

**Quarterly report on consolidated results for the first financial quarter ended 30 September 2009**

**EXPLANATORY NOTES:**

**A1 Accounting policies and basis of preparation**

The Quarterly Report is unaudited and has been prepared in accordance with the Financial Reporting Standard (“FRS”) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements. The report should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2009.

The explanatory notes attached to the unaudited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2009.

The accounting policies and methods of computation adopted in the unaudited interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 30 June 2009 except for the adoption of FRS 8 Operating Segments, which does not have significant financial impact to the Group’s financial statements.

**A2 Audit qualification**

The audit report of the Group in respect of the financial statements for the financial year ended 30 June 2009 was not subject to any audit qualification.

**A3 Seasonality or cyclicity of operations**

The business of the Group is generally neither cyclical nor seasonal except for decreased activities during the Ramadan and Lunar New Year festive months.

**A4 Unusual items**

There were no items affecting the assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence except for:

- (i) the marked-to-market (“MTM”) gain recognised on a financial asset (shares in Gindalbie Metals Ltd, a company listed on the Australian Stock Exchange) as tabled below:

	Current Year Quarter 30/09/09	Current Year To Date 30/09/09
Number of Gindalbie shares held by the Group:		
At beginning of the quarter/period	74,087,009	74,087,009
Less: Shares deemed disposed as per Note A4 (ii)	(32,000,000)	(32,000,000)
At end of the quarter/period	42,087,009	42,087,009
Gindalbie share price as at:		
30 September 2009	2.581	2.581
30 June 2009	2.155	2.155
Share price differential	0.426	0.426
MTM gain	RM17.9 million	RM17.9 million

- (ii) a deemed disposal of 32,000,000 Gindalbie shares as disclosed in Note B7.

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**EXPLANATORY NOTES:**

**A5 Changes in estimates**

Not applicable to the Group.

**A6 Issuances and repayment of debts and equity securities**

(i) Share buy-back

There was no share buy-back during the current financial quarter.

(ii) Conversion of warrants to ordinary shares

There was no conversion of warrants to ordinary shares during the current financial quarter.

**A7 Dividends paid**

There was no dividend paid in the current financial quarter.

**A8 Segmental reporting**

Segmental information in respect of the Group's business segments is as follows:

	<u>Steel</u> <u>Manufacturing</u> RM'000	<u>Energy</u> RM'000	<u>Others</u> RM'000	<u>Elimination</u>	<u>Total</u> RM'000
External revenue	135,422	-	338	-	135,761
Inter-segment sales	-	-	-	-	-
<b>Total revenue</b>	<b>135,422</b>	<b>-</b>	<b>338</b>	<b>-</b>	<b>135,761</b>
Segment results	7,027	3,071	(621)	-	9,477
Unallocated income					18,012
Finance cost					(5,222)
Share of results of associates					567
					<b>22,834</b>

**A9 Valuation of property, plant and equipment**

The valuation of property, plant and equipment has been brought forward, without amendment from the audited financial statements for the financial year ended 30 June 2009.

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**EXPLANATORY NOTES:**

**A10 Subsequent material events**

Impact of the movement of Gindalbie Metals Ltd (“Gindalbie”) share price to the Group’s financial performance

The 42,087,009 Gindalbie shares held by the Group as at 30 September 2009 have been marked-to-market (“MTM”) at AUD0.860 per share in accordance with the Group’s accounting policy on financial assets. As at 16 November 2009 (the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report), the share price of Gindalbie was quoted at AUD0.965 per share. This translates into an increase in unrealised gain of approximately RM17.1 million, if the 42,087,009 Gindalbie shares were to be MTM on that date.

Save as disclosed above, there were no other material events occurring between 30 September 2009 and the date of this announcement that had not been reflected in the financial statements for the financial quarter ended 30 September 2009.

**A11 Changes in the composition of the Group**

There was no change in the composition of the Group during the current financial quarter.

**A12 Contingent liabilities or contingent assets**

There were no contingent liabilities or contingent assets as at the end of the financial quarter ended 30 September 2009.

**A13 Capital Commitments**

The details of capital commitment as at 30 September 2009 are as follows:

	RM’000
Property, plant and equipment	602,517

All of the above capital commitment is for the construction of a 160MW power plant in Thailand under a subsidiary, Siam Power Generation Public Company Ltd.

The financing for the above capital commitment has been secured.

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**EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENTS – PART A OF APPENDIX 9B)**

**B1 Review of the performance of the Company and its principal subsidiaries**

The Group recorded a total revenue of RM135.8 million for the 1st quarter ended 30 September 2009, a decrease of 38% over the preceding year's corresponding quarter of RM220.9 million. The lower revenue attained is due to a lower sales volume and a lower selling price.

