



Quarterly report on consolidated results for the third financial quarter ended 31 March 2010

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Condensed Consolidated Income Statements for the financial quarter ended 31 March 2010

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>(3 months)</u>		<u>(9 months)</u>	
	Current year	Preceding year	Current year	Preceding year
	Quarter	Corresponding	To date	Corresponding
	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
	RM'000	RM'000	RM'000	RM'000
Revenue	128,299	66,725	330,906	301,556
Cost of sales	<u>(114,560)</u>	<u>(64,265)</u>	<u>(297,961)</u>	<u>(286,207)</u>
Contribution	13,739	2,460	32,945	15,349
Impairment loss on inventories	<u>-</u>	<u>(23,094)</u>	<u>-</u>	<u>(44,210)</u>
Gross profit/(loss)	13,739	(20,634)	32,945	(28,861)
Operating expenses	(2,706)	(2,279)	(8,609)	(7,441)
Other operating income	<u>32</u>	<u>147</u>	<u>344</u>	<u>550</u>
Profit/(loss) from operations	11,065	(22,766)	24,680	(35,752)
Finance cost	(2,139)	(2,025)	(6,177)	(6,485)
Exchange gain/(loss)	6,068	(3,407)	8,258	(5,307)
Share of results of associates	<u>-</u>	<u>(28)</u>	<u>-</u>	<u>(103)</u>
Profit/(loss) before tax	14,994	(28,226)	26,761	(47,647)
Tax	<u>(1,882)</u>	<u>5,334</u>	<u>(4,340)</u>	<u>9,093</u>
Profit/(loss) for the period	<u>13,112</u>	<u>(22,892)</u>	<u>22,421</u>	<u>(38,554)</u>
Earnings before interest, tax, depreciation and amortisation	<u>13,851</u>	<u>(20,070)</u>	<u>32,930</u>	<u>(27,639)</u>
Earnings/(loss) per share attributable to equity holders of the Company (sen):				
- Basic	<u>7.33</u>	<u>(12.79)</u>	<u>12.53</u>	<u>(21.54)</u>
- Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2009).

**Condensed Consolidated Balance Sheets as at 31 March 2010**

(The figures have not been audited)

	As at 31-Mar-10 RM'000	As at 30-Jun-09 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	289,745	292,465
Associate	13,186	13,186
Available-for-sale financial assets	935	935
Deferred tax assets	161	3,922
	<u>304,027</u>	<u>310,508</u>
CURRENT ASSETS		
Inventories	72,393	48,466
Trade and other receivables	65,174	37,175
Amount owing by an associate	248	248
Amount owing by holding company	541	542
Amount owing by related companies	33,970	15,577
Tax recoverable	159	117
Cash & bank balances	9,436	24,776
	<u>181,921</u>	<u>126,901</u>
LESS: CURRENT LIABILITIES		
Borrowings	139,297	100,820
Derivative liability	222	0
Trade and other payables	25,168	19,432
Amount owing to holding company	38	2
Amount owing to related companies	358	365
	<u>165,083</u>	<u>120,619</u>
NET CURRENT ASSETS	<u>16,838</u>	<u>6,282</u>
LESS: NON-CURRENT LIABILITIES		
Deferred tax liabilities	5	6
Borrowings	64,538	82,945
	<u>64,543</u>	<u>82,951</u>
	<u>256,322</u>	<u>233,839</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	179,000	179,000
Treasury shares	(383)	(331)
Share premium	14,919	14,919
Asset revaluation reserve	31,336	31,679
Retained earnings	31,450	8,572
TOTAL EQUITY	<u>256,322</u>	<u>233,839</u>
Net Tangible Assets per share attributable to equity holders of the Company	<u>RM1.43</u>	<u>RM1.31</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2009).



Condensed Consolidated Cash Flow Statement for the financial quarter ended 31 March 2010

(The figures have not been audited)

	(9 months) 31-Mar-10 RM'000	(9 months) 31-Mar-09 RM'000
Profit/(loss) before tax	26,761	(47,647)
Adjustment for non-cash flow items :		
- Non-cash items	8,250	8,113
- Impairment loss on inventories	-	44,210
- Non-operating items	(2,295)	11,867
Operating profit before changes in working capital	32,716	16,543
Changes in working capital :		
- Net change in current assets	(33,534)	5,352
- Net change in current liabilities	6,354	(11,298)
- Changes in intercompany balances	(18,393)	-
Cash generated from operations	(12,857)	10,597
- Net interest paid	(5,714)	(6,062)
- Tax paid	(508)	(277)
Net cash flows from operating activities	(19,079)	4,258
Investing activities		
- Disposal/(purchase) of property, plant and equipment	(5,463)	(4,283)
	(5,463)	(4,283)
Financing activities		
- Dividend paid	-	(3,355)
- Proceeds from borrowings	27,616	9,592
- Advances from holding company	38	8
- Difference in related companies balances	(18,400)	(1,859)
- Purchase of own shares	(52)	(331)
	9,202	4,055
Net change in cash & cash equivalents	(15,340)	4,030
Cash & cash equivalents at beginning of financial year	24,776	13,078
Cash & cash equivalents at end of the financial period	9,436	17,108

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2009).



