Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2014

EXPLANATORY NOTES:

A1 **Accounting policies and basis of preparation**

This Quarterly Report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 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. In addition, the financial statements comply with IFRS as issued by IASB. The report should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2013 which was prepared in accordance with the MFRS.

The explanatory notes attached to the unaudited interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the last financial year ended 30 June 2013.

The significant accounting policies and methods adopted for this unaudited interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 30 June 2013.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 January 2013 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- MFRS 10: "Consolidated Financial Statements"
- MFRS 11: "Joint Arrangements"
- MFRS 12: "Disclosure of Interests in Other Entities"
- MFRS 13: "Fair Value Measurement"
- The revised MFRS 127: "Separate Financial Statements"
- The revised MFRS 128: "Investments in Associates and Joint Ventures"
- Amendment to MFRS 119: "Employee Benefits"
- Amendment to MFRS 7: "Financial Instruments: Disclosures"
- Amendments to MFRS 10, 11 & 12: "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance"
- Annual improvements 2009 – 2011 Cycle

The amendments to MFRS 136 'Impairment of assets' removed certain disclosures of the recoverable amount of CGUs which had been included in MFRS 136 by the issuance of MFRS 13. The amendment is not mandatory for the Group until 1 July 2014, however the Group has decided to early adopt the amendment as of 1 July 2013.

The Group did not early adopt the following new standards, amendments to standards and IC interpretations that have been issued by the Malaysian Accounting Standards Board as these are effective for financial periods beginning on or after 1 January 2014.

- Amendments to MFRS 132: "Offsetting Financial Assets and Financial Liabilities"
- Amendments to MFRS 10, MFRS 12 & MFRS 127: "Investment Entities"
- Amendments to MFRS 136: "Recoverable Amount Disclosures for Non-Financial Assets"
- Amendments to MFRS 139: "Novation of Derivatives and Continuation of Hedge Accounting"
- IC Interpretation 21: "Levies"

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2014

EXPLANATORY NOTES:

A2 **Audit qualification**
The audit report of the Group in respect of the financial statements for the financial year ended 30 June 2013 was not subject to any audit qualification.

A3 **Seasonality or cyclicality of operations**
The business of the Group is generally neither cyclical nor seasonal except for decreased activities during the Ramadan and Chinese New Year festive months.

A4 **Unusual items**
There were no unusual items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A5 **Changes in estimates**
In the current financial quarter, there were no changes in estimates that had a material effect on the financial results.

A6 **Debts and equity securities**
There were no issuances, cancellations, repurchases, or resale of equity securities during the current financial quarter.

The Group views its' equity (shareholders' fund) less intangible assets but plus interest bearing debts as capital resources and has a policy to maintain the ratio below 1.25 times excluding the project financing facilities granted to an ex-subsidiary amounting to THB5.8 billion (approximately RM573 million).

	30/6/2014	30/6/2013
Total interest bearing debts in RM'million	240.5	245.5
Shareholders' funds less intangibles in RM'million	398.4	322.2
Gearing Ratio	0.60	0.76

The Group's debt securities are mainly represented by the Cold Rolling subsidiary's debenture (around RM115.1 million) and the Steel Tube subsidiary's debenture (around RM67.8 million) while the remaining interest bearing debts are generally unsecured credits or trade facilities.

A7 **Dividends paid**
No dividend was declared or paid in the current financial quarter.

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2014

EXPLANATORY NOTES:

A8 **Segmental reporting**

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

Continuing operations:

	Steel Tube Manufacturing	Cold Rolling	Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Total revenue	225,480	447,634	842	17,094	691,050
Inter segment	(1,737)	(24,759)	-	-	(26,496)
External revenue	223,743	422,875	842	17,094	664,554
Share of results in an associate	-	-	(13,181)	-	(13,181)
Segment's pre-tax profit/(losses)	3,106	(10,828)	164,389	(30)	156,637
Total segment's pre-tax profit/(losses)	3,106	(10,828)	151,208	(30)	143,456
Segment assets	221,665	403,828	70,385	(214)	695,664

Reconciliation of segment assets to total assets is as follows:

	RM'000
Segment assets	695,664
Associate	22,679
Amount owing by an associate	875
Deferred tax assets	3,213
Derivative assets	4
Tax recoverable	214
	722,649

Discontinued operations:

	Power Generation	Investment Holding	Total
	RM'000	RM'000	RM'000
Revenue	143,956	-	143,956
Segment's pre-tax losses	(123,500)	(12,620)	(136,120)

EXPLANATORY NOTES:

A9 Valuation of property, plant and equipment

In June 2014, the Group's property, plant and equipment were revalued by an independent firm of professional valuers based on open market value. Arising from the revaluation above, the surplus portion accounted for deferred tax, amounting to RM7.1 million was credited to the asset revaluation reserve while the deficit portion amounting to RM7.0 million was charged to profit or loss as impairment loss after netting any prior corresponding revaluation gain.

A10 Fair value measurement

Except for the financial instruments disclosed below which are fair valued by valuation methods, the carrying value of short-term maturity financial instruments like cash deposits and bank balances, receivables, and short-term borrowings and payables approximates their fair values.

Financial instruments subjected to fair valuation methods are categorised into the following fair value hierarchy and are represented in the table below as at 30 June 2014:

Level 1: Based on unadjusted quoted prices in active markets for identical assets and liabilities.
Level 2: Based on observable inputs not included within level 1.
Level 3: Based on unobservable inputs.

Recurring fair value measurement		Fair Value RM'000	
Foreign Currency Forwards	Level 1	Level 2	Level 3
as Assets (not hedge accounted)	-	4	-
as Liabilities (not hedge accounted)	-	311	-
as Assets (hedge accounted)	-	-	-
as Liabilities (hedge accounted)	-	475	-
Total	-	790	-

The Foreign Currency Forwards are fair valued by way of marking-to-market using reference bank's published forward rates.

A11 Discontinued operations

The discontinued operations outlined below relates to the Power Group as mentioned in Note A12. The post-tax loss and net cash flow from the discontinued operation are as follow:

Income Statement Summary of Discontinued Operations

	Current Period To Date of Disposal 30/4/2014 RM'000	Preceding Financial Year 30/6/2013 RM'000
Revenue	143,956	217,118
Gross loss	(37,143)	(35,212)
Net operating expenditures	(6,833)	(99,565)
Net interest expense	(92,144)	(79,325)
Pre-tax and After tax losses	(136,120)	(214,102)

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EXPLANATORY NOTES:

A11 **Discontinued operations** (continued)

The discontinued operations outlined below relates to the Power Group as described in Note A12. The After Tax Loss and Net Cash-flow from the Discontinued Operation are as follow: (continued)

Statement of Cash Flow Summary of Discontinued Power Operations

	Current Period To Date of Disposal 30/4/2014 RM'000	Preceding Financial Year 30/6/2013 RM'000
Loss before tax	(136,120)	(214,102)
Adjustments	116,523	199,860
Operating loss before changes in working capital	(19,597)	(14,242)
Changes in working capital	(155,111)	(12,044)
Net cash used in operating activities	(174,708)	(26,286)
Net cash generated from investing activities	19	85
Net cash generated from financing activities	176,581	27,637
Net increase in cash and cash equivalent	1,892	1,436

The discontinued operations financial results for the current financial year represents 10 months of cumulative performance whilst the comparative period represents the full 12 months.

A12 **Significant events and transaction**

Completion of Corporate Proposal

For the reporting quarter, the Group has completed the 1st phase of its internal reorganisation which entailed the sale of the Company's "steel tube trading, sales and marketing" operation to its wholly owned steel tube manufacturing arm subsidiary, Melewar Steel Tube Sdn Bhd ("MST") – pursuant to a Business Transfer Agreement dated 15 January 2014. With effect from 1 May 2014, the Group's steel tube business has been consolidated under a single entity in MST, where the operation's contributions since 1 December 2013 are adjusted into MST. The Group's consolidated financial results are not affected by this reorganisation exercise.

