

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2022**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/6/2022 RM'000	Preceding Year Corresponding Quarter 30/6/2021 RM'000	Current Year- To-Date 30/6/2022 RM'000	Preceding Year Corresponding Period 30/6/2021 RM'000
<b>Revenue</b>	579,169	358,091	2,308,915	1,740,711
Cost of sales	(555,787)	(317,122)	(2,107,119)	(1,557,135)
<b>Gross profit</b>	23,382	40,969	201,796	183,576
Operating expenses	(27,396)	(24,080)	(110,317)	(100,386)
Other operating income	22,571	18,707	30,946	10,310
<b>Profit from operations</b>	18,557	35,596	122,425	93,500
Interest income	222	214	798	995
Finance costs	(9,606)	(7,000)	(29,952)	(30,635)
Share of profit in an associated company, net of tax	211	571	1,994	1,156
<b>Profit before taxation</b>	9,384	29,381	95,265	65,016
Taxation	3,058	2,225	(2,126)	1,749
<b>Profit from continuing operations</b>	12,442	31,606	93,139	66,765
Loss from a discontinued operation, net of tax (N1)	(176,723)	(7,088)	(187,642)	(18,481)
<b>(Loss)/Profit for the period</b>	(164,281)	24,518	(94,503)	48,284
<b>(Loss)/Profit attributable to:</b>				
Owners of the Company	(164,381)	24,471	(94,897)	47,926
Non-controlling interests	100	47	394	358
<b>(Loss)/Profit for the period</b>	(164,281)	24,518	(94,503)	48,284
<b>(Loss)/Earnings per ordinary share (sen): -</b>				
(a) Basic	(27.57)	4.10	(15.91)	8.04
(b) Fully diluted	(27.57)	4.10	(15.91)	8.04

(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 Audited Financial Statements for the Financial Year Ended 30 June 2021.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2022 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/6/2022 RM'000	Preceding Year Corresponding Quarter 30/6/2021 RM'000	Current Year- To-Date 30/6/2022 RM'000	Preceding Year Corresponding Period 30/6/2021 RM'000
<b>(Loss)/Profit for the period</b>	(164,281)	24,518	(94,503)	48,284
<i>Item that will not be reclassified subsequently to profit or loss</i>				
(Loss)/Gain on fair value of equity instrument at fair value through other comprehensive income	(155)	(250)	(101)	267
Re-measurement of defined benefit liability	-	4,650	-	4,650
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for a foreign operation	26	1	31	(17)
Cash flow hedge	2	(970)	(180)	593
<b>Total comprehensive (expense)/income for the period</b>	<b>(164,408)</b>	<b>27,949</b>	<b>(94,753)</b>	<b>53,777</b>
<b>Total comprehensive (expense)/income attributable to:</b>				
Owners of the Company	(164,508)	27,905	(95,144)	53,392
Non-controlling interests	100	44	391	385
<b>Total comprehensive (expense)/income for the period</b>	<b>(164,408)</b>	<b>27,949</b>	<b>(94,753)</b>	<b>53,777</b>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2021.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**
**The figures have not been audited**
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	As At End of Current Quarter  30/6/2022 RM'000	As At End of Preceding Financial Year 30/06/2021 RM'000
<b>ASSETS</b>		
Property, plant and equipment ("PPE")	394,078	412,896
Rights-of-use assets ("ROU")	322,694	345,982
Goodwill on consolidation	30,256	30,256
Investments in an associated company	14,803	13,084
Other investments	511	612
Deferred tax assets	42,233	36,452
Tax credit receivable	7,647	16,525
Other receivables	121,128	294,982
<b>Total non-current assets</b>	<b>933,350</b>	<b>1,150,789</b>
Inventories	568,055	562,613
Trade and other receivables, including derivatives	168,636	43,960
Current tax assets	4,040	9,350
Cash and cash equivalents	67,333	133,011
Asset to be returned to vendor	193,132	369,377
Assets held for sale	54,031	84,486
<b>Total current assets</b>	<b>1,055,227</b>	<b>1,202,797</b>
<b>TOTAL ASSETS</b>	<b>1,988,577</b>	<b>2,353,586</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	641,010	641,010
Reserves	(10,873)	84,271
	630,137	725,281
<b>NON-CONTROLLING INTERESTS</b>	<b>6,767</b>	<b>6,763</b>
<b>TOTAL EQUITY</b>	<b>636,904</b>	<b>732,044</b>
<b>LIABILITIES</b>		
Lease liabilities	10,969	21,926
Deferred tax liabilities	15,666	24,273
Deferred income	3,336	6,090
Employee benefits	27,084	25,865
Loans and borrowings	244,400	354,880
<b>Total non-current liabilities</b>	<b>301,455</b>	<b>433,034</b>

