

Attendance at meetings

10. The Finance Manager, a representative of the Internal Auditor, a representative of the External Auditors and other authorised officers shall normally attend meetings. Other Board members may attend meeting upon the invitation of the Committee.

Frequency of meetings

11. (a) Meetings shall be held not less than 4 times a year. The External Auditors may request a meeting if they consider necessary.
- (b) In order to form a quorum in respect of a meeting of the Committee, the majority members present must be Independent Directors.

Reporting procedures

12. The Secretary shall circulate the minutes of meeting of the Committee to all members of the Board.

Summary of Activities of the Committee during the financial year ended 31 January 2005

During the financial year ended 31 January 2005, the main activities undertaken by the Audit Committee were as follows :-

- i. Reviewed the adequacy and the relevance of the scope, functions, resources, internal audit plan and results of internal audit processes with the Internal Auditor;
- ii. Reviewed the quarterly financial reports and year-end financial statements with management and recommend the same to the Board for approval before release to Bursa Securities;
- iii. Reviewed with External Auditors on their audit plan (including system evaluation, audit fee, issues raised and management's response) prior to the commencement of audit;
- iv. Reviewed the financial statements, the audit report, issues and reservations arising from audits and the management letter with the External Auditors and recommend the same to the Board;
- v. Reviewed the disclosure of related party transactions and any conflict of interest situation and questionable transactions;
- vi. Reviewed the findings of the risk management process and recommended to the Board improvement opportunities in risk management, internal controls and governance process;
- vii. Prepared the Audit Committee Report for inclusion in the Company's Annual Report;
- ix. Reported to and updated the Board on significant issues and concerns discussed during the Committee's meetings and where appropriate, made the necessary recommendations to the Board;
- x. Reviewed the disclosure statements on compliance of Malaysian Code on Corporate Governance, Board's responsibility on the annual audited financial statements and the state of internal control and other relevant documents for publication in the Company's Annual Report.



The Directors have pleasure in submitting their report together with the audited financial statements of the Group and Company for the financial year ended 31 January 2005.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiary company. The Company was dormant during the previous financial year.

On 29 March 2004, the Company acquired the entire 60,000,000 issued and paid-up share capital of Mycron Steel CRC Sdn Bhd ("MSCRC") from Melewar Industrial Group Berhad ("MIG"), making MSCRC a wholly owned subsidiary company.

The principal activities of the subsidiary company are the manufacturing and trading of cold rolled steel sheets in coils.

FINANCIAL RESULTS

| | Group RM | Company RM |
|-----------------------------------|-------------------|-------------------|
| Net profit for the financial year | <u>22,719,899</u> | <u>12,552,330</u> |

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors now recommend the payment of a final dividend of 7 sen per share, tax exempt amounting to RM 12,530,000 for the financial year ended 31 January 2005 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company on 30 June 2005.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES

The Company increased its authorised share capital from 100,000 ordinary shares of RM1 each to 500,000,000 ordinary shares of RM1 each on 26 February 2004.

On 11 August 2003, the Company entered into a conditional sale and purchase agreement with MIG for the proposed acquisition of the entire 60,000,000 issued and paid-up share capital of MSCRC from MIG for a purchase consideration of RM 134,061,998, to be satisfied by issuance of 134,061,998 new ordinary shares of RM1.00 each of the Company to MIG. The acquisition was completed on 29 March 2004.

The Company issued 44,938,000 ordinary shares of RM1 each for cash consideration of RM1.40 per share pursuant to its listing on the Industrial Sector of the Main Board of Bursa Malaysia Securities Berhad on 21 June 2004.

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Tunku Dato' Seri Iskandar bin Tunku Abdullah
 Tunku Dato' Ya'acob bin Tunku Abdullah
 Dato' Zulkifly @ Sofi bin Haji Mustapha
 Azlan bin Abdullah
 Lim Kim Chuan
 Chan Sang Whye
 Dato' Abu Talib bin Mohamed
 Dato' Narendrakumar Jasani a/l Chunilal Rugnath
 Chan Wan Siew

In accordance with Article 77 of the Company's Articles of Association, Tunku Dato' Seri Iskandar bin Tunku Abdullah, Lim Kim Chuan and Dato' Narendrakumar Jasani a/l Chunilal Rugnath retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.



DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the options granted by the ultimate holding company to eligible employees including Directors of the Company, pursuant to Melewar Industrial Group Berhad's Employee Share Option Scheme.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than Directors' remuneration disclosed in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 134 of the Companies Act, 1965, none of the Directors who held office at the end of the financial year held any shares or had any interest in shares in the Company and its related corporations during the financial year except as follows:

