



MYCRON STEEL BERHAD

(622819-D)

Annual Report

2010



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Notice of Seventh Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventh (7th) Annual General Meeting of the Company will be held at The Auditorium, Podium 1, Menara MAA, No. 12 Jalan Dewan Bahasa, 50460 Kuala Lumpur on Tuesday, 30 November 2010 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 30 June 2010 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of a first and final single tier dividend of 3.5 sen per share in respect of the financial year ended 30 June 2010. (Resolution 1)
3. To approve the increase in Directors' fees for Non-Executive Directors from RM324,000 to RM374,400 in respect of the financial year ending 30 June 2011 to be payable quarterly in arrears. (Resolution 2)
4. To re-elect the following Directors of the Company who are retiring pursuant to Article 77 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
 - (i) Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah (Resolution 3)
 - (ii) Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah (Resolution 4)
 - (iii) Dato' Narendrakumar Jasani a/l Chunilal Rugnath (Resolution 5)
5. To re-elect En Suhaimi bin Kamaralzaman who is retiring pursuant to Article 83 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 6)
6. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

AS SPECIAL BUSINESS

7. To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:
 - (a) **Proposed Renewal of Authority for the Company to purchase its own shares** (Resolution 8)

"THAT subject to compliance with Section 67A of the Companies' Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority, the Company be and is hereby unconditionally and generally authorised to purchase and hold such number of ordinary shares of RM1 each in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this Resolution does not exceed ten percent (10%) of the issued and paid-up share capital of the Company and that an amount not exceeding the Company's total audited retained profits of RM34,523,585 and share premium account of RM14,918,638 as at 30 June 2010 would be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

AND THAT such authority shall commence immediately upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of shareholders of the Company in a general meeting or upon the expiration of the period within which the next Annual General Meeting is required by law to be held whichever is earlier but not so as to prejudice the completion of purchase(s) made by the Company before the aforesaid expiry date.

AND THAT the Directors be and are hereby authorised to take all steps necessary to implement, finalise and to give full effect to the Proposed Renewal of Share Buy-Back Authority and further that authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the shares so purchased as treasury shares or cancel them or both".

Notice of Seventh Annual General Meeting

(continued)

(b) **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")** (Resolution 9)

"THAT the mandate granted by the shareholders of the Company on 24 November 2009 pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities, authorising the Company and its subsidiaries ("the Mycron Group") to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the Mycron Group's day-to-day operations as set out in Section 3.0 (A) and (B) of Part B of the Circular to Shareholders dated 8 November 2010 ("the Circular") with the related parties mentioned therein, be and is hereby renewed, provided that:

- (a) the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;
- (b) the transactions are made at arm's length and are on normal commercial terms; and
- (c) disclosure will be made in the annual report providing the breakdown of the aggregate value of the transactions conducted pursuant to the mandate during the financial year, amongst others, based on the following information:
 - (i) the type of the RRPTs made; and
 - (ii) the names of the related parties involved in each type of the Recurrent Transactions made and their relationship with the Company.

AND THAT the authority conferred by such renewed and granted mandate shall continue to be in force (unless revoked or varied by the Company in a general meeting) until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at that meeting or Extraordinary General Meeting whereby the authority is renewed; or
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies' Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders in general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

SPECIAL RESOLUTION 1

(c) **Proposed Amendments to the Articles of Association of the Company** (Resolution 10)

"THAT, the proposed new Articles of Association of the Company as set out in Section 1.0 of Part C of the Circular to Shareholders dated 8 November 2010, be and are hereby approved and adopted as the new Articles of Association of the Company AND THAT the Directors of the Company and Company Secretary be and are hereby authorised to take all such steps and carry out all the necessary formalities to give full effect to the proposed adoption of the Company's new Articles of Association."

NOTICE OF CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN that the Register of Members will be closed at 5.00 p.m. on 6 December 2010 for the purpose of determining shareholders' entitlement to the first and final single tier dividend of 3.5 sen per share in respect of the financial year ended 30 June 2010.

The dividend, if approved, will be paid on 28 December 2010 to shareholders whose names appear in the Register of Members of the Company at the close of business on 6 December 2010.

A depositor shall qualify for entitlement only in respect of:

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 6 December 2010 in respect of ordinary transfers; and

Notice of Seventh Annual General Meeting

(continued)

NOTICE OF CLOSURE OF BOOKS (continued)

(b) shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

LILY YIN KAM MAY (MAICSA 0878038)

EZZA HANIE ALIAS (LS 0009238)

Company Secretaries

Kuala Lumpur

8 November 2010

NOTES:

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 may appoint one (1) proxy in respect of each securities account.
3. The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 20.03, 20th Floor, Menara MAA, No.12, Jalan Dewan Bahasa, 50460 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Any alteration in the form of proxy must be initialed.
6. Explanatory notes to Special Business of Agenda 7:

(a) Proposed Renewal of authority for the Company to purchase its own shares

The Proposed Resolution 8, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilising its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. The details of the Proposed Resolution 8 are given under Part A of the Circular to Shareholders dated 8 November 2010 which is dispatched together with the Company's 2010 Annual Report.

(b) Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The Proposed Resolution 9, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

The detailed information on Recurrent Related Party Transactions is set out in Part B of the Circular to Shareholders of the Company dated 8 November 2010 which is dispatched together with the Company's 2010 Annual Report.

(c) Proposed Amendments to Articles of Association of the Company

The Proposed Resolution 10, if passed, will give authority for the Company to amend its Articles of Association in order to align with the amendments of the Main Market Listing Requirements pursuant to the directive from Bursa Securities on the implementation of payment of electronic cash dividend.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities, the details of the Directors who are seeking for re-election or re-appointment in Agenda 4 and 5 of the Notice of the Seventh (7th) Annual General Meeting of the Company are set out in the Directors' Profile on pages 15 to 19 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 23 of this Annual Report.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of Mycron Steel Berhad and its group of companies ("the Group") for the financial year ended 30 June 2010.

Firstly, let me congratulate all shareholders, customers, suppliers, business partners and staff, in witnessing our Cold Rolled Coil ("CRC") Steel Sheet Division's entry into its 20th anniversary of operation. Your support over the past 20 years has been invaluable, and has made the Mycron Steel name, the very best brand, for quality CRC, in this country.

FINANCIAL RESULTS

The financial year ended 30 June 2010, is the second year of operation, since the commissioning of the plant upgrade and expansion in June 2008, which saw the Group's output design capacity for CRC, expand from 180,000 tonnes a year, to 260,000 tonnes a year, an increase of 45%.

Accordingly, the Group had experienced, for the financial year under review, a significant 41.4% increase in CRC sales volume, to 181,000 tonnes (FY 2009: 128,000 tonnes). Although operating, on a year-by-year basis, at 49.2% of design capacity, the growth in sales bodes well for the CRC manufacturing operation, which currently, on a month-by-month basis, is operating at near full capacity.

In line with this volume growth, sales revenue for the Group had increased substantially by 21.5%, to RMRM465.4 million, from RM383.3 million in the previous financial year.

The Group recorded a Profit After Tax of RM RM25.4 million, a strong turnaround from the Loss After Tax of RM38.4 million in the previous year, which was caused by impairment provisions, following the collapse in raw material Hot Rolled Coil ("HRC") Steel Sheet prices during the global economic crisis of 2008.

The Group's Net Assets have increased to RM1.45 per share (FY 2009: RM1.31 per share) with earnings for the financial year growing to a healthy 14 sen per share.

PROPOSED DIVIDEND

The Directors have recommended a dividend of 3.5 sen, being the final dividend for the year ended 30 June 2010.

OPERATING OVERVIEW

The global economic crisis has had a negative impact, on the international steel industry, in 2009. Fortunately, this negative trend, caused by heavy inventory de-stocking by manufacturers, came to an end, and was followed by inventory re-stocking activities, by early 2010.

During the first half 2010, the global CRC industry, witnessed further demand improvements, in particular, from manufacturers of air-conditioners following the heat wave in Europe, and manufacturers of television sets preceding the world cup football. This increase in demand for CRC, coupled with the anticipation of increasing sales price, following a similar increase in raw material prices, namely for iron-ore and coking-coal, resulted in significant increases in sales revenue, for the global steel industry, during 2010.

In line with the international scene, domestically, 2009 also witnessed a fall in Malaysia's total consumption of CRC-related products, to 2.63 million tonnes (2008: 3.00 million tonnes), representing a fall in demand of 12.3%. Similarly, the recovery in domestic flat steel demand also began towards the end of 2009, helped by increased economic activity, which was partly boosted by the Government's fiscal and monetary stimulus measures. The implementation by the Ministry of International Trade and Industry ("MITI") of its New Steel Policy in August 2009, and its introduction of Mandatory Standards, had also helped to promote the use of locally manufactured steel products.

For the Group, CRC sales experienced a steady increase in monthly orders, during the financial year under review, with particularly strong demand from January 2010 onwards. The improved quality of the Group's CRC products, as a consequence of the June 2008 plant upgrade, had helped to significantly improve demand for the Group's CRC products. Of particular note, is the penetration by the Group, into two new customer sectors, which it had previously no access to, namely the automotive and the galvanizing sector.

This combination of increased demand, and penetration into new markets, has helped the Group attain significant and sustained operating efficiencies and economy.

BUSINESS OUTLOOK

The Group is confident of the long-term growth potentials, for the manufacturing, electronic, palm-oil and petroleum industry of Malaysia. All these industries require CRC as a core component, either in the form of a raw material, or in the form finished products, like oil drums, and it is the view of the Group, that demand for its CRC products, will enjoy similar long-term growth prospects.

BUSINESS OUTLOOK (continued)

To feed the country's manufacturing appetite for CRC, Malaysia has been a substantial importer of CRC, with 2009 showing CRC-related product imports of 1.43 million tonnes (2008: 1.62 million tonne). With such a large amount of imported CRC, the opportunities for the Group, to penetrate new markets, and play its role in import-substitution, is tremendous.

MALAYSIA FLAT STEEL 2009 COLD ROLLED SHEETS	Production (tonnes)	Import (tonnes)	Export (tonnes)	Consumption (tonnes)
Cold Rolled Coils (CRC) Sheet	599,706	817,838	78,323	1,339,221
Galvanized Zinc Sheets	391,000	244,131	28,515	606,616
Color Coated Sheets	212,209	25,806	35,727	202,288
Other Metallie Coated Sheets	-	17,659	17,630	29
Tin Plated Sheets	140,000	57,947	41,044	156,903
Electro-Galvanized Iron (EGI) Sheets	95,800	178,571	22,904	251,467
Cold-Rolled Electrical Tubes	-	83,581	5,112	78,469
	1,438,715	1,425,533	229,255	2,634,993

(Source: MISIF, Malaysian Iron and Steel Industry Federation)

Operationally, the Group's sale of CRC, to the automotive sector has strengthened, and is expected to constitute 10% of product mix, by the end of the next financial year.

