROU”)	342,396	345,982
Goodwill on consolidation	30,256	30,256
Investments in an associated company	13,785	13,084
Other investments	636	612
Deferred tax assets	28,082	36,452
Tax credit receivable	15,856	16,525
Other receivables	294,982	294,982
Total non-current assets	1,131,324	1,150,789
Inventories	413,453	562,613
Trade and other receivables, including derivatives	151,582	43,960
Current tax assets	6,494	9,350
Cash and cash equivalents	156,912	133,011
Asset to be returned to vendor	369,377	369,377
Asset held for sale	84,486	84,486
Total current assets	1,182,304	1,202,797
TOTAL ASSETS	2,313,628	2,353,586
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	641,010	641,010
Reserves	116,594	84,271
	757,604	725,281
NON-CONTROLLING INTERESTS	6,869	6,763
TOTAL EQUITY	764,473	732,044
LIABILITIES		
Lease liabilities	20,972	21,926
Deferred tax liabilities	17,111	24,273
Deferred income	5,704	6,090
Employee benefits	26,202	25,865
Loans and borrowings	338,880	354,880
Total non-current liabilities	408,869	433,034

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021 (cont'd)

	As At End of Current Quarter 30/9/2021 RM'000	As At End of Preceding Financial Year 30/06/2021 RM'000
Lease liabilities	3,743	3,696
Employee benefits	1,005	1,020
Provisions	3,539	5,292
Trade and other payables, including derivatives	199,367	247,488
Contract liability	369,377	369,377
Loans and borrowings	563,251	561,617
Current tax liabilities	4	18
Total current liabilities	1,140,286	1,188,508
TOTAL LIABILITIES	1,549,155	1,621,542
TOTAL EQUITY AND LIABILITIES	2,313,628	2,353,586
Net assets per share attributable to owners of the Company (RM)	1.27	1.22

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2021.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021
The figures have not been audited
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	← Attributable to owners of the Company →						Total	Non-controlling interests	Total equity
	← Non-distributable →								
	Share capital	Revaluation reserve	Merger reserve	Hedging reserve	Exchange fluctuation reserve	Retained earnings/ (Accumulated losses)			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 30 September 2021									
At 1 July 2021	641,010	295,156	30,000	972	1,828	(243,685)	725,281	6,763	732,044
Profit for the period	-	-	-	-	-	32,118	32,118	115	32,233
Other comprehensive income/(expense):									
- Gain on fair value of equity instruments	-	-	-	-	-	24	24	-	24
- Foreign currency translation differences	-	-	-	-	4	-	4	-	4
- Cash flow hedge	-	-	-	177	-	-	177	(9)	168
Total comprehensive income for the period	-	-	-	177	4	32,142	32,323	106	32,429
At 30 September 2021	641,010	295,156	30,000	1,149	1,832	(211,543)	757,604	6,869	764,473

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021
The figures have not been audited
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (cont'd)

	← Attributable to owners of the Company →						Total	Non-controlling interests	Total equity
	← Non-distributable →								
	Share capital	Revaluation reserve	Merger reserve	Hedging reserve	Exchange fluctuation reserve	Retained earnings/ (Accumulated losses)			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Preceding year corresponding period ended 30 September 2020									
At 1 July 2020	641,010	295,156	30,000	391	1,845	(296,513)	671,889	6,378	678,267
(Loss)/Profit for the period	-	-	-	-	-	(28,134)	(28,134)	61	(28,073)
Other comprehensive income/(expense):									
- Loss on fair value of equity investments	-	-	-	-	-	(36)	(36)	-	(36)
- Foreign currency translation differences	-	-	-	-	(16)	-	(16)	-	(16)
- Cash flow hedge	-	-	-	377	-	-	377	7	384
Total comprehensive income/(expense) for the period	-	-	-	377	(16)	(28,170)	(27,809)	68	(27,741)
At 30 September 2020	641,010	295,156	30,000	768	1,829	(324,683)	644,080	6,446	650,526

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 2021.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Current Year- To-Date 30/9/2021 RM'000	Preceding Year Corresponding Period 30/9/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
Continuing operations	39,692	(26,479)
Discontinued operation	(2,853)	(1,887)
	36,839	(28,366)
Adjustments for:-		
Depreciation of PPE	7,965	8,573
Depreciation and amortisation of ROU	3,586	4,960
Net financing costs	8,633	10,440
Share of profit in an associated company, net of tax	(701)	(33)
Non-cash items	402	1,242
Operating profit/(loss) before changes in working capital	56,724	(3,184)
Changes in working capital		
Net change in current assets	41,791	146,667
Net change in current liabilities	(50,120)	42,214
Taxation refunded, net	113	1,885
Finance costs paid	(8,843)	(10,420)
Retirement benefits paid	(306)	(397)
Interest income received	210	351
Net cash generated from operating activities	39,569	177,116
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(407)	(218)
Proceeds from disposal of plant and equipment	8	-
Net cash used in investing activities	(399)	(218)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(14,366)	(158,312)
Payment of lease liabilities	(907)	(2,174)
Net cash used in financing activities	(15,273)	(160,486)
NET CHANGE IN CASH AND CASH EQUIVALENTS	23,897	16,412
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	133,011	219,427
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	4	(16)
CASH & CASH EQUIVALENTS AT END OF PERIOD	156,912	235,823

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (cont'd)

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

	30/9/2021	30/9/2020
	RM'000	RM'000
Deposits, cash and bank balances	156,912	235,823

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2021.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021

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 paragraph 9.22 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 2021. 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 financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2021 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2021 and 1 April 2021 respectively which are 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.

