



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 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

There were no repurchase of own shares in the current financial quarter. Total repurchase of own shares from the open market for the financial year ended 30 June 2009 remained at 940,300 shares. These shares were purchased at an average price of RM0.35 per share. All the shares repurchased are being held as treasury shares.



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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 30 June 2009 and the date of this announcement that has not been reflected in the financial statement for the period ended 30 June 2009.

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 are 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 30 June 2009, the group recorded a revenue amount of RM82.4 million as compared with RM123.9 million in the preceding year corresponding quarter due to a drastic drop in steel prices caused by the global economic slowdown. The group also incurred a pretax loss of RM1.2 million as compared with profit before tax of RM3.9 million in the preceding year corresponding quarter. This is due to the significant drop in the raw material price and the selling price of steel products during the fourth quarter of the financial year.

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 increased from RM66.7 million to RM82.4 million and the group pretax loss decreased from RM28.2 million to RM1.2 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 stabilize and firming up 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. Barring any unforeseen circumstances, the Group expects to achieve satisfactory results for the financial year ending 30 June 2010.

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 | Current Year |
| | Year Quarter | To Date |
| | 30/6/2009 | 30/6/2009 |
| | RM'000 | RM'000 |
| Current tax income/(expense) | | |
| Current period | 724 | 522 |
| Over/(under) estimated in prior year | - | (746) |
| | 724 | (224) |
| Deferred tax income/(expense) | | |
| Current period | (675) | 9,366 |
| Over/(under) estimated in prior year | - | - |
| | 49 | 9,142 |



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 June 2009 are as follows:

| | |
|-------------------------------|----------------|
| <u>Short term borrowings:</u> | <u>RM'000</u> |
| Secured | 109,152 |
| <u>Long term borrowings:</u> | |
| Secured | 74,098 |
| Total borrowings | <u>183,250</u> |

The Group's currency exposure of borrowings as at 30 June 2009 is as follows:

| | |
|--------------------|----------------|
| | <u>RM'000</u> |
| - Ringgit Malaysia | 79,850 |
| - US Dollar | 67,444 |
| - Euro | <u>35,956</u> |
| Total borrowings | <u>183,250</u> |

This level of borrowings corresponds to a net gearing ratio as at 30 June 2009 of 0.68 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 dividend for the financial year ended 30 June 2009.



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 Jun 2009 | Preceding Year Corresponding Quarter Ended 30 Jun 2008 | Current Year To Date Ended 30 Jun 2009 | Preceding Year Corresponding Period Ended 30 Jun 2008 |
|--|---|--|---|---|
| Profit/(loss) attributable to shareholders (RM'000) | (1,143) | 20,752 | (39,697) | 30,258 |
| Weighted average number of ordinary shares in issue ('000) | 179,000 | 179,000 | 179,000 | 179,000 |
| Basic earnings/(loss) per share (sen) | (0.64) | 11.59 | (22.18) | 16.90 |

(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
27 August 2009