Part A - EXPLANTORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

This Quarterly Report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard (ñMFRSò) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (ñMASBò) and Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (ñBursa Malaysiaò) Listing Requirements. In addition, the financial statements comply with IFRS as issued by IASB. The report should be read in conjunction with the Groupôs audited financial statements for the financial year ended 30 June 2014 which was prepared in accordance with the MFRS.

The explanatory notes attached to the unaudited 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 2014.

The significant accounting policies and methods adopted for this unaudited interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 30 June 2014.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on or after 1 January 2014 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- Amendments to MFRS 10, 12 & 127: ñInvestment Entitiesò
- Amendments to MFRS 132: ñOffsetting Financial Assets and Financial Liabilitiesò
- Amendments to MFRS 136: ñRecoverable Amount Disclosures for Non-Financial Assetsò
- Amendments to MFRS 139: ñNovation of Derivatives and Continuation of Hedge Accountingò
- Annual improvements to MFRSs 2010 ï 2012 Cycle
- Annual improvements to MFRSs 2011 ï 2013 Cycle

Part A - EXPLANTORY NOTES PURSUANT TO MFRS 134

A2 Declaration of audit qualification

The audit report of the Company in respect of the annual financial statements for the financial year ended 30 June 2014 was not subject to any audit qualification.

A3 Seasonality or cyclicality of operations

The business of the Group is generally neither cyclical nor seasonal except for decreased activities during the Ramadan and Chinese New Year festive months.

A4 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.

A5 Changes in estimates

In the current financial quarter, there were no changes in estimates that had a material effect on the financial results.

A6 Debts and equity securities

There were no issuances, cancellations, repurchases, or resale of equity securities during the current financial quarter.

The Group has a policy to maintain itsôGearing Ratio (measured as interest bearing debts over shareholdersô equity less intangibles) at below 1.5 times.

	31 Mac 2015	30 Jun 2014
Total interest bearing debts in RMömillion	189.2	161.0
Shareholdersô funds less intangibles in RMömillion	249.8	257.9
Gearing Ratio	0.76	0.62

Of the total interest bearing debts of RM189.2m as at 31 March 2015, around RM123.2m is represented by its debenture and the balance being unsecured supplierös credit.

A7 Dividend paid

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

A8 Segmental reporting

No segment analysis was prepared as the Group is involved in a single industry segment relating to the manufacturing and sale of steel cold-rolled-coil products. The business of the Group is entirely carried out in Malaysia.

A9 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 2014.

Part A - EXPLANTORY NOTES PURSUANT TO MFRS 134

A10 Fair Value Measurement

Except for the financial instruments disclosed below which are fair valued by valuation methods, the carrying value of short-term maturity financial instruments like cash deposits and bank balances, receivables, and short-term borrowings and payables approximates their fair values.

Financial instruments subjected to fair valuation methods are categorised into the following fair value hierarchy and are represented in the table below as at 31 March 2015:

Level 1: based on unadjusted quoted prices in active markets for identical assets and liabilities
Level 2: based on observable inputs not included within level 1
Level 3: based on unobservable inputs

Recurring fair value measurement	Fair Value RM'000		
Foreign Currency Forwards	Level 1	Level 2	Level 3
as Assets (not hedge accounted)	0	718.0	0
as Assets (hedge accounted)	0	1,269.2	0
Total	0	1,987.2	0

The Foreign Currency Forwards are fair valued by way of marking-to-market using reference bank's published forward rates.

A11 Significant events and transactions

The High Court has on 12 February 2015 approved the Company's application to reduce the Par Value of its Ordinary Shares of RM1.00 each to RM0.25 each. In that regard, the Company has on 28 February 2015 effected the Par Value Reduction with the arisen credit been utilized to fully eliminate accumulated losses of the Company and the balance to a Non-Distributable Capital Reserve. Movement of the Company's equity is summarized below:

	As at 28 February 2015 (RM)	
	Before	After
Share Capital	179,000,000	44,750,000
Share Premium	14,918,638	14,918,638
Treasury Shares	(382,685)	(382,685)
Non-Distributable Capital Reserve	0	115,753,842
Retained Earnings/ (Accumulated losses)	(18,496,158)	0
Total Equity	175,039,795	175,039,795

Besides the above, another significant event to note for the 3rd quarter is the further weakening of the Ringgit (against the USD) by another 6.3% from the preceding 2nd quarter which had a 6.8% decline. Year-to-date, the Ringgit has weakened (against the USD) by around 16.5% and this has negatively impacted the Group's financial performance despite its foreign currency hedging effort. This is further discussed/ disclosed in Notes B1, B2, B5, and B11.