Divestment of 51% Equity Interest in the Power Group

For the reporting quarter, the Company has, via its wholly owned subsidiary Melewar Steel Engineering Sdn Bhd ("MSE"), completed the disposal of 51% equity interest in Mperial Power Ltd ("Mperial") to E Power Pte Ltd on 30 April 2014. Mperial is the holding company of Siam Power Generation Public Company Ltd ("Siam Power"), Siam Power Phase 2 Company Ltd and Siam Power Phase 3 Company Ltd (hereinafter referred to as the Power Group). The terms of the 51% stake divesture resulted in the loss of "control" but retention of "significant influence" over Mperial under the definition of MFRS 10; and MSE has, effective from 1 May 2014, account for its remaining holding as "Investment in Associate" in accordance with MFRS 128. Gain on disposal of 51% equity interest in Mperial is outlined as below:

	RM'million
Share sale consideration of the 51% equity interest in Mperial	35.9
Add:	
Recovery of amount owing from Siam Power	28.5
Fair Value on remeasurement of remaining 49% equity interest in Mperial	34.5
De-recognition of Mperial's assets & liabilities less Cost of Investment	71.3
	134.3
Gain on disposal of Mperial	170.2

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2014

EXPLANATORY NOTES:

A12 **Significant events and transaction** (continued)

The terms of disposal entailed the waiver of certain inter-company receivables by the Company and its subsidiaries from the Power Group. As a result of the above, the Company has made impairments on its investment and receivables from those subsidiaries totaling RM196.2 million. Correspondingly, the Company recorded an after-tax-loss of RM166.2million for the full financial year.

Since Siam Power is now a subsidiary of an Associate, the Company's previous declaration of PN1 on 8 January 2013 arising from Siam Power's affairs is no longer applicable from 1 May 2014. The financial results of the Power Group, for the period held as subsidiary, is reported separately in the Group's Income Statement for this reporting period as "Profit/(loss) from Discontinued Operations". Further disclosure on this is detailed in Note A11.

A13 **Subsequent material events**

The Group's associate company, Mperial has entered into a Memorandum of Understanding ("MOU") with an external party on 4 August 2014 to dispose the entire equity interest in Siam Power for consideration up to USD135 million based on zero debt and liability and subject to certain Conditions Precedent. This MOU paves way for an exclusive due diligence review by the external party leading to a legal Share Sale Agreement on or before 90 days from the date of the MOU.

This MOU and its related term sheet carry a degree of influence over certain judgement, estimates, and assumptions made on the fair value of the remaining 49% equity interest in Mperial and on the fair value of certain receivables from Siam Power.

A14 **Changes in the composition of the Group**

The only change in the Group's composition is the 51% equity divestiture in Mperial as mentioned in Note A12.

A15 **Contingent liabilities or contingent assets**

There were no contingent liabilities or contingent assets as at the end of the reporting quarter.

A16 **Capital commitments**

There were no material capital commitments as at the end of the reporting quarter.

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2014

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**

Since the divestment of 51% equity interest in the Power Group on 30 April 2014, the ten months results of the Power Group are disclosed under "Discontinued Operations" and thereafter as "Share of Results in an Associate" in the Statement of Profit or Loss for the current financial year. As such, for the current quarter, the discontinued operations results comprise of only a single month whilst the preceding year's corresponding quarter comprised of three months results.

For the current quarter ended 30 June 2014, the Group registered a lower total revenue of RM151 million for the continuing operations as compared to RM189 million achieved in the preceding year's corresponding quarter, representing decrease of RM38 million or 20%. The decrease in revenue is mainly attributed to lower sales volume and lower unit selling price from the steel tube division (down by 25%) and cold rolling segment (down by 18%) for the current quarter.

As a result of lower margin spread between selling price and raw material price; and higher unit conversion cost arising from lower production volume achieved in the current quarter, the Group recorded an operating loss of RM7.7 million for the current quarter ended 30 June 2014 as compared to the preceding year's corresponding quarter's operating profit of RM11.6 million.

Despite sharing the losses of an associate of RM13.2 million and impairment losses of RM10.9 million during the current quarter, the impact from the disposal of the Power Group, which resulted in a gain on disposal of RM170.2 million (refer Note A12) has significantly contributed to a higher profit before tax of RM136.3 million as compared to the preceding year's corresponding quarter loss before tax of RM3.2 million.