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 (cont'd)**

	As At End of Current Quarter 30/6/2022 RM'000	As At End of Preceding Financial Year 30/06/2021 RM'000
Lease liabilities	2,038	3,696
Employee benefits	963	1,020
Provisions	3,735	5,292
Trade and other payables, including derivatives	241,600	247,488
Contract liability	193,132	369,377
Loans and borrowings	606,685	561,617
Current tax liabilities	2,065	18
<b>Total current liabilities</b>	<b>1,050,218</b>	<b>1,188,508</b>
<b>TOTAL LIABILITIES</b>	<b>1,351,673</b>	<b>1,621,542</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,988,577</b>	<b>2,353,586</b>
Net assets per share attributable to owners of the Company (RM)	1.06	1.22

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022**

	← Attributable to owners of the Company →						Total	Non-controlling interests	Total equity
	← Non-distributable →					Retained earnings/ (Accumulated losses)			
	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
<b>Current year-to-date ended 30 June 2022</b>									
<b>At 1 July 2021</b>	641,010	295,156	30,000	972	1,828	(243,685)	725,281	6,763	732,044
(Loss)/Profit for the period	-	-	-	-	-	(94,897)	(94,897)	394	(94,503)
Other comprehensive (expense)/income:									
- Loss on fair value of equity instruments	-	-	-	-	-	(101)	(101)	-	(101)
- Foreign currency translation differences	-	-	-	-	31	-	31	-	31
- Cash flow hedge	-	-	-	(177)	-	-	(177)	(3)	(180)
<b>Total comprehensive (expense)/income for the period</b>	-	-	-	(177)	31	(94,998)	(95,144)	391	(94,753)
Dividend paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	(387)	(387)
Transfer	-	(7,044)	-	-	-	7,044	-	-	-
<b>Total transactions with owners</b>	-	(7,044)	-	-	-	7,044	-	(387)	(387)
<b>At 30 June 2022</b>	641,010	288,112	30,000	795	1,859	(331,639)	630,137	6,767	636,904

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022****The figures have not been audited****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022 (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
<b>Preceding year corresponding period ended 30 June 2021</b>									
<b>At 1 July 2020</b>	641,010	295,156	30,000	391	1,845	(296,513)	671,889	6,378	678,267
Profit for the period	-	-	-	-	-	47,926	47,926	358	48,284
Other comprehensive income/(expense):									
- Gain on fair value of equity investments	-	-	-	-	-	267	267	-	267
- Foreign currency translation differences	-	-	-	-	(17)	-	(17)	-	(17)
- Cash flow hedge	-	-	-	581	-	-	581	12	593
- Re-measurement of defined benefit liability	-	-	-	-	-	4,635	4,635	15	4,650
<b>Total comprehensive income/(expense) for the period</b>	-	-	-	581	(17)	52,828	53,392	385	53,777
<b>At 30 June 2021</b>	641,010	295,156	30,000	972	1,828	(243,685)	725,281	6,763	732,044

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2021.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2022**

	Current Year- To-Date 30/6/2022 RM'000	Preceding Year Corresponding Period 30/6/2021 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation		
Continuing operations	95,265	65,016
Discontinued operation	(187,642)	(18,481)
	<u>(92,377)</u>	<u>46,535</u>
Adjustments for:-		
Depreciation of PPE	31,249	35,021
Depreciation and amortisation of ROU	14,298	18,002
Net financing costs	23,246	34,645
Share of profit in an associated company, net of tax	(1,994)	(1,156)
Impairment loss on other receivables	176,245	-
Non-cash items	5,769	1,495
Operating profit before changes in working capital	<u>156,436</u>	<u>134,542</u>
Changes in working capital		
Net change in current assets	(130,241)	(84,555)
Net change in current liabilities	(7,381)	65,690
Taxation (paid)/refunded, net	(279)	4,189
Finance costs paid	(35,394)	(35,640)
Retirement benefits paid	(1,331)	(1,433)
Interest income received	798	995
Dividend income received	275	-
<b>Net cash (used in)/generated from operating activities</b>	<u>(17,117)</u>	<u>83,788</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(12,436)	(9,751)
Proceeds from disposal of plant and equipment	180	88
Proceeds from disposal of assets held for sale	33,088	-
<b>Net cash generated from/(used in) investing activities</b>	<u>20,832</u>	<u>(9,663)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interests	(387)	-
Repayment of borrowings	(65,412)	(155,115)
Payment of lease liabilities	(3,625)	(5,409)
<b>Net cash used in financing activities</b>	<u>(69,424)</u>	<u>(160,524)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(65,709)</u>	<u>(86,399)</u>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	133,011	219,427
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b>	31	(17)
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<u>67,333</u>	<u>133,011</u>