| | Number of ordinary shares of RM1 each | | | |
|---|---------------------------------------|---------------|--------------|------------------------|
| | At <u>1.2.2004</u> | <u>Bought</u> | <u>Sold</u> | At <u>31.1.2005</u> |
| Melewar Industrial Group Berhad (Holding Company) | | | | |
| Tunku Dato' Ya'acob bin Tunku Abdullah | | | | |
| – deemed interest | 50,000,000 | 2,300,000 | – | 52,300,000 |
| – direct interest | – | 200,000 | – | 200,000 |
| Tunku Dato' Seri Iskandar bin Tunku Abdullah | | | | |
| – deemed interest | 50,000,000 | 2,500,000 | – | 52,500,000 |
| Dato' Zulkifly @ Sofi bin Haji Mustapha | | | | |
| – deemed interest | 50,000,000 | 2,500,000 | – | 52,500,000 |
| Lim Kim Chuan | | | | |
| – direct interest | – | 140,000 | – | 140,000 |
| Azlan Abdullah | | | | |
| – direct interest | – | 100,000 | – | 100,000 |
| Chan Sang Whye | | | | |
| – direct interest | – | 100,000 | (80,000) | 20,000 |
| Mycron Steel Berhad | | | | |
| Tunku Dato' Seri Iskandar bin Tunku Abdullah | | | | |
| – deemed interest | – | 155,364,200 | (42,355,034) | 113,009,166 |
| Tunku Dato' Ya'acob bin Tunku Abdullah | | | | |
| – deemed interest | – | 154,814,200 | (42,355,034) | 112,459,166 |
| – direct interest | – | 550,000 | – | 550,000 |
| Dato' Zulkifly @ Sofi bin Haji Mustapha | | | | |
| – deemed interest | – | 155,364,200 | (42,355,034) | 113,009,166 |
| Lim Kim Chuan | | | | |
| – direct interest | – | 385,000 | – | 385,000 |



| | Number of ordinary shares of RM1 each | | | At 31.1.2005 |
|--|---------------------------------------|---------|------|-----------------|
| | At 1.2.2004 | Bought | Sold | |
| Mycron Steel Berhad (continued) | | | | |
| Azlan Abdullah – direct interest | – | 375,000 | – | 375,000 |
| Chan Sang Whye – direct interest | – | 255,000 | – | 255,000 |

| | Number of options over ordinary shares of RM1 each | | | At 31.1.2005 |
|---|--|---------|-----------|-----------------|
| | At 1.2.2004 | Granted | Exercised | |
| Melewar Industrial Group Berhad (Holding Company) | | | | |
| Tunku Dato' Ya'acob bin Tunku Abdullah | 500,000 | – | (200,000) | 300,000 |
| Lim Kim Chuan | 350,000 | – | (140,000) | 210,000 |
| Azlan bin Abdullah | 250,000 | – | (100,000) | 150,000 |
| Chan Sang Whye | 250,000 | – | (100,000) | 150,000 |

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and Company which has arisen since the end of the financial year.



At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Group and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Acquisition of MSCRC by MSB

The Company on 11 August 2003 entered into a conditional sale and purchase agreement for the acquisition of the entire equity interest in MSCRC from MIG for a sale consideration of RM134,061,998, to be satisfied by the issuance of 134,061,998 new MSB shares of RM1.00 each. The transaction was completed on 29 March 2004.

Listing of MSB on the Main Board of the Bursa Malaysia

MSB on 25 May 2004 made a public offer of 44,938,000 new ordinary shares of RM1.00 each in MSB at an offer price of RM1.40 per new ordinary share in conjunction with the listing of and quotation of the entire enlarged issued and paid-up ordinary share capital of MSB on the Main Board of Bursa Malaysia Securities Berhad. MSB was subsequently listed on 21 June 2004.

HOLDING COMPANY

The Directors regard Melewar Industrial Group Berhad, a Company incorporated in Malaysia, as the holding company.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution dated 3 May 2005.

AZLAN BIN ABDULLAH
DIRECTOR

CHAN SANG WHYE
DIRECTOR



REPORT OF THE AUDITORS

TO THE MEMBERS OF MYCRON STEEL BERHAD (Company No. 622819 D)

We have audited the financial statements set out on pages 45 to 65. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and the Company as at 31 January 2005 and of the results and cash flows of the Group and the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary company have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary company that has been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanation required by us for those purposes.

Our audit reports on the financial statements of the subsidiary company was not subject to any qualification and did not include any comment made under subsection (3) of section 174 of the Act.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants

ERIC OOI LIP AUN

(No. 1517/06/06 (J))

Partner of the firm

Kuala Lumpur

3 May 2005



INCOME STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2005

| | Note | Group 2005 RM | 2005 RM | Company 2004 RM |
|--|------|----------------------|--------------------|-----------------------|
| Gross revenue | 4 | 304,343,355 | 13,572,209 | – |
| Cost of sales | | <u>(264,066,087)</u> | – | – |
| Gross profit | | 40,277,268 | 13,572,209 | – |
| Other operating income | | 643,836 | 112,376 | – |
| Selling and distribution costs | | <u>(1,356,977)</u> | – | – |
| Administrative expenses | | <u>(7,292,474)</u> | <u>(1,044,209)</u> | <u>(5,600)</u> |
| Profit/(loss) from operations | | 32,271,653 | 12,640,376 | (5,600) |
| Finance cost | 5 | <u>(1,590,057)</u> | – | – |
| Profit/(loss) before tax | 6 | 30,681,596 | 12,640,376 | (5,600) |
| Tax | 7 | <u>(7,961,697)</u> | <u>(88,046)</u> | – |
| Net profit/(loss) for the financial year | | <u>22,719,899</u> | <u>12,552,330</u> | <u>(5,600)</u> |
| Earnings per share (sen) | 8 | <u>16.1</u> | | |

There were no comparatives for the Group as this is the first year that Group financial statements are required to be prepared and the figures above reflect only the 10 months post acquisition results of the operating subsidiary company.
Please refer to Note 19.