Part A - EXPLANTORY NOTES PURSUANT TO MFRS 134

A12 Subsequent material events

Culminating from the Conditional Agreement dated 12 September 2014 to acquire the entire paid-up capital of Melewar Steel Tube Sdn Bhd (MST) from its ultimate holding company Melewar Industrial Group Bhd (MIG), the Company has on 1 April 2015 completed its acquisition of the entire paid-up capital of MST for a gross purchase consideration of RM70.0 million ï which was paid with the issuance of 104,545,455 new shares (valued at 44 cents/share) of the Company and the assumption of the trade-debt liability owing by MIG to MST amounting to RM24 million. MST is in the business of manufacturing and selling steel tubes and pipes with supply-chain linkage with the Group.

The Company has in its circular to shareholders dated 17 November 2014 advised on the rationale for the acquisition, the pro-forma financial effects, and other relevant details of the acquisition. The above is a non-adjusting subsequent event for the current reporting quarter, and the financial effects of the acquisition will be disclosed in the next quarterly report.

A13 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

A14 Contingent liabilities or contingent assets

There were no contingent liabilities or 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 current financial quarter.

A16 Capital Commitments

There are no material capital commitments whether provided or not already provided for in the financial statements at the end of the reporting quarter.

PART B - 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 current quarter ended 31 March 2015, the Group recorded a total revenue of RM117 million as compared to RM113 million in the preceding yearôs corresponding quarter. The increase in revenue is mainly due to higher sales volume (by around 8%) as compared to the same preceding quarter.

The Group registered a loss before tax of RM2.9 million for the quarter compared to loss before tax of RM2.8 million in the preceding yearôs corresponding quarter. The loss is mainly attributed to the lower margin spread between selling price and raw material price due to competitive selling price; and the net foreign exchange (FX) loss of RM2.0million (preceding yearôs corresponding quarter was a loss of RM0.3 million) due to the further weakening of the Ringgit by another 6.3% against the USD since the close of the preceding quarter. The current quarterôs book closing USD/RM rate is 3.7165 compared with the preceding yearôs corresponding quarter at 3.2685 (which works out to a 13.7% decline). The current quarterôs net foreign exchange loss of RM2.0 million comprised mainly of unrealized mark-to-market loss of around RM1.8 million. The Group maintains a minimum FX-hedging ratio of 75% with FX forwards, and the mark-to-market gains arising from these of around RM1.98million have helped capped the said net FX loss. (See Note B11). The Groupôs current quarterôs after-tax loss is lower at RM1.7 million as compared to the after-tax loss of RM2.4 million in the preceding yearôs corresponding quarter. The Groupôs EBITDA for the current quarter is RM2.4 million as compared to the preceding yearôs corresponding quarter at RM2.2 million.

The abovementioned results are contributed by the Companyôs principal subsidiary, Mycron Steel CRC Sdn Bhd.

B2 Material changes in the quarterly results compared to the results of the immediate preceding quarter

For the current quarter ended 31 March 2015, the Group recorded a total revenue of RM117 million as compared to RM135 million in the immediate preceding quarter due to the decrease in sales volume by around 12.5% attributed to the Chinese New Year festive season, coupled with a lower average selling price by around 1.3%. The Group posted a lower pre-tax loss of RM2.9 million in the current quarter as compared to a higher pre-tax loss of RM4.6 million in the immediate preceding quarter mainly due to the lower foreign exchange loss (RM2.0 million compared to RM2.9 million in the immediate preceding quarter) and the capitalization of certain qualifying expense amounting to RM0.6 million relating to the Groupôs acquisition. For the current quarter, the Ringgit has weakened against the USD by another 6.3% (book closing USD/RM rate 3.7165), as compared to the immediate preceding quarterôs decline of around 6.8% (book closing USD/RM rate 3.495). The sharp weakening of the Ringgit severely impinged margins due to the wider unfavorable forward FX spreads on hedged positions, and mark-to-market losses on unhedged positions. At the post-tax level, the Group recorded a lower net loss of RM1.7 million compared a net loss of RM4.2 million in the immediate preceding quarter. The Groupôs EBITDA for the current quarter is higher at RM2.4 million as compared to the immediate preceding quarter at RM0.5 million.