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2022 (cont'd)**

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

	<b>30/6/2022</b>	<b>30/6/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits, cash and bank balances	67,333	133,011

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



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

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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 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 MFRSSs, 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 MFRSSs, 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 FOURTH QUARTER ENDED 30 JUNE 2022**

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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	Discontinued Hot rolled coil operation RM'000	Total RM'000
<b>Segment profit/(loss)</b>	123,025	(600)	(193,550)	(71,125)

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

Revenue from external customers	2,308,915	-	-	2,308,915
Depreciation of PPE	25,869	-	5,380	31,249
Depreciation and amortisation of ROU	13,798	500	-	14,298

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

	RM'000
<b>Profit/(Loss)</b>	
Reportable segment	(71,125)
Loss from a discontinued operation	193,550
Interest income	798
Finance costs	(29,952)
Share of profit in an associated company, net of tax	1,994
Consolidated profit before taxation (excluding a discontinued operation)	95,265

**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, other than as mentioned below:

On 18 August 2022, the Company has completed the disposal of land in Johor Bahru, Johor to Sinppa Industrial Sdn Bhd for RM65 million.

**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:

Starglow Investments Ltd, an indirect wholly-owned subsidiary of the Company, had been placed under member's voluntary winding-up pursuant to Section 131(1) of the Labuan Companies Act, 1990 applying Section 439(1)(b) of the Companies Act, 2016.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

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**11. Review of performance**

For the quarter under review, excluding a discontinued operation, the Group revenue was RM579 million and profit before taxation (“PBT”) was RM9 million as compared with revenue and PBT of RM358 million and RM29 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2021 (“FY2021”).

The higher revenue for the quarter under review was due to higher selling prices and sales volume but increased costs had eroded margin leading to a lower PBT.

For the full year under review, excluding a discontinued operation, the Group revenue was RM2,309 million and PBT was RM95 million as compared with revenue and PBT of RM1,741 million and RM65 million respectively for the corresponding period of FY2021.

The higher revenue and PBT for the financial year under review, were due to higher selling prices and improved margin.

Included in the loss from a discontinued operation of RM177 million for the quarter under review and RM188 million for the full year under review, was an impairment loss of RM176 million recognised on other receivable after taking into consideration the setting aside of the Damages Order by the Singapore Court of Appeal as disclosed in Note 19.

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

The Group PBT, excluding a discontinued operation, was RM9 million for the quarter under review as compared with PBT of RM6 million for the preceding quarter. There were no major changes during the quarter.

**13. Prospects**

Domestic selling prices have dropped sharply in recent months and local demand is subdued from the lack of major infrastructure projects and rising inflation. Given the current industry outlook, the Group will remain vigilant, be responsive to market conditions and continue to maintain a lean cost structure.

**14. Profit forecast/profit guarantee**

This note is not applicable.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**
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**15. Profit/(Loss) before taxation**

	<b>Current Year Quarter 30/6/2022 RM'000</b>	<b>Current Year- To-Date 30/6/2022 RM'000</b>
Profit/(Loss) before taxation is arrived at after charging/(crediting):		
<b>Continuing operations</b>		
Depreciation of PPE	6,316	25,869
Depreciation and amortisation of ROU	3,537	14,298
Impairment loss on trade receivables	17	17
Provision for inventories	2,643	55
Gain on foreign exchange	(1,759)	(2,149)
Fair value loss/(gain) on derivative instruments	169	(57)
Gain on disposal of plant and equipment	10	(167)
Gain on disposal of assets held for disposal	-	(2,633)
Write-off of plant and equipment	-	1
<b>Discontinued operation</b>		
Depreciation of PPE	1,342	5,380
Impairment loss on other receivables	176,245	176,245
Reversal of provision for inventories	-	(269)
Loss on foreign exchange	8,959	8,959
Gain on disposal of plant and equipment	(8)	(9)

