

Condensed Consolidated Income Statements for the financial quarter ended 31 December 2008

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>(3 months)</u>		<u>(6 months)</u>	
		Preceding year		Preceding year
	Current year	Corresponding	Current year	Corresponding
	Quarter	Quarter	To date	Period
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
	RM'000	RM'000	RM'000	RM'000
Revenue	98,831	94,754	234,831	174,579
Cost of sales	(96,208)	(89,894)	(221,942)	(163,526)
Impairment loss on inventories	(21,116)	-	(21,116)	-
Gross (loss)/profit	(18,493)	4,860	(8,227)	11,053
Operating expenses	(2,727)	(1,913)	(5,162)	(3,619)
Other operating income	203	225	403	420
(Loss)/profit from operations	(21,017)	3,172	(12,986)	7,854
Finance cost	(1,967)	268	(6,360)	(1,477)
Share of results of associates	33	(145)	(75)	(313)
(Loss)/profit before tax	(22,951)	3,295	(19,421)	6,064
Tax	4,125	(948)	3,759	(1,778)
(Loss)/profit for the period	(18,826)	2,347	(15,662)	4,286
(Loss)/earnings before interest, tax, depreciation and amortisation	(18,359)	4,843	(7,569)	11,195
(Loss)/earnings per share attributable to equity holders of the Company (sen):				
- Basic	-10.52	1.31	-8.75	2.39
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2008).

**Condensed Consolidated Balance Sheets as at 31 December 2008**

(The figures have not been audited)

	As at 31-Dec-08 RM'000	As at 30-Jun-08 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	301,828	303,328
Associate	17,206	17,262
Available-for-sale financial assets	935	935
	<u>319,969</u>	<u>321,525</u>
CURRENT ASSETS		
Inventories	119,672	116,606
Trade and other receivables	47,441	57,100
Amount owing by an associate	248	488
Amount owing by related companies	17,981	12,906
Tax recoverable	4,759	4,777
Cash & bank balances	11,202	13,078
	<u>201,303</u>	<u>204,955</u>
LESS: CURRENT LIABILITIES		
Borrowings	151,109	129,216
Derivative liability	0	52
Trade and other payables	35,300	27,200
Amount owing to holding company	88	31
Amount owing to related companies	33	1,926
	<u>186,530</u>	<u>158,425</u>
NET CURRENT ASSETS	<u>14,773</u>	<u>46,530</u>
LESS: NON-CURRENT LIABILITIES		
Deferred tax liabilities	3,662	7,618
Borrowings	74,214	84,557
	<u>77,876</u>	<u>92,175</u>
	<u>256,866</u>	<u>275,880</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	179,000	179,000
Treasury shares	(15)	0
Share premium	14,919	14,919
Asset revaluation reserve	31,679	31,679
Retained earnings	31,283	50,282
TOTAL EQUITY	<u>256,866</u>	<u>275,880</u>
Net Tangible Assets per share attributable to equity holders of the Company	<u>RM1.44</u>	<u>RM1.54</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2008).



Condensed Consolidated Cash Flow Statement for the financial quarter ended 31 December 2008

(The figures have not been audited)

	(6 months) 31-Dec-08 RM'000	(6 months) 31-Dec-07 RM'000
Loss/profit before tax	(19,421)	6,064
Adjustment for non-cash flow items :		
- Non-cash items	5,417	3,341
- Impairment loss on inventories	21,116	-
- Non-operating items	6,412	1,659
Operating profit before changes in working capital	13,524	11,064
Changes in working capital :		
- Net change in current assets	(14,381)	1,381
- Net change in current liabilities	6,876	5,964
Cash generated from operations	6,019	18,409
- Net interest paid	(4,361)	(1,370)
- Tax paid	(179)	(2,284)
Net cash flows from operating activities	1,479	14,755
Investing activities		
- Purchase of property, plant and equipment	(2,723)	(21,105)
	(2,723)	(21,105)
Financing activities		
- Dividend paid	(3,356)	(2,685)
- Proceeds from borrowings	9,650	7,192
- Proceeds from holding company	57	3,790
- Proceeds from related companies	(6,968)	4,064
- Purchase of own shares	(15)	-
	(632)	12,361
Net change in cash & cash equivalents	(1,876)	6,011
Cash & cash equivalents at beginning of financial year	13,078	12,089
Cash & cash equivalents at end of the financial period	11,202	18,100

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2008).

Condensed Consolidated Statement of Changes in Equity for the financial quarter ended 31 December 2008

(The figures have not been audited)

	Attributable to equity holders of the Company					
	Share Capital	Treasury Shares	Share Premium	Asset		Total
				Revaluation Reserve	Retained Earnings	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
6 months ended 31 December 2008						
Balance at beginning of the financial year	179,000	-	14,919	31,679	50,282	275,880
<u>Changes in equity for the period ended 31 December 2008</u>						
Share of reserves in an associate	-	-	-	-	19	19
Income and expense recognised directly in equity	-	-	-	-	19	19
Loss for the financial period	-	-	-	-	(15,662)	(15,662)
Total recognised income and expense for the financial period	-	-	-	-	(15,643)	(15,643)
Dividends distributed to equity holders	-	-	-	-	(3,356)	(3,356)
Shares repurchased	-	(15)	-	-	-	(15)
Balance as at 31 December 2008	<u>179,000</u>	<u>(15)</u>	<u>14,919</u>	<u>31,679</u>	<u>31,283</u>	<u>256,866</u>
6 months ended 31 December 2007						
At 1 July 2007	179,000	-	14,919	31,134	22,168	247,221
<u>Changes in equity for the period ended 31 December 2007</u>						
Share of reserves in an associate	-	-	-	-	541	541
Income and expense recognised directly in equity	-	-	-	-	541	541
Profit for the period	-	-	-	-	4,286	4,286
Total recognised income and expense for the period	-	-	-	-	4,827	4,827
Dividends distributed to equity holders	-	-	-	-	(2,685)	(2,685)
Balance as at 31 December 2007	<u>179,000</u>	<u>-</u>	<u>14,919</u>	<u>31,134</u>	<u>24,310</u>	<u>249,363</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2008).



