

Quarterly report on consolidated results for the third financial quarter ended 31 March 2015

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.

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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 cyclical nature 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.

	<u>31/03/2015</u>	<u>30/6/2014</u>
Total interest bearing debts in RM'million	281.7	240.5
Shareholders' funds less intangibles in RM'million	365.1	398.1
Gearing Ratio	0.77	0.60

The Group's debt securities are mainly represented by the Cold Rolled subsidiary's debenture (around RM123.2 million) and the Steel Tube subsidiary's debenture (around RM62.6 million) while the remaining interest bearing debts are unsecured suppliers' trade credits.

A7 Dividends paid

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

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EXPLANATORY NOTES:

A8 Segmental reporting

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

Continuing operations:

	<u>Steel Tube Manufacturing</u> RM'000	<u>Cold Rolled</u> RM'000	<u>Investment Holding</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>Revenue</u>					
Total revenue	160,978	359,318	-	11,961	532,257
Inter segment	(982)	(24,211)	-	(131)	(25,324)
External revenue	<u>159,996</u>	<u>335,107</u>	<u>-</u>	<u>11,830</u>	<u>506,933</u>
Share of results in an associate	-	-	(21,253)	-	(21,253)
Segment's pre-tax profit/(losses)	3,914	(7,106)	(8,834)	(739)	(12,765)
Total segment's pre-tax profit/(losses)	<u>3,914</u>	<u>(7,106)</u>	<u>(30,087)</u>	<u>(739)</u>	<u>(34,018)</u>
Segment assets	<u>135,605</u>	<u>416,083</u>	<u>104,525</u>	<u>5,796</u>	<u>662,009</u>

Reconciliation of segment assets to total assets is as follows:

	RM'000
Segment assets	662,009
Amount owing by an associate	32,337
Deferred tax assets	2,953
Derivative assets	1,987
Tax recoverable	911
	<u>700,197</u>

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.

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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 March 2015:

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

Foreign Currency Forwards

as Liabilities (not hedge accounted)

as Assets (not hedge accounted)

as Assets (hedge accounted)

	Fair Value RM'000		
	Level 1	Level 2	Level 3
	-	(5.7)	-
	-	718.0	-
	-	1,269.2	-
Total	-	1,981.5	-

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 March 2015 are as follows:

	Current quarter 31/03/15 RM'000	Current year to date 31/03/15 RM'000
Revenue	61,595	61,945
Loss after Tax	(43,994)	(141,767)
Other Comprehensive Loss	(18,675)	(34,444)
Total Comprehensive Loss	(62,669)	(176,211)

The significant increase in Revenue for the current quarter is due to the resumption of powers supply to its customers, as the gas supply to its power plant resumed since January 2015.

	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
Non-current Assets with Provision	899,235	838,707
Current Assets	112,937	88,867
Current Liabilities	(1,140,253)	(879,741)
Non-current Liabilities	(2,129)	(1,831)
Net (Liabilities)/Asset	(130,210)	46,002

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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 first 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 31/03/2015 RM'000	Current year to date 31/03/2015 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	(33,095)	-
Share of Net Profit/(Loss)	(21,557)	(69,466)
Share of Other Comprehensive Income/(Loss)	(9,151)	(16,878)
Carrying value c/f at closing of the period	-	-
Unrecognised share of Losses c/f at closing of the period	<u>(63,803)</u>	<u>(63,803)</u>

It was disclosed in the first 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 further weakening of the Ringgit (against the USD) by another 6.3% from the preceding second quarter which had a 6.8% decline. Financial year-to-date, the Ringgit has weakened (against the USD) by around 16.5% and this has negatively impacted the financial performance of the Group's Cold-Rolled subsidiary despite its foreign currency hedging effort. This is further discussed/ disclosed in Notes B1, B2, B5, and B11.

A13 Subsequent material events

- a) Reorganisation entailing the disposal of 100% equity interest in Melewar Steel Tube Sdn Bhd ("MST") by the Company to its 54.8% owned listed subsidiary Mycron Steel Bhd ("MSB")

Culminating from the Conditional Agreement dated 12 September 2014 to dispose the entire paid-up capital of MST held to its 54.8% owned listed subsidiary MSB, the Company has on 1 April 2015 completed its disposal for a gross disposal consideration of RM70.0 million via a combination of 104,545,455 new MSB's ordinary shares allotment (at the agreed value of 44 cents/share) and the novation of the Company's trade-debt owing to MST of RM24 million to MSB.