In the long-term, the automotive sector will play a significant part, in the demand for domestic CRC, much of which is currently being imported. In 2009, the Malaysian Automotive Association reported domestic assembly of 489,000 new passenger and commercial vehicles. With a typical passenger car containing 1.0 tonne of steel, of which CRC steel content is 0.5 tonnes, the automotive industry's estimated consumption of 245,000 tonnes of CRC annually, bodes well for this sector.

During the year, the Group had succeeded in expanding, its business to the automotive sector, with increased commitments to purchase the Group's CRC products, by Proton, for use by its suppliers and vendors. In this regard, the Group was recently awarded, a contract to supply CRC to Proton's vendors, totaling 12,000 tonnes for one year. At current prices, this contract is worth more than RM 30 million in sales.

Another positive development was Perodua's recently completed test and evaluation of the Group's CRC, for use in 23 of its motor vehicle components. Should all go well, the Group is targeting to supply CRC to Perodua, for the Myvi replacement model, scheduled to be launched in 2011.

Apart from the automotive sector, the Group has made significant penetration, in the supply of CRC to the Steel-Galvanizing & Colour-Coating sector, in particular the Steel-Roofing and the Electro-Galvanizing manufacturers. Demand for the Group's high quality CRC, by these sectors, have been growing steadily, and is expected to constitute 15 – 20 % of product mix, by the end of the next financial year.

Other customer sectors, such as Steel Service Centres, Palm-Oil & Petroleum Drum fabricators, and Steel Pipe and Conduit manufacturers, are expected to remain relatively stable.

As the Group enters a new decade, it will remain focused in its core business activity, of being the CRC supplier of choice in Malaysia.

PROSPECTS FOR THE NEW FINANCIAL YEAR (continued)

Steel prices have begun to soften, since the end of the financial year to 30 June 2010, due primarily to market corrections and seasonal slowdowns. The threat of overproduction by steel mills in China, which could flood the international market, with cheap steel, has always been a possibility, and has dampened the rise in steel price and demand.

The steel industry has historically been cyclical and highly sensitive to global economic conditions, as well as the volatility of raw material price, such as iron-ore and coking-coal. In view of this, the Group will continue to remain focused, and is prepared to exercise operational flexibility, in the face of any volatile situation.

The Group will continue to closely monitor, the global and domestic steel demand patterns, and will maintain its cautious inventory management policy, of only purchasing HRC raw materials, to match direct customer CRC committed and projected orders.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my gratitude to our shareholders, customers, suppliers, business partners and staff for their continued support, and I look forward to many successful years ahead, as one family, under the Mycron Steel brand name.

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah

Chairman

Corporate Social Responsibility

The Group recognises its social obligation as an integral part towards being an internationally competitive marketplace. To create long-term value for our stakeholders, we will build on our platform of supporting strong corporate governance by providing a conducive workplace, embedding environmental and social considerations into our operations. We will strive to develop and maintain policies and practices that promote positive social and environmental impact.

WORKPLACE

The Group wants to be recognised as a responsible employer, offering fair employment practices and remuneration, a safe working environment, provides training and support for skill enhancement, ensuring work-life balance. To this end, the Group wants to be a company that respects all employees and promote human rights within our sphere of influence. The Group continues to provide training programmes for employees to ensure they are equipped with appropriate skills and knowledge to grow and prosper together with the Group they work for. The Group has also implemented a policy whereby employees are rewarded when safety measures are adhered fully with no lost time injury in their workplace. We adapt "Safety First" as our work culture in our operations and business activities.

Besides the above, the Group also ensures that all employees are adequately provided for with medical and hospitalisation benefits as well as health and personal accident insurance. Whilst we continuously seek to improve the performance of our people, we also strive to create a balanced workforce whereby social gatherings and recreational activities are encouraged. These include Annual Dinners, sports tournaments, weekly sports events and the establishment of a staff recreational club to encourage physical well being, greater employee interaction, as well as to cultivate team spirit amongst the employees.

ENVIRONMENT

The Group embeds an environment-friendly management system in our operational process and business activities in compliance with the applicable environment regulations and laws at all times. We also recognise the importance of improving the environment in which we operate and we endeavour to use our unique access to encourage other companies to address this need.

The Group constantly monitors areas of environmental concerns relating to its businesses in order to prevent damage to the environmental resources. In 2010, we implemented a rainwater-harvesting project. The rainwater is harvested, filtered, treated and stored before it is utilised in our cold rolling production process. This project would help to reduce our dependency on the water supply by approximately ten percent (10%). In the long run, the rainwater-harvesting project will help to replenish the depleting water resources as well as better environmental resources management.

We have also undertaken a study to conserve electrical energy through an E-Energy Saver project from a leading energy management technology from Korea that promises a way of revolutionising energy efficiency through a patented technology known as 'Balanced Wave'. To this end, the Group is exploring feasible opportunities to prevent wastage of resources with an estimated ten to fifteen percent (10-15 %) of electrical consumption being saved from our operations and business activities.

COMMUNITY

As a socially conscious corporate citizen, we are also concerned of the safety and security in our neighborhood community. Since 2009, when the Neighborhood Watch Programme (NWP) Section 16 Shah Alam was established, we have been actively participating in the programme. The main objective of the programme is to establish an information sharing network as well as to foster better cooperation in improving safety and security measures in community areas. To attain this objective, the Group always support various activities carried out by local authorities such as Majlis Bandaraya Shah Alam, Polis Diraja Malaysia and Jabatan Bomba.

The Group also continues to look out for the well-being of orphans by responding to fund-raising requests from orphanages, for example The Budimas Charitable Foundation, a foundation specifically set up to care, nurture homeless children to which the Group has committed to support and make donation to on a regular basis. The Group believes that children are our next generation of leaders and must be taken care in such healthy and harmonious environment.

THE MARKET PLACE

The Group is committed in building a sustainable, innovative and competitive marketplace that is receptive to the needs of our stakeholders and takes into consideration the key social and environmental issues to aid in the formulation of best practices. The Group ensures the delivery of quality through enhancement of quality meeting its standards of excellence provision of products and services that address our stakeholders' needs and aspirations.

To achieve the best standards of quality, the Group embarked on an ISO accreditation and was accredited with MS ISO 9001:2000 in October 2002 and is currently working on further accreditation with MS ISO 9001:2008. We take pride that our products meet international standards that are recognised worldwide.

This, together with the securing of fair profits, fair employment and continuously improving on its best practice business strategies constitutes the foundation of our business and fundamental Corporate Social Responsibility.

Corporate Information

Domicile	:	Malaysia
Legal Form & Place of Incorporation	:	A public listed company incorporated in Malaysia under the Companies' Act, 1965 and limited by shares
Directors	:	<p>Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah</p> <ul style="list-style-type: none">• Non-Independent Non-Executive Chairman <p>Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah</p> <ul style="list-style-type: none">• Non-Independent Non-Executive Director <p>Dato' Zulkify @ Sofi bin Haji Mustapha</p> <ul style="list-style-type: none">• Non-Independent Non-Executive Director <p>En Azlan bin Abdullah</p> <ul style="list-style-type: none">• Executive Director/Chief Executive Officer <p>Dato' Abu Talib bin Mohamed</p> <ul style="list-style-type: none">• Independent Non-Executive Director <p>Dato' Narendrakumar Jasani a/l Chunilal Rugnath</p> <ul style="list-style-type: none">• Independent Non-Executive Director <p>Datuk Lim Kim Chuan</p> <ul style="list-style-type: none">• Non-Independent Non-Executive Director <p>Mr Paul Chan Wan Siew</p> <ul style="list-style-type: none">• Independent Non-Executive Director <p>En Suhaimi bin Kamaralzaman</p> <ul style="list-style-type: none">• Non-Independent Non-Executive Director
Secretaries	:	<p>Ms Lily Yin Kam May</p> <p>Ms Ezza Hanie Alias</p>
Audit Committee	:	<p>Dato' Narendrakumar Jasani a/l Chunilal Rugnath</p> <ul style="list-style-type: none">• Chairman <p>Dato' Abu Talib bin Mohamed</p> <ul style="list-style-type: none">• Member <p>Mr Paul Chan Wan Siew</p> <ul style="list-style-type: none">• Member
Registrar & Transfer Office	:	<p>Trace Management Services Sdn Bhd Suite 20.03, 20th Floor, Menara MAA, No. 12 Jalan Dewan Bahasa 50460 Kuala Lumpur Telephone No: 03 - 2141 3060 Telefax No: 03 - 2141 3061</p>
Registered Office	:	<p>Suite 20.03, 20th Floor, Menara MAA, No. 12 Jalan Dewan Bahasa 50460 Kuala Lumpur Telephone No: 03 - 2141 3060 Telefax No: 03 - 2141 3061</p>

Corporate Information

(continued)

Principal Place of Business	:	Lot 717 Jalan Sungai Rasau Seksyen 16 40200 Shah Alam Selangor Darul Ehsan Telephone No: 03 - 5510 6608 Telefax No: 03 - 5510 3720
Solicitor	:	Othman Hashim & Co. Suite 18.04, 18th Floor Menara MAA No. 12 Jalan Dewan Bahasa 50460 Kuala Lumpur Telephone No: 03 - 2142 3399 Telefax No: 03 - 2141 4685
Auditors	:	Messrs PricewaterhouseCoopers (AF 1146) Level 8-15, 1 Sentral Jalan Travers Kuala Lumpur Sentral 50470 Kuala Lumpur Telephone No: 03 - 2173 1188 Telefax No: 03 - 2173 1288
Principal Bankers (In alphabetical order)	:	<ul style="list-style-type: none">• DBS Bank Ltd• Natixis France• OCBC Bank (Malaysia) Berhad
Stock Exchange Listing	:	Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") Stock Number 5087
Website	:	http://www.mycronsteel.com
E-mail	:	enquiry@mycronsteel.com

Mycron Steel Berhad



Mycron Steel Berhad





Profile of Directors



Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah

Aged 50, Malaysian

Non-Independent Non-Executive Chairman

Member of the Executive Committee

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah was appointed to the Board of Directors of the Company on 30 March 2004 as a Non-Independent Non-Executive Director. Subsequently, he was redesignated to Non-Independent Non-Executive Chairman of the Company on 2 May 2008. He is also a director of Mycron Steel CRC Sdn Bhd. He sits on the Boards of Khyra Legacy Berhad, Melewar Industrial Group Berhad, MAA Holdings Berhad, MAAKL Mutual Berhad, Melewar Group Berhad, Gindalbie Metals Ltd (listed on the Australian Stock Exchange), Maveric Ltd (listed on the Singapore Exchange Ltd), Ithmaar Bank (listed on the Bahrain Stock Exchange) and several other private limited companies.

Tunku Dato' Ya'acob graduated with a Bachelor of Science (Hons) Degree in Economics and Accounting from City University, London. An accountant by training, he is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants.

He started his career as an Auditor with Price Waterhouse, London from 1982 to 1985 and subsequently joined Price Waterhouse Kuala Lumpur from 1986 to 1987. He joined Malaysian Assurance Alliance Berhad in 1987 and retired as its Chief Executive Officer in 1999. He currently holds the position of Executive Chairman of MAA Holdings Berhad and the Executive Chairman of Melewar Industrial Group Berhad.