Part A - EXPLANTORY 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 year ended 30 June 2008.

These explanatory notes attached to the interim financial statements 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 year ended 30 June 2008.

A2 Changes in Accounting Policies

The accounting policies and method of computation adopted in these interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 30 June 2008.

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 year ended 30 June 2008 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

Share buy-back

For the current financial quarter and the financial period ended 31 December 2008, the Company executed a share buy-back of 44,300 shares from the open market at an average purchase price of RM0.36 per share. All the shares repurchased are being held as treasury shares.

Part A - EXPLANTORY NOTES PURSUANT TO FRS 134

A9 Dividend paid

A first and final dividend of 2.5 sen per share less tax in respect of financial year ended 30 June 2008 was paid on 22 December 2008.

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 year ended 30 June 2008.

A12 Subsequent material events

There were no material events occurring between 31 December 2008 and the date of this announcement that has not been reflected in the financial statement for the period ended 31 December 2008.

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

There were no changes in the financial year end date during the financial period.

A16 Capital Commitments

There are no outstanding capital commitments at the balance sheet date.



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 31 December 2008, the group recorded a revenue amount of RM98.8 million as compared with RM136.0 million in the preceding quarter due to a drastic 30% drop in demand for steel products caused by the global economic slowdown. The group also incurred a pretax loss of RM23.0 million as compared with a pretax profit of RM3.5 million in the preceding quarter after an impairment loss of inventory to net realisable value by RM21.1 million. This is due to the drastic drop in demand and a significant drop in the raw material price and the selling price of steel products during the second quarter of the financial year.

In comparison to the group’s average 29-month profit track record of RM21.6 million per annum (FY2008 RM30.3 million, FY2007 RM21.8 million) this impairment loss of inventory represents about one year of the group’s average annual profit.

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

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 RM136.0 million to RM98.8 million and the group profit before tax decreased from RM3.5 million to a pretax loss of RM23.0 million due to the factors mentioned in paragraph B1 above.

B3 Prospects for the current financial year

The Directors are of the opinion that international steel prices and demand for steel products will continue to soften and remain unpredictable but may stabilise in the second half of 2009. In view of the above, the Group will continue to adopt a conservative approach in inventory management and credit control. The Group anticipates that the challenging times ahead for the steel industry and the current financial meltdown will have a negative impact on the Group results for the financial year ending 30 June 2009.

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.

B5 Taxation

Taxation comprises:-

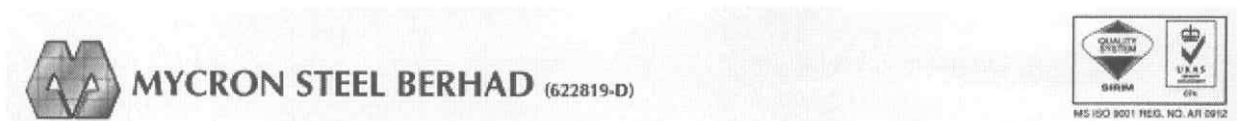
	<u>Individual Quarter</u>	<u>Cumulative Quarters</u>
	Current Year Quarter 31/12/2008 RM’000	Current Year To Date 31/12/2008 RM’000
Current tax income/(expense)		
Current period	(138)	(197)
Over/(under) estimated in prior year	-	-
	(138)	(197)
Deferred tax income/(expense)		
Current period	4,263	3,956
Over/(under) estimated in prior year	-	-
	4,125	3,759

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.



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

B8 Status of corporate proposals

There were no outstanding corporate proposals.

B9 Group borrowings and debt securities

The Group's borrowings as at 31 December 2008 are as follows:

<u>Short term borrowings:</u>	<u>RM'000</u>
Secured	151,109
<u>Long term borrowings:</u>	
Secured	74,214
Total borrowings	<u>225,323</u>

The Group's currency exposure of borrowings as at 31 December 2008 is as follows:

	<u>RM'000</u>
- Ringgit Malaysia	123,200
- US Dollar	67,038
- Euro	<u>35,085</u>
Total borrowings	<u>225,323</u>

This level of borrowings corresponds to a net gearing ratio as at 31 December 2008 of 0.78 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 are no off balance sheet financial instruments as at the date of this announcement.

B11 Material litigation

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

B12 Dividend

The Company did not declare any interim dividend for the second financial quarter ended 31 December 2008.



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 31 Dec 2008	Preceding Year Corresponding Quarter Ended 31 Dec 2007	Current Year To Date Ended 31 Dec 2008	Preceding Year Corresponding Period Ended 31 Dec 2007
Profit/(loss) attributable to shareholders (RM'000)	(18,826)	2,347	(15,662)	4,286
Weighted average number of ordinary shares in issue ('000)	179,000	179,000	179,000	179,000
Basic earnings/(loss) per share (sen)	(10.52)	1.31	(8.75)	2.39

(ii) Diluted earnings per ordinary share

This is not applicable to the Group

By order of the Board

LILY YIN KAM MAY (MAICSA 0878038)

Secretary
Kuala Lumpur
23 February 2009