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EXPLANATORY NOTES:

A13 **Subsequent material events** (continued)

- a) Reorganisation entailing the disposal of 100% equity interest in Melewar Steel Tube Sdn Bhd (“MST”) by the Company to its 54.8% owned listed subsidiary Mycron Steel Bhd (“MSB”)(continued)

The Company has in its circular to shareholders dated 17 November 2014 disclosed the objectives of the reorganisation exercise, the pro-forma financial effects, and other relevant details of the said disposal. Post-reorganisation, the Group will continue to consolidate the financials of MSB and MST but with different percentages attributable to Shareholders as shown below.

	Before	After	Difference
Number of MSB shares held by the Company	97,504,766	202,050,211	104,545,455
The Company’s % shareholding in MSB	54.79	71.52	16.73
The Company’s % shareholding in MST	100.00	71.52* ¹	(28.48)

*Note *¹: Held indirectly via holdings in MSB*

The above is a non-adjusting subsequent event for the current reporting quarter. The financial effects of the reorganization will be disclosed in the next quarterly report, in-which the occurred event relates.

- b) Disposal of 100% Equity Interest in M-Power TT Ltd (“M-Power”) by a wholly-owned subsidiary Melewar Steel Engineering Sdn Bhd (“MSE”) to Mperial Power Ltd (“Mperial”)

Reference is made to the announcement dated 30 April 2015 in relation to the disposal of 100% of the equity interest in M-Power (a dormant company with a net asset of around RM15 thousand) by MSE to Mperial for a total consideration of RM2.00. The disposal was completed on 30 April 2015 and is not expected to have any material effect on the issued and paid up share capital, net assets per share, gearing ratio and major shareholders’ shareholdings of MIG for the next quarter or for the financial year ending 30 June 2015.

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 are no material capital commitments whether provided or not already provided for in the financial statements at the end of the reporting quarter.

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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

For the third quarter ended 31 March 2015, the Group registered a 3% higher total revenue of RM166.7 million as compared to RM161.6 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 Steel Tube subsidiary (up by 11%) and the Cold Rolled subsidiary (up by 5%) for the current quarter. The gross margin for the Steel Tube operations was down by 1.7% (current quarter at 8.5% as compared to the preceding year's corresponding quarter at 10.2%) whilst the Cold Rolled subsidiary gross margin has improved slightly by 0.8% (from a 3% in the preceding year's corresponding quarter to a 3.8% in the current quarter).

The Group recorded a higher loss before tax of RM4.8 million for the current quarter as compared to a loss before tax of RM1.2 million in the preceding year's corresponding quarter. The loss is mainly attributed to the lower margin spread between selling price and raw material price due to competitive selling prices for both the Steel Tube and Cold Rolled segments; and the net foreign exchange (FX) loss of RM1.9 million (preceding year's corresponding quarter was a loss of RM0.7 million) due to the further weakening of the Ringgit by another 6.3% against the USD since the close of the preceding quarter which mainly affected the Group's Cold Rolled segment. The current quarter's book closing USD/RM rate is 3.7165 compared with the preceding year's corresponding quarter at 3.2685 (which works out to a 13.7% decline). The current quarter's net foreign exchange loss of RM1.9 million comprised mainly of unrealised mark-to-market loss of around RM1.8 million. The Cold Rolled subsidiary maintains a minimum FX-hedging ratio of 75% with FX forwards, and the mark-to-market gains arising from these of around RM1.98 million have helped capped the said net FX loss (see Note B11). The Group's current quarter's after-tax loss is higher at RM3.5 million as compared to the after-tax loss of RM0.9 million in the preceding year's corresponding quarter for the continuing operations.

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

The Group's revenue at RM166.7 million for the current quarter is 9% lower compared to the immediate preceding quarter at RM183.5 million due to the decrease in sales volume by around 10.4% mainly attributed to the Chinese New Year festive season.