**BALANCE SHEETS
AS AT 31 JANUARY 2005**

| | Note | Group 2005 RM | 2005 RM | Company 2004 RM |
|---|------|---------------------------|---------------------------|-----------------------|
| PROPERTY, PLANT AND EQUIPMENT | 9 | 127,490,590 | 6,863,955 | — |
| INVESTMENT IN SUBSIDIARY | 10 | — | 134,061,998 | — |
| CURRENT ASSETS | | | | |
| Inventories | 12 | 81,964,563 | — | — |
| Trade and other receivables | 13 | 54,624,055 | 6,804 | — |
| Amount owing by ultimate holding company | 14 | 6,831,368 | — | — |
| Amount owing by subsidiary company | 14 | — | 65,525,889 | — |
| Amount owing by a related company | 14 | 96,498 | — | — |
| Deposits with licensed financial institutions | 15 | 3,400,000 | — | — |
| Cash and bank balances | 15 | 5,274,408 | 133,939 | 2 |
| | | <u>152,190,892</u> | <u>65,666,632</u> | <u>2</u> |
| LESS: CURRENT LIABILITIES | | | | |
| Trade and other payables | 16 | 3,878,835 | 64,671 | 5,600 |
| Amount owing to a related company | 14 | 89,752 | — | — |
| Current tax | | 245,266 | 58,346 | — |
| Borrowings | 17 | 44,490,000 | — | — |
| | | <u>48,703,853</u> | <u>123,017</u> | <u>5,600</u> |
| NET CURRENT ASSETS/(LIABILITIES) | | 103,487,039 | 65,543,615 | (5,598) |
| LESS: NON-CURRENT LIABILITY | | | | |
| Deferred tax liability | 11 | 8,801,977 | 4,200 | — |
| | | <u>222,175,652</u> | <u>206,465,368</u> | <u>(5,598)</u> |
| Financed by: | | | | |
| Share capital | 18 | 179,000,000 | 179,000,000 | 2 |
| Share Premium | | 14,918,638 | 14,918,638 | — |
| Reserve on consolidation | | 5,542,715 | — | — |
| Retained profits/(accumulated losses) | | <u>22,714,299</u> | <u>12,546,730</u> | <u>(5,600)</u> |
| SHAREHOLDER'S EQUITY/(DEFICIT) | | <u>222,175,652</u> | <u>206,465,368</u> | <u>(5,598)</u> |



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2005**

| | Issued and fully paid ordinary shares of RM1 each | | | Distributable | | | Total RM |
|--|--|-------------------------|---------------------------|--|--------------------|--------------------|--------------------|
| | Share Capital RM | Share Premium RM | Capital reserve RM | Retained profits/ accumulated losses RM | Dividend RM | Subtotal RM | |
| Balance as at 1 February 2004 | 2 | - | - | (5,600) | - | (5,600) | (5,598) |
| Net profit for the financial year | - | - | - | 22,719,899 | - | 22,719,899 | 22,719,899 |
| Reserve on consolidation | - | - | 5,542,715 | - | - | - | 5,542,715 |
| Issue of Shares | 178,999,998 | 14,918,638 | - | - | - | - | 193,918,636 |
| Proposed final dividend of 7% tax exempt | - | - | - | (12,530,000) | 12,530,000 | - | - |
| Balance at 31 January 2005 | <u>179,000,000</u> | <u>14,918,638</u> | <u>5,542,715</u> | <u>10,184,299</u> | <u>12,530,000</u> | <u>22,714,299</u> | <u>222,175,652</u> |



**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2005**

| | Issued and fully paid ordinary shares of RM1 each | | Distributable | | | Total RM |
|--|---|-------------------|--|-------------------|-------------------|--------------------|
| | Share Capital RM | Share Premium RM | Retained profits/accumulated losses RM | Dividend RM | Subtotal | |
| At date of incorporation | 2 | – | – | – | – | 2 |
| Net profit for the financial year | – | – | (5,600) | – | (5,600) | (5,600) |
| At 31 January 2004 | <u>2</u> | <u>–</u> | <u>(5,600)</u> | <u>–</u> | <u>(5,600)</u> | <u>(5,598)</u> |
| At 1 February 2004 | 2 | – | (5,600) | – | (5,600) | (5,598) |
| Net profit for the financial year | – | – | 12,552,330 | – | 12,552,330 | 12,552,330 |
| Issue of Shares | 178,999,998 | – | – | – | – | 178,999,998 |
| Share Premium | – | 14,918,638 | – | – | – | 14,918,638 |
| Proposed final dividend of 7% tax exempt | – | – | (12,530,000) | 12,530,000 | – | – |
| At 31 January 2005 | <u>179,000,000</u> | <u>14,918,638</u> | <u>16,730</u> | <u>12,530,000</u> | <u>12,546,730</u> | <u>206,465,368</u> |



CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2005

| | Note | Group 2005 RM | Company 2005 RM | 2004 RM |
|--|------|---------------------|-----------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before tax | | 30,681,596 | 12,640,376 | (5,600) |
| Adjustments for: | | | | |
| Depreciation | | 7,763,146 | 187,125 | – |
| Gain on disposal of property, plant and equipment | | (412,590) | – | – |
| Interest income | | (226,291) | (112,376) | – |
| Provision for doubtful debt | | 1,816,368 | – | – |
| Interest expenses | | 1,590,057 | – | – |
| Dividend income | | – | (12,528,000) | – |
| Operating profit before working capital changes | | <u>41,212,286</u> | <u>187,125</u> | <u>(5,600)</u> |
| Changes in inventories | | (43,907,476) | – | – |
| Changes in receivables | | (13,994,448) | (6,804) | – |
| Changes in payables | | (7,689,207) | 59,070 | 5,600 |
| Cash generated from operations | | <u>(24,378,845)</u> | <u>239,391</u> | <u>–</u> |
| Interest paid | | (1,590,057) | – | – |
| Interest received | | 226,291 | 112,376 | – |
| Tax paid | | (1,513,302) | (25,500) | – |
| Net cash (used in)/generated from operating activities | | <u>(27,255,913)</u> | <u>326,267</u> | <u>–</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Cash from acquisition of Subsidiary | | 4,169,492 | – | – |
| Purchase of property, plant and equipment | | (8,583,872) | (7,051,079) | – |
| Work In Progress | | (1,333,137) | – | – |
| Proceeds from disposal of property, plant and equipment | | 445,098 | – | – |
| Dividend received | | – | 12,528,000 | – |
| Net cash (used in)/generated from investing activities | | <u>(5,302,419)</u> | <u>5,476,921</u> | <u>–</u> |



(continued)

CASH FLOW STATEMENTS FOR THE YEAR FINANCIAL ENDED 31 JANUARY 2005

| | Note | Group 2005 RM | Company 2005 RM | 2004 RM |
|---|------|---------------------|-----------------------|------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from bankers' acceptance | | (6,923,000) | – | – |
| Repayment to holding company | | (11,694,152) | – | – |
| Repayment to subsidiary company | | – | (65,525,889) | – |
| Repayment to related company | | (6,746) | – | – |
| Proceeds from issue of ordinary shares | | 62,913,200 | 62,913,200 | 2 |
| Listing Expenses | | (3,056,562) | (3,056,562) | – |
| Net cash generated from/(used in) financing activities | | 41,232,740 | (5,669,251) | 2 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | | | |
| | | 8,674,408 | 133,937 | 2 |
| CASH AND CASH EQUIVALENTS: | | | | |
| – at start of financial year | | – | 2 | – |
| – at end of financial year | 15 | 8,674,408 | 133,939 | 2 |



1. GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of management services to its subsidiary company. The Company was dormant during the previous financial year.

On 29 March 2004, the Company had acquired the entire 60,000,000 issued and paid-up share capital of Mycron Steel CRC Sdn Bhd ("MSCRC") from Melewar Industrial Group Berhad ("MIG"), making MSCRC a wholly owned subsidiary company.

The principal activities of the subsidiary company are the manufacturing and trading of cold rolled steel sheets in coils.

The number of employees in the Group and the Company at the end of the financial year was 107 and 5 (2004: 100 and Nil) respectively.

The registered office of the Company is:

Suite 20.03, 20th Floor
Menara MAA
No. 12 Jalan Dewan Bahasa
50460 Kuala Lumpur

The principal place of business of the Company is:

Lot 717 Jalan Sungai Rasau
40706 Shah Alam
Selangor Darul Ehsan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies of the Group are summarised as below:-

(a) Basis of preparation

The financial statements of the Group and Company have been prepared under the historical cost convention modified to include the revaluation of land and building, unless otherwise indicated in the accounting policies set out below.

The financial statements comply with MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the provisions of the Companies Act 1965 and the MASB approved accounting standards in Malaysia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

(b) Subsidiary company

A subsidiary company is a company in which the Company has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary company is stated at cost and written down when, in the opinion of the Directors, there is an impairment in the value of the investments.



(c) Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and its subsidiary company made up to the end of the financial year. All material inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are also eliminated unless cost cannot be recovered.

The financial statements of the subsidiary companies are consolidated on the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

At the date of acquisition, the fair values of the net assets of the subsidiary companies are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary companies acquired at the date of acquisition is reflected as goodwill or negative goodwill.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

(d) Goodwill or reserve on acquisition

The difference between the acquisition cost and the Group's share of the fair value of attributable net assets acquired at the dates of acquisition is reflected as either goodwill or reserve on acquisition as appropriate.

Goodwill or reserve on acquisition is written off/credited in the year of acquisition against reserves in the consolidated statement of changes in equity.

(e) Property, plant and equipment

(i) Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss except for the freehold properties which are stated at valuation less accumulated depreciation and accumulated impairment loss.