B3 Prospects for the remaining Financial Year

Whilst the negative factors impinging on the weak Ringgit will likely remain dominant for the rest of the financial year, we believe the downside risk will face greater traction. The Groupôs financial prospect for the 4th quarter would be less likely affected by the Ringgit than the continuing margin squeeze from unfair pricing and product-dumping from abroad amidst a generally softer domestic market condition in the post-GST environment. The all-time low iron ore and steel prices coupled with excess steel supply in key foreign production nations has resulted in stiff competition from abroad which seriously impinge domestic Cold-Rollersô bottom-line. In this regard, the Group will continue to work with peers to push for anti-dumping actions by the Government. As such, the gross margins for the Cold Rolled operation are expected to remain tight, and more so during the immediate post-GST months of expected lower demand and higher inflation. In conclusion, the outlook for the remaining financial year for the Cold Rolled business is expected to remain challenging and its performance would largely hinge on the following:

- The Governmentôs ability to plug import loopholes on CRC and curtails unfair pricing of imported steel products
- Domestic demand condition for CRC and their ability to absorb higher production cost

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

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.

B5 Profit before taxation

Profit before taxation is stated after charging/ (crediting):

	Current Year Quarter Ended 31 Mac 2015 RMâ000	Preceding Year Corresponding Quarter Ended 31 Mac 2014 RMâ000	Current Year To Date Ended 31 Mac 2015 RMâ000	Preceding Year Corresponding Period Ended 31 Mac 2014 RMâ000
Depreciation	2,888	2,851	8,368	8,470
Interest income	(92)	(139)	(243)	(304)
Interest expense	2,482	2,282	7,051	6,969
Foreign exchange loss/(gain) (include hedge accounted FX forwards)	3,229	(6)	7,920	1,349
FX Forward not hedge accounted (gain)/loss	(1,217)	276	(2,539)	291

B6 Taxation

Taxation comprises :

	Current Year Quarter Ended 31 Mac 2015 RMâ000	Preceding Year Corresponding Quarter Ended 31 Mac 2014 RMâ000	Current Year To Date Ended 31 Mac 2015 RMâ000	Preceding Year Corresponding Period Ended 31 Mac 2014 RMâ000
Current tax (expense)/credit				
Current period	129	(79)	(187)	(213)
Deferred tax income/(expense)				
Current period	1,015	478	2,181	876
	1,144	399	1,994	663

For the current year to date, tax credit arose mainly due to deferred tax liability adjustments.

B7 Profit on sale of unquoted investments and / or properties

The Group did not engage in any sales of unquoted investments and / or properties in the current financial quarter.

B8 Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities in the current financial quarter.

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

B9 Status of corporate proposals

It was previously disclosed that the Company had on 12 September 2014 entered into a Conditional Agreement to acquire the entire paid-up capital of Melewar Steel Tube Sdn Bhd (MST) from its ultimate holding company Melewar Industrial Group Bhd (MIG). This was completed on 1 April 2015, after the close of the current reporting quarter. Refer to paragraph 12A.

B10 Group borrowings and debt securities

The Group's borrowings as at 31 March 2015 were as follows:

Short-term borrowings:	RM'000
Secured	107,439
Long-term borrowings:	
Secured	13,543
Unsecured	2,169
Total borrowings	123,151

The Group's borrowings as at 31 March 2015 are entirely denominated in Ringgit Malaysia.

The Group's bank borrowings are 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.

The Group has drawn on interest-bearing-trade credits from key hot-rolled-coil suppliers with an outstanding amount of USD17.8 million (RM66.0 million) as at 31 March 2015. Inclusive of this, the Group's net gearing ratio as at 31 March 2015 is around 0.76 times.

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

B11 Outstanding Derivatives

The Group has entered into forward foreign currency exchange contracts (FX forwards) to the extent such facilities are available to manage its foreign currency exchange exposure arising from purchases of raw materials denominated in US Dollar. In this regard, the Group covers its USD exposure at the range of 50% to 75% depending on the length of the forward period and the availability of FX facilities.

The Group designates eligible hedge relations on FX forwards incepted to cover its USD exposure on forward purchases of raw materials for the purpose of hedge accounting. These are designated as fair value hedges with the arising mark-to-market foreign currency fair value gain/ (loss) of both the hedging instruments (i.e. FX Forwards) and the hedged items (i.e. forward purchases of raw material and or accounts payables in USD) been charged to the Statement of Profit or Loss.

Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 31 March 2015 are outline below:

Non-designated

FX Forward Contracts as non-designated hedging instrument				
	Notional Value ’000		Fair Value RM’000	
Maturity	Long USD	Short RM	Financial Asset	Financial Liability
Less than 1 year	12,811	46,945	718.0	0

Designated

FX Forward Contracts as designated hedging Instrument					Forward purchase of raw material and/or a/c payable as hedge items				
	Notional Value ’000		Fair Value RM’000			Notional Value ’000		Fair Value RM’000	
Maturity	Long USD	Short RM	Financial Asset	Financial Liability	Maturity	Short USD	n.a.	Financial Asset	Financial Liability
Less than 1 year	9,288	33,324	1,269.2	0	Matching	9,288	n.a.	0	1,269.2

Financial year-to-date, the Group has recorded a total realized net gain of around RM 4 million from its FX Forward Contracts incepted for hedging purposes.