At the pre-tax level before the share of associate's losses, the Group's continuing operations registered a lower pre-tax loss of around RM4.8 million compared with the immediate preceding quarter's loss of around RM6.1 million. This is mainly due to the lower foreign exchange loss (RM1.9 million compared to RM2.8 million in the immediate preceding quarter) recorded at the Cold-Rolled segment. For the current quarter, the Ringgit has weakened against the USD by another 6.3% (book closing USD/RM rate 3.7165), as compared to the immediate preceding quarter's decline of around 6.8% (book closing USD/RM rate 3.495). The sharp weakening of the Ringgit severely impinged margins due to the wider unfavorable forward FX spreads on hedged positions, and mark-to-market losses on unhedged position in the Cold Rolled segment. The Steel Tube segment's performance for the current quarter declined marginally with a pre-tax gain of around RM1.1 million compared to the preceding quarter's pre-tax gain of around RM4.1 million. At the post-tax level, the Group recorded a lower net loss of RM3.5 million compared to a net loss of RM5.7 million in the immediate preceding quarter.

The Group recorded a higher EBITDA at RM3.4 million compared to the preceding quarter's RM1.9 million.

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

B3 Prospects for the remaining financial year

The record steel production and exports by China amidst slowdown in its own economy have severely disrupted market dynamics, prices, and margins of the steel industries in smaller nations like Malaysia. The Group's Steel Tube and Cold-Rolled segments faced severe margin squeeze in the recent past quarters due to the deluge of unfairly priced imports which the governing regulatory agencies failed to curtail. In this regard, the Group will continue to work with peers to push for anti-dumping actions by the Government. Whilst the negative factors impinging on the weak Ringgit will likely remain dominant for the rest of the financial year, we believe the downside risk on the Ringgit will face greater traction. The Group's financial prospect for the 4th quarter would be less likely to be affected by the Ringgit than the continuing margin squeeze from unfair pricing and product-dumping from abroad amidst a softer domestic market condition in the post-GST environment (which also adds to higher working capital requirement and extra funding cost to the Group). As such, the gross margins for the Steel Tube and the Cold Rolled operations are expected to remain tight, and more so during the immediate post-GST months of expected lower demand and higher inflation. In conclusion, the outlook for the remaining financial year for the steel businesses is expected to remain challenging and its performance would largely hinge on the following:

- The Government's ability to plug import loopholes on CRC and steel tubes and curtails unfair pricing of imported steel products
- Domestic demand condition for CRC and steel tubes, and the consumers' ability to absorb higher production cost

The Group performance for the remaining financial year is unlikely to be affected by its Power associate's performance.

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 31/03/2015 RM'000	Preceding year corresponding quarter 31/03/2014 RM'000	Current year to date 31/03/2015 RM'000	Preceding year corresponding period 31/03/2014 RM'000
Depreciation and amortisation	(4,595)	(12,440)	(13,461)	(37,847)
Interest expenses	(3,855)	(36,476)	(11,028)	(90,310)
Interest income	234	272	2,764	708
Net foreign exchange (loss)/gain	(1,920)	(702)	(5,089)	(1,723)

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

B6 Taxation

Taxation comprises :

	Current year quarter 31/03/2015 RM'000	Preceding year corresponding quarter 31/03/2014 RM'000	Current year to date 31/03/2015 RM'000	Preceding year corresponding period 31/03/2014 RM'000
Current tax expense				
Current period	116	(400)	(495)	(2,457)
Over provision in prior year	1	(26)	1	(22)
Deferred tax income				
Current period	1,205	779	2,815	3,719
	<u>1,322</u>	<u>353</u>	<u>2,321</u>	<u>1,240</u>

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

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

It was disclosed in the 1st Quarterly Report for the period 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. As at the date of this report, the Counter-Party has completed their due diligence but have not made a firm offer for the acquisition of Siam Power.