The Group revalues its properties comprising land and buildings at least once in every five years. Additions of land and buildings are stated at cost in the intervening years. Surplus arising from revaluation is dealt with through the asset revaluation reserve account. Any deficit arising is set-off against the asset revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount will be charged immediately to the income statements.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indication exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

(ii) Depreciation

Freehold land is not depreciated. Depreciation is calculated to write off the cost or amount of valuation of other property, plant and equipment on the straight line basis over their estimated useful lives at the following annual rates:

| | |
|---|---------|
| Buildings | 2% |
| Plant, machinery and equipment | 5 - 25% |
| Furniture, fittings, office equipment and Motor vehicle | 10% |



(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Finished goods and work-in-progress comprises cost of materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

(g) Receivables

Receivables are carried at anticipated realisable value. An estimate is made on doubtful debts based on a review of all outstanding amounts on a periodic basis. Bad debts are written off during the financial year in which they are identified.

(h) Payables

Payables are stated at invoiced values which are the fair values of the consideration to be paid in the future for goods and services received.

(i) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares is accounted for as a deduction from equity.

Dividends on the ordinary shares when declared by the Directors of the Company are disclosed within the components of equity. Upon approval and when paid, such dividends will be accounted for in the shareholder's equity as an appropriation of retained distributable reserves in the financial year in which the dividends are paid.

(j) Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's estimated net selling price and its value in use. Value in use is measured using the discounted future cash flows expected to be generated from continuing use of the asset.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss, if any, is charged to the income statement.

Any subsequent increase in recoverable amount of an asset is recognised as reversal of previous impairment loss and should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(k) Foreign currencies

Transactions in foreign currencies during the financial year are converted to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the closing rates. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

The closing rates used in translation are as follows:

| | 2005 | 2004 |
|---------|-------------|-------------|
| | RM | RM |
| USD1.00 | 3.80 | 3.80 |
| SGD1.00 | 2.30 | 2.23 |



(l) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following basis:

(i) Sale of goods

Sale of goods is recognised when significant risks and rewards of ownership have been transferred to the customers.

(ii) Processing service income

Processing service income is recognised on an accrual basis when services are rendered.

(iii) Dividend income

Dividend income is recognised when shareholders' right to receive payment is established.

(iv) Interest income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

(m) Income taxes

The tax expense in the income statement comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at balance sheet date.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits held on call with financial institutions and short term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

(o) Financial instruments

The recognised financial instruments of the Group comprise cash and liquid resources, receivables and payables that arise directly from its operations, non-trade receivables and trade payables arising from transactions entered into in the normal course of business with companies within the Group, equity investments held for long term strategic purposes as well as ordinary shares. The accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied, are disclosed in the individual policy statement above.

The information on the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes to the financial statements. There are no financial assets and liabilities not recognised in the balance sheet.

(p) Employees' Benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave and bonuses are accrued in the period in which the associated services are rendered by the employees of the Company.



(ii) Defined contribution plan

The Group contributes to the Employee Provident Fund which is a defined contribution plan regulated and managed by the government. The contributions are charged to the income statement in the period to which they relate.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objectives are to ensure that the Group creates value and maximises returns to its shareholders.

Financial risk management is carried out through risk reviews, internal control systems, benchmarking the industry's best practices and adherence to the Group's financial risk management policies.

The Group does not find it necessary to enter into derivative transactions based on its current level of operations.

The main risks arising from the financial instruments of the Group are credit risk, interest rate risk, market risk and foreign currency exchange risk. The management of the Group monitors the financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. The management reviews and agrees policies in managing each of these risks and they are summarised below. These policies have remained unchanged during the financial year.

(a) Credit risk

Credit risk arises when sales are made and services are rendered on deferred payment and when surplus cash is invested.

The Group has credit policies in place to manage the credit risk exposure. The risk is managed through the application of the Group's extensive credit management procedures which include the application of credit evaluation, credit approvals, and adherence to credit limits, credit period, regular monitoring and follow up procedures.

As regards to surplus cash, the Group invests its cash assets safely and profitably by depositing them with licensed financial institutions.

The Group considers the risk of material loss from the non-performance on the part of a financial counter-party to be negligible.

(b) Interest rate risk

The Group is exposed to interest rate risk in respect of its time deposits placed with financial institutions. This risk is managed through the use of fixed rate financial instruments. It is the policy of the Group not to trade in interest rate swap agreements.

The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

The effective interest rates for the interest earning financial assets at balance sheet dates are disclosed in the respective notes to the financial statements.

(c) Market risk

The Group's exposure to market risk arises mainly from changes in market price of its quoted investments. The management of the Group regards the market risk to be negligible and having minimal impact on the Group as the investments are held for long term purposes.

(d) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a results of transactions denominated in foreign currencies entered into by the Group.

The Group has not hedged against the translation exposure as it does not form a significant proportion of the Group's transaction.



