Quarterly report on consolidated results for the second financial quarter ended 31 December 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 2014 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 2014.

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 2014.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 January 2014 and applicable to the Group's current financial year 2015 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 10, MFRS 12, & MFRS 127 Investment Entities
- Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting
- Annual improvements to MFRS 2010-2012 cycle and MFRS 2011-2013 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 mandatory for the Group from 1 July 2014, but has been adopted by it since 1 July 2013.

Quarterly report on consolidated results for the second financial quarter ended 31 December 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 2014 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 debt-equity ratio below 1.25 times.

	31/12/2014	30/6/2014
Total interest bearing debts in RM'million	232.1	240.5
Shareholders' funds less intangibles in RM'million	368.5	398.1
Gearing Ratio	0.63	0.60

The Group's debt securities are mainly represented by the Cold Rolled subsidiary's debenture (around RM95.6 million) and the Steel Tube subsidiary's debenture (around RM57.5 million) while the remaining interest bearing debts are generally unsecured trade credits.

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

Quarterly report on consolidated results for the second financial quarter ended 31 December 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 Rolled	Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Total revenue	106,219	242,809	-	7,652	356,680
Inter segment	(678)	(15,738)	-	-	(16,416)
External revenue	105,541	227,071	-	7,652	340,264
Share of results in an associate	-	-	(21,253)	-	(21,253)
Segment's pre-tax profit/(losses)	2,773	(4,443)	(5,915)	(390)	(7,975)
Total segment's pre-tax profit/(losses)	2,773	(4,443)	(27,168)	(390)	(29,228)
Segment assets	114,051	398,949	104,712	1,104	618,816

Reconciliation of segment assets to total assets is as follows:

	RM'000
Segment assets	618,816
Amount owing by an associate	32,229
Deferred tax assets	2,971
Derivative assets	791
Tax recoverable	153
	654,960

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 2014.

Quarterly report on consolidated results for the second financial quarter ended 31 December 2014

EXPLANATORY NOTES:

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 31 December 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 Liabilities (not hedge accounted)	-	(20.9)	-
as Assets (hedge accounted)	-	791.0	-
Total	-	770.1	-

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

A11 **Material Investment in Associate**

The Company retains a 49% interest in Mperial Power Ltd ("Mperial') being the holding company for Siam Power Generation Public Company Ltd ("Siam Power"), Siam Power Phase 2 Company Ltd ("Siam Power 2") and Siam Power Phase 3 Company Ltd ("Siam Power 3") – hereinafter referred to as the 'Power Associate' or the 'Power Group.' The Power Group is being held as an Associate since 1 May 2014.

The financial summary of the Power Group for the period ended 31 December 2014 are as follows:

	Current quarter 31/12/14 RM'000	Current year to date 31/12/14 RM'000
Revenue	185	350
Loss after Tax	(54,399)	(97,773)
Other Comprehensive Loss	(11,749)	(15,769)
Total Comprehensive Loss	(66,148)	(113,542)

Revenue for the current quarter remained low as the stoppage in power production due to disruption in gas supply only resumed in January 2015.

	As at 31/12/2014 RM'000	As at 30/06/2014 RM'000
Non-current Assets with Provision	865,465	838,707
Current Assets	59,117	88,867
Current Liabilities	(990,140)	(879,741)
Non-current Liabilities	(1,983)	(1,831)
Net Asset/(Liabilities)	(67,541)	46,002

Quarterly report on consolidated results for the second financial quarter ended 31 December 2014

EXPLANATORY NOTES:

A11 **Material Investment in Associate** (continued)

The Company's associate investment in the Power Group is equity accounted. The recognition of the Company's share of the Power Associate's losses is limited to the carrying amount of its investment in the said Associate. Since the carrying amount of the Company's investment in the Power Associate has been fully written-down in the preceding quarter ended 30 September 2014, the Company's share of the Associate's continuing losses for the current quarter as shown below is noted as 'unrecognised' for future set-off against any share of gains.

Investment in the Power Associate

	Current quarter 31/12/2014 RM'000	Current year to date 31/12/2014 RM'000
Carrying value b/f at the beginning of the period	-	22,541
Unrecognised share of losses b/f at beginning of the period	(682)	-
Share of Net Profit/(Loss)	(26,656)	(47,909)
Share of Other Comprehensive Income/(Loss)	(5,757)	(7,727)
Carrying value c/f at closing of the period	-	-
Unrecognised share of Losses c/f at closing of the period	(33,095)	(33,095)

It was disclosed in the preceding quarter ended 30 September 2014 that Mperial had on 4 August 2014 entered into a MOU to dispose its entire equity stake in the power subsidiaries to an external counter-party. Status update on the said planned disposal for the current quarter is disclosed in Note B9.