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

There were no issuance of shares, 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 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 2021
The figures have not been audited
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	Discontinued Hot rolled coil operation RM'000	Total RM'000
Segment profit/(loss)	46,319	(132)	(1,416)	44,771

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

Revenue from external customers	487,072	-	-	487,072
Depreciation of PPE	6,619	-	1,346	7,965
Depreciation and amortisation of ROU	3,461	125	-	3,586

Reconciliation of reportable segment profit

	RM'000
Profit	
Reportable segment	44,771
Loss from a discontinued operation	1,416
Interest income	210
Finance costs	(7,406)
Share of profit in an associated company, net of tax	701
Consolidated profit before taxation (excluding a discontinued operation)	<u>39,692</u>

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, excluding a discontinued operation, the Group revenue was RM487 million and profit before taxation ("PBT") was RM40 million as compared with revenue and loss before taxation ("LBT") of RM444 million and RM26 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2021 ("FY2021").

The higher revenue for the quarter under review as compared with the corresponding quarter of FY2021 was due to higher selling prices. The profit for the quarter under review as compared with the loss in the corresponding quarter of FY2021 was attributable to improved margin.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021

The figures have not been audited

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

The Group's PBT, excluding a discontinued operation, was RM40 million for the quarter under review as compared with PBT of RM29 million for the preceding quarter. The increase in PBT was due to increase in sales volume.

13. Prospects

The Group expects demand to gradually improve in the coming months but continues to be concerned with price volatility of both raw materials and finished products. Barring any unforeseen circumstances, the Board expects the Group's performance for the financial year ending 30 June 2022 to be satisfactory.

14. Profit forecast/profit guarantee

This note is not applicable.

15. Profit/(Loss) before taxation

	Current Year Quarter 30/9/2021 RM'000	Current Year- To-Date 30/9/2021 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):		
Continuing operations		
Depreciation of PPE	6,619	6,619
Depreciation and amortisation of ROU	3,586	3,586
Reversal of provision for inventories	(712)	(712)
Gain on foreign exchange	(334)	(334)
Fair value gain on financial instruments designated as hedge instrument	(83)	(83)
Discontinued operation		
Depreciation of PPE	1,346	1,346
Reversal of provision for inventories	(113)	(113)
Gain on disposal of PPE	(1)	(1)

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16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2021 RM'000	Preceding Year Corresponding Quarter 30/9/2020 RM'000	Current Year- To-Date 30/9/2021 RM'000	Preceding Year Corresponding Period 30/9/2020 RM'000
Current taxation				
- Current year	3,398	214	3,398	214
Deferred taxation				
- Current year	1,208	(507)	1,208	(507)
	<u>4,606</u>	<u>(293)</u>	<u>4,606</u>	<u>(293)</u>

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 September 2021 are as follows:

	RM'000
Borrowings:	
Unsecured long-term borrowings	338,880
Unsecured short-term borrowings	563,251
	<u>902,131</u>

There were no borrowings denominated in foreign currencies as at 30 September 2021.

19. Material Litigation

SHRC, a wholly-owned subsidiary of Southern Steel Berhad, 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.

i. Commencement of Arbitration Proceedings by SHRC

Following the termination of the Contract and Service Agreement, SHRC 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 claimed several reliefs against Danieli and DMSB, including repayment of contract sum and damages for misrepresentation and breach of contract.

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The figures have not been audited

19. Material Litigation (cont'd)

ii. Commencement of Arbitration Proceedings against SHRC by Danieli and DMSB

Danieli and DMSB also commenced arbitration proceedings against SHRC by way of a Request for Arbitration under the ICC Rules.

Danieli and DMSB sought several declarations in relation to the Contract and the Service Agreement and claiming damages, interest and costs as well as payment of EUR34,908,670.70. SHRC disputed the claims by Danieli and DMSB and counter-claimed several reliefs against Danieli and DMSB.

Both arbitration proceedings in Note 19(i) and 19(ii) were consolidated (“First Arbitration”) and were heard together by the same arbitral tribunal in Singapore.

iii. Commencement of Arbitration Proceedings against SHRC by Danieli Co. Ltd (a wholly owned subsidiary of Danieli) (“Danieli Thailand”)

Danieli Thailand commenced arbitration proceedings against SHRC by way of a Request for Arbitration under the ICC Rules (“Second Arbitration”).