7. TAX

| | Group | Company | |
|---|------------------|----------------|-------------|
| | 2005 | 2005 | 2004 |
| | RM | RM | RM |
| Current tax | | | |
| Current tax expense | 1,742,063 | 83,846 | – |
| Deferred tax | | | |
| Origination and reversal of temporary differences | 6,219,634 | 4,200 | – |
| | <u>7,961,697</u> | <u>88,046</u> | <u>–</u> |

The explanation of the relationship between tax expense and profit/(loss) before tax is as follows:

| | Group | Company | |
|--|-------------------|-------------------|----------------|
| | 2005 | 2005 | 2004 |
| | RM | RM | RM |
| Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate | | | |
| Profit/(loss) before tax | <u>30,681,596</u> | <u>12,640,376</u> | <u>(5,600)</u> |
| Tax calculated at the Malaysian tax rate of 28% (2004: 28%) | 8,590,847 | 3,539,305 | (1,568) |
| Tax effects of: | | | |
| – expenses not deductible for tax purposes | 97,685 | 56,581 | 1,568 |
| – double deductions on insurance | (35,775) | – | – |
| Income not subject to tax | – | (3,507,840) | – |
| Previously unrecognised tax losses | (691,060) | – | – |
| Tax expense | <u>7,961,697</u> | <u>88,046</u> | <u>–</u> |

Based on the estimated tax credits and tax exempt income available and the prevailing tax rate applicable to dividends, the entire retained profits of the Group and Company at financial year end is available for distribution by way of dividends without incurring additional tax liability.

8. EARNINGS PER SHARE

Basic earnings per share

The earnings per ordinary share has been calculated by dividing the Group's net profit for the financial year of RM22,719,899 by the weighted average number of ordinary shares of the Company in issue during the financial year of 140,809,312. There were no comparative figures for the immediate preceding year as this is the first year that the financial statements for the Group is prepared.



9. PROPERTY, PLANT AND EQUIPMENT

| Group | Freehold land and buildings RM | Long term leasehold land and building RM | Plant, machinery, equipment and electrical installation RM | Motor vehicle RM | Furniture, fittings and office equipment RM | Construction in Progress RM | Total RM |
|-------------------------------------|---|--|--|------------------------|---|-----------------------------------|-------------|
| 2005 | | | | | | | |
| Cost/Valuation | | | | | | | |
| At 1 February 2004 | | | | | | | |
| Acquisition of subsidiary: | | | | | | | |
| Cost | – | – | 166,717,193 | 526,789 | 141,372 | – | 167,385,354 |
| Valuation | 71,066,685 | – | – | – | – | – | 71,066,684 |
| Additions | – | 6,474,789 | 1,195,142 | 797,200 | 116,741 | 1,333,137 | 9,917,009 |
| Disposals | – | – | (5,266,317) | – | – | – | (5,266,317) |
| At 31 January 2005 | | | | | | | |
| Cost | – | 6,474,789 | 162,646,017 | 1,323,989 | 258,113 | 1,333,137 | 172,036,046 |
| Valuation | 71,066,685 | – | – | – | – | – | 71,066,684 |
| | 71,066,685 | 6,474,789 | 162,646,017 | 1,323,989 | 258,113 | 1,333,137 | 243,102,730 |
| Accumulated depreciation | | | | | | | |
| At 1 February 2004 | | | | | | | |
| Acquisition of subsidiary | 214,460 | – | 112,605,178 | 143,927 | 119,238 | – | 113,082,803 |
| Charge for the financial year | 878,636 | 129,496 | 6,624,780 | 114,687 | 15,547 | – | 7,763,146 |
| Revaluation | – | – | – | – | – | – | – |
| Disposals | – | – | (5,233,809) | – | – | – | (5,233,809) |
| At 31 January 2005 | 1,093,096 | 129,496 | 113,996,149 | 258,614 | 134,785 | – | 115,612,140 |
| Net book value | | | | | | | |
| At 31 January 2005 | | | | | | | |
| Cost | – | 6,345,293 | 48,649,868 | 1,065,375 | 123,328 | 1,333,137 | 57,517,001 |
| Valuation | 69,973,589 | – | – | – | – | – | 69,973,589 |
| | 69,973,589 | 6,345,293 | 48,649,868 | 1,065,375 | 123,328 | 1,333,137 | 127,490,590 |
| At 31 January 2004 | | | | | | | |
| Cost | – | – | – | – | – | – | – |
| Valuation | – | – | – | – | – | – | – |
| | – | – | – | – | – | – | – |



| Company | Long term leasehold land and building RM | Motor vehicle RM | Total RM |
|-------------------------------|---|---------------------------------|---------------------|
| 2005 | | | |
| Cost/Valuation | | | |
| At 1 February 2004 | – | – | – |
| Additions | 6,474,789 | 576,291 | 7,051,080 |
| At 31 January 2005 | <u>6,474,789</u> | <u>576,291</u> | <u>7,051,080</u> |
| Accumulated depreciation | | | |
| At 1 February 2004 | – | – | – |
| Charge for the financial year | 129,496 | 57,629 | 187,125 |
| At 31 January 2005 | <u>129,496</u> | <u>57,629</u> | <u>187,125</u> |
| Net book value | | | |
| At 31 January 2005 | <u>6,345,293</u> | <u>518,662</u> | <u>6,863,955</u> |
| At 31 January 2004 | <u>–</u> | <u>–</u> | <u>–</u> |

The freehold properties stated at valuation by the subsidiary company were revalued by directors based on valuation carried out by an independent firm of professional valuers in the financial year 2004 on an open market value basis.

The net carrying amounts of the revalued freehold properties that would have been included in the financial statements had these properties been carried at cost less accumulated depreciation is RM36,341,043 (2004: RM37,174,085).