B2 **Material change in the loss before tax as compared to the immediate preceding quarter**

The Group's revenue at RM151 million for the current quarter was 24% higher compared to the immediate preceding quarter at RM122 million, principally due to higher contribution from the steel tube division (up by 28%) and cold rolling segment (up by 20%).

At the pre-tax level, the Group registered a significant increase in gains of RM136.3 million as compared to the immediate preceding quarter loss of RM1.2 million, mainly as a result of the gain on disposal amounting to RM170.2 million in respect of the 51% stake divestment in the Power Group on 30 April 2014.

As mentioned in Section B1 above, the single month's performance of the "discontinued operation" for the current quarter is not comparable with the immediate preceding quarter. The Power operation's loss contribution for May and June is taken up as "Share of Results in an Associate" amounting to RM13.1 million in the current quarter which did not exist in the immediate preceding quarter. The Group's share of the Power Group's future losses would be limited to the carrying fair value of its investment in associate amounting to RM22.7 million as at 30 June 2014.

B3 **Prospects for the next financial year**

The Group's first quarter of the next financial year which coincides with the Ramadan and the Hari Raya Holidays will likely be a slow quarter for its steel operations. However, the Group expects the steel business to pick-up in the 2nd quarter and accelerating into the 3rd quarter until the crossover into the Goods & Service Tax (GST) regime in the 4th quarter which will likely record a drop in demand and consumption spending.

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2014

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

B3 **Prospects for the next financial year** (continued)

On the positive side, the Group hopes the reported strong quarterly GDP performance and growth of Malaysia coupled with a more stable foreign currency exchange environment would translate to better demand and margins for its steel products for the next financial year. Whilst the Group will set out to achieve a turnaround for its Cold-Rolled-Coil operation and a stronger performance from its Steel Tube operation for the new financial year 2015, the prospect for the steel operations remain cautious and hinges on the following:

- The Government's continuing effort to plug import loopholes on CRC and Steel Tube products, and curtails unfair pricing
- Severity of GST and other subsidy-rationalisation measures on inflationary pressure and domestic demand
- The Group's continuing ability to pass on higher costs of doing business in its steel products' selling prices to customers

On its associate holding in the Power operation, the Group will continue to work towards divesting its remaining 49% stake-holding in Mperial and fulfil recovery of any remaining receivables from the operation. Even-though the business outlook for the Power operation in Thailand has improved pursuant to the reported business resumption by its affected customer, the path to investment-return optimisation would likely require further capital outlay and gestation period - which the Group currently can ill-afford. In this regard, the divestiture of the Power operation was also pursued at Siam Power level as reported in Note A13.

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

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

B5 **Loss before tax**

The following expenses have been charged in arriving at loss before tax:

	Current year quarter 30/6/2014 RM'000	Preceding year corresponding quarter 30/6/2013 RM'000	Current year to date 30/6/2014 RM'000	Preceding year corresponding period 30/6/2013 RM'000
Depreciation and amortisation	(7,115)	(12,581)	(44,962)	(50,147)
Interest expenses	(19,002)	(27,397)	(109,312)	(91,721)
Interest income	1,700	196	2,408	755
Foreign exchange loss	(33)	(772)	(629)	(1,092)

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2014

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

B6 **Taxation**

Taxation comprises :

	Current year quarter 30/6/2014 RM'000	Preceding year corresponding quarter 30/6/2013 RM'000	Current year to date 30/6/2014 RM'000	Preceding year corresponding period 30/6/2013 RM'000
Current tax expense				
Current period	(191)	(5,595)	(2,648)	(7,013)
Under provision in prior year	-	(169)	(22)	(203)
Deferred tax income				
Current period	4,707	1,529	8,426	(71)
	4,516	(4,235)	5,756	(7,287)

For the current financial quarter and current year-to-date, tax credit arose mainly due to deferred tax liabilities adjustment.

B7 **Profit on sale of unquoted investments and / or properties**

There was no sale of unquoted investments and / or properties in the current financial quarter.

B8 **Purchase or disposal of quoted securities**

There were no purchases or disposals of quoted securities in the current financial quarter.

B9 **Status of corporate proposals**

There were no outstanding corporate proposals as at the date of this announcement.