A12 **Significant events and transactions**

There were no significant events or transactions for the current financial quarter, other than to note on the sharply weakened Ringgit over the current quarter and the negative impact it had on the financial performance of the Group. This is further discussed/ disclosed in Notes B1, B2, B5, and B11.

Updates on reported significant events in the preceding quarter are disclosed in Note B9 under 'Status of Corporate Proposals.'

A13 **Subsequent material events**

With reference to the litigation matter highlighted in Note B14, the Court of Appeal has on 12 February 2015 awarded the appeal in favour of the Company's subsidiary, Mycron Steel Bhd, on the RM17million claimed together with interest (at 6% p.a.) and cost (RM70,000) against the Defendant/ Respondent, Multi Resources Holdings. The Respondent has 30 days to file an application for leave to appeal to the Federal Court. Arising from this subsequent event, a past liability provision of RM60,000 made on the legal cost awarded to the Defendant has since been adjusted accordingly in the financials for the current quarter ended 31 December 2014. The probability of monetary recovery pursuant to the successful appeal remains uncertain; and as such, cannot be recognised as a contingent asset and is a 'non-adjusting event after the reporting period'.

Quarterly report on consolidated results for the second financial quarter ended 31 December 2014

EXPLANATORY NOTES:

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

There were no changes in the composition of the Group during the current financial quarter.

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 second financial quarter ended 31 December 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**

For the second quarter ended 31 December 2014, the Group registered a 3% higher total revenue of RM183.5 million as compared to RM178.0 million achieved in the preceding year's corresponding quarter on continuing operations. The increase in revenue is mainly attributed to higher sales volume of its Cold Rolled subsidiary (up by 8%) but dampened by a lower contribution from the Steel Tube subsidiary (down by 7%) for the current quarter. The margin spread between the selling prices and raw material prices of the Steel Tube and Cold Rolled operations has also narrowed, which resulted in significantly lower gross margins for both the steel operations (at 10.6% and 3.7% respectively) as compared to the preceding year's corresponding quarter (at 12.7% and 7.1% respectively). The Group also recorded a net foreign exchange (FX) loss of RM2.8 million for the current quarter (preceding year's corresponding quarter was a gain of RM1.3 million) mostly due to the mark-to-market (unrealised) FX loss on its Cold Rolled subsidiary's USD payables, in-which the Ringgit has further weakened by around 7% against the USD since the close of the preceding quarter. The Cold Rolled subsidiary maintains a minimum FX-hedging ratio of 50% with FX forwards, and the gains arising from these have helped capped the said net FX loss. As a result, the Group recorded a net-tax operating loss of RM5.7 million for the current quarter as compared to the preceding year's corresponding quarter's net-tax operating profit of RM4.6 million for the continuing operations.

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

The Group's revenue at RM183.5 million for the current quarter is 17% higher compared to the immediate preceding quarter at RM156.7 million, principally due to the rebound in sales volume by the Cold Rolled subsidiary at around 23% and the Steel Tube subsidiary at around 6% from the seasonally low first quarter encompassing the Ramadan period and Hari Raya holidays.

At the pre-tax level before the share of associate's losses, the Group's continuing operations recorded a pre-tax loss of around RM6.1 million which is significantly higher than the immediate preceding quarter's loss of around RM1.9 million. This is mainly attributed to the higher FX mark-to-market losses (i.e. RM2.8 million for the current quarter as compared to RM0.4 million in the immediate preceding quarter) recorded by the Cold Rolled subsidiary. For the current quarter, the Ringgit has weakened sharply against the USD by around 7%, as compared to the immediate preceding quarter at around 2%. At the after-tax level, the Group recorded a loss of RM5.7 million for the current quarter as compared to a larger loss of RM22.5 million in the preceding quarter which arose from its' RM21.3 million share of the associate's loss for the same period. The Group's Profit or Loss for the current quarter is no longer affected by its share of the Power associate's losses over the same period since the investment has a zero brought-forward carrying value.