Tunku Dato' Ya'acob sits on the executive board of several trade associations, specifically, the Federation of Public Listed Companies (FPLC) as Vice President and the Federation of Malaysia Investment Managers (FIMM) as President.

He is also the Chairman of the Board of Trustees for MAA Medicare Kidney Charity Fund and The Budimas Charitable Foundation.

Tunku Dato' Ya'acob is the brother to Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah and the brother-in-law to Dato' Zulkifly @ Sofi bin Haji Mustapha. His shareholding in the Company is disclosed on page 23 of the Annual Report.

Tunku Dato' Ya'acob does not have any personal interest in any business arrangements involving the Company.

Tunku Dato' Ya'acob does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.



Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah

Aged 54, Malaysian

Non-Independent Non-Executive Director

Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah was appointed to the Board of Directors of the Company on 10 June 2008 as a Non-Independent Non-Executive Director. He currently sits on the Boards of Melewar Group Berhad and other several private limited companies.

Tunku Dato' Kamil completed his Diploma (OND) Hotel & Catering Management in 1976 and Diploma (HCIMA) Hotel Management in 1978. He also went on to earn a Diploma in Marketing in 1979. In the summers, he trained and worked at the 3-star Regent Place Hotel in London's West End and later at the Chewton Glen, a premium 5-star hotel in the New Forest, Hampshire. In 1990, he graduated with an Executive MBA from Boston University, Graduate School of Management, M.A, USA.

Back in Malaysia, Tunku Dato' Kamil's first job in 1979 was at the Hyatt Regency Hotel in Kuantan, where he served as Assistant Manager and later as Credit Manager. Following this, the diversified family organisation Melewar beckoned and the early 80's saw Tunku Dato' Kamil immersed in its diverse businesses, as Group Operations Director. Following the acquisition of two (2) public listed companies, Granite Industries Berhad and Malaysian Assurance Alliance Berhad in the mid 80's, he was appointed as the Special Projects Director and oversaw several projects, covering different industries and disciplines. In 1989, he went to Boston to do his MBA, returning in 1991 to continue his responsibilities with Melewar and Granite Industries Berhad. He also briefly served on the Board of TDM Berhad.

In mid 90's, Tunku Dato' Kamil set up a multi-concept entertainment business in Kuala Lumpur and Penang. This then saw him offering his expertise to start up similar businesses in Southern Thailand and in Bangkok, where he also consulted for foreign companies in diverse areas such as communications, trading and defense.

By 2001, Tunku Dato' Kamil was back in the Klang Valley with hotel management company Signforce Hospitality where the Tanjung Rhu Resort, Langkawi was his principle responsibility. Currently, as Associate Director, Business Development, Tunku Dato' Kamil spends his time evaluating new projects and finalising plans to develop his beachfront land in Cherating, Pahang for which he has incorporated two (2) companies, Ribuan Bakat Sdn Bhd, a land holding company and Alunan Pantai Sdn Bhd, a development company. He is the past President of the Negeri Sembilan Cricket Association and also sits on the Board of a sociopreneural company, Cosmet Sdn Bhd.

Tunku Dato' Kamil is the brother to Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah. His shareholding in the Company is disclosed on page 23 of the Annual Report.

Tunku Dato' Kamil does not have any personal interest in any business arrangements involving the Company.

Tunku Dato' Kamil does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.

Dato' Zulkifly @ Sofi bin Haji Mustapha

Aged 64, Malaysian

Non-Independent Non-Executive Director

Member of the Nomination Committee, Member of the Remuneration Committee

Dato' Zulkifly @ Sofi bin Haji Mustapha was appointed to the Board of Directors of the Company on 30 March 2004 as a Non-Independent Non-Executive Director. He is also a director of Mycron Steel CRC Sdn Bhd ("MSCRC"). He is currently the Chairman of M3nergy Berhad and sits on the Board of The Melewar Corporation Berhad and several other private limited companies.

He has extensive experience in the property and development sector and holds a Master of Philosophy from the University of Reading, England.

Dato' Zulkifly is the brother in-law to Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah. His shareholding in the Company is disclosed on page 23 of the Annual Report.

Dato' Zulkifly does not have any personal interest in any business arrangements involving the Company.

Dato' Zulkifly does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.

Azlan bin Abdullah

Aged 52, Malaysian

Executive Director/Chief Executive Officer

Chairman of the Executive Committee

En Azlan bin Abdullah was appointed to the Board of Directors of the Company on 30 March 2004 as an Executive Director/Chief Executive Officer. He is also an Executive Director/Chief Executive Officer of Mycron Steel CRC Sdn Bhd. He sits on the Boards of Melewar Industrial Group Berhad, Bandar Raya Developments Berhad, HSBC Amanah Malaysia Berhad and several other private limited companies.

En Azlan holds a Bachelor of Science Degree in Business Administration from Trinity University, San Antonio, Texas, USA and a Masters Degree in Business Administration from Morehead State University, Kentucky, USA. He started his career in 1983 with Citibank N A and in 1987, he joined United Asian Bank ("UAB") where he started and headed the Treasury Marketing Unit. After UAB merged with Bank of Commerce, he was subsequently promoted to Head of Priority Banking Division and Branch Manager of KL Main Branch in 1992. In 1994, he rejoined Citibank Berhad as Vice President and Head of Public Sector Division.

En Azlan has no family ties with any of the directors and/or major shareholders of the Company. His shareholding in the Company is disclosed on page 23 of the Annual Report.

En Azlan does not have any personal interest in any business arrangements involving the Company.

En Azlan does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.



Dato' Abu Talib bin Mohamed

Aged 62, Malaysian

Independent Non-Executive Director

Chairman of the Nomination Committee, Chairman of the Remuneration Committee, Member of the Audit Committee

Dato' Abu Talib bin Mohamed was appointed to the Board of Directors of the Company on 30 March 2004 as an Independent Non-Executive Director ("INED").

Dato' Abu Talib is a Fellow Member of the Chartered Institute of Management Accountants of the United Kingdom and also member of the Malaysian Institute of Accountants. He has extensive knowledge of the steel industry as the Director of Perwaja Steel Sdn Bhd and he is presently the Executive Chairman of PFC Engineering Sdn Bhd.

Dato' Abu Talib is the Deputy Chairman of Ipmuda Berhad and sits on the Board of Kinsteel Berhad, Bright Focus Berhad and Perwaja Holdings Berhad.

Dato' Abu Talib has no family ties with any of the directors and/or major shareholders of the Company nor any shareholding in the Company.

Dato' Abu Talib does not have any personal interest in any business arrangements involving the Company.

Dato' Abu Talib does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.



Dato' Narendrakumar Jasani a/l Chunilal Rugnath

Aged 60, Malaysian

Independent Non-Executive Director

Chairman of the Audit Committee, Member of the Risk Management Committee

Dato' Narendrakumar Jasani a/l Chunilal Rugnath was appointed to the Board of Directors of the Company on 30 March 2004 as an Independent Non-Executive Director ("INED"). He is the Chairman of the Audit Committee and a member of the Risk Management Committee of the Company.

Dato' Jasani is currently the Managing Partner of SJ Grant Thornton, a firm of public accountants. He qualified as a Chartered Accountant in England in 1974. He gained experience with Grant Thornton in the United Kingdom and locally with Ernst & Young. Whilst with the two (2) firms, he was involved in rendering professional services for large financial institutions and a number of other international and listed public companies.

Dato' Jasani has been involved in all aspects of professional practice including auditing, consulting and investigative assignments, corporate restructuring and privatisation. He is the Secretary for the National Insurance Association of Malaysia. He also contributes towards the professional development of the accounting standards and practice via his involvement as an elected Council Member of the Malaysian Institute of Accountants, the Institute of Chartered Accountants in England and Wales (ICAEW) as well as Grant Thornton's development of audit methodology. He was also the Founding Chairman of the ICAEW's Malaysian chapter for four (4) years and also serve on the Council of the Malaysian Institute of Accountants.

Dato' Jasani has no family ties with any of the directors and/or major shareholders of the Company nor any shareholding in the Company.

Dato' Jasani does not have any personal interest in any business arrangements involving the Company.

Dato' Jasani does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.



Datuk Lim Kim Chuan

*Aged 51, Malaysian
Non-Independent Non-Executive Director
Member of the Executive Committee*

Datuk Lim Kim Chuan was appointed to the Board of Directors of the Company on 30 March 2004 as a Non-Independent Non-Executive Director. He is also a director of Mycron Steel CRC Sdn Bhd ("MSCRC"). He is currently an Executive Director of Melewar Industrial Group Berhad and serves as an Alternate Director to Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah on the Board of Gindalbie Metals Ltd (listed on the Australian Stock Exchange). He also sits on the Boards of the Group's subsidiaries and several other private limited companies.

Datuk Lim has over thirty one (31) years of experience in the finance and manufacturing industries. He started his career with OCBC Finance Berhad in 1979. He left in 1983 to join MUI Finance Berhad. He joined the Melewar Group in 1985 and was appointed as the General Manager and director of its equipment leasing division. In 1991, he started a new credit and leasing company under the Group and was its Chief Executive Officer until 2003. He is currently the Chief Principal Officer of Khyra Legacy Berhad, which is the ultimate holding company of the Company.

Datuk Lim has no family ties with any of the directors and/or major shareholders of the Company. His shareholding in the Company is disclosed on page 23 of the Annual Report.

Datuk Lim does not have any personal interest in any business arrangements involving the Company.

Datuk Lim does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.



Paul Chan Wan Siew

*Aged 59, Malaysian
Independent Non-Executive Director*

*Chairman of the Risk Management Committee, Member of the Audit Committee,
Member of the Nomination Committee, Member of the Remuneration Committee*

Mr Paul Chan Wan Siew was appointed to the Board of Directors of the Company on 30 March 2004 as an Independent Non-Executive Director ("INED"). He also serves as a Senior INED on the Board of Luxchem Corporation Berhad.

Mr Chan is the President of Business Transitions Asia Sdn Bhd, an independent business advisory entity that serves the professionals and business-owners' community in business consolidation, continuity and succession planning. He has been in public accounting and corporate advisory practice for over twenty five (25) years as a Chartered Accountant, Chartered Secretary and Certified Financial Planner.

Mr Chan is the Deputy President and Founding Board Member of MACD (Malaysian Alliance of Corporate Directors), Secretary-General on the Board of Governors of MICG (Malaysian Institute of Corporate Governance) and an Exco Member of FPLC (Federation of Public Listed Companies). He had served as the President of MAICSA (Malaysian Institute of Chartered Secretaries and Administrators), the President of ACCA Malaysia (Association of Chartered Certified Accountants), an Exco Member of MIA (Malaysian Institute of Accountants) Vice President and Founding Board Member of FPAM (Financial Planning Association of Malaysia) and Chairman of ISO/TC 222 Committee for Malaysia for global development of Personal Financial Planning Standard. He had also served in the Global Advisory Council of the Financial Planning Association, USA.

Mr Chan has no family ties with any of the directors and/or major shareholders of the Company nor any shareholding in the Company.