Condensed Consolidated Statement of Changes in Equity for the financial quarter ended 31 March 2010

(The figures have not been audited)

	Attributable to equity holders of the Company					Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Asset		
				Revaluation Reserve RM'000	Retained Earnings RM'000	
9 months ended 31 March 2010						
Balance at beginning of the financial year	179,000	(331)	14,919	31,679	8,572	233,839
Realisation of revaluation surplus on disposal of property, plant and equipment, net of tax	-	-	-	(343)	457	114
Income and expense recognised directly in equity	-	-	-	(343)	457	114
Profit for the financial period	-	-	-	-	22,421	22,421
Total recognised income and expense for the financial period	-	-	-	(343)	22,878	22,535
Shares repurchased	-	(52)	-	-	-	(52)
Balance as at 31 March 2010	179,000	(383)	14,919	31,336	31,450	256,322
9 months ended 31 March 2009						
Balance at beginning of the financial year	179,000	-	14,919	31,679	50,282	275,880
Changes in equity for the period ended 31 March 2009						
Share of reserves in an associate	-	-	-	-	19	19
Income and expense recognised directly in equity	-	-	-	-	19	19
Loss for the financial period	-	-	-	-	(38,554)	(38,554)
Total recognised income and expense for the financial period	-	-	-	-	(38,535)	(38,535)
Dividends distributed to equity holders	-	-	-	-	(3,355)	(3,355)
Shares repurchased	-	(331)	-	-	-	(331)
Balance as at 31 March 2009	179,000	(331)	14,919	31,679	8,392	233,659

(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 2009).



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 2009.

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 2009.

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 2009.

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 2009 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 as at 31 March 2010 remained at 1,040,300 shares. All the shares repurchased are being held as treasury shares.



Part A - EXPLANATORY NOTES PURSUANT TO FRS 134

A9 Dividend paid

During the financial period, there was no dividend paid by the Company.

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 2009.

A12 Subsequent material events

There were no material events occurring between 31 March 2010 and the date of this announcement that has not been reflected in the financial statement for the period ended 31 March 2010.

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 31 March 2010, the group recorded a revenue amount of RM128.3 million as compared with RM66.7 million in the preceding year corresponding quarter due to improved steel prices and volume in the quarter. The group also recorded a profit before tax of RM15.0 million as compared with a pretax loss of RM28.2 million in the preceding year corresponding quarter. This is due to improved sales volume and margin during the third quarter of the financial year and also due to no impairment loss on inventories which amounted to RM23.1 million in the corresponding quarter.

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 RM117.6 million to RM128.3 million and the group profit before tax decreased slightly from RM15.5 million to RM15.0 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 be firm in the second half of 2010 based on the quarterly international iron ore prices. The Directors are cautiously optimistic but take cognizance of the liberalization brought about by the Asean Free Trade Agreement (AFTA) and related Free Trade Agreements (FTAs). Barring any unforeseen circumstances, the Group expects to achieve favourable 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
	31/3/2010	31/3/2010
	RM'000	RM'000
Current tax income/(expense)		
Current period	(348)	(465)
Over/(under) estimated in prior year	-	-
	(348)	(465)
Deferred tax income/(expense)		
Current period	(1,534)	(3,875)
Over/(under) estimated in prior year	-	-
	(1,882)	(4,340)



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

i) The Group's borrowings as at 31 March 2010 are as follows:

<u>Short term borrowings:</u>	<u>RM'000</u>
Secured	139,297
<u>Long term borrowings:</u>	
Secured	64,538
Total borrowings	<u>203,835</u>

The Group's currency exposure of borrowings as at 31 March 2010 is as follows:

	<u>RM'000</u>
- Ringgit Malaysia	119,692
- US Dollar (15,525,000)	50,892
- Euro (7,557,000)	<u>33,251</u>
Total borrowings	<u>203,835</u>

This level of borrowings corresponds to a net gearing ratio as at 31 March 2010 of 0.76 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.

ii) The notional principal amount and the fair value of the outstanding derivatives at 31 March 2010 for the Group are as follows:-

<u>Type of Derivatives</u>	<u>Contract/Notional Value</u>	<u>Fair Value</u>
Foreign Currency Forward Contracts	<u>RM'000</u>	<u>RM'000</u>
- Less than 1 year	3,527	3,305

The foreign currency forward contracts entered into during the financial period were for hedging the future repayment of borrowings denominated in Euro which are expected to occur at various dates during the next 12 months.

As the Group has not adopted hedge accounting during the financial year, the change in the fair value of the foreign currency forward contracts are recognised immediately in income statement.

B10 Off balance sheet financial instruments

There are no off balance sheet financial instruments as at the date of this announcement.



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

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 period ended 31 March 2010.

B13 Earnings per share

(i) Basic earnings per ordinary share

	Current Year Quarter Ended 31 Mar 2010	Preceding Year Corresponding Quarter Ended 31 Mar 2009	Current Year To Date Ended 31 Mar 2010	Preceding Year Corresponding Period Ended 31 Mar 2009
Profit/(loss) attributable to shareholders (RM'000)	13,112	(22,892)	22,421	(38,554)
Weighted average number of ordinary shares in issue ('000)	179,000	179,000	179,000	179,000
Basic earnings/(loss) per share (sen)	7.33	(12.79)	12.53	(21.54)

(ii) Diluted earnings per ordinary share

This is not applicable to the Group

By order of the Board

LILY YIN KAM MAY (MAICSA 0878038)
EZSA HANIE BINTI ALIAS (LS 0009238)

Secretaries
Kuala Lumpur
31 May 2010