Part A - EXPLANTORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation & Significant Accounting Policies

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 Groupøs audited financial statements for the financial year ended 30 June 2015 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 2015.

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 2015.

The Group have not adopted the following new standards, amendments to standards and interpretations that have been issued but not yet effective for the current financial year.

- Amendment to MFRS 11 óJoint arrangementsô (effective from 1 January 2016)
- Amendments to MFRS 116 óProperty, plant and equipmentô and MFRS 138 óIntangible assetsô (effective from 1 January 2016)
- Amendments to MFRS 10 and MFRS 128 regarding sale or contribution of assets between an investor and its associate or joint venture (effective from 1 January 2016)
- MFRS 9 óFinancial Instrumentsô (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement". The complete version of MFRS 9 was issued in November 2014.
- MFRS 15 óRevenue from contracts with customersô (effective from 1 January 2018) replaces MFRS 118 óRevenueô and MFRS 111 óConstruction contractsô and related interpretations.

The Group is of the opinion that the abovementioned new standards, amendments to standards and interpretations will not have any material financial impact to the Group upon their initial application when effective.

Part A - EXPLANTORY NOTES PURSUANT TO MFRS 134

A2 Declaration of audit qualification

The audit report of the Group and the Company in respect of the annual financial statements for the financial year ended 30 June 2015 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, other than the revaluation of Property, Plant and Equipment affecting assets as disclosed in Note A9.

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, except for the disposal of 40,300 treasury shares.

The Group has a policy to maintain itsô Gearing Ratio (measured as interest bearing debts over shareholdersô equity adjusted for the exclusion of intangibles) at below 1.5 times.

	30 Jun 2016	30 Jun 2015
Total interest bearing debts in RMômillion	188.4	257.6
Adjusted Shareholdersô funds in RMômillion	315.4	285.9
Gearing Ratio	0.60	0.90

Of the total interest bearing debts as at 30 June 2016, around RM91.6m is represented by the respective debenture at its two main operating subsidiaries, whilst the balance is represented by interest-bearing unsecured supplierôs credit also at the respective operating subsidiaries. (See Note B10). The operating subsidiaries complied with their respective Gearing Ratio covenants for the current financial quarter ended 30 June 2016.

A7 Dividend paid

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

Part A - EXPLANTORY NOTES PURSUANT TO MFRS 134

A8 Segmental reporting

Segmental information in respect of the Groupôs business segments is as follows:

	Cold Rolled	Steel Tube	Others	Total
	RMô000	RMô000	RMô000	RMô000
Revenue				
Total revenue	383,561	206,097	2,289	591,947
Inter segment	(22,848)	-	(2,289)	(25,137)
External revenue	360,713	206,097	-	566,810
Pre-tax profit	22,806	9,400	195	32,401
Segment assets	410,848	155,573	623	567,044

	RMô000
Segment assets	567,044
Tax recoverable	226
	567,270

The businesses of the Group are carried out entirely in Malaysia. The Steel Tube was added as a segment with effect from the 4th quarter of the preceding financial year (i.e. from 1 April 2015).

A9 Valuation of property, plant and equipment

In-conjunction with the current financial year ended 30 June 2016, the Groupôs property, plant and equipment were revalued by an independent firm of professional valuers based on open market value. Arising from the said revaluation, the surpluses net deferred tax amounting to RM5.4 million was credited to the asset revaluation reserve while the deficits plus impairment charge on planned assets write-off totaling RM8.6 million was charged to profit or loss as an impairment loss/write down in the current quarter. On the latter figure, RM7 million relates to impairment charge on planned assets write-off in relation to near term assets replacement.

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 approximate 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 30 June 2016:

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	73.1	0
as Liabilities (not hedge accounted)	0	(34.3)	0
as Assets (hedge accounted)	0	631.4	0
as Liabilities (hedge accounted)	0	(3,229.6)	0
Total	0	(2,559.4)	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

There were no significant events or transactions for the current quarter affecting the Group’s financial position and performance of its entities.