Despite a lower operating profit as a result of a lower revenue, the Group registered a profit before tax of RM22.8 million in the quarter under review as compared to a loss before tax of RM135.0 million for the same quarter of the preceding year. The return to profitability is principally due to the turnaround from a fair value loss of RM193.7 million on a financial asset (Gindalbie shares) to a fair value gain of RM17.9 million.

For the current quarter under review, the Company's principal subsidiary, Mycron Steel Berhad, posted a loss before tax of RM3.7 million, compared to a profit before tax of RM3.5 million achieved in the corresponding quarter of the preceding year. The reduced profit in the current quarter is primarily caused by a lower sales volume.

**B2 Material change in the profit before tax as compared with the immediate preceding quarter**

The Group registered a profit before tax of RM22.8 million in the current quarter. This represents an increase of RM13.6 million as compared to a profit before tax of RM9.2 million in the immediate preceding quarter. The improved results are mainly due to a higher operating profit contributed by a higher sales volume.

**B3 Prospects**

Due to the restocking activities by the dealers, the Group experienced a moderate growth in sales and profit during the current quarter. Although the market has stabilised, the Group does not anticipate that there will be any significant increase in price and demand in the near term. With an improving global economic outlook, a strengthening equity market and the Government's implementation of the economic stimulus package, the Group expects to achieve satisfactory results for the financial year ending 30 June 2010.

**B4 Variance of actual profit from forecast profit**

The Group did not issue any profit forecast or profit guarantee.

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**EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENTS – PART A OF APPENDIX 9B)**

**B5 Taxation**

	Current Year Quarter 30/09/09 RM'000	Current Year To Date 30/09/09 RM'000
Income tax		
- current year	(12,360)	(12,360)
- under provision in prior year	(102)	(102)
Deferred tax		
- current year	11,683	11,683
	(779)	(779)
	(779)	(779)

The effective tax rate for the Group for the current quarter and current year to date is lower than the statutory tax rate mainly because no deferred tax is recognised on the fair value gain arising from a financial asset as it is not taxable under a foreign tax regime.

**B6 Profit on sale of unquoted investments and / or properties**

There was a profit of RM1.7 million on the sale of a property in the current financial quarter.

**B7 Purchase or disposal of quoted securities**

- (i) During the current financial quarter, as a result of a settlement scheme voted in favour by the creditors of Opes Prime Stockbroking Ltd (“OPSL”) and subsequently approved by the Federal Court in Australia, the 32,000,000 Gindalbie shares pledged by the Group for an equity finance facility granted by OPSL, were deemed disposed as follows:

	RM'000
Outstanding loan owing to OPSL (AUD11.2 million)	35,756
Add: Settlement sum (AUD5.1 million)	14,223
Total proceeds from deemed disposal	49,979
Less: Carrying value of the shares	(68,967)
Loss on deemed disposal	(18,988)
Add: Write back of provision for litigation	18,988
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- (ii) Investment in quoted securities as at 30 September 2009:

	RM'000
Total investments cost	12,164
Total investments at book value	108,621
Total investments at current market value	108,621

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**EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENTS – PART A OF APPENDIX 9B)**

**B8 Status of corporate proposals**

There were no corporate proposals announced but not completed as at 16 November 2009 (the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report).

**B9 Group borrowings and debt securities**

The Group's borrowings as at 30 September 2009 are as follows:

	<u>RM'000</u>
<u>Short-term borrowings:</u>	
Unsecured	132,271
Secured	<u>167,105</u>
	299,376
<u>Long-term borrowings:</u>	
Secured	<u>466,274</u>
Total borrowings	<u>765,650</u>

The Group's currency exposure of borrowings as at 30 September 2009 is as follows:

	<u>RM'000</u>
- Ringgit Malaysia	250,408
- US Dollar	124,068
- Euro	41,413
- Thai Baht	<u>349,761</u>
Total borrowings	<u>765,650</u>

The net borrowings of the Group totaling RM635.4 million (after taking into consideration of the cash available amounting to RM130.3 million) translates to a gearing ratio of 1.33 times which is deemed to be within the norms of the steel industry.

**B10 Off balance sheet financial instruments**

There were no off balance sheet financial instruments as at the date of this announcement.

**B11 Material litigation**

There is no material litigation pending as at the date of this announcement.



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**EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENTS – PART A OF APPENDIX 9B)**

**B12 Dividends**

The Company did not declare any interim dividend in the current financial quarter.

**B13 Earnings per share**

(i) Basic earnings per ordinary share

	Current year quarter 30/09/09 RM'000	Current year to date 30/09/09 RM'000
Profit attributable to shareholders	23,198	23,198
Weighted average no. of ordinary shares in issue ('000)	225,512	225,512
Basic earnings per share (sen)	10.29	10.29

(ii) Diluted earnings per ordinary share

This is not applicable to the Group.

By order of the Board

LILY YIN KAM MAY (MAICSA 0878038)

SOON LEH HONG (MIA 4704)

Secretaries

Kuala Lumpur

23 November 2009