10. INVESTMENT IN SUBSIDIARY

| | Company | |
|--------------------------|--------------------|--------------------|
| | 2005 RM | 2004 RM |
| Unquoted shares, at cost | <u>134,061,998</u> | <u>–</u> |

The subsidiary company, which is incorporated in Malaysia is as follows:

| Name | Principal Activities | Equity interest | |
|----------------------------|--|------------------------|-------------------|
| | | 2005 % | 2004 % |
| Mycron Steel CRC Sdn. Bhd. | Manufacturing and trading of cold rolled steel sheets in coils | 100 | – |

The Company is a subsidiary company of Melewar Industrial Group Berhad, a company incorporated in Malaysia.



13. TRADE AND OTHER RECEIVABLES

| | Group 2005 RM | Company 2005 RM | 2004 RM |
|------------------------------------|------------------------------|--------------------------------|--------------------|
| Trade receivables | 50,953,280 | – | – |
| Less: Allowance for Doubtful Debts | (1,816,368) | – | – |
| | <hr/> | <hr/> | <hr/> |
| Other receivables | 49,136,912 | – | – |
| Deposits | 283,388 | – | – |
| Prepayments | 5,091,923 | 4,500 | – |
| | 111,832 | 2,304 | – |
| | <hr/> | <hr/> | <hr/> |
| | 54,624,055 | 6,804 | – |

Trade receivables comprise amounts receivable from the sales of goods and services rendered to customers. Other receivables are from the normal business transactions of the Group.

All trade receivables are granted credit periods of between 30 to 90 days.

14. SIGNIFICANT INTERCOMPANY TRANSACTIONS AND BALANCES

The amount owing by/(to) the ultimate holding company, subsidiary company and related companies are unsecured, interest free and have no fixed terms of repayment. The intercompany balances are as follows:

| | Group 2005 RM | Company 2005 RM | 2004 RM |
|--|------------------------------|--------------------------------|--------------------|
| Amount owing by ultimate holding company | 6,831,368 | – | – |
| Amount owing by subsidiary company | – | 65,525,889 | – |
| Amount owing by a related company | 96,498 | – | – |
| Amount owing to a related company | (89,752) | – | – |

The Group has related party relationships with its subsidiary company, its ultimate holding company and the subsidiary companies of its ultimate holding company.

The following are companies in which directors of the Company, Tunku Dato' Seri Iskandar bin Tunku Abdullah and Tunku Dato' Ya'acob bin Tunku Abdullah have or are deemed to have financial interests in:

- Mitra Malaysia Sdn. Bhd.
- Trace Management Services Sdn. Bhd.
- Malaysian Assurance Alliance Sdn Bhd.
- Wira Security Services Sdn. Bhd.
- MAA Corporate Advisory Sdn. Bhd.

Transactions with related parties during the financial year are as follows:

| | Group 2005 RM |
|---|------------------------------|
| Corporate Secretarial Services provided by – Trace Management Services | 51,570 |
| Corporate Consultancy Services provided by – MAA Corporate Advisory Sdn Bhd | 789,500 |
| Travel tickets provided by – Mitra Malaysia Sdn Bhd | 22,106 |
| Provision of insurance business – Malaysian Assurance Alliance Berhad | 245,757 |
| Security Guard Services provided by – Wira Security Services Sdn Bhd | 82,461 |
| Sales to – Melewar Steel Mills Sdn Bhd | 547,207 |
| – Melewar Industrial Group Berhad | 66,411,435 |
| Engineering Consultation Services by – Melewar Integrated Engineering Sdn Bhd | 1,330,357 |
| Purchases from – Melewar Industrial Group Berhad | 20,116 |
| Provision of payroll and information technology services – Melewar Industrial Group Berhad | 40,000 |
| Rental and deposits – Melewar Steel Mills Sdn Bhd | 27,000 |

15. CASH AND CASH EQUIVALENTS

| | Group 2005 RM | Company 2005 RM | 2004 RM |
|---|------------------------------|--------------------------------|--------------------|
| Deposits with licensed financial institutions | 3,400,000 | – | – |
| Cash and bank balances | 5,274,408 | 133,939 | 2 |
| | <u>8,674,408</u> | <u>133,939</u> | <u>2</u> |

Cash and bank balances are deposits held at call with licensed financial institutions.

All deposits with licensed financial institutions are denominated in Ringgit Malaysia and earn effective interest rates of between 2.62% to 2.65% (2004: 2.20% and 2.68%) per annum and have maturity periods of less than one year.



16. TRADE AND OTHER PAYABLES

| | Group 2005 RM | Company 2005 RM | 2004 RM |
|----------------|------------------------------|--------------------------------|--------------------|
| Trade payables | 725,832 | – | – |
| Other payables | 2,333,782 | 7,671 | 5,600 |
| Accruals | 819,221 | 57,000 | – |
| | 3,878,835 | 64,671 | 5,600 |

All payables are denominated in Ringgit Malaysia.

Trade payables represent amounts outstanding for trade purchases. Other payables are from the normal business transactions of the Group. The normal credit periods granted by the trade creditors and other creditors are between 7 to 90 days.