Mr Chan does not have any personal interest in any business arrangements involving the Company.

Mr Chan does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.



En Suhaimi bin Kamaralzaman

Aged 42, Malaysian

Non-Independent Non-Executive Director

Member of the Risk Management Committee, Member of the Executive Committee

En Suhaimi was appointed to the Board of Directors of the Company on 23 February 2010 as a Non-Independent Non-Executive Director. He is currently the Managing Director/Chief Executive Officer of Melewar Industrial Group Berhad.

En Suhaimi holds a Bachelor of Arts in Accounting and Management Science, University of Kent at Canterbury, United Kingdom. He is also a member of the Malaysian Institute of Accountants and Institute of Chartered Accountants in England & Wales (ICAEW).

Prior to this appointment, En Suhaimi was the Chief Executive Officer of Pengurusan Aset Air Berhad (PAAB) from 1 January 2007 to 30 June 2009. Under his tenure, En Suhaimi successfully signed the acquisition of the water assets for Melaka, Negeri Sembilan and Johor. Prior to PAAB, En Suhaimi was CEO of Indah Water Konsortium Sdn Bhd for more than six (6) years from August 2000 to December 2006. In 2005, Malaysian Water Association awarded Indah Water the Malaysian Water Award for Management for excellence in total water management and operational efficiencies. In 1998, En Suhaimi was attached as an Accountant to the high-powered National Economic Action Council (NEAC). Before joining the NEAC, En Suhaimi served with chartered accounting firms in Malaysia and the United Kingdom. He also briefly served with Malaysia's national oil corporation, PETRONAS, between 1994 and 1996.

En Suhaimi has no family ties with any of the directors and/or major shareholders of the Company.

En Suhaimi does not have any personal interest in any business arrangements involving the Company.

En Suhaimi does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.

Group Financial Highlights

	2001	2002	2003	2004	2005(a)	2005(b)	2006	2007***	2008	2009	2010
1. Result of Operations											
Revenue (RM mil)	181.7	160.2	201.0	269.6	357.3	304.3	325.5	482.3	406.1	383.3	465.4
Profit/(Loss) Before Tax (RM mil)	30.0	19.0	33.9	32.7	35.7	30.7	(15.6)	29.4	16.7	(49.7)	32.3
Profit/(Loss) After Tax (RM mil)	30.0	37.6	23.9	23.6	26.1	22.7	(12.2)	21.8	30.3	(38.4)	25.5
2. Balance Sheet											
Share Capital (RM mil)	60.0	60.0	60.0	60.0	179.0	179.0	179.0	179.0	179.0	179.0	179.0
Total Equity (RM mil)	186.5	224.1	234.5	136.2	222.1	222.2	228.0	247.2	275.9	233.8	259.4
Total Assets (RM mil)	241.2	265.8	246.0	217.1	279.7	279.7	329.8	426.4	526.5	437.4	531.4
3. Financial Ratio											
Return on Equity (%)	16	17	10	17	15	13	(5)	9	11	(16)	10
Net Borrowings/Equity (Times)	-	-	-	0.40	0.16	0.16	0.26	0.54	0.73	0.68	0.74
Current Assets/Current Liabilities (Times)	2.22	2.62	10.95	1.13	3.12	3.12	1.71	1.69	1.29	1.05	1.09
Pre-Tax Profit/(Loss)/Average Equity (%)	18	9	15	18	20	17	(7)	12	6	(21)	12
Pre-Tax Profit/(Loss)/Revenue (%)	17	12	17	12	10	10	(5)	6	4	(13)	7
4. Per Share**											
Net Tangible Asset per share (RM)	-	-	-	-	1.24	1.24	1.27	1.38	1.54	1.31	1.45
Net Earnings per share (sen)	-	-	-	-	18.6	16.1	(6.8)	8.6	16.9	(21.5)	14.3
5. Dividend**											
First and Final (%) (Tax Exempt)	-	-	-	-	7.0	7.0	-	-	-	-	-
First and Final (%) (Gross)	-	-	-	-	-	-	-	-	2.5	-	-
First and Final (%) (Single Tier)	-	-	-	-	-	-	-	-	-	-	3.5
Final (%) (Tax Exempt)	-	-	-	-	-	-	-	1.5	-	-	-
Interim (%) (Tax Exempt)	-	-	-	-	-	-	-	2.0	-	-	-

* Mycron Steel Berhad acquired Mycron Steel CRC Sdn Bhd (formerly known as Cold Rolling Industry (Malaysia) Sdn Bhd) on 29 March 2004. The column Year 2005(a) is deemed to be representative of the proforma results of Mycron Steel Berhad for the full financial year. The column Year 2005(b) is the 10 months postacquisition results of Mycron Steel Berhad. The figures for the years 1998 to 2004 were for Mycron Steel CRC Sdn Bhd.

** The ratio in Items 4 & 5, for the Year 2001 to 2004 were not shown as the share capital at that time was only 60 million. The ratios for the year 2005 were calculated using the average shareholders funds for the year 2005 since there were significant changes to the shareholders funds during the year.

*** The column Year 2007 is for 17 months due to the change in financial year end from 31 January to 30 June during the year.

Analysis of Shareholdings

As at 15 October 2010

Authorised Share Capital	-	RM500,000,000
Issued and Paid-up Capital	-	RM179,000,000
Class of Shares	-	Ordinary Shares of RM1 each
Voting Rights	-	1 Vote Per Ordinary Share
No. of Shareholders	-	6,435

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	431	6.70	19,238	0.01
100 - 1,000	2,700	41.96	1,564,406	0.87
1,001 - 10,000	2,576	40.03	11,172,661	6.24
10,001 to 100,000	655	10.18	18,675,504	10.43
100,001 and below 5% of issued shares	71	1.10	40,724,925	22.75
5% and above of issued shares	2	0.03	106,843,266	59.69
TOTAL	6,435	100.00	179,000,000	100.00

THIRTY LARGEST SHAREHOLDERS AS AT 15 OCTOBER 2010

	Name	Ordinary Shares of RM1 each	⁽¹⁾ % of Issued Capital
1.	Melewar Industrial Group Berhad	97,504,766	54.79
2.	Melewar Equities (BVI) Ltd	9,338,500	5.25
3.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary : Exempt an for Daiwa Capital Markets Singapore Limited)	5,370,000	3.02
4.	Amanahraya Trustees Berhad (Beneficiary : Skim Amanah Saham Bumiputera)	5,156,700	2.90
5.	Amsec Nominees (Tempatan) Sdn Bhd (Beneficiary : Pledged securities account for Avenue Serimas Sdn Bhd)	5,129,700	2.88
6.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary : Marubeni-Itochu Steel Inc.)	3,580,000	2.01
7.	Malaysian Assurance Alliance Berhad	1,980,000	1.11
8.	Melewar Equities Sdn Bhd	1,737,500	0.98
9.	MAA Bancwell Trustee Berhad (Beneficiary : As beneficial owner)	1,150,000	0.65
10.	Avenue Serimas Sdn Bhd	1,000,900	0.56
11.	Lim Seng Chee	879,100	0.49
12.	Lembaga Tabung Haji	856,800	0.48
13.	Leong Kok Tai	848,300	0.48
14.	Yeoh Kean Hua	560,000	0.31

(continued)

THIRTY LARGEST SHAREHOLDERS AS AT 15 OCTOBER 2010 (continued)

	Name	Ordinary Shares of RM1 each	⁽¹⁾ % of Issued Capital
15.	Pacific Strike Sdn Bhd	544,200	0.31
16.	Ng Teng Song	526,900	0.30
17.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd (Beneficiary : Kim Eng Securities Pte Ltd for Divyesh Nagindas Doshi)	385,200	0.22
18.	Datuk Lim Kim Chuan	385,000	0.22
19.	Chin Yok Lay @ Chin Yok Lin	379,000	0.21
20.	Mayban Nominees (Tempatan) Sdn Bhd (Beneficiary : Wong Ai Nong)	342,000	0.19
21.	Teo Lai Kuang	330,000	0.18
22.	A. A. Anthony Nominees (Asing) Sdn Bhd (Beneficiary : UOB Kay Hian Pte Ltd for Bradford Securities Ltd)	320,475	0.18
23.	Lim Seng Qwee	309,600	0.17
24.	Soo Teong Chuan	301,000	0.17
25.	YAM Tunku Nadzaruddin ibni Tuanku Ja'afar	283,600	0.16
26.	Wong Yeap Min	275,000	0.15
27.	Chan Seng Cheong	254,000	0.14
28.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd (Beneficiary : Kim Eng Securities Pte Ltd for Quek Eng Wah)	250,000	0.14
29.	Kum Mun Ho	250,000	0.14
30.	AmBank (M) Berhad (Beneficiary : Pledged securities account for Azlan bin Abdullah)	247,000	0.14
	TOTAL	140,475,241	78.93

Note :

⁽¹⁾ The percentages of the Thirty Largest Shareholders are calculated on the total issued and paid up capital of the Company excluding a total of 1,040,300 Mycron Steel Berhad shares bought back by the Company and retained as treasury shares.

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 15 OCTOBER 2010

Name	Number of Shares Held			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah	-	-	110,560,766	62.13 ^(a)
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah	-	-	110,560,766	62.13 ^(b)
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	-	-	110,560,766	62.13 ^(b)
Dato' Zulkifly @ Sofi bin Haji Mustapha	-	-	110,560,766	62.13 ^(b)
Datin Ezurin Yusnita binti Abdul Malik	-	-	110,560,766	62.13 ^(b)
Melewar Industrial Group Berhad	97,504,766	54.79	-	-
Melewar Equities (BVI) Ltd	9,338,500	5.25	99,484,766	55.90 ^(c)
Khyra Legacy Berhad	-	-	110,560,766	62.13 ^(d)
Iternum Melewar Sdn Bhd	-	-	110,560,766	62.13 ^(e)

DIRECTORS' SHAREHOLDINGS AS AT 15 OCTOBER 2010

Name	Number of Shares Held			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah	-	-	110,560,766	62.13 ^(a)
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah	-	-	110,560,766	62.13 ^(b)
Dato' Zulkifly @ Sofi bin Haji Mustapha	-	-	110,560,766	62.13 ^(b)
Datuk Lim Kim Chuan	385,000	0.22	-	-
Azlan bin Abdullah	247,000	0.14	-	-

Note :

- (1) The percentages of the substantial and directors' shareholdings are calculated on the total issued and paid up capital of the Company excluding a total of 1,040,300 Mycron Steel Berhad shares bought back by the Company and retained as treasury shares.
- (a) Deemed interested by virtue of his indirect substantial shareholdings in Melewar Industrial Group Berhad, Melewar Equities (BVI) Ltd, Malaysian Assurance Alliance Berhad and Melewar Equities Sdn Bhd.
- (b) Deemed interested by virtue of his family relationship with Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, who has substantial shareholdings in the Company through Melewar Industrial Group Berhad, Melewar Equities (BVI) Ltd, Malaysian Assurance Alliance Berhad and Melewar Equities Sdn Bhd. Melewar Industrial Group Berhad, Melewar Equities (BVI) Ltd, Malaysian Assurance Alliance Berhad and Melewar Equities Sdn Bhd holds 54.79%, 5.25%, 1.11% and 0.98% respectively in the Company.
- (c) Deemed interested by virtue of it being a substantial shareholder of Melewar Industrial Group Berhad and Malaysian Assurance Alliance Berhad.
- (d) Deemed interested by virtue of it being the holding company of Iternum Melewar Sdn Bhd who in turn is deemed a substantial shareholder of Melewar Equities Sdn Bhd. Melewar Equities Sdn Bhd is the holding company of Melewar Equities (BVI) Ltd who is a substantial shareholder of the Company.
- (e) Deemed interested by virtue of it being a substantial shareholder of Melewar Equities Sdn Bhd who in turn is the holding company of Melewar Equities (BVI) Ltd, a substantial shareholder of the Company and MAA Holdings Berhad.

