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

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2015

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 and the Company 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, except for the effects of the reorganization as disclosed in Note A12.

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 the Company's equity securities during the current financial quarter.

The Group has a policy to maintain its Gearing Ratio (measured as interest bearing debts over equity adjusted for the exclusion of intangibles) at below 1.25 times.

	30/06/2015	30/6/2014
Total interest bearing debts in RM'million	266.1	240.5
Adjusted Equity in RM'million	405.7	424.9
Gearing Ratio	0.66	0.57

The Group's debt securities are mainly represented by the Cold Rolled subsidiary's debenture (around RM118.4 million) and the Steel Tube subsidiary's debenture (around RM60.1 million), whilst the remaining interest bearing debts are unsecured suppliers' trade credits extended to the respective operating subsidiaries. (See Notes B10). The operating subsidiaries complied with their respective Gearing Ratio covenants for the current financial year ended 30 June 2015.

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 2015

EXPLANATORY NOTES:

A8 **Segmental reporting**

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

	Steel Tube	Cold Rolled	Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Total revenue	218,825	467,052	-	15,886	701,763
Inter segment	(1,358)	(33,082)	-	(134)	(34,574)
External revenue	217,467	433,970	-	15,752	667,189
Share of results in an associate	-	-	(21,253)	-	(21,253)
Pre-tax profit/(losses)	4,669	(4,280)	(11,559)	(3,543)	(14,713)
Total segment's pre-tax profit/(losses)	4,669	(4,280)	(32,812)	(3,543)	(35,966)
Segment assets	122,735	422,835	115,272	3,581	664,423

Reconciliation of segment assets to total assets is as follows:

	RM'000
Segment assets	664,423
Amount owing by an associate	33,417
Deferred tax assets	3,139
Derivative assets	2,071
Tax recoverable	1,026
	704,076

The business of the Group is carried out entirely in Malaysia in the current financial year.

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

In June 2015, 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 surpluses net deferred tax amounting to RM15 million was credited to the asset revaluation reserve under Other Comprehensive Income, while the deficits amounting to RM3.5 million was charged to Profit or Loss as impairment loss after netting any prior corresponding revaluation gains.

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2015

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 30 June 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	Fair Value RM'000		
Foreign Currency Forwards	Level 1	Level 2	Level 3
as Liabilities (not hedge accounted)	-	(40.7)	-
as Assets (not hedge accounted)	-	306.4	-
as Assets (hedge accounted)	-	1,764.9	-
Total	-	2,030.6	-

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

A11 **Investment in Associate**

The Company through a wholly owned subsidiary 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"), Siam Power Phase 3 Company Ltd ("Siam Power 3"), and MPower – hereinafter referred to as the 'Power Associate' or the 'Power Group.'

The Power Group is no longer a material associate of MIG Group considering its' carrying investment value has been reduced to nil by its share of the said associate's losses since end-September 2014. The Group's continuing share of the Associate's subsequent losses is not recognised but is recorded for future set-off against any arising share of gains. Details of the Group's unrecognised share of the Power Associate losses amounting to RM79.4 million are as follows:

Investment in the Power Associate

	Current quarter 30/06/2015 RM'000	Current year to date 30/06/2015 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	(63,803)	-
Share of Net Profit/(Loss)	(18,385)	(87,851)
Share of Other Comprehensive Income/(Loss)	2,827	(14,051)
Carrying value c/f at closing of the period / Unrecognised share of Losses c/f at closing of the period	(79,361)	(79,361)

EXPLANATORY NOTES:

A11 **Investment in Associate** (continued)

It was disclosed in the last quarter that Mperial has commenced discussions with new counter-parties interested to acquire its entire equity stake in the power subsidiaries, after the Memorandum of Understanding (MOU) previously entered into on 4 August 2014 lapsed without a firm offer. Arising thereof, Mperial has entered into a new MOU with a fresh counter-party on 30 June 2015 which accorded the latter an exclusivity period of 60 days for due diligence review. The parties involved are targeting to conclude a definitive agreement by end September or early October 2015. Mperial's management is generally satisfied with the creditability and financial capabilities of this Thailand based counter-party.