Part A - EXPLANTORY NOTES PURSUANT TO MFRS 134

A12 Subsequent material events

There were no material events occurring between 1 July 2016 and the date of this announcement that warrant adjustments or disclosure to the financial statements for the quarter ended 30 June 2016.

A13 Changes in the composition of the Group

There is no change to the composition of the Group during the current financial quarter.

A14 Contingent liabilities or contingent assets

There are no contingent liabilities or contingent assets as at the end of the reporting quarter.

A15 Changes in Financial Year End Date

There is no change to the financial year end date during the current financial quarter.

A16 Capital Commitments

There are no material capital commitments provided for in the financial statements at the end of the current 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 4th quarter ended 30 June 2016, the Group registered a total revenue of RM148.3 million as compared to RM158.8 million achieved in the preceding yearôs corresponding quarter - mainly due to lower unit selling price for the current quarter. In comparison with the preceding yearôs corresponding quarter, the sales volume for the Cold Rolled subsidiary for the current quarter is up 6% but the average unit selling price is down 8%, whilst the Steel Tube subsidiaryôs sales volume is down 14% but the average unit selling price is up 3%. The declined in the Steel Tube sales volume for the current quarter is mainly attributed to shipment delay of raw materials.

The Group recorded a profit before tax of RM12.4 million for the current quarter as compared to RM20.7 million in the preceding yearôs corresponding quarter which included a one-off gain from bargain purchase of RM21.3 million in-relation to the acquisition of the steel tube unit. The better performance for the current quarter compared to the preceding yearôs corresponding quarter (if excluding the gain from bargain purchase) is mainly attributed to the higher gross profit achieved of RM30.5 million (preceding yearôs corresponding quarter gross profit: RM14.3 million) due to the higher margin spread between selling price and raw material price in both the Cold Rolled and Steel Tube segments. Synergistic benefits arising from the Steel Tube acquisition in the last quarter of the last financial year, cost rationalization measures, and the development of certain positive external events (as disclosed in the 3rd quarter results) -collectively contributed to the better gross margins. Consequently, the Group recorded an after-tax profit of RM9.3 million for the current quarter as compared to the preceding yearôs corresponding quarter of RM19.8 million which included the said one-off gain from bargain purchase.

The Group recorded a higher EBITDA at RM27.2 million compared to the preceding yearôs corresponding quarter of RM10.1 million.

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

The Groupôs revenue at RM148.3 million for the current 4th quarter is around 4% higher than the immediate preceding quarterôs RM142.5 million. The higher revenue is attributed to an increase in sales volume for the Cold Rolled subsidiary by 3%.

The Group registered a higher pre-tax profit of around RM12.4 million compared with the immediate preceding quarterôs pre-tax profit of RM8.4 million. This main contributor is the better gross profit arising from higher spread between selling price and raw material of both the Cold Rolled and Steel Tube segments at RM21.8 million and RM9.0 million respectively (immediate preceding quarter was RM12.3 million and RM5.2 million respectively). However, impairment loss on/write-down of property, plant and equipment of RM8.6 million mitigated the pre-tax profit at RM12.4 million for the Group for the current quarter (RM 8.4 million for the immediate preceding quarter). At the post-tax level, the Group recorded a net profit of RM9.3 million compared to a net profit of RM6.7 million in the immediate preceding quarter, bringing the total year-to-date net profit before other comprehensive income at around RM24.2 million.

The Group recorded a higher quarterly EBITDA at RM27.2 million compared to the preceding quarterôs RM15.1 million.

B3 Prospects for the next financial year

The weak economic sentiment and reduced pace of growth over the current financial year ended 2016 will likely manifest into the next financial year 2017 as root issues remain pervasive whilst global recovery continues to be uneven and primary commoditiesô export prices remain weak. The central bankôs unexpected cut in the Overnight Policy Rate (OPR) by 25 basis points to 3% in July despite the unprecedentedly high debt-levels and the all-time lowsô Ringgit aims to assist existing and potential borrowers to contend with the challenging environment and to help spur economic and business growth in the country amidst limited fiscal and monetary options.

