



Part A - EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

The Quarterly Report has been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standard (FRS) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia.

The Quarterly Report should be read in conjunction with the audited financial statements for the period ended 30 June 2007.

These explanatory notes attached to the Quarterly Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 30 June 2007.

A2 Changes in Accounting Policies

The accounting policies and methods of computation followed in this interim financial report are the same as compared with the financial statements for the period ended 30 June 2007.

A3 Comparatives

In the current financial period, no comparative figures have been restated on the financial results.

A4 Declaration of audit qualification

The audit report of the Company in respect of the annual financial statements for the period ended 30 June 2007 was not subject to any audit qualification.

A5 Seasonality or cyclicity of operation

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

A6 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.

A7 Changes in estimates

In the current financial period, there were no changes in estimates that had a material effect on the financial results.

A8 Issuances and repayment of debts and equity securities

During the financial period, there were no issuances and repayment of debts, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares.



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A9 Dividend paid

A final dividend of 1.5 sen per share tax exempt in respect of financial period ended 30 June 2007 was paid on 28 November 2007.

A10 Segmental reporting

No segment analysis is prepared as the Group is involved in a single industry segment relating to the manufacturing and sale of steel products. The business of the Group is entirely carried out in Malaysia.

A11 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 period ended 30 June 2007.

A12 Subsequent material events

There were no material events occurring between 30 September 2007 and the date of this announcement that has not been reflected in the financial statement for the period ended 30 September 2007.

A13 Changes in the composition of the Group

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

A14 Contingent liabilities or contingent assets

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

A15 Changes in Financial Year End Date

The financial year end date of the Group has been changed from 31 January to 30 June effective in the preceding financial period.

A16 Capital Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	RM
Property, plant and equipment - Authorised and contracted for	51,469,000

EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)
B1 Review of the performance of the Company and its principal subsidiaries

For the 3 months ended 30 September 2007, the group recorded a revenue amount of RM79.8 million, a profit before tax of RM2.8 million and a profit after tax of RM1.9 million.

The above-mentioned results were contributed by the Company's principal subsidiary, Mycron Steel CRC Sdn Bhd.

In the opinion of the Directors, the results for the financial period ended 30 September 2007 have not been affected by any transaction or event of an unusual nature.

B2 Material changes in the quarterly results compared to the results of the immediate preceding quarter

Compared to the immediate preceding quarter, the group revenue decreased from RM92.5 million to RM79.8 million due to lower sales volume in this quarter. However, the group profit before tax increased from RM2.1 million to RM2.8 million.

B3 Prospects for the current financial year

The Directors are of the opinion that international steel prices and demand for steel products will remain relatively stable in the rest of the current financial year. Barring any unforeseen circumstances, the Group expects to achieve satisfactory results for the financial year.

The plant expansion is progressing smoothly and is expected to be completed by May 2008. The expansion project when completed will increase production capacity substantially by 45% (to 260,000 tonnes per year) and is expected to contribute positively to the earnings of the Company.

On our associate company PMP Galvanizers Sdn Bhd ("PMPG"), PMPG's new continuous galvanizing line has been commissioned in late January 2007 and has started production. PMPG is expected to use up to 75,000 tonnes per annum of the additional capacity by the third year in pursuant to the offtake agreement signed between PMPG and the Company's principal subsidiary, Mycron Steel CRC Sdn Bhd.

On 31 July 2007 Mycron Steel CRC Sdn Bhd signed a three year supply agreement with BlueScope Steel (M) Sdn Bhd that involves the supply of up to 60,000 tonnes of cold rolled coil (CRC) steel per year and boosting revenue for Mycron by up to RM100mil a year. Under the agreement, Mycron will purchase high-quality hot rolled coil steel from BlueScope's Australian steelworks in Port Kembla, New South Wales, to process into CRC steel destined for BlueScope Steel (M) Sdn Bhd. The contract would result in import substitution for CRC steel that BlueScope previously imported.

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.

B5 Taxation

Taxation comprises:-

	<u>Individual Quarter</u>	<u>Cumulative Quarters</u>
	Current Year Quarter 30/09/2007 RM'000	Current Year To Date 30/09/2007 RM'000
Current tax expense		
Current period	(1,195)	(1,195)
Over/(under) estimated in prior year	-	-
	(1,195)	(1,195)
Deferred tax income/(expense)		
Current period	365	365
Over/(under) estimated in prior year	-	-
	(830)	(830)



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

B6 Profit on sale of unquoted investments and / or properties

The Group did not engage in any sales of unquoted investments and / or properties.

B7 Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities for the current financial period.

B8 Status of corporate proposals

There were no outstanding corporate proposals.

B9 Group borrowings and debt securities

The Group's borrowings as at 30 September 2007 are as follows:

<u>Short term borrowings:</u>	<u>RM'000</u>
Secured	99,712
<u>Long term borrowings:</u>	
Secured	<u>62,602</u>
Total borrowings	<u>162,314</u>

This level of borrowings correspond to a net gearing ratio as at 30 September 2007 of 0.60 times of Total Equity.

The Group's borrowings were secured by way of a debenture over the fixed and floating assets of Mycron Steel CRC Sdn Bhd and a corporate guarantee by Mycron Steel Berhad.

B10 Off balance sheet financial instruments

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

B11 Material litigation

There were no material litigations pending as at the date of this announcement.

B12 Dividend

A final dividend of 1.5 sen per share tax exempt in respect of financial period ended 30 June 2007 was paid on 28 November 2007.



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

B13 Earnings per share

- (i) Basic earnings per ordinary share

	Current Year Quarter Ended 30 September 2007	Current Year To Date Ended 30 September 2007
Profit attributable to shareholders (RM'000)	1,939	1,939
Weighted average number of ordinary shares in issue ('000)	179,000	179,000
Basic earnings per share (sen)	1.08	1.08

- (ii) Diluted earnings per ordinary share

This is not applicable to the Group

By order of the Board

LILY YIN KAM MAY (MAICSA 0878038)

WONG YEAP MIN (MIA 2725)

Secretaries

Kuala Lumpur

30 November 2007