



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 2010.

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 2010.

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 2010.

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 2010 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 30 September 2010 remained at 1,040,300 shares. All the shares repurchased are being held as treasury shares.



Part A - EXPLANTORY 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 2010.

A12 Subsequent material events

There were no material events occurring between 30 September 2010 and the date of this announcement that has not been reflected in the financial statement for the period ended 30 September 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 statement of financial position 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 September 2010, the group recorded a revenue amount of RM106.0 million as compared with RM85.0 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 RM5.3 million as compared with a pretax loss of RM3.7 million in the preceding year corresponding quarter. This is due to improved sales volume and margin during the first 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 decreased from RM134.9 million to RM106.0 million and the group profit before tax decreased slightly from RM5.5 million to RM5.3 million due to decreased sales volume during the first quarter of the financial year.

B3 Prospects for the current financial year

The Directors are of the opinion that international steel prices and demand for steel products had softened for the fourth quarter of 2010 but is expected to recover by the beginning of next year. 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 satisfactory results for the financial year ending 30 June 2011.

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 30/9/2010 RM'000	Current Year To Date 30/9/2010 RM'000
Current tax income/(expense)		
Current period	(43)	(43)
Over/(under) estimated in prior year	-	-
	(43)	(43)
Deferred tax income/(expense)		
Current period	(996)	(996)
Over/(under) estimated in prior year	-	-
	(1,039)	(1,039)



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 30 September 2010 are as follows:

<u>Short term borrowings:</u>	<u>RM'000</u>
Secured	132,186

<u>Long term borrowings:</u>	
Secured	<u>50,295</u>
Total borrowings	<u>182,481</u>

The Group's currency exposure of borrowings as at 30 September 2010 is as follows:

	<u>RM'000</u>
- Ringgit Malaysia	112,330
- US Dollar (13,450,743)	41,449
- Euro (6,812,041)	<u>28,702</u>
Total borrowings	<u>182,481</u>

This level of borrowings corresponds to a net gearing ratio as at 30 September 2010 of 0.65 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) There are no outstanding foreign currency forward contracts at the end of the financial period.

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

Save as disclosed below, Mycron 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 Mycron and the Board is not aware of any proceedings pending or threatened against the Company or its subsidiaries 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 Mycron Group :

(a) MYCRON STEEL BERHAD v MULTI RESOURCES HOLDINGS SDN BHD (KUALA LUMPUR HIGH COURT SUIT NO. D-22NCC-304-2010)

On 18 February 2010, the Group 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. The Writ Summons and Statement of Claim were served on the Defendant by the Group’s Solicitors on 3 May 2010.

On 21 May 2010, the Defendant filed with the Kuala Lumpur High Court (“the Court”) for a change in the jurisdiction for the case to be heard against the Company on the investment in PMPG. Subsequently, the Group’s Solicitors had submitted an appeal to the Judge for the case to be heard in the Court in Kuala Lumpur. The Court had on 25 October 2010 dismissed the Group’s appeal with a liberty to file afresh the suit in the High Court of Sabah and Sarawak. The Group is in the process of instructing the Solicitors to file afresh the suit in the High Court of Sabah and Sarawak.

The Solicitors are of the opinion that the Group has a good case against the Defendant. The amount of the claim is RM17.0 million.

B12 Dividend

The Board of Directors of the Company had on 25 August 2010 recommended a first and final single tier dividend of 3.5 sen per share in respect of financial year ended 30 June 2010. This is subject to shareholders’ approval at the forthcoming AGM to be held on 30 November 2010.

B13 Earnings per share

(i) Basic earnings per ordinary share

	Current Year Quarter Ended 30 Sep 2010	Preceding Year Corresponding Quarter Ended 30 Sep 2009	Current Year To Date Ended 30 Sep 2010	Preceding Year Corresponding Period Ended 30 Sep 2009
Profit/(loss) attributable to shareholders (RM’000)	4,256	(2,863)	4,256	(2,863)
Weighted average number of ordinary shares in issue (’000)	177,960	177,998	177,960	177,998
Basic earnings/(loss) per share (sen)	2.39	(1.61)	2.39	(1.61)

(ii) Diluted earnings per ordinary share

This is not applicable to the Group



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

By order of the Board

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

Secretaries
Kuala Lumpur
29 November 2010