Statement on Corporate Governance

The Board of Directors ("the Board") of Mycron Steel Berhad fully appreciates the importance of adopting high standards of corporate governance within the Group. The Board recognises that its primary responsibility is to safeguard and promote the interests of the shareholders and to enhance the long-term value of the Company. The Board continuously strives and is fully committed to maintaining high standards of corporate governance throughout the organisation. The general framework of corporate governance that the Board upholds is one which aims to encourage positive entrepreneurial behavior while ensuring that the appropriate checks and balances are in place so that decisions are made wisely in the long term interests of the Company and its shareholders.

The Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place throughout the financial year under review unless otherwise stated.

BOARD OF DIRECTORS

(a) Board Responsibilities

The Group acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. The Board is generally entrusted with the responsibility to exercise reasonable and proper care of the Company's resources for the best interests of its shareholders and safeguard the Company's assets.

The Board is accountable under the law for the Company's activities, strategies and financial performance. The Board supervises the management of the business and affairs and discharges its duties and obligations by reviewing the adequacy and the integrity of the Company's internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and statutory requirements.

While the Board is responsible for creating the framework and policies within which the Group should be operating, the Management is accountable for the execution of the expressed policies and attainment of the Group's expressed corporate objectives. This demarcation reinforces the supervisory role of the Board.

To facilitate effective discharge of responsibilities, dedicated Board Committees were established guided by clear terms of reference with Directors who have committed time and effort as members. The Board Committees are chaired by Non-Executive Directors who exercise skillful leadership with in-depth knowledge of the relevant industry. Standing committees of the Board include the Audit, Risk Management, Nomination and Remuneration Committees. These Committees have the authority to examine particular issues and will report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, rests with the entire Board.

(b) Board Balance and Composition

The Board currently has nine (9) members comprising of the following:

- One (1) Non-Executive Non-Independent Chairman
- One (1) Executive Director/Chief Executive Officer
- Four (4) Non-Independent Non-Executive Directors
- Three (3) Independent Non-Executive Directors

Premised on the above Board balance, the Board has complied with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities to have at least one-third (1/3) of the Board comprising Independent Directors. The composition of the Board reflects a balance of Executive, Non-Executive and Independent Directors from diverse professional backgrounds with vast experience of a mixture of technical, entrepreneurial and financial skills. The Directors are cognizant of the key role they play in charting the strategic direction, development and control of the Group and have adopted the six (6) primary responsibilities as listed in the Malaysian Code on Corporate Governance ("the Code"). The profiles of the Directors which are set out on pages 15 to 19 illustrate an impressive spectrum of experiences vital to the direction and management of the Company.

There is a clear division of responsibilities between the Chairman and the Executive Director/Chief Executive Officer to ensure that there is a balance of power and authority. The Chairman is primarily responsible for the working of the Board, its membership and participation of the members at Board meetings. The Executive Director/Chief Executive Officer is responsible for the making and execution of strategic goals, effective operation within the Group, to explain, clarify and inform the Board on matters pertaining to the Group.

The Non-Executive Directors support the skills and experience of the Executive Director/Chief Executive Officer, contributing to the formulation of policy and decision making through their knowledge and experience of other business sectors. They provide the necessary balance of power and authority to the Board. They ensure that all policies and strategies formulated and proposed by the Management are fully deliberated and examined and take into account not only against the best long term interests of shareholders, but also to ensure that they take proper account of the interests of employees, customers, suppliers and the communities within which it is represented. They contribute to the formulation of policies and decision making using their expertise and experience.

Statement on Corporate Governance

(continued)

(b) Board Balance and Composition (continued)

The Independent Non-Executive Directors are independent of management and free from any business relationship which could materially interfere with the exercise of their independent judgement. Together, they play an important role in ensuring that the strategies proposed by the Management are fully deliberated and examined, taking into account the long term interest of the shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business.

Any concerns or queries concerning the Group may be referred to Dato' Narendrakumar Jasani a/l Chunilal Rugnath who is the Senior Independent Non-Executive Director.

(c) Board Meetings

The Board meets at least four (4) times a year to review business performance, strategies, business plans and significant policies as well as to consider business and other proposals which require the Board's approval. Ad-hoc Board meetings are held to deliberate on corporate proposals or urgent issues which require the Board's consideration between scheduled meetings.

Senior Management staff may be invited to attend Board meetings to provide the Board with their views and explanations on certain agenda items tabled to the Board and to furnish their clarification on issues that may be raised by the Board.

During the financial year ended 30 June 2010, four (4) meetings were held. The following is the record of attendance of the Directors:

Executive Director	No. of Attendance	%
1. Encik Azlan bin Abdullah	4/4	100
Non-Independent Non-Executive Directors	No. of Attendance	%
1. Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah (Chairman)	4/4	100
2. Dato' Zulkifly @ Sofi bin Haji Mustapha	2/4	50
3. Datuk Lim Kim Chuan	3/4	75
4. Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah	4/4	100
5. En Suhaimi bin Kamaralzaman*	1/1	100
Independent Non-Executive Directors	No. of Attendance	%
1. Dato' Abu Talib bin Mohamed	4/4	100
2. Dato' Narendrakumar Jasani a/l Chunilal Rugnath	4/4	100
3. Mr Paul Chan Wan Siew	4/4	100

Note:

* Appointed to the Board on 23 February 2010.

(d) Supply of Information

The Board Members are given board papers with appropriate support documentation in a timely manner prior to each Board Meeting to enable them to function effectively and allow Directors to discharge their responsibilities accordingly. These include, quantitative information and other related performance factors which will enable the Directors to have a good assessment of the subject in hand prior to arriving to the decision.

The Executive Director/Chief Executive Officer will lead the presentation of board papers and provide comprehensive explanation of pertinent issues. All directors are entitled to call for additional clarification and information to assist them in matters that require their decision.

The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to the duties and responsibilities of Directors. All directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed. In addition, the Directors may obtain independent professional advice at the Group's expense, where necessary, in the furtherance of their duties.

The proceedings and resolutions reached at each Board Meeting are recorded in the minutes of the meetings, which are kept in the Minute Book at the registered office. Besides Board Meetings, the Board also exercises control on matters that require Board's approval through circulation of Directors' Resolutions.

Statement on Corporate Governance

(continued)

(e) Appointments to the Board

The Board had established a Nomination Committee whose main responsibility is to recommend board appointments and to assess directors on an on-going basis. All decisions on appointments are made by the Board after considering the recommendations of the Nomination Committee.

The members of the Nomination Committee currently comprises the following members :

- i) Dato' Abu Talib bin Mohamed (Chairman);
- ii) Mr Paul Chan Wan Siew; and
- iii) Dato' Zulkifly @ Sofi bin Haji Mustapha

The principal duties and functions of the Nomination Committee based on the Terms of Reference approved by the Board, are to recommend technically competent persons of integrity with a strong sense of professionalism, assisting the Board in assessing its overall effectiveness as well as to review the performance of members of the Board, the Executive Director/Chief Executive Officer, and Members of Board Committees as a whole and the contribution of each individual Director. The Nomination Committee has established procedures and processes towards an annual assessment of the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each director.

The Nomination Committee will hold a meeting at least once a year. Additional meetings can be scheduled if considered necessary by the Chairman of the Committee. The Company Secretary is the Secretary to the Nomination Committee.

(f) Re-election

Every Director is required by the Company's Articles of Association to retire from office once at least every three years except for those who retire every year in accordance with Section 129 of the Companies Act, 1965 and to seek re-election by the shareholders at the Annual General Meeting.

Any Director appointed by the Board during the year to fill as a casual vacancy or as an addition shall hold office only until the next Annual General Meeting and shall also be eligible for re-election.

(g) Directors' Training

In compliance with the Main Market Listing Requirements of Bursa Securities, the Directors are mindful that they shall receive appropriate training which may be required from time to time to keep them abreast with the current developments of the industry as well as the new statutory and regulatory requirements.

During the financial year, the members of the Board have attended relevant development and training programmes, either attended by the Directors according to their individual needs or as arranged by the Company Secretary to enhance their ability in discharging their duties and responsibilities more effectively.

Details of the seminars and training programmes attended by the Board members during the financial year ended 30 June 2010 are as follows:

Members of the Board

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah

Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah

Dato' Zulkifly @ Sofi bin Haji Mustapha

Dato' Abu Talib bin Mohamed

Seminars/Training Programmes

- Market and Economic Review and Outlook Presentation to Directors
- Leadership Solution for Turbulent Times
- Market and Economic Review and Outlook Presentation to Directors
- Leadership Solution for Turbulent Times
- Directors' Training : Corporate Governance - The Role of Audit Committee
- Leadership Solution for Turbulent Times

Statement on Corporate Governance

(continued)

(g) Directors' Training (continued)

Members of the Board

Dato' Narendrakumar Jasani a/l Chunilal Rugnath

Seminars/Training Programmes

- FRS Updates 2009 Seminar
- National Tax Conference 2009
- The National Accountants Conference 2009
- 2010 Budget Talk
- FRS7, 132 & 139 Seminar
- Audit Oversight Board & Ethical Dimensions Credibility of Accountants

Datuk Lim Kim Chuan

- Leadership Solution for Turbulent Times
- Market and Economic Review and Outlook Presentation to Directors

En Suhaimi bin Kamaralzaman

- Mandatory Accreditation Programme
- Market and Economic Review and Outlook Presentation to Directors

En Azlan bin Abdullah

- Leadership Solution for Turbulent Times
- Market and Economic Review and Outlook Presentation to Directors

Mr Paul Chan Wan Siew

- MAICSA Annual Conference
- International Corporate Governance Network 2009 Conference
- World Capital Market Symposium
- Warren Buffet Corporate Governance, Investing in Turbulent Times
- OECD Asian Roundtable of Corporate Governance
- Directors' Professionalism Course

(h) Directors' Remuneration

The Group has adopted the principle recommended in the Code whereby the level of remuneration of the Directors is sufficient to attract and retain the Directors needed to manage the Group successfully.

The Board had also set up a Remuneration Committee whose main responsibility is to determine and recommend to the Board the framework or broad policy for the remuneration of the Directors, Executive Director/Chief Executive Officer and other senior management members of the staff.