A12 **Significant events and transactions**

The Company has on 1 April 2015 (hereinafter referred to as "the Completion Date") completed its reorganisation exercise with the disposal of the entire paid-up capital held on MST to its 54.79% owned listed subsidiary Mycron Steel Bhd (MSB) for a gross disposal consideration of RM70.0 million via a combination of 104,545,455 new MSB's ordinary shares allotment (at the contracted value of 44 sens/share) and the novation of the Company's trade-debt owing to MST of RM24 million to MSB. Arising from the reorganisation, the Group's steel operations involving both the Cold Rolled Coil manufacturing and the downstream Steel Tubes and Pipes manufacturing are now vested directly under its listed subsidiary MSB. As a result, the Company's indirect controlling interest on the Cold Rolled operations has increased from 54.79% to 71.52%, whilst on the Steel Tubes and Pipes operations has decreased from 100% to 71.52% as detailed below.

	Before	After	Difference
Number of MSB shares held by the Company	97,504,766	202,050,221	104,545,455
Average carrying investment value per share (sens/share)	48.26	38.30	29*[a]
Total carrying value of investment in MSB (RM)	47,058,461	77,376,643	30,318,182
The Company's % shareholding in MSB	54.79	71.52	16.73
The Company's % shareholding in MST	100.00	71.52*[b]	(28.48)

Note

a. Initial Recognition of the Consideration Shares

i. The consideration shares received by the Company were fair valued at initial recognition on Completion Date based on MSB's prevailed closing share price at 29 sens/share on Bursa Malaysia- as opposed to the contracted transactional price at 44 sens/share- in compliance with the MFRS 3.37 on measurement date, and MFRS 13 on fair value measurement.

ii. The transaction was a Related Party Transaction (RPT) governed by Bursa Malaysia's listing rules (on both the listed Buyer and Seller) which amongst others required the appointment of various advisors; and the pre-determination and disclosure of the intended consideration shares' pricing coupled with the quantity of new consideration shares to be issued in its circular to shareholders in seeking their approval of the RPT transaction (and to Bursa Malaysia in seeking its approval for the listing of the said consideration shares). The transaction price of MST at RM70million was reached based upon the advice of the appointed advisors with reference to an independent valuation report. The contracted price of the consideration shares at 44 sens/share was determined based on a 30-days Volume Weighted Average Market Price (VWAMP) preceding the transaction Agreement dated 12 September 2014 -at the advice of the appointed advisors. The transaction could not have been structured with on opened consideration-share pricing to be determined on a future completion date given the circumstances and governing rules on RPT affecting both the listed Buyer and Seller.

EXPLANATORY NOTES:

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

Note

a. Initial Recognition of the Consideration Shares (continued)

iii. On Completion Date, MSB's share was quoted but untraded on Bursa Malaysia at 29 sens/share. MSB's 30-days traded shares volume preceding the Completion Date was only around 0.3 million shares or 0.18% of its total issued ordinary shares. In-comparison, around 4 million shares or 2.35% of its total issued ordinary shares were traded in the 30-days preceding the Agreement date (on-which the 44 sens/share was derived). The fulfilment of the Agreement's condition precedents took around 200 elapsed days between the Agreement Date and the Completion date.

iv. The intrinsic value of MSB's share as measured by its consolidated net-asset value per share before and after its business combination was around RM1.40/share and RM1.08/shares respectively on Completion Date. However, such aforementioned 'entity specific' measurement is irrelevant under the MFRS on fair value measurement.

b. The Company's reduced equity interest in MST is held indirectly via MSB.

The reorganisation exercise resulted in the Company recording a 'Loss on Disposal' of RM20.6 million in the current quarter, but is neutral at Group consolidation.

	RM'000
De-recognition of Carrying Net Investment Value of MST	(75,000)
Add Fair Value of Consideration Shares of MSB received	30,318
Add De-recognition of Liability owing to MST	24,000
Loss on disposal of MST	(20,682)

The financial impact affecting shareholders and non-controlling interest at the Group level immediately before and after the said reorganisation are as follows:

MIG Group Level	Note	1 April 2015 (RM'000)		
		Before	After	Change
Share Capital		226,755	226,755	-
Share Premium		241	241	-
Treasury Shares		(2,042)	(2,042)	-
Revaluation & Other Reserve		18,301	18,301	-
Retained Earnings		11,147	38,315	27,168
Shareholders' funds		254,402	281,570	27,168
Non-controlling interests	a	110,674	83,506	(27,168)
Total Equity		365,076	365,076	-

Note (a): Decline in NCI is attributed to changes in MSB as detailed below.