Quarterly report on consolidated results for the second financial quarter ended 31 December 2014

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

B3 **Prospects for the remaining financial year**

The severely weakened Ringgit in tandem with the sharp declined in crude oil prices and Malaysia's soft economic outlook and fiscal health is expected to deteriorate and hit bottom in the remaining financial year. The extent of the aforementioned on the Nation's current account balance and sovereign currency rating, remains uncertain and poses significant risks to the domestic economy and the steel industry. Globally, the sharp decline in crude oil prices has not reversed the generally weak global economic outlook, except for the United States of America. Domestically, cheap crude oil has not translated into any noticeable savings in production costs relating to energy, fuel gas, and transportation. The steel industry's supply chain which largely traces back to imported feedstock would continue to face the vagaries of foreign currency exchange fluctuations and higher imported costs if not for the weak iron-ore prices. As such, the gross margins for both the Cold Rolled and Steel Tube operations are expected to remain tight, and more so during the immediate months post-GST where demand is expected to drop-off. On a positive note, the Nation's on-going Economic Transformation Projects, construction and infrastructure projects, and near full employment would provide a degree of support on domestic demand for steel. The weak Ringgit may also spur export demand from the manufacturing sectors that feed on steel.

In conclusion, the outlook for the remaining financial year for the Group's steel businesses is expected to remain challenging and their performance would largely hinge on the following:

- The capacity of the domestic steel market in absorbing further external or internal shocks (i.e. the GST, USA rate hikes, and…etc.)
- The Government's continuing effort to plug import loopholes on CRC and curtails unfair pricing of imported steel products

The Group's financial performance will likely stay unaffected by its share-of the Power associate's results for the remaining financial year.

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 31/12/2014 RM'000	Preceding year corresponding quarter 31/12/2013 RM'000	Current year to date 31/12/2014 RM'000	Preceding year corresponding period 31/12/2013 RM'000
Depreciation and amortisation	(4,466)	(12,653)	(8,866)	(25,407)
Interest expenses	(3,797)	(24,844)	(7,173)	(53,834)
Interest income	188	196	2,530	436
Net foreign exchange (loss)/gain	(2,778)	1,344	(3,169)	(1,021)

<u>Quarterly report on consolidated results for the second financial quarter ended 31 December 2014</u>

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

B6 **Taxation**

Taxation comprises :

	Current year quarter 31/12/2014 RM'000	Preceding year corresponding quarter 31/12/2013 RM'000	Current year to date 31/12/2014 RM'000	Preceding year corresponding period 31/12/2013 RM'000
Current tax expense				
Current period	(459)	(954)	(611)	(2,057)
Over provision in prior year	-	4	-	4
Deferred tax income				
Current period	863	(46)	1,610	2,940
	404	(996)	999	887

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**

<u>Proposed Disposal of Melewar Steel Tube Sdn Bhd ("MST") by the Company to its 54.8% owned listed subsidiary Mycron Steel Bhd ("MSB")</u>

It was disclosed in the preceding Financial Quarterly Report ended 30 September 2014 that the Company had entered into a Conditional Agreement on 12 September 2014 to dispose the entire paid-up capital of MST to its 54.8% owned listed subsidiary MSB for a gross disposal consideration of RM 70 million to be paid on completion with new shares issue of MSB after netting debts owing by the Company to MST of RM24 million. MSB is the holding company to a wholly owned subsidiary in the business of manufacturing and selling of cold-rolled coils and has supply-chain linkage with MST. This proposed transaction is a 'related party transaction' within the prescribed definition outlined in Bursa Malaysia Securities Bhd's Listing Rules; and as such, the transaction shall be executed in accordance with the said rules.

The Company has on 9 December 2014 obtained approval from its shareholders in an Extraordinary General Meeting to proceed with the proposed disposal under the terms and conditions as outlined in the Conditional Agreement with specific resolution on the following been passed:

a) Disposal of the entire equity stake of MST at gross consideration of RM70 million;
b) Acceptance of 104,545,455 new shares of MSB (at the reduced par value of RM0.25 each) for transaction value at RM0.44 and the novation of RM24 million liabilities to MSB in-relation to the trade debts owing by the Company to MST as full settlement of the disposal consideration.

The remaining outstanding condition precedent of the Conditional Agreement, is expected to be completed by end March 2015.

Quarterly report on consolidated results for the second financial quarter ended 31 December 2014

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

B9 **Status of corporate proposals** (continued)

Memorandum of Understanding (MOU) on the proposed disposal of Siam Power

It was disclosed in the preceding Financial Quarterly Report ended 30 September 2014 that the Group's associate Mperial Power Ltd ("Mperial') has on 4 August 2014 entered into a MOU with an external Counter-Party to dispose its entire 98.4% equity stake in Siam Power for an indicative sum of up to USD135 million where the monies would first be applied to settle the banks and other trade liabilities within Siam Power. Other salient terms of the MOU are:

a) Exclusive 60 days period for the counter-party to conduct a due diligence review;
b) 90 days to a formal Share Sale Agreement;
c) Replacement of securities and guarantees extended to the bank that issued the bank guarantee in favour of EGAT for the performance of the 2nd Power Purchase Agreement;
d) Assignment of rights to pursue arrears and all claims due from the Affected Customer to an entity controlled by Mperial and the banks.