B10 **Group borrowings and debt securities**

The Group's borrowings as at 30 June 2014 are as follows:

	RM'000
Short-term borrowings:	
Unsecured	68,745
Secured	115,134
	183,879
Long-term borrowings:	
Unsecured	7,692
Secured	2,985
	10,677
Total borrowings	194,556

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2014

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

B10 **Group borrowings and debt securities** (continued)

The Group's currency exposure of borrowings as at 30 June 2014 is as follows:

	RM'000
- Ringgit Malaysia	191,319
- Euro	3,237
Total borrowings	194,556

A subsidiary of the Group, Mycron Steel CRC Sdn Bhd has drawn on interest-bearing-trade credits from key hot-rolled-coil suppliers with an outstanding amount of USD14.2 million (RM45.9 million) as at 30 June 2014. Inclusive of this, the Group's net gearing ratio as at 30 June 2014 is around 0.60 time.

B11 **Outstanding derivatives**

(a) Disclosure of Derivatives

The Group's steel segment has entered into forward foreign currency exchange contracts ("FX forwards") to manage its foreign currency exchange exposure arising from purchases of raw materials denominated in US Dollar ("USD"), and certain sales denominated in Singapore Dollar ("SGD").

Since the beginning of the current financial year, the steel segment has started to designate certain eligible hedge relations on FX forwards incepted to cover its USD and SGD exposure for the purpose of hedge accounting. These are designated as fair value hedge with the arising mark-to-market foreign currency fair value gain or loss of both the hedging instruments (i.e. FX Forwards) and the hedged items (i.e. forward purchases of raw material and/ or accounts payables in USD or accounts receivables in SGD) have been charged to the Statement of Profit or Loss. Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 30 June 2014 are outline below:

Non-designated for hedge accounting:

FX Forward Contracts (USD/RM) as non-designated hedging instrument				
	Notional Value'000		Fair Value RM'000	
Maturity	Long USD	Short RM	Financial Asset	Financial Liability
Less than 1 year	3,933	12,976	-	311

FX Forward Contracts (SGD/RM) as non-designated hedging instrument				
	Notional Value '000		Fair Value RM'000	
Maturity	Short SGD	Long RM	Financial Asset	Financial Liability
Less than 1 year	450	1,165	-	4

Designated for hedge accounting:

FX Forward Contracts as designated hedging Instrument					Forward purchase of raw material and/or accounts payable as hedge items				
	Notional Value '000		Fair Value RM'000			Notional Value '000		Fair Value RM'000	
Maturity	Long USD	Short RM	Financial Asset	Financial Liability	Maturity	Short USD	n.a.	Financial Asset	Financial Liability
Less than 1 year	6,077	20,065	-	475	Matching	6,077	n.a.	475	-

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2014

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

B11 **Outstanding Derivatives** (continued)

(a) Disclosure of Derivatives

(i) Risk associated with the derivatives

Counter-Party Risk

The derivatives are entered into with licensed financial institutions that have granted FX facilities to the Group, and where applicable are backed with International Swaps and Derivatives Association ("ISDA") agreement. The associated Counter-Party risk is negligible.

(ii) Cash requirements of the derivatives

There is no cash movement from the Group to the counterparties when the derivative contracts are incepted. Cash movement occurs on maturity or milestone dates of the derivative contracts in fulfillment of the intended hedging objectives.

(iii) Policies in place for mitigating or controlling the risk associated with the derivatives

The Group uses derivative financial instruments to hedge specific risk exposures of the underlying hedge items and does not enter into derivative financial instruments for speculative purposes. The Group monitors the fluctuations in interest and foreign currency exchange rates closely with an objective to minimise potential adverse effects on the financial performance of the Group. The Board of Directors regularly reviews the risk and approves the policy for managing the risk.