	1 April 2015 (RM'000)		
	Before	After	Change
Net Assets as Represented by Shareholders' Funds	249,753	301,078	51,325
% owned by Non-Controlling Interests	45.21	28.48	(16.73)
Attributed to Non-Controlling Interests	112,912	85,744	(27,168)

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2015

EXPLANATORY NOTES:

A13 **Subsequent material events**

There were no material events occurring between 1 July 2015 and the date of this announcement that warrant adjustments to the financial statements for the current quarter ended 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, except for the disposal of the entire equity of MPower (a dormant company) to Mperial (an associate company) as announced on 30 April 2015; and the effects of the reorganisation as disclosed 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 are no material capital commitments whether provided or not already provided for in the financial statements at the end of the reporting quarter.

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2015

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 fourth quarter ended 30 June 2015, the Group registered a 6% higher total revenue of RM160.3 million as compared to RM150.6 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 7%) and the Cold Rolled subsidiary (up by 7%) for the current quarter. The gross margin for the Steel Tube operations however was down by 0.9% (current quarter at 8.1% as compared to the preceding year's corresponding quarter at 9.0%) whilst the Cold Rolled subsidiary gross margin has improved significantly (from a -4% in the preceding year's corresponding quarter to a 11% in the current quarter) due to higher margin spread between selling price and raw material price in the Cold Rolled segment for the current quarter.

The Group recorded a lower loss before tax of RM1.9 million for the current quarter as compared to a loss before tax of RM33.9 million in the preceding year's corresponding quarter. The reduction in loss during the current quarter mainly arises from lower impairment loss on property, plant and equipment by RM2.6 million in the current quarter; the absence of impairment loss on trade and other receivables of RM3.8 million and share of losses in an associate of RM13.3 million in the preceding year's corresponding quarter. The Group's current quarter suffered an after-tax loss of RM2 million as compared to the after-tax profit of RM158.8 million in the preceding year's corresponding quarter mainly due to a huge gain on disposal of the power subsidiary which amounted to RM225.6 million- being the discontinued operation. For the current quarter, a revaluation surplus on property, plant and equipment of RM15.0 million is credited to the asset revaluation reserve under Other Comprehensive Income.

The Group recorded a higher EBITDA of RM10.9 million compared to the preceding year's corresponding quarter's LBITDA of RM0.6 million.

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

The Group's revenue at RM160.3 million for the current quarter is 4% lower compared to the immediate preceding quarter at RM166.7 million due to the decrease in sales contribution from the Cold Rolled segment by around 8% which was partially mitigated by the 6% positive contribution from the Steel Tube segment.

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 RM1.9 million compared with the immediate preceding quarter's loss of around RM4.8 million. This is mainly due to the higher margin spread between selling price and raw material price in the Cold Rolled segment for the current quarter despite the absence of foreign exchange gain recorded at the Cold-Rolled segment in the immediate preceding quarter and the impairment loss on property, plant and equipment of RM4.4 million in the current quarter. For the current quarter, the Ringgit has weakened against the USD by another 1.9% (book closing USD/RM rate 3.7855), as compared to the immediate preceding quarter's decline of around 6.3% (book closing USD/RM rate 3.7165 from 3.4950). At the post-tax level, the Group recorded a lower net loss of RM2.0 million compared to a net loss of RM3.5 million in the immediate preceding quarter.

The Group recorded a higher EBITDA at RM10.9 million compared to the preceding quarter's RM3.4 million.

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2015

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

B3 **Prospects for the next financial year**

The 1st half of the new financial year will likely see continuing headwind from the current financial year. The negative factors impinging on the weak Ringgit (which has depreciated by around 20% in the last twelve months against the USD) will likely remain dominant with a high possibility of further weakening which would add significant downside risk to the nation's foreign currency reserves, sovereign credit rating, imported inflation, depressed domestic demand/economy, and pressure on borrowing costs. That coupled with the soft global demand and weak export commodity prices would further add to the existing negative economic and business outlook which is already dampened by the rollout of GST in the current quarter.

Specifically for the Cold Rolled segment, the Group would continue to leverage on its long-relationship-customers to grow/maintain sales and sustain margins particularly with those customers involved in the export markets. The Cold Rolled segment also looks forward to the possibility of anti-dumping duties initiation on CRC imports in the new financial year, which may relieve some margin pressure on domestic cold-rollers. The Group also looks forward to a positive contribution from its Steel Tube segment –which will likely face continuing headwind on demand, and would have to stay focused on managing its spreads and costs. The Steel Tube segment hopes to expand its export sales in the new financial year, in addition to leveraging on its long-relationship-customers to sustain domestic sales.