(i) Risk associated with the derivatives

Counter-Party Risk
The Forward FX contracts are entered into with domestic licensed financial institutions which have extended FX lines to the Group. The associated Counter-Party risk is negligible.

(ii) Cash requirements of the derivatives

There is no cash movement from the Group to the counterparties when the Forward FX contracts are incepted. Upon maturity of the Forward FX contracts, domestic currency is exchanged for the foreign currency to meet its obligations.

(iii) Policies in place for mitigating or controlling the risk associated with the derivatives

The Group uses derivative financial instruments to hedge specific risk exposures of the underlying hedge items and does not enter into derivative financial instruments for speculative purposes. The Group monitors the fluctuations in foreign currency exchange rates closely with an objective to minimise potential adverse effects on the financial performance of the Group. The Board of Directors regularly reviews the risk and approves the policy for managing the risk.

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

B12 Off balance sheet financial instruments

Off balance sheet financial instruments as at the date of this announcement are bank guarantees issued amounting to RM2.7 million being security for inbound supply of goods and services; and corporate guarantees issued to lenders for credits/borrowings extended to its principal subsidiary, Mycron Steel CRC Sdn. Bhd. amounting to RM141.1 million as at 31 March 2015.

B13 Material litigation

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

MYCRON STEEL BERHAD v MULTI RESOURCES HOLDINGS SDN BHD (HIGH COURT OF SABAH AND SARAWAK SUIT NO. KCH-22-80-2011)

On 18 February 2010, the Company commenced legal action against Multi Resources Holdings Sdn Bhd (ñDefendantò) to recoup their cost of investment of RM17.0 million in PMP Galvanizers Sdn Bhd (ñPMPGò) as a result of non-compliance of certain conditions by the Defendant pursuant to a shareholdersô agreement entered in 2005. On 21 May 2010, the Defendant successfully filed with the Kuala Lumpur High Court (ñthe Courtò) for a change in the jurisdiction for the case to be heard in Kuching. On 27 April 2011, the Companyôs solicitor filed the Writ of Summons and Statement of Claim to the High Court of Sabah and Sarawak. Hearings and trial of the case were conducted in the periods between 18 June 2012 to 21 June 2013, with the final submission made on 5 September 2013. The Court ruled on 18 October 2013 that the Companyôs claim be dismissed with cost of RM60,000 on the ground that the Company has failed to comply with a certain condition precedent requiring the Companyôs nominee in the Board of PMPG to resign first before it is entitled to the claim against the Vendor. The Company has filed an appeal on 13 November 2013 against the Courtôs decision and the Defendant has filed a cross-appeal on 10 January 2014. The Court heard the case on 12 February 2015 and awarded the appeal in favour of the Company on the RM17million claimed together with interest (at 6% p.a.) and cost (RM70,000) against the Defendant/ Respondent, Multi Resources Holdings. The probability of monetary recovery pursuant to the successful appeal remains uncertain and cannot be recognized as a contingent asset.

B14 Dividend

The Company did not declare any dividend for the financial period ended 31 March 2015.

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

B15 Earnings per share

(i) Basic earnings per ordinary share

	Current Year Quarter Ended 31 Mac 2015	Preceding Year Corresponding Quarter Ended 31 Mac 2014	Current Year To Date Ended 31 Mac 2015	Preceding Year Corresponding Period Ended 31 Mac 2014
(Loss)/profit attributable to owners (RM'000)	(1,720)	(2,388)	(8,149)	1,138
Weighted average number of ordinary shares in issue (net of treasury shares) ('000)	177,960	177,960	177,960	177,960
Basic earnings per share (sen)	(0.97)	(1.34)	(4.58)	0.64

(ii) Diluted earnings per ordinary share

This is not applicable to the Group.

B16 Realised and Unrealised Profits/Losses Disclosure

	As at 31/3/2015 RM'000	As at 30/6/2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	65,359	55,075
- Unrealised	(1,899)	(1,962)
	63,460	53,113
Add: Consolidation adjustments	43	43
Total group retained profits as per consolidated accounts	63,503	53,156

By order of the Board

LILY YIN KAM MAY (MAICSA 0878038)

Secretaries
Kuala Lumpur
25 May 2015