Towards the end of the current quarter, the Counter-Party has sought and Mperial has granted time extension for the due-diligence review. As at the date of this report, the Counter-Party has completed their due diligence but is still evaluating the proposed acquisition and as such, they have not made a firm offer for the acquisition of Siam Power.

B10 **Group borrowings and debt securities**

The Group's bank borrowings as at 31 December 2014 are as follows:

	RM'000
Short-term borrowings:	
Unsecured	65,079
Secured	81,025
	146,104
Long-term borrowings:	
Unsecured	16,388
Secured	182
	16,570
Total borrowings	162,674

The Group's bank borrowings as at 31 December 2014 are entirely denominated in Ringgit Malaysia.

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 USD19.8 million (RM69.4 million) as at 31 December 2014. Inclusive of this, the Group's net gearing ratio as at 31 December 2014 is around 0.63 time.

Quarterly report on consolidated results for the second financial quarter ended 31 December 2014

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

B11 **Outstanding derivatives**

(a) Disclosure of Derivatives

The Group's steel segment has entered into forward foreign currency exchange contracts ("FX forwards") to the extent such facilities are available 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"). In this regard, the Cold Rolled subsidiary covers its USD exposure at the range of 50% to 75% depending on the length of the forward period and the availability of FX facilities.

Since the preceding 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) being 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 31 December 2014 are outline below:

Non-designated

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	950	2,487	-	20.9

Designated

FX Forward Contracts as designated hedging Instrument					Forward purchase of raw material and/or a/c 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	13,168	45,474	791.0	-	Matching	13,168	n.a.	-	791.0

(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.

Quarterly report on consolidated results for the second financial quarter ended 31 December 2014

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

B11 **Outstanding Derivatives** (continued)

(a) Disclosure of Derivatives (continued)

(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.

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 RM5.3 million being securities for the supply of hot rolled coil and inbound supply of services and utilities; corporate guarantees issued to banks / debenture holders for loans extended to its wholly owned subsidiary with outstanding amounting to RM57.4 million; and standby-letter-of-credit of around RM40 million for the Phase 2 project and a guarantee amounting to THB132 million issued to a gas supplier as a security for due performance by its associate.

B13 **Realised and unrealised losses disclosure**

	As at 31/12/2014 RM'000	As at 30/06/2014 RM'000
Total retained losses of the Company and its subsidiaries:		
- Realised	(359,714)	(361,545)
- Unrealised	(24,170)	(23,962)
	(383,884)	(385,507)
Add: Consolidation adjustments	397,607	424,346
Total retained earnings as per consolidated accounts	13,723	38,839

Quarterly report on consolidated results for the second financial quarter ended 31 December 2014

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

B14 **Material litigation**

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

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. Impairment provision for this cost of investment of RM17 million has been fully provided since financial year ended 2012.

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 October 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 November 2013 against the Court's decision and the Defendant has filed a cross-appeal on 10 January 2014. The Court has set the hearing for the appeal on 12 February 2015.

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 second financial quarter ended 31 December 2014

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

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

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

	Current year quarter 31/12/2014	Preceding year corresponding quarter 31/12/2013	Current year to date 31/12/2014	Preceding year corresponding period 31/12/2013
Continuing Operations				
(Loss)/Profit attributable to owners of the Company (RM'000)	(3,636)	3,291	(25,116)	7,869
Weighted average number of ordinary shares in issue (net of treasury shares) ('000)	225,523	225,523	225,523	225,523
Basic (loss)/earnings per share (sen)	**(1.62)**	**1.46**	**(11.14)**	**3.48**
Discontinued Operations				
Loss attributable to owners of the Company (RM'000)	-	(37,541)	-	(74,027)
Weighted average number of ordinary shares in issue (net of treasury shares) ('000)	-	225,523	-	225,523
Basic loss per share (sen)	**-**	**(16.65)**	**-**	**(32.82)**
Total				
Loss attributable to owners of the Company (RM'000)	(3,636)	(34,250)	(25,116)	(66,158)
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)	**(1.62)**	**(15.19)**	**(11.14)**	**(29.34)**

(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
27 February 2015