Since the exclusivity granted to the said Counter-Party has expired and with no positive feedback from them, Mperial has commenced discussions with other third parties on the divestment of its power operations. One of the parties has made arrangements to begin due diligence by end-May on a non-exclusive basis while another party has submitted a preliminary proposal to the project lenders to acquire Siam Power conditional upon further haircuts on the project loan and with staggered payment terms. Both Mperial and the lenders have had several joint discussions with the said party on their proposal and the lenders have agreed to present the proposal to their respective boards for an approval in principle. The said party will commence due diligence upon obtaining the approval in principle from the lenders, which is expected to be by end-May 2015.

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

B10 Group borrowings and debt securities

The Group's bank borrowings as at 31 March 2015 are as follows:

	<u>RM'000</u>
<u>Short-term borrowings:</u>	
Unsecured	70,180
Secured	<u>108,752</u>
	<u>178,932</u>
<u>Long-term borrowings:</u>	
Unsecured	15,670
Secured	<u>160</u>
	<u>15,830</u>
Total borrowings	<u>194,762</u>

The Group's bank borrowings as at 31 March 2015 are entirely denominated in Ringgit Malaysia.

Besides Bank borrowings, the Group's Cold Rolled subsidiary (Mycron Steel CRC Sdn Bhd) and the Steel Tube subsidiary (Melewar Steel Tube Sdn. Bhd.) also draw on interest-bearing trade credits from their respective raw-coil suppliers with outstanding amount of USD 17.8 million (RM66 million) and RM20.9 million respectively as at 31 March 2015. Inclusive of this, the Group's net gearing ratio as at 31 March 2015 is around 0.77 times.

B11 Outstanding derivatives

The Group's steel segments have 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 at least 75% of its USD exposure, depending on the length of the forward period and the availability of FX facilities.

The steel segments designate certain eligible hedge relations on FX forwards incepted to cover its USD and/ or SGD exposure for the purpose of hedge accounting. These are designated as fair value hedges 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.

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

B11 Outstanding derivatives (continued)

Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 31 March 2015 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	800	2,146	-	5.7

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	12,811	46,945	718.0	0

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	9,288	33,324	1,269.2	-	Matching	9,288	n.a.	-	1,269.2

Financial year-to-date, the Group has recorded a total realised net gain of around RM 4 million from its FX Forward Contracts incepted for hedging purposes.

(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.

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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 RM3.0 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 subsidiaries with outstanding amounting to RM63.6 million; and standby-letter-of-credit of around RM40 million for the power Phase 2 project (where the project's delivery deadline has been extended to June 2018) for due performance by its associate.

B13 Realised and unrealised losses disclosure

	As at 31/03/2015 RM'000	As at 30/06/2014 RM'000
Total retained losses of the Company and its subsidiaries:		
- Realised	(345,825)	(361,545)
- Unrealised	(22,367)	(23,962)
	<u>(368,192)</u>	<u>(385,507)</u>
Add: Consolidation adjustments	379,338	424,346
	<u>11,146</u>	<u>38,839</u>
Total retained earnings as per consolidated accounts	11,146	38,839

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 heard the case on 12 February 2015 and awarded the appeal in favour of MSB on the RM17million claimed together with interest (at 6% p.a.) and cost (RM70,000) against the Defendant/ Respondent, Multi Resources Holdings. The probability of monetary recovery pursuant to the successful appeal remains uncertain and cannot be recognised as a contingent asset.

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

B14 Material litigation (continued)

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.

B16 (Loss)/Earnings per share

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

	Current year quarter 31/03/2015	Preceding year corresponding quarter 31/03/2014	Current year to date 31/03/2015	Preceding year corresponding period 31/03/2014
Continuing Operations				
(Loss)/Profit attributable to owners of the Company (RM'000)	(2,577)	(214)	(27,693)	7,655
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)	(1.14)	(0.09)	(12.28)	3.39
Discontinued Operations				
Loss attributable to owners of the Company (RM'000)	-	(23,355)	-	(97,382)
Weighted average number of ordinary shares in issue (net of treasury shares) ('000)	-	225,523	-	225,523
Basic loss per share (sen)	-	(10.36)	-	(43.18)
Total				
Loss attributable to owners of the Company (RM'000)	(2,577)	(23,569)	(27,693)	(89,727)
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)	(1.14)	(10.45)	(12.28)	(39.79)

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

B16 (Loss)/Earnings per share (continued)

- (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 May 2015