(b) Fair value change of a financial liability

The details of fair value change of a financial liability for the current financial quarter and year ended 30 June 2014 is as follows:

Type of financial liability	Current quarter fair value loss RM'000	Current financial year-to-date fair value loss RM'000	Basis of fair value measurement	Reasons for the loss
Forward foreign currency exchange contract	(184)	(480)	Foreign exchange differential between the contracted rate and the market forward rate	The foreign exchange rates differential between the contracted rate and the market forward rate from the last measurement date or contract date up to the respective maturity dates of the forward contracts have moved unfavourably against the Group.
	(184)	(480)		

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2014

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

B12 **Off balance sheet financial instruments**

There were no off balance sheet financial instruments as at the date of this announcement except for bank guarantees issued amounting to RM7.4 million being securities for the supply of hot rolled coil and inbound supply of services and utilities; standby letter of credit of around RM40 million for Phase 2 project and a guarantee amounting to THB132 million to a gas supplier as a security for due performance by its associate.

B13 **Realised and unrealised losses disclosure**

	As at 30/6/2014 RM'000	As at 30/06/2013 RM'000
Total retained losses of the Company and its subsidiaries:		
- Realised	(344,086)	(140,376)
- Unrealised	(23,874)	(26,058)
	(367,960)	(166,434)
Add: Consolidation adjustments	407,100	128,239
Total retained earnings/(losses) as per consolidated accounts	39,140	(38,195)

B14 **Material litigation**

Mycron Steel Berhad v Multi Resources Holdings Sdn Bhd
<u>(High Court of Sabah and Sarawak Suit No. KCH-22-80-2011)</u>

On 18 February 2010, the Company's subsidiary, Mycron Steel Berhad ("MSB") commenced legal action against Multi Resources Holdings Sdn Bhd ("Defendant") to recoup their cost of investment of RM17.0 million in PMP Galvanizers Sdn Bhd ("PMPG") as a result of non-compliance of certain conditions by the Defendant pursuant to a shareholders' agreement entered in 2005.

On 21 May 2010, the Defendant successfully filed with the Kuala Lumpur High Court ("the Court") for a change in the jurisdiction for the case to be heard in Kuching. On 27 April 2011, MSB's solicitor filed the Writ of Summons and Statement of Claim to the High Court of Sabah and Sarawak. Hearings and trial of the case were conducted in the periods between 18 June 2012 to 21 June 2013, with the final submission made on 5 September 2013. The Court ruled on 18 Oct 2013 that MSB's claim be dismissed with cost of RM60,000 on the ground that MSB has failed to comply with a certain condition precedent requiring the MSB's nominee in the Board of PMPG to resign first before it is entitled to the claim against the Vendor. MSB has filed an appeal on 13 Nov 2013 against the Court's decision and the Defendant has filed a cross-appeal on 10 Jan 2014. MSB is now waiting for the Court to set a date for hearing.

Save as disclosed above, the Group is not engaged in any material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened against the Group or of any other facts likely to give rise to any proceedings which may materially and/or adversely affect the financial position and business of the Group as at the date of this announcement.

B15 **Dividends**

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

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2014

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

B16 **Earnings/(Loss) per share**

(i) Basic earnings/(loss) per ordinary share

	Current year quarter 30/6/2014	Preceding year corresponding quarter 30/6/2013	Current year to date 30/6/2014	Preceding year corresponding period 30/6/2013
Continuing Operations				
Loss attributable to owners of the Company (RM'000)	145,454	(8,502)	152,907	(4,291)
Weighted average number of ordinary shares in issue (net of treasury shares) ('000)	225,523	225,523	225,523	225,523
Basic earnings/(loss) per share (sen)	**64.50**	**(3.77)**	**67.80**	**(1.90)**
Discontinued Operations				
Loss attributable to owners of the Company (RM'000)	(36,757)	(118,567)	(133,937)	(210,669)
Weighted average number of ordinary shares in issue (net of treasury shares) ('000)	225,523	225,523	225,523	225,523
Basic loss per share (sen)	**(16.30)**	**(52.57)**	**(59.39)**	**(93.41)**
Total				
Loss attributable to owners of the Company (RM'000)	108,697	(127,069)	18,970	(214,960)
Weighted average number of ordinary shares in issue (net of treasury shares) ('000)	225,523	225,523	225,523	225,523
Basic earnings/(loss) per share (sen)	**48.20**	**(56.34)**	**8.41**	**(95.32)**

(ii) Diluted loss 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
29 August 2014