

**Condensed Consolidated Statement of Comprehensive Income for the financial quarter ended 31 December 2010**

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>(3 months)</u>		<u>(6 months)</u>	
	Current year	Preceding year	Current year	Preceding year
	Quarter	Corresponding	To date	Corresponding
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
	RM'000	RM'000	RM'000	RM'000
Revenue	101,752	117,627	207,733	202,607
Cost of sales	(97,215)	(99,336)	(194,791)	(183,401)
Gross profit	4,537	18,291	12,942	19,206
Operating expenses	(2,662)	(3,192)	(4,970)	(5,903)
Other operating income/(expense)	42	87	18	312
Other non-operating income/(expense)	777	2,337	1,978	2,190
Profit from operations	2,694	17,523	9,968	15,805
Finance cost	(2,231)	(2,022)	(4,210)	(4,038)
Profit before tax	463	15,501	5,758	11,767
Tax	(2)	(3,329)	(1,041)	(2,458)
Profit for the period	461	12,172	4,717	9,309
Other comprehensive income	16	-	16	-
Total comprehensive income for the period	477	12,172	4,733	9,309
Earnings before interest, tax, depreciation and amortisation	4,719	17,917	13,571	19,079
Earnings/(loss) per share attributable to equity holders of the Company (sen):				
- Basic	0.27	6.84	2.66	5.23
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2010).

**Condensed Consolidated Statement of Financial Position as at 31 December 2010**

(The figures have not been audited)

	As at 31-Dec-10 RM'000	As at 30-Jun-10 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	282,934	286,128
Associate	9,147	9,147
Available-for-sale financial assets	318	318
	<u>292,399</u>	<u>295,593</u>
CURRENT ASSETS		
Inventories	71,409	125,022
Trade and other receivables	44,236	70,557
Amount owing by holding company	534	569
Amount owing by related companies	19,008	35,167
Tax recoverable	322	246
Derivative asset	16	0
Cash & bank balances	13,405	4,218
	<u>148,930</u>	<u>235,779</u>
LESS: CURRENT LIABILITIES		
Borrowings	118,512	142,558
Trade and other payables	17,941	69,795
Amount owing to holding company	13	3,018
Amount owing to related companies	363	45
	<u>136,829</u>	<u>215,416</u>
NET CURRENT ASSETS	<u>12,101</u>	<u>20,363</u>
LESS: NON-CURRENT LIABILITIES		
Deferred tax liabilities	3,122	2,230
Borrowings	43,478	54,330
	<u>46,600</u>	<u>56,560</u>
	<u>257,900</u>	<u>259,396</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	179,000	179,000
Treasury shares	(383)	(383)
Share premium	14,919	14,919
Asset revaluation reserve	31,336	31,336
Retained earnings	33,028	34,524
TOTAL EQUITY	<u>257,900</u>	<u>259,396</u>
Net Tangible Assets per share attributable to equity holders of the Company	<u>RM1.44</u>	<u>RM1.45</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2010).



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

(The figures have not been audited)

	(6 months) 31-Dec-10 RM'000	(6 months) 31-Dec-09 RM'000
Profit before tax	5,758	11,767
Adjustment for non-cash flow items :		
- Non-cash items	5,581	5,464
- Non-operating items	2,518	1,372
Operating profit before changes in working capital	13,857	18,603
Changes in working capital :		
- Net change in current assets	79,934	(37,936)
- Net change in current liabilities	(51,854)	1,180
- Changes in intercompany balances	15,299	(17,178)
Cash generated from operations	57,236	(35,331)
- Net interest paid	(4,162)	(3,263)
- Tax paid	(225)	(245)
Net cash flows from operating activities	52,849	(38,839)
Investing activities		
- Disposal/(purchase) of property, plant and equipment	(2,434)	11
	(2,434)	11
Financing activities		
- Dividend paid	(6,229)	-
- (Repayment of)/proceeds from borrowings	(33,206)	40,185
- (Repayment to)/advances from holding company	(2,970)	20
- Difference in related companies balances	1,177	(17,199)
- Purchase of own shares	-	(52)
	(41,228)	22,954
Net change in cash & cash equivalents	9,187	(15,874)
Cash & cash equivalents at beginning of financial year	4,218	24,776
Cash & cash equivalents at end of the financial period	13,405	8,902

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2010).