Danieli Thailand claimed the sum of EUR2,800,000.00, 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 disputed and challenged 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 Second Arbitration was directed to be heard jointly with the First Arbitration.

On 28 November 2019, the Tribunal decided and determined as follows:

A. The First Arbitration - Arbitration proceedings by SHRC against Danieli and DMSB; and Arbitration proceedings against SHRC by Danieli and DMSB

The Tribunal decided in SHRC’s favour and awarded, inter alia, the following:-

- i) the Contract is rescinded;
- ii) the Service Agreement is rescinded;
- iii) Danieli and DMSB shall repay SHRC the Contract Price in the amount of EUR92,700,000 minus EUR15 million and RM270 million after taking into consideration the use of the Plant and its plausible diminution in value;
- iv) Danieli and DMSB shall pay SHRC RM176,245,250 as damages for misrepresentation; and
- v) in return, SHRC shall transfer the title to the Plant, together with additional equipment installed thereon, to Danieli.

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19. Material Litigation (cont'd)

B. The Second Arbitration - Arbitration Proceedings against SHRC by Danieli Thailand

The Tribunal decided in Danieli Thailand's favour and awarded, inter alia, the following:-

- i) SHRC shall pay Danieli Thailand the sum of EUR2,795,796.98 ("Second Award") being the balance purchase price of spare parts under the Sale Contract.

Arising from this award, upon receipt of the requisite payments from Danieli, the Plant currently stated at carrying amount of RM369 million will be removed from SHRC's Balance Sheet.

Danieli and DMSB applied to the Singapore High Court to set aside the final award of the First Arbitration ("Setting Aside Proceeding").

SHRC opposed the Setting Aside Proceeding.

On 12 August 2020, the Singapore High Court dismissed the Setting Aside Proceeding with costs ("High Court's Decision"). On 10 September 2020, Danieli and DMSB appealed to the Singapore Court of Appeal against the High Court's Decision ("Danieli's Appeal"). The date for the hearing of the Danieli's Appeal has not yet been confirmed.

Separately, in order to enforce the final award of the First Arbitration in Italy, SHRC had obtained a recognition order of the said award from the Italian Court of Appeal against Danieli. Danieli applied to the Italian Court of Appeal to challenge the recognition order ("Challenge Proceeding") and to stay the proceedings pending the outcome of Danieli's Appeal before the Singapore Court of Appeal ("Stay Application"). SHRC opposed the Challenge Proceeding and the Stay Application. On 9 February 2021, the Italian Court of Appeal granted the Stay Application pending decision by the Singapore Court of Appeal but ordered Danieli to provide a security of EUR6.5 million by way of a bank guarantee.

Having failed in the Setting Aside Proceeding in Singapore and pending hearing of Danieli's Appeal, Danieli applied to the Kuala Lumpur High Court on 9 October 2020 to inspect the Plant ("Malaysian Application"). The Malaysian Application was dismissed by the Kuala Lumpur High Court on 15 December 2020.

Having failed in Malaysia, Danieli applied to the Italian Court of Appeal for an order to inspect the Plant ("Inspection Application in Italy").

On 9 February 2021, the Italian Court of Appeal dismissed the Inspection Application in Italy.

To date, Danieli and DMSB have not satisfied the final award of the First Arbitration.

On 27 August 2021, Danieli issued a letter of demand to SHRC demanding the payment of the final award of the Second Arbitration owed by SHRC to Danieli Thailand. SHRC will oppose and challenge the demand made by Danieli.

20. Dividend

The Board does not recommend any interim dividend for the quarter ended 30 September 2021 of financial year ending 30 June 2022 (1st quarter FY2021: Nil).

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21. Earnings/(Loss) per ordinary share

(a) Basic earnings/(loss) 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 RM32,118,000 (1st quarter FY2021 loss attributable to owners of the Company: RM28,134,000) by the weighted average number of ordinary shares during the quarter of 596,313,450 (1st quarter FY2021: 596,313,450).

	<i>Weighted average number of ordinary shares</i>			
	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
	'000	'000	'000	'000
Issued ordinary shares at beginning of period/Weighted average number of ordinary shares (basic)	596,313	596,313	596,313	596,313
Basic earnings/(loss) per ordinary share (sen)	5.39	(4.72)	5.39	(4.72)

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

The Group's diluted earnings/(loss) per ordinary share in the quarter under review is the same as the basic earnings/(loss) per ordinary share since the Group does not have any anti-dilutive instrument.

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 September 2021, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Contract amount	Fair Value Assets/ (Liabilities)
	RM'000	RM'000
Less than 1 year	(89,573)	453

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.

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22. Derivatives (cont'd)

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 FY2021.

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

Wong Wei Fong
Zoe Lim Hoon Hwa
Company Secretaries

Kuala Lumpur
11 November 2021