In conclusion, the outlook for the next financial year for the Cold Rolled and Steel Tube businesses is expected to remain very challenging and its performance would largely hinge on the following:

- The nation's ability to bottom out from the current political, currency, and structural imbalance quagmire which impinge on sentiments and domestic demand;
- The nation and the steel industry's ability to stem unfair pricing of competing imported steel products (i.e. China's price subsidies for steel exports); and
- The initiation of previously announced national projects which may add to domestic steel off-take.

The Group performance for the next financial year will not be affected by its share of the Power associate's losses, if any.

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

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

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2015

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

B5 **Loss before tax**

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

	Current year quarter 30/06/2015 RM'000	Preceding year corresponding quarter 30/06/2014 RM'000	Current year to date 30/06/2015 RM'000	Preceding year corresponding period 30/06/2014 RM'000
Depreciation and amortisation	(4,688)	(7,115)	(18,149)	(44,962)
Interest expenses	(3,957)	(13,324)	(14,985)	(103,634)
Interest income	222	1,701	2,986	2,409
Foreign exchange (loss)/gain	(90)	143	(9,817)	(592)
FX Forward gain/(loss)	2	(243)	4,478	(307)

B6 **Taxation**

Taxation comprises :

	Current year quarter 30/06/2015 RM'000	Preceding year corresponding quarter 30/06/2014 RM'000	Current year to date 30/06/2015 RM'000	Preceding year corresponding period 30/06/2014 RM'000
Current tax expense				
Current period	21	(347)	(474)	(2,804)
Over provision in prior year	-	1	1	(21)
Deferred tax income				
Current period	(106)	4,619	2,709	8,338
	(85)	4,273	2,236	5,513

For the 'current financial quarter' and the '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**

Refer to Note A12

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2015

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 30 June 2015 are as follows:

	RM'000
Short-term borrowings:	
Unsecured	62,822
Secured	104,027
	166,849
Long-term borrowings:	
Unsecured	19,643
Secured	204
	19,847
Total borrowings	186,696

The Group's bank borrowings as at 30 June 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 amounts of RM63.9 million and RM15.5 million respectively as at 30 June 2015. Inclusive of this, the Group's net gearing ratio as at 30 June 2015 is around 0.66 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 Group covers its foreign exchange exposure at a range between 50% to 100% of its exposure depending on the length of the forward period and the availability of FX facilities.

The Group designates 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.

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2015

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 30 June 2015 are outline below:

Non-designated

FX Forward Contracts (SDG/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	1,222	-	40.7

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	4,230	15,698	306.4	-

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	21,112	78,372	1,764.9	-	Matching	21,112	n.a.	-	1,764.9

Besides the above unrealized marked-to-market positions, the Group has recorded a total realised net gain of around RM4.2 million from its FX Forward Contracts incepted for hedging purposes over the current financial year.

(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.

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 security 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 RM0.6 million; and standby-letter-of-credit of around RM43 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 30/06/2015 RM'000	As at 30/06/2014 RM'000
Total retained losses of the Company and its subsidiaries:		
- Realised	(206,847)	(361,545)
- Unrealised	(25,430)	(23,962)
	(232,277)	(385,507)
Add: Consolidation adjustments	269,057	424,346
Total retained earnings as per consolidated accounts	36,780	38,839

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. 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 is therefore not recognised as a receivable.

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2015

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 30/06/2015	Preceding year corresponding quarter 30/06/2014	Current year to date 30/06/2015	Preceding year corresponding period 30/06/2014
Continuing Operations				
Loss attributable to owners of the Company (RM'000)	(1,534)	(24,762)	(29,227)	(17,107)
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)	**(0.68)**	**(10.98)**	**(12.96)**	**(7.59)**
Discontinued Operations				
Profit attributable to owners of the Company (RM'000)	-	189,050	-	91,668
Weighted average number of ordinary shares in issue (net of treasury shares) ('000)	-	225,523	-	225,523
Basic earnings per share (sen)	**-**	**83.83**	**-**	**40.65**
Total				
(Loss)/Profit attributable to owners of the Company (RM'000)	(1,534)	164,288	(29,227)	74,561
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)	**(0.68)**	**72.85**	**(12.96)**	**33.06**

Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2015

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
27 August 2015