The members of the Remuneration Committee comprises the following members:

- i) Dato' Abu Talib bin Mohamed (Chairman);
- ii) Mr Paul Chan Wan Siew; and
- iii) Dato' Zulkifly @ Sofi bin Haji Mustapha

Non-Executive Directors are paid annual Directors' fees and sitting allowances for attendance to Board/Committee meetings. The members of Board Committees are also paid annual fees for additional responsibilities undertaken.

The Company recognises the need to have a competitive remuneration package to attract and retain the Directors of the caliber needed to lead the Group successfully. In the case of the Executive Director/Chief Executive Officer, his remuneration is linked to level of responsibilities, experience, contributions and individual as well as Group performance. For the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibility undertaken by them.

Statement on Corporate Governance

(continued)

(h) Directors' Remuneration (continued)

The remuneration of Directors, in aggregation and analysed into bands of RM50,000 is as follows :

Type of Remuneration	Executive Director RM'000	Non-Executive Directors RM'000
Salaries	408	-
Allowances	-	-
Bonuses	68	-
Fees	-	452
Benefits-In-Kind	17	29
Other Emoluments	103	34
TOTAL	596	515

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Less than RM50,000	-	7
RM300,001 to RM350,000	-	1
RM650,001 to RM700,000	1	-

The Remuneration Committee will hold a meeting at least once a year. Additional meetings can be scheduled if considered necessary by the Chairman of the Committee. The Company Secretary is the Secretary to the Remuneration Committee.

RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognises the need to communicate with shareholders and investors on all material business matters of the Group. The results of the Company and the Group are published quarterly via the Bursa Securities website. In addition to various announcements made during the year, information on the Group is available on the Group's website at www.mycronsteel.com. Any general enquiries and comments can be addressed to enquiry@mycronsteel.com.

The Company also encourages shareholders to attend its Annual General Meeting as this is the principal forum for dialogue and interaction with shareholders. At each Annual General Meeting, the Directors usually provide adequate time to attend to questions and comments of shareholders. Notices of each meeting are issued on a timely manner to all the shareholders.

The Executive Director/Chief Executive Officer and Senior Management have periodical dialogues with existing and prospective investors and the analysts to enhance understanding of the Group's objectives and provide insight on the latest developments in the Group.

Presentations based on permissible disclosures are made to explain the Group's performance and major development programs. Price-sensitive information that may be regarded as undisclosed material information about the Group is, however, not disclosed in these sessions until after the prescribed announcement to Bursa Securities has been made.

ACCOUNTABILITY AND AUDIT

(a) Audit Committee

The Company has in place an Audit Committee which comprises of three (3) Independent Directors. The Audit Committee holds quarterly meetings to review matters including the Group's financial reporting, the audit plans for the year as well as to deliberate the findings of the internal and external auditors.

With all the members being independent, the composition of the Audit Committee is fully compliant with the Code and the Main Market Listing Requirements of Bursa Securities, which require the majority of directors on the Audit Committee to be independent and that one member who has the financial background that meets the requirement set out under Paragraph 7.0 of Practice Note 13.

Full details of the composition, complete terms of reference and the activities of the Audit Committee during the financial year are set out in the Audit Committee Report included in this Annual Report.

Statement on Corporate Governance

(continued)

(b) Financial Reporting

The Board aims to present a balanced, clear and understandable assessment of the Group's financial positions and prospects in the annual financial statements and quarterly announcements to the shareholders, investors and regulatory authorities.

The Audit Committee deliberates and reviews the quarterly financial results to ensure accuracy, adequacy and completeness before the results are reviewed and approved by the Board of Directors. The details of the Company's and the Group's financial positions are included in the Financial Statements section of the Annual Report.

In the preparation of the financial statements, the Directors had considered the appropriate accounting policies to be used and consistently applied and supported by reasonable and prudent judgements and estimates.

(c) Internal Control

The Board recognises that it has overall responsibility for maintaining a sound system of internal control for the Group in order to safeguard shareholders' interest of the Group's assets. The system of internal control not only covers financial controls but also operational and compliance controls as well as risk management.

The Group's Statement of Internal Control is set out on pages 35 to 37 of this Annual Report.

The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board further recognises that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Group's assets.

The main tasks of the Risk Management Committee ("RMC") is to look into the risk management of the Group. The RMC comprises of three members, the majority of whom shall be Independent Directors.

The members of the RMC are as follows:

- i) Mr Paul Chan Wan Siew (Chairman);
- ii) Dato' Narendrakumar Jasani a/l Chunilal Rugnath;
- iii) En Suhaimi bin Kamaralzaman (Appointed on 23 February 2010); and
- iv) Datuk Lim Kim Chuan (Resigned on 23 February 2010).

The RMC is to meet regularly, at least once every quarter in a financial year to review risk management report of the Company and its subsidiary companies. The Company Secretary is the Secretary to the Risk Management Committee.

(d) Relationship with the External Auditors

The Board through the Audit Committee has established a transparent and appropriate relationship with the Company's External Auditors, Messrs PricewaterhouseCoopers ("PwC"). PwC will report to members of the Audit Committee on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. The Audit Committee meets with the External Auditors twice during the financial year without the presence of any Executive Director of the Board nor any Management of the Company.

The relationship between the Board and the External Auditors is also formalised through the Audit Committee's Terms of Reference.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENT

The Directors are required to prepare the financial statements which give a true and fair view of the state of affairs of the Company and of the Group at the end of each financial year end of the results and cash flow for that year. The financial statements must be prepared in compliance with the Companies' Act, 1965 and with applicable approved accounting standards.

The Directors considered the following in preparing the financial statements:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable approved accounting standards have been followed.

The Directors are of the opinion that the financial statements comply with the above requirements. The Directors are also responsible for ensuring the maintenance of adequate accounting records to enable them to ensure that the financial statements comply with the requirements of the Companies' Act, 1965.

Statement on Corporate Governance

(continued)

OTHER BURSA SECURITIES COMPLIANCE INFORMATION

(a) Options, Warrants of Convertible Securities

During the financial year under review, there were no options, warrants or convertible securities exercised or converted by the Company.

(b) Non-audit fees

There were no non-audit fees paid by the Group to the External Auditors during the financial year.

(c) During the financial year ended 30 June 2010:

- (i) There were no material contracts (not being contract entered into in the ordinary course of business) entered into by the Group which involved directors and shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year;
- (ii) The Group has not sponsored any ADR or GDR programme for the financial year ended 30 June 2010;
- (iii) There were no sanctions and/or penalties imposed on the Group, Directors or Management by the relevant regulatory bodies;
- (iv) There were no profit guarantees given by the Group;
- (v) The Group revalued its properties comprising land and buildings at least once in every five (5) 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 cases, a decrease in carrying amount will be charged to the income statement. The last revaluation of its properties was carried out in 2006;
- (vi) There were no profit estimates, forecasts, projections or unaudited results made or announced for the financial year ended 30 June 2010 which differed by ten per cent (10%) or more from the audited results; and
- (vii) There were no loans between the Company and its subsidiaries that involved directors' or major shareholders' interests.

(d) Share Buybacks

During the financial year ended 30 June 2010, the Company had acquired 100,000 ordinary shares of RM1.00 each of its shares from the open market at an average price of RM0.52 per share. As at 30 June 2010, the Company had repurchased in total 1,040,300 ordinary shares of Mycron from the open market at an average price of RM0.39 per share. All the shares repurchased are being held as treasury shares.

Details of the Company's shares bought back by the Company during the previous twelve (12) months up to 30 June 2010 are set out below:

Date	No. of Mycron Shares	Highest Price (RM)	Lowest Price (RM)	Average Price (RM)	Total Consideration (RM)
19.11.2009	100,000	0.52	0.52	0.52	52,000

(e) Recurrent Related Party Transactions ("RRPTs")

On 24 November 2009, the Company sought approval for a shareholders' mandate for Mycron Group to enter into Recurrent Transactions (as defined in the Circular to Shareholders dated 2 November 2009) in their ordinary course of business with related parties ("Shareholders' Mandate") as defined in Chapter 10 of the Main Market Listing Requirements of Bursa Securities.

The aggregate value of transactions conducted during the financial year ended 30 June 2010 in accordance with the Shareholders' Mandate obtained in the last Annual General Meeting were as follows:

A. RRPTs with MAA Holdings Berhad Group of Companies

No.	Related Party	Nature of Transaction	Names of Interested Director(s)/ Major Shareholder(s)/ Person(s) Connected in Mycron Group	Manner of relationship with the Related Party		Value of Transaction (RM)
				Director	Major Shareholder	
1.	Wira Security Services Sdn Bhd ("WSS")	Security guard services by WSS to Mycron Steel Berhad ("MSB") and its subsidiaries ("Mycron Group")	<p>Interested Directors Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah ("TY"), Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah ("TK") and Dato' Zulkifly @ Sofi bin Haji Mustapha ("DZ")</p> <p>Interested Major Shareholders Malaysian Assurance Alliance Berhad ("MAAB"), Melewar Equities (BVI) Ltd ("MEBVI"), Melewar Equities Sdn Bhd ("MESB"), Melewar Group Berhad ("MGB"), Iternum Melewar Sdn Bhd ("IMSB") and Khyra Legacy Berhad ("KLB")</p>	<p>TY is deemed interested in WSS by virtue of his substantial interest in KLB who is the ultimate major shareholder of MAA Holdings Berhad ("MAAH").</p> <p>TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(a) of the Companies Act, 1965 ("the Act").</p>	<p>WSS is a wholly owned subsidiary of MAA Corporation Sdn Bhd ("MAA Corp") who in turn is a wholly owned subsidiary of MAAH whose ultimate major shareholder is KLB.</p>	145,658

Statement on Corporate Governance

(continued)