**16. Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 30/6/2022 RM'000</b>	<b>Preceding Year Corresponding Quarter 30/6/2021 RM'000</b>	<b>Current Year- To-Date 30/6/2022 RM'000</b>	<b>Preceding Year Corresponding Period 30/6/2021 RM'000</b>
Current taxation				
- Current year	12,749	475	16,591	2,849
- Prior year	11	1,371	(77)	1,393
	12,760	1,846	16,514	4,242
Deferred taxation				
- Current year	(16,373)	(3,586)	(14,943)	(5,069)
- Prior year	555	(485)	555	(922)
	(15,818)	(4,071)	(14,388)	(5,991)
	(3,058)	(2,225)	2,126	(1,749)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

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**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 2022 are as follows:

	RM'000
Borrowings:	
Unsecured long-term borrowings	244,400
Unsecured short-term borrowings	606,685
	851,085

There were no borrowings denominated in foreign currencies as at 30 June 2022.

**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. SHRC claimed 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 also commenced arbitration proceedings against SHRC. Danieli and DMSB sought several declarations in relation to the Contract and the Service Agreement and claiming damages, interest and costs.

The aforementioned arbitration proceedings were consolidated ("First Arbitration") and heard 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 ("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.

The same arbitral tribunal for the First Arbitration also heard the Second Arbitration.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

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**19. Material Litigation (cont'd)**

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

**A. The First Arbitration**

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.

(hereinafter called "First Award")

**B. The Second Arbitration**

The Tribunal decided in Danieli Thailand's favour and awarded, inter alia, 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 RM193 million will be removed from SHRC's Balance Sheet.

Danieli's and DMSB's application to the Singapore High Court to set aside the First Award was unsuccessful and dismissed by the Singapore High Court on 12 August 2020 ("High Court's Decision").

Danieli and DMSB appealed to the Singapore Court of Appeal against the High Court's Decision ("Danieli's Appeal"). The Singapore Court of Appeal delivered its judgment on 18 July 2022 and decided, inter alia, as follows:-

- i) The Court of Appeal dismissed Danieli's Appeal in relation to the Transfer Order (the order where SHRC is to transfer the title of the Plant, together with additional equipment installed thereon, to Danieli);
- ii) The Court of Appeal dismissed Danieli's Appeal in relation to the Repayment Order (the order where Danieli and DMSB are to pay 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); and
- iii) The Court of Appeal allowed Danieli's Appeal in relation to the Damages Order and set the Damages Order aside (the order where Danieli and DMSB are to pay SHRC RM176,245,250 as damages for misrepresentation).

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

The figures have not been audited

**19. Material Litigation (cont'd)**

On 12 June 2020, SHRC obtained a recognition order of the First 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”). 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.

To date, Danieli and DMSB have not satisfied any part of the First Award.

On 3 January 2022, Danieli Thailand commenced proceedings against SHRC in the Malaysian Courts to recognise and enforce the Second Award in favour of Danieli Thailand against SHRC (“Danieli Thailand’s Action”). SHRC is opposing and challenging Danieli Thailand’s Action.

**20. Dividend**

The Board does not recommend any interim dividend for the quarter ended 30 June 2022 of financial year ending 30 June 2022 (4<sup>th</sup> quarter FY2021: Nil).

**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 RM164,381,000 (4<sup>th</sup> quarter FY2021: profit attributable to owners of the Company of RM24,471,000) by the weighted average number of ordinary shares during the quarter of 596,313,450 (4<sup>th</sup> quarter FY2021: 596,313,450).

The basic (loss)/earnings per ordinary share for the financial year-to-date is calculated by dividing the Group’s loss attributable to owners of the Company of RM94,897,000 (FY2021: profit attributable to owners of the Company of RM47,926,000) by weighted average number of ordinary shares during the period of 596,313,450 (FY2021: 596,313,450).

	<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>30/6/2022</b>	<b>30/6/2021</b>	<b>30/6/2022</b>	<b>30/6/2021</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Issued ordinary shares at beginning of period/Weighted average number of ordinary shares (basic)	596,313	596,313	596,313	596,313
Basic (loss)/earnings per ordinary share (sen)	(27.57)	4.10	(15.91)	8.04

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**
**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)/earnings per ordinary share in the quarter and financial year under review is the same as the basic (loss)/earnings 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 June 2022, 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/ (Liabilities)</b>
	<b>RM'000</b>	<b>RM'000</b>
Less than 1 year	(31,541)	127

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 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  
30 August 2022