Condensed Consolidated Statement of Changes in Equity for the financial quarter ended 31 December 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	
6 months ended 31 December 2010						
Balance at beginning of the financial year	179,000	(383)	14,919	31,336	34,524	259,396
Total comprehensive income for the financial period	-	-	-	-	4,733	4,733
Total recognised income and expense for the financial period	-	-	-	-	4,733	4,733
Dividends distributed to equity holders	-	-	-	-	(6,229)	(6,229)
Shares repurchased	-	-	-	-	-	-
Balance as at 31 December 2010	<u>179,000</u>	<u>(383)</u>	<u>14,919</u>	<u>31,336</u>	<u>33,028</u>	<u>257,900</u>
6 months ended 31 December 2009						
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
Total comprehensive income for the financial period	-	-	-	-	9,309	9,309
Total recognised income and expense for the financial period	-	-	-	(343)	9,766	9,423
Shares repurchased	-	(52)	-	-	-	(52)
Balance as at 31 December 2009	<u>179,000</u>	<u>(383)</u>	<u>14,919</u>	<u>31,336</u>	<u>18,338</u>	<u>243,210</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 2010).



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 31 December 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

A first and final single tier dividend of 3.5 sen per share in respect of financial year ended 30 June 2010 was paid on 28 December 2010.

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 31 December 2010 and the date of this announcement that has not been reflected in the financial statement for the period ended 31 December 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 31 December 2010, the group recorded a revenue amount of RM101.8 million as compared with RM117.6 million in the preceding year corresponding quarter due to decreased steel prices and volume in the quarter. The group also recorded a profit before tax of RM0.5 million as compared with a pretax profit of RM15.5 million in the preceding year corresponding quarter. This is due to decreased sales volume and margin during the second 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 RM106.0 million to RM101.8 million and the group profit before tax decreased from RM5.3 million to RM0.5 million due to decreased sales margin during the second 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 recovering at the beginning of this 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	Current Year
	Year Quarter	To Date
	31/12/2010	31/12/2010
	RM'000	RM'000
Current tax income/(expense)		
Current period	(106)	(149)
Over/(under) estimated in prior year	-	-
	(106)	(149)
Deferred tax income/(expense)		
Current period	104	(892)
Over/(under) estimated in prior year	-	-
	(2)	(1,041)



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 December 2010 are as follows:

<u>Short term borrowings:</u>	<u>RM'000</u>
Secured	118,512
 <u>Long term borrowings:</u>	
Secured	<u>43,478</u>
Total borrowings	<u>161,990</u>

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

	<u>RM'000</u>
- Ringgit Malaysia	99,234
- US Dollar (12,373,000)	38,245
- Euro (5,975,000)	<u>24,511</u>
Total borrowings	<u>161,990</u>

This level of borrowings corresponds to a net gearing ratio as at 31 December 2010 of 0.58 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) Foreign currency forward contracts

The notional principal amount and the fair value of the outstanding foreign currency forward contracts at 31 December 2010 was RM3,608,245 and RM3,624,542 respectively.

The foreign currency forward contracts entered into during the period were for hedging the future repayments of borrowings denominated in Euro which are expected to occur in April 2011.

As the Group has not adopted hedge accounting during the financial period, 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

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 in Kuching and it was successful. 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 had appointed the Solicitor from Sarawak to file afresh the suit.

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 Company did not declare any interim dividend for the second financial quarter ended 31 December 2010.

B13 Earnings per share

(i) Basic earnings per ordinary share

	Current Year Quarter Ended 31 Dec 2010	Preceding Year Corresponding Quarter Ended 31 Dec 2009	Current Year To Date Ended 31 Dec 2010	Preceding Year Corresponding Period Ended 31 Dec 2009
Profit/(loss) attributable to shareholders (RM'000)	477	12,172	4,733	9,309
Weighted average number of ordinary shares in issue ('000)	177,960	177,998	177,960	177,998
Basic earnings/(loss) per share (sen)	0.27	6.84	2.66	5.23

(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)

B14 Realized and Unrealized Profits/Losses Disclosure

	As at 31/12/2010 RM'000	As at 30/09/2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	27,034	33,683
- Unrealised	5,951	5,054
	32,985	38,737
 Total share of retained profits from associated company:		
- Realised	43	43
- Unrealised	-	-
	43	43
 Less: Consolidation adjustments	-	-
 Total group retained profits as per consolidated accounts	33,028	38,780

By order of the Board

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

Secretaries
Kuala Lumpur
23 February 2011