A. RRPTs with MAA Holdings Berhad Group of Companies (continued)

No.	Related Party	Nature of Transaction	Names of Interested Director(s)/ Major Shareholder(s)/ Person(s) Connected in Mycron Group	Manner of relationship with the Related Party		Value of Transaction (RM)
				Director	Major Shareholder	
2.	MAA Corporate Advisory Sdn Bhd ("MAACA")	Corporate consultancy services by MAACA to Mycron Group	<p>Interested Directors TY, TK and DZ</p> <p>Interested Major Shareholders MAAB, MEBVI, MESB, MGB, IMSB and KLB</p>	<p>TY is deemed interested in MAACA by virtue of his substantial interest in KLB who is the ultimate major shareholder of MAAH.</p> <p>TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(a) of the Act.</p>	MAACA is a wholly owned subsidiary of MAA Corp who in turn is a wholly owned subsidiary of MAAH whose ultimate major shareholder is KLB.	Nil
3.	MAAB	Insurance business by MAAB to Mycron Group	<p>Interested Directors TY, TK and DZ</p> <p>Interested Major Shareholders MAAB, MEBVI, MESB, MGB, IMSB and KLB</p>	<p>TY is deemed interested in MAAB by virtue of his substantial interest in KLB who is the ultimate major shareholder of MAAH.</p> <p>TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(a) of the Act.</p>	MAAB is a wholly owned subsidiary of MAAH whose ultimate major shareholder is KLB.	951,259
4.	Chelsea Parking Services Sdn Bhd ("Chelsea")	Car park rental charged by Chelsea to Mycron Group	<p>Interested Directors TY, TK and DZ</p> <p>Interested Major Shareholders MAAB, MEBVI, MESB, MGB, IMSB and KLB</p>	<p>TY is deemed interested in Chelsea by virtue of his substantial interest in KLB who is the ultimate major shareholder of MAAH.</p> <p>TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(a) of the Act.</p>	Chelsea is a wholly owned subsidiary of MAA Corp who in turn is a wholly owned subsidiary of MAAH whose ultimate major shareholder is KLB.	1,695
5.	Maybach Logistics Sdn Bhd ("Maybach")	Transportation charges charged by Maybach to Mycron	<p>Interested Directors TY, TK and DZ</p> <p>Interested Major Shareholders MAAB, MEBVI, MESB, MGB, IMSB and KLB</p>	<p>TY is deemed interested in Maybach by virtue of his substantial interest in MAAH, Melewar Industrial Group Berhad ("MIG") and Mycron, who are the shareholders of Maybach.</p> <p>TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(a) of the Act.</p>	Maybach is a company in which TY is deemed interested by virtue of his substantial interest in MAAH, MIG and Mycron, who are the shareholders of Maybach.	14,160

B. RRPTs with Melewar Group of Companies

No.	Related Party	Nature of Transaction	Names of Interested Director(s)/ Major Shareholder(s)/ Person(s) Connected in Mycron Group	Manner of relationship with the Related Party		Value of Transaction (RM)
				Director	Major Shareholder	
1.	Trace Management Services Sdn Bhd ("Trace")	Corporate secretarial services by Trace to Mycron Group	<p>Interested Directors TY, TK and DZ</p>	<p>TY and TK are deemed interested in Trace by virtue of their major shareholdings in The Melewar Corporation Berhad, the substantial shareholder of Trace.</p> <p>DZ is therefore deemed interested by virtue of his relationship to TY based on Section 122A(1)(a) of the Act.</p>	Nil	145,437

Statement on Corporate Governance

(continued)

B. RRPTs with Melewar Group of Companies (continued)

No.	Related Party	Nature of Transaction	Names of Interested Director(s)/ Major Shareholder(s)/ Person(s) Connected in Mycron Group	Manner of relationship with the Related Party		Value of Transaction (RM)
				Director	Major Shareholder	
2.	Mitra Malaysia Sdn Bhd ("Mitra")	Purchase of air tickets, tour and travel package by Mycron Group from Mitra	Interested Directors TY, TK and DZ	Tunku Dato' Seri Iskandar bin Tunku Tan Sri Abdullah ("TI") is deemed interested in Mitra by virtue of his substantial shareholdings in Melewar Leisure Sdn Bhd who is the holding company of Mitra. TY, TK and DZ are therefore deemed interested by virtue of their relationship with TI based on Section 122A(1)(a) of the Act.	Nil	1,746

C. RRPTs with Melewar Industrial Group ("MIG") Group of Companies

No.	Related Party	Nature of Transaction	Names of Interested Director(s)/ Major Shareholder(s)/ Person(s) Connected in Mycron Group	Manner of relationship with the Related Party		Value of Transaction (RM)
				Director	Major Shareholder	
1.	Melewar Integrated Engineering Sdn Bhd ("MIE")	Technical and consultancy services by MIE to Mycron Steel CRC Sdn Bhd ("MSCRC") for expansion projects in cold roll mill	Interested Directors TY, TK and DZ Major Shareholder MIG	TY is deemed interested in MIE and MSCRC by virtue of his indirect substantial interest in MIG vide the shareholdings of MEBVI, MESB, MAAB and Melewar Khyra Sdn Bhd ("MKSB"). TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(a) of the Act.	MIE is a 70% owned subsidiary of MIG. MSCRC is a wholly owned subsidiary of Mycron. MIG is the substantial shareholder of Mycron by virtue of its 54.8% shareholding in Mycron.	98,700
2.	Melewar Steel Tube Sdn Bhd ("MST")	Payroll and information technology services by MST to MSCRC	Interested Directors TY, TK and DZ Major Shareholder MIG	TY is deemed interested in MST and MSCRC by virtue of his indirect substantial interest in MIG vide the shareholdings of MEBVI, MESB, MAAB and MKSB. TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(a) of the Act, 1965.	MST is a wholly owned subsidiary of MIG. MSCRC is a wholly owned subsidiary of Mycron. MIG is the substantial shareholder of Mycron by virtue of its 54.8% shareholding in Mycron.	72,000
3.	Melewar Steel Mills Sdn Bhd ("MSM")	Rental charged by MSCRC to MSM for using premises belonging to MSCRC	Interested Directors TY, TK and DZ Major Shareholder MIG	TY is deemed interested in MSM and MSCRC by virtue of his indirect substantial interest in MIG vide the shareholdings of MEBVI, MESB, MAAB and MKSB. TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(a) of the Act.	MSM is a wholly owned subsidiary of MIG. MSCRC is a wholly owned subsidiary of Mycron. MIG is the substantial shareholder of Mycron by virtue of its 54.8% shareholding in Mycron.	126,000

Statement on Corporate Governance

(continued)

C. RRPTs with Melewar Industrial Group ("MIG") Group of Companies (continued)

No.	Related Party	Nature of Transaction	Names of Interested Director(s)/ Major Shareholder(s)/ Person(s) Connected in Mycron Group	Manner of relationship with the Related Party		Value of Transaction (RM)
				Director	Major Shareholder	
4.	MST	Sale of cold rolled coils by MSCRC to MST	Interested Directors TY, TK and DZ Major Shareholder MIG	TY is deemed interested in MST and MSCRC by virtue of his indirect substantial interest in MIG vide the shareholdings of MEBVI, MESB, MAAB and MKSB. TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(a) of the Act.	MST is a wholly owned subsidiary of MIG. MSCRC is a wholly owned subsidiary of Mycron. MIG is the substantial shareholder of Mycron by virtue of its 54.8% shareholding in Mycron.	29,979,678
5.	MSM	Sale of scrap by MSCRC to MSM	Interested Directors TY, TK and DZ Major Shareholder MIG	TY is deemed interested in MSM and MSCRC by virtue of his indirect substantial interest in MIG vide the shareholdings of MEBVI, MESB, MAAB and MKSB. TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(a) of the Act.	MSM is a wholly owned subsidiary of MIG. MSCRC is a wholly owned subsidiary of Mycron. MIG is the substantial shareholder of Mycron by virtue of its 54.8% shareholding in Mycron.	5,246,247
6.	MIG	Sale of pipes by MIG to MSCRC	Interested Directors TY, TK and DZ Major Shareholder MIG	TY is deemed interested in MSCRC by virtue of his indirect substantial interest in MIG vide the shareholdings of MEBVI, MESB, MAAB and MKSB. TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of Mycron. MIG is the substantial shareholder of Mycron by virtue of its 54.8% shareholding in Mycron.	55,240
7.	MST	Sale of second grade pipes and slitting services by MST to MSCRC	Interested Directors TY, TK and DZ Major Shareholder MIG	TY is deemed interested in MST and MSCRC by virtue of his indirect substantial interest in MIG vide the shareholdings of MEBVI, MESB, MAAB and MKSB. TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(a) of the Act.	MST is a wholly owned subsidiary of MIG. MIG is the substantial shareholder of Mycron by virtue of its 54.8% shareholding in Mycron.	Nil
8.	MIG	Provision of treasury services by the Related Party to MSCRC	Interested Directors TY, TK and DZ Major Shareholder MIG	TY is deemed interested in MIG and MSCRC by virtue of his indirect substantial interest in MEBVI, MESB, MAAB and MKSB who collectively are the substantial shareholders of MIG. TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of Mycron. MIG is the substantial shareholder of Mycron by virtue of its 54.8% shareholding in Mycron.	Nil

Statement on Corporate Governance

(continued)

D. Financial assistance between Mycron Group and classes of related parties

No.	Type of Financial Assistance	Related Party	Interested Related Parties	Manner of relationship with the Related Party		Value of Transaction (RM)
				Director	Major Shareholder	
1.	Provision of guarantees, indemnity or such other collateral to or in favour of another person which is necessary in order for MIE to procure a contract or secure work from the other person or to enable the other person to commence and/or complete a contract or work for Mycron Group.	MIE	Interested Directors TY, TK and DZ Major Shareholder MIG	TY is deemed interested in MIE by virtue of his indirect substantial interest in MIG vide the shareholdings of MEBVI, MESB, MAAB and MKSB. TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(d) of the Act.	MIE is a 70% owned subsidiary of MIG. MIG is the substantial shareholder of Mycron by virtue of its 54.8% shareholding in Mycron.	Nil
2.	Provision of financial assistance to MIG Group by the pooling of funds via a centralised treasury management function within Mycron Group on a short or medium term basis i.e. for a duration not exceeding three (3) years.	MIG Group	Interested Directors TY, TK and DZ Major Shareholder MIG	TY is deemed interested in MIG Group by virtue of his indirect substantial interest in MIG vide the shareholdings of MEBVI, MESB, MAAB and MKSB. TK and DZ are therefore deemed interested by virtue of their relationship to TY based on Section 122A(1)(d) of the Act.	MIG is the substantial shareholder of Mycron by virtue of its 54.8% shareholding in Mycron.	Nil

COMPLIANCE STATEMENT

The Board is satisfied that the Company has, in all material aspects, complied with the best practice of the Code for the financial year ended 30 June 2010.

This statement was approved by the Board of Directors on 5 October 2010.

Statement on Internal Control

1. Introduction

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities, the Board of Directors of listed companies are required to include in their annual report a "statement about the state of their internal controls of the listed issuer as a group". The Board of Mycron Steel Berhad recognises the importance of sound internal control and have established an appropriate control environment and framework to assist, review and manage the risk issues identified for good corporate governance.

In acknowledging the above statement, the Board is pleased to provide the following statement which outlines the state of internal control of the Group for the financial year under review. The internal control framework covers inter alia, financials organisational, operational, compliance controls and risk management procedures. However, the review of system of internal control excludes associated companies.

2. Board's Responsibility

The Board affirms its overall responsibility for the Group's system of internal controls and for reviewing its effectiveness, adequacy and integrity. The system of internal control is designed to manage the Group's risks within an acceptable risk profile. As there are limitations that are inherent in any system of internal control, the Board is aware that such system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal control framework covers inter alia, financial organisational, operational, compliance controls and risk management procedures.

The Board is also responsible for identifying the nature and extent of major business risks faced by the Group, evaluating them and to manage, instead of attempting to eliminate these risks that could inadvertently prevent the achievement of the Group's business objectives.