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

B3 Prospects for the next financial year (continue)

The global steel industry witnessed heightened trade protection actions (particularly against China being the world largest steel producer and exporter) and production capacity consolidation in the financial year ended 2016. Prolonged decline in raw steel prices since 2011 witnessed rebound in early 2016 but levelled-off in late April as upstream producers find supply equilibrium. Domestically, the authorities slapped anti-dumping duties on cold rolled imports from China, Vietnam, and Korea; and conducted nationwide sweep against duty evasion on steel imports in the financial year 2016. During that period, the country's sole upstream Hot-Rolled-Coil (HRC) producer ceased production whilst the other HRC start-up stumbled with production problems with its solution provider. The aforementioned developments in 2016 set the tone for a more even-competitive landscape which should augurs well for the Group's mid-stream cold rolled and steel tube operations in the next financial year. For the next financial year, the Group would be able to aggregate its raw material procurement of HRC requirements from best sources abroad (in price and quality)- unlike in the past where its steel tube operation was constrained by regulations to procure from domestic producers of lower quality scrap based HRC materials at higher prices.

Demand outlook for intermediate flat-steel products of the Group for the next financial year is expected to remain soft but stable. The Group's cold rolled and steel tube products serve a wide spectrum of industrial applications and downstream-manufacturing of a wide range of consumer goods destined for both the domestic and export markets. In summary, the Group outlook for the next financial year is cautiously optimistic on the assumption of a more levelled competitive landscape in a generally captive market despite a subdued economic outlook. Barring any severe external shocks, the Group is hopeful to continue delivering positive results for the next financial period.

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 30 Jun 2016 RM'000	Preceding Year Corresponding Quarter Ended 30 Jun 2015 RM'000	Current Year To Date Ended 30 Jun 2016 RM'000	Preceding Year Corresponding Period Ended 30 Jun 2015 RM'000
Depreciation	4,031	3,743	16,015	12,111
Interest income	(137)	(146)	(448)	(389)
Interest expense	2,378	3,704	11,410	10,596
FX differences (gain)/loss	1,427	670	(458)	10,925
FX derivatives loss/(gain)	(1,516)	(590)	1,192	(5,305)

Preceding year's comparative figures do not include the consolidation of the Steel Tube subsidiary results until the 4th quarter.

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

B6 Taxation

Taxation comprises :

	Current Year Quarter Ended 30 Jun 2016 RMô000	Preceding Year Corresponding Quarter Ended 30 Jun 2015 RMô000	Current Year To Date Ended 30 Jun 2016 RMô000	Preceding Year Corresponding Period Ended 30 Jun 2015 RMô000
Current tax (expense)/credit				
Current period	(1,238)	109	(2,765)	(78)
Deferred tax (expense)/income				
Current period	(1,780)	(930)	(5,458)	1,251
	(3,018)	(821)	(8,223)	1,173

The current year-to-dateœ tax expense is higher than the statutory tax rate 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 are no purchases or disposals of quoted securities in the current financial quarter.

B9 Status of corporate proposals

There are no outstanding corporate proposals as at the date of this announcement.

B10 Group borrowings and debt securities

The Groupôs borrowings from lending institutions as at 30 June 2016, which are denominated entirely in Ringgit Malaysia, are as follows:

	RMô000
Short-term borrowings:	
Secured	82,000
Unsecured	2,338
Long-term borrowings:	
Secured	7,242
Total borrowings	91,580
	======

Besides the above borrowings, the Groupôs Cold Rolled subsidiary and the Steel Tube subsidiary also draw on interest-bearing trade credits from their respective raw-coil suppliers with outstanding amounts of RM63.9 million and RM32.9 million respectively as at 30 June 2016. Inclusive of this, the Groupôs net gearing ratio as at 30 June 2016 is around 0.60 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 manage its foreign currency exchange exposure arising from purchases of raw materials denominated in US Dollar (ñUSDò) and certain sales denominated in Singapore Dollar (ñSGDò). In this regard, the Group covers its USD exposure at the range of 80% to 90% 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 and/or SGD exposure 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 or accounts receivables in SGD) being 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 30 June 2016 are outline below:

Non-designated

FX Forward Contracts (SDG/RM) as non-designated hedging instrument				
	Notional Value ó000		Fair Value RMó000	
Maturity	Short SGD	Long RM	Financial Asset	Financial Liability
Less than 1 year	545	1,617	7.1	16.4

Non-designated

FX Forward Contracts (USD/RM) as non-designated hedging instrument				
	Notional Value ó000		Fair Value RMó000	
Maturity	Long USD	Short RM	Financial Asset	Financial Liability
Less than 1 year	2,158	8,675	66.0	17.9

Designated

FX Forward Contracts as designated hedging Instrument					Forward purchase of raw material and/or a/c payable as hedge items				
	Notional Value ó000		Fair Value RMó000			Notional Value ó000		Fair Value RMó000	
Maturity	Long USD	Short RM	Financial Asset	Financial Liability	Maturity	Short USD	n.a.	Financial Asset	Financial Liability
Less than 1 year	34,661	142,858	631.4	3,229.6	Matching	34,661	n.a.	3,229.6	631.4

Besides the above unrealized positions, the Group has recorded a total realized net gain of around RM1.4 million from its FX Forward Contracts incepted for hedging purposes over the current financial year.

(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.

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

B11 Outstanding Derivatives (continued)

(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 the 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.

B12 Off balance sheet financial instruments and commitments

Off balance sheet financial instruments as at the date of this announcement are bank guarantees issued amounting to RM7.9 million being security for inbound supply of goods and services; and corporate guarantees issued to lenders for borrowings extended to its principal subsidiaries, Mycron Steel CRC Sdn. Bhd. and Melewar Steel Tube Sdn. Bhd. amounting to RM88.3 million as at 30 June 2016.

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)

This case relates to the Companyôs successful legal action against Multi Resources Holdings Sdn Bhd (ñDefendantò) to recoup its 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. The Company was awarded the RM17million claimed together with interest at 6% p.a. and cost (RM70,000) against the Defendant/ Respondent, Multi Resources Holdings on 12 February 2015. The Defendant is under receivership administration, and the Company liaised with the appointed receivers for recovery. In the 1st quarter of the current financial year, the management had sent a technical team to evaluate the recoverability from PMPG assets and concluded that the probability of any monetary recovery is slim. The management do not see any likelihood of recovery for any reversal of the full impairment previously made. In this regard, the continuing disclosure of this case will cease from the next financial year.

B14 Dividend

The Company did not declare any dividend for the financial period ended 30 June 2016.

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 30 Jun 2016	Preceding Year Corresponding Quarter Ended 30 Jun 2015	Current Year To Date Ended 30 Jun 2016	Preceding Year Corresponding Period Ended 30 Jun 2015
Profit/(loss) attributable to owners (RM'000)	9,336	19,832	24,178	11,683
Weighted average number of ordinary shares in issue (net of treasury shares) ('000)	282,545	282,505	282,515	204,096
Basic earnings per share (sen)	3.30	7.02	8.56	5.72

(ii) Diluted earnings per ordinary share

This is not applicable to the Group.

B16 Realised and Unrealised Profits/Losses Disclosure

	As at 30/6/2016 RM'000	As at 30/6/2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	123,544	91,714
- Unrealised	(15,813)	(8,161)
	107,731	83,553
Add: Consolidation adjustments	(218)	(218)
Total group retained profits as per consolidated accounts	107,513	83,335

This interim financial statements have been authorized for issue by the Board of Directors on the date set-forth below.

By order of the Board
LILY YIN KAM MAY (MAICSA 0878038)

Secretaries
Kuala Lumpur
29 August 2016