17. BORROWINGS

| | Group 2005 RM | Company 2005 RM | 2004 RM |
|----------------------|------------------------------|--------------------------------|--------------------|
| Bankers' acceptances | 9,690,000 | – | – |
| Revolving credits | 34,800,000 | – | – |
| | 44,490,000 | – | – |

The bankers' acceptances amounting to RM9,690,000 (2004: RM Nil) are secured by a debenture over the fixed and floating assets of the Group, bear interest rates ranging between 3.35% and 3.45% per annum (2004: Nil) and are repayable between 1 and 6 months (2004: Nil).

The revolving credit facility is secured by a debenture over the fixed and floating assets of the Group, bears interest rate of 3.85% per annum and repayable within 1 months.



18. SHARE CAPITAL

The Company increased its authorised share capital from 100,000 ordinary shares of RM1 each to 500,000,000 ordinary shares of RM1 each on 26 February 2004.

| | Group/Company | | | |
|-----------------------------------|--------------------|------------------------|------------------------|------------------------|
| | 2005 | | 2004 | |
| | No. of shares | Nominal value RM | No. of shares RM | Nominal value RM |
| Authorised | | | | |
| Ordinary shares of RM1 each: | | | | |
| At 1 February 2004 | 100,000 | 100,000 | 100,000 | 100,000 |
| Created during the financial year | 499,900,000 | 499,900,000 | – | – |
| At 31 January 2005 | <u>500,000,000</u> | <u>500,000,000</u> | <u>100,000</u> | <u>100,000</u> |
| Issued and fully paid | | | | |
| Ordinary shares of RM1 each: | | | | |
| At 1 February 2004 | 2 | 2 | 2 | 2 |
| Created during the financial year | 178,999,998 | 178,999,998 | – | – |
| At 31 January 2005 | <u>179,000,000</u> | <u>179,000,000</u> | <u>2</u> | <u>2</u> |



19. ACQUISITION OF SUBSIDIARY COMPANY

On 11 August 2003, the Company entered into a conditional sale and purchase agreement with MIG for the proposed acquisition of the entire 60,000,000 issued and paid-up share capital of MSCRC from MIG for a purchase consideration of RM 134,061,998, to be satisfied by issuance of 134,061,998 new ordinary shares of RM1.00 each of the Company to MIG. The acquisition was completed on 29 March 2004.

Details of the assets, liabilities and cash flows arising from the acquisition of MSCRC are as follows:

| | At date of acquisition RM |
|---|--|
| Property, plant and equipment | 125,369,235 |
| Inventories | 38,057,086 |
| Trade and other receivables | 42,445,975 |
| Amount owing by MIG | 2,137,216 |
| Deposits with licensed banks | 1,450,000 |
| Cash and bank balances | 2,719,492 |
| Trade and other payables | (11,562,442) |
| Amount owing to MIG | (7,000,000) |
| Current tax | (16,506) |
| Bank borrowing | (51,413,000) |
| Deferred tax liabilities | (2,582,343) |
| | 139,604,713 |
| Reserve on consolidation | (5,542,715) |
| Total purchase consideration | 134,061,998 |
| Purchase consideration discharged by shares issued | (134,061,998) |
| | - |
| Less: Cash and cash equivalent of subsidiary acquired | (4,169,492) |
| Cash inflow on acquisition | 4,169,492 |

As MSCRC is the only subsidiary of the Company, the financial position of the Group is wholly reflective of the post acquisition results and financial position of MSCRC.

20. FINANCIAL INSTRUMENTS

Fair values

The carrying amounts of the financial assets and liabilities of the Group and the Company at 31 January 2005 approximated their fair values.

21. SEGMENT ANALYSIS

No segment analysis is presented as the Group is involved in a single industry segment relating to the manufacturing of steel products. The business of the Group is entirely carried out in Malaysia.

22. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors on 3 May 2005.



STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Azlan bin Abdullah and Chan Sang Whye, being two of the Directors of Mycron Steel Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 45 to 65 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 January 2005 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 3 May 2005

AZLAN BIN ABDULLAH
DIRECTOR

CHAN SANG WHYE
DIRECTOR

Kuala Lumpur
3 May 2005

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Wong Yeap Min, the Officer primarily responsible for the financial management of Mycron Steel Berhad, do solemnly and sincerely declare that the financial statements set out on pages 45 to 65 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

WONG YEAP MIN

Subscribed and solemnly declared by the abovenamed Wong Yeap Min, at Kuala Lumpur in Malaysia on 3 May 2005, before me.

COMMISSIONER OF OATHS



PROPERTIES

Owned by Mycron Steel Berhad and its Subsidiary

| Address of Property | Lease expiry Date | Brief description and existing use | Land/built-up area | Approximate age of buildings (years) | Net Book value RM |
|--|-------------------|------------------------------------|---------------------------------|--------------------------------------|-------------------|
| *Lot 717, Jalan Sungai Rasau, Seksyen 16, 40200 Shah Alam, Selangor. | Freehold | Factory cum office building | 781,423 sq.ft. (17.94 acres) | 16 | 69,973,549 |
| *Two (2) pieces of adjoining vacant industrial lands were acquired in 2003. | | | | | |
| **Flat 10, 19-23 Palace Court, London W2 4LP | 30.9.2995 | Apartment for corporate use | Approximately 1456 sq.ft. | 9 | 6,345,293 |

*** Note: The above property was acquired in 2004*