The role of Management is to implement the Board's policies, procedures and guidelines on risk and control by identifying and evaluating the risks faced and design, operate and monitor a suitable system of internal control to manage these risks. The Board has extended the responsibilities of the Risk Management Committee ("RMC") to include the role of monitoring all internal controls on behalf of the Board, including identifying risk areas and communicates to the Board critical risk areas faced by the Group. Besides the RMC, the Audit Committee is also assigned the task of reviewing and assessing the internal audit reports presented at the Audit Committee Meetings on a quarterly basis. The internal auditors have performed their duties with impartiality, proficiency and due professional care.

3. Risk Management Framework

The RMC which was established on 31 March 2004 formally adopted a Risk Management Framework for the Group. The objective of this framework is to provide guidance to the Group to facilitate a structured approach to identifying, evaluating and managing significant risks and to achieve a level of adequacy and standard reporting by the subsidiaries to the holding company in a timely manner. This process has been in operation during the financial year ended 30 June 2010 and up to the date of approval of the annual report and its financial statement.

The roles of the Board of Directors, RMC, Risks Committee and Division Heads are well defined under the framework with clear lines of accountability. The Management is responsible for the identification and evaluation of key risks applicable to their areas of business on a continuous basis. Risks identified are reported in a timely manner during the periodic management meetings to enable corrective actions to be taken.

The Board has delegated the responsibility to the RMC to review the entire risk management processes and procedures and the RMC is to provide feedback to the Board of Directors on a regular basis.

The main duties and functions of the RMC based on the Terms of Reference approved by the Board are, inter-alia, as follows:

- a. Reviewing existing controls that may reduce the risk factors of the Group;
- b. Reviewing and recommending risk management strategies, policies and risk tolerance for the Board's approval;
- c. Reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;
- d. Ensuring adequate infrastructure, resources and systems are in place for an effective risk management that is ensuring that the staff is responsible for implementing risk management systems, perform those duties independently; and
- e. Reviewing the management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

The RMC will co-ordinate the implementation of the risk management programme for the Group. The implementation of the risk management programme will ensure a more coordinated and consistent approach in managing the Group's significant risk exposures.

3. Risk Management Framework (continued)

As the economic, industrial, regulatory and operating conditions continue to change, the mechanisms needed to identify and deal with the changing risks also need to be of a dynamic nature. Accordingly, risk management at the Company is a pro-active process which seeks to meet the challenges arising from such changes.

4. Internal Control Systems

The Board had engaged the services of Messrs Baker Tilly Monteiro Heng Governance Sdn Bhd ("BTMH") to carry out the internal audit function. The principal duty and responsibility of BTMH is to examine and evaluate all major phases of operations of the Group and to assist the Board in the effective discharge of the Board's responsibilities. The costs incurred by the internal audit function in respect of the financial year ended 30 June 2010 was RM71,867. The internal audit function adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile.

The key elements of the Group's internal control systems include:

- a. The Internal Auditors had prepared a 'risk-based' internal audit plan which considers all the critical and high impact areas within the business operations. During the financial year, internal audits on various audit areas per the approved internal audit plan were carried out by the Internal Auditors. Any weaknesses identified during the reviews were reported to the Audit Committee and improvement measures were recommended to strengthen controls. This provides assurance regarding the adequacy and the integrity of the internal controls system.
- b. The Group's operations are being accredited with the prestigious ISO 9001:2000 international quality system standard since October 2002 and such quality management system provides the Group with improved control of key processes and a foundation for improving quality, customer service and customer satisfaction.
- c. The Group has an appropriate organisational structure for planning, executing and controlling business operations which enables adequate monitoring of the activities and ensures effective flow of information across the Group.
- d. The Management is responsible for the identification and evaluation of key risks applicable to their areas of business on a continuous basis. Risks identified are reported in a timely manner during the periodic management meetings to enable corrective actions to be taken.
- e. Lines of responsibility and delegations of authority are clearly defined which include amongst others approval of capital expenditure and investment programmes.
- f. The Board of Directors and Management monitor the Group's performance via key performance indicators, monthly management report and periodic management meetings. Any exceptions noted will be duly investigated and reported.
- g. Key processes of the Group are governed by policies and procedures.
- h. The Group has in place a Safety and Health Committee to review the occupational safety and health procedures.
- i. The Audit Committee meets at least four times a year and, within its limit, reviews the effectiveness of the Group's system of internal controls. The Committee receives reports from the Internal Auditors and Management.
- j. The Risk Management Unit undertakes to oversee the whole risk management processes as described under the risk management framework.
- k. Documentation of internal policies and procedures are as set out through standard operating policies and procedures manuals. These systems/manuals, such as those relating to safety, environment and insurance are the subject of regular annual review and improvement audits which helped identify gaps arising as well as ensuring updates and compliance with regulatory requirements and standards.
- l. Plant visits by members of the Board on a regular basis.
- m. A monthly Executive Committee meeting attended by the respective Business Unit Heads and chaired by the Executive Director/Chief Executive Officer to review operational performance and progress of tasks undertaken.

5. Controls Weaknesses

The Board of Directors reviewed the adequacy and integrity of the system of internal controls that provide reasonable assurance to the Group in achieving the business objectives.

The Management continues to take measures to strengthen the controls environment and during the current financial year, there were no major weaknesses of internal control which result in material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report except for some inventory discrepancies found during the financial year.

Statement on Internal Control

(continued)

5. Controls Weaknesses (continued)

Management had taken the following actions to address the issue:

- a. A Safety and Security Committee was formed to review the security and safety measures taken to reduce the risk factors, to assess the adequacy of its monitoring system and evaluating the extent to which the system is operating effectively from time to time.
- b. Internal Control Procedure for Internal Security is being adopted with the objective of establishing a documented and controlled system to ensure that all the Security and Safety matters are at its best possible implementation.

During the financial year under review, the internal auditors carried out reviews on the following core areas to assess the adequacy and effectiveness of internal controls, compliance with regulations and the Group's policies and procedures by the subsidiaries:

- a. Revenue cycle, purchasing cycle and inventory management and control of Mycron Steel CRC Sdn ("MSCRC"), a wholly owned subsidiary of the Company;
- b. Production operation and quality control and assurance for MSCRC;
- c. Maintenance management and property, plant and equipment management for MSCRC; and
- d. Sales and deliveries and collection and credit control of MSCRC.

Based on the internal auditors' report, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily.

6. Review of Effectiveness

The Board is of the opinion that the Group's present system of internal control is satisfactory and sufficient to support all types of business and operations within the Mycron Group of Companies.

7. Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Internal Control for the inclusion in the Annual Report for the financial year ended 30 June 2010. Their review was performed in accordance with Recommended Practise Guide 5: Guidance for Auditors on the Review of Directors' Statement on Internal Control issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing have come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls of the Group.

Audit Committee Report

ESTABLISHMENT

The Audit Committee was established on 31 March 2004 as a sub committee of the Board of Directors with specific terms of reference that have been approved by the Board. Its principal objectives are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

- evaluate the quality of the audits performed by the internal and external auditors;
- provide assurance that the financial information presented by Management is relevant, reliable and timely;
- oversee compliance with relevant laws and regulations and observance of a proper code of conduct; and
- determine the quality, adequacy and effectiveness of the Group's internal control environment.

The Committee comprises the following directors, all of whom are Independent Non-Executive Directors :

1. Dato' Narendrakumar Jasani a/l Chunilal Rugnath (Audit Member who fulfils requirement under Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Securities) - Independent Non- Executive Director
2. Dato' Abu Talib bin Mohamed (Appointed on 31 May 2010) - Independent Non-Executive Director
3. Mr Paul Chan Wan Siew - Independent Non-Executive Director
4. Data'Zulkify @ Sofi bin Haji Mustapha (Resigned on 31 May 2010) - Non-Independent Non-Executive Director

The Chairman of the Audit Committee is Dato' Narendrakumar Jasani a/l Chunilal Rugnath. The Directors' profiles are set out on pages 15 to 19 in the Annual Report.

The Audit Committee shall meet at least twice a year with the external auditors without the presence of any Executive Director of the Board nor any Management of the Company. Further the Audit Committee meets regularly with senior management and internal audit management and the external auditors to review the Company's and the Group's financial reporting, the nature and scope of audit reviews and the effectiveness of the systems of internal control and compliance.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2010

During the financial year ended 30 June 2010, five (5) Audit Committee meetings were held. The details of attendance of each Committee member are as follows:

Name	No. of Meetings Held	Attended	Percentage of Attendance
Dato' Narendrakumar Jasani a/l Chunilal Rugnath	5	5	100%
Mr Paul Chan Wan Siew	5	5	100%
Dato' Zulkify @ Sofi bin Haji Mustapha*	4	1	25%
Dato' Abu Talib bin Mohamed#	1	1	100%

Note:

* Resigned on 31 May 2010.

Appointed on 31 May 2010.

During the financial year ended 30 June 2010, 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 audit consultants;
- 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. Prepared the Audit Committee Report for inclusion in the Company's Annual Report;
- vii. 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;
- viii. 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; and
- ix. Followed up on corrective actions taken by Management on the audit issues raised by the external auditors and internal auditors;

TERMS OF REFERENCE

The Terms of Reference of the Committee are as follows:

1. Composition

- 1.1 The members of the Audit Committee shall be appointed from among the Directors of the Company and composed of no fewer than three (3) Directors of whom all must be Non-Executive Directors, with majority of them being Independent Directors.
- 1.2 All members of the Audit Committee should be financially literate and at least one (1) member of the Audit Committee:
 - (a) must be a member of the Malaysian Institute of Accountants; or
 - (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of experience and:
 - i. he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - ii. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (c) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- 1.3 If a member of the Audit Committee ceases to be a member with the result that the number of members is reduced below three, the Board shall, within three (3) months, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members, the majority of whom must be independent directors.
- 1.4 The members of the Audit Committee shall elect a Chairman from among their numbers who shall be an Independent Non-Executive Director.
- 1.5 No Alternate Director is to be appointed as a member of the Audit Committee.
- 1.6 The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

2. Quorum and Procedure

- 2.1 The Audit Committee meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate. The Chief Executive Officer, Finance Director and Chief Audit Executive should normally attend meetings. Other Board members, employees, a representative of the external auditors and external independent professional advisers may attend meetings upon the invitation of the Audit Committee. However, the Committee should meet with the External Auditors without Executive Board members presence at least twice a year.
- 2.2 The quorum for any meeting of the Audit Committee shall consist of not less than two (2) members; the majority of the members present shall be Independent Directors.
- 2.3 In the absence of the Chairman, the Audit Committee shall appoint one of the independent members present to chair the meeting.
- 2.4 The Secretary of the Company shall also be the Secretary of the Audit Committee. The Secretary shall be responsible for drawing up the agenda in consultation with the Chairperson and shall be responsible for keeping the minutes of the meeting of the Audit Committee, circulating them to Committee members and ensuring compliance with regulatory requirements. The agenda together with relevant explanatory papers and documents are circulated to the Committee members.
- 2.5 The Chairman of the Audit Committee shall report on each meeting to the Board.
- 2.6 Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and the Board.

3. Authority

- 3.1 The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company:
- (a) have explicit authority to investigate any matters within its terms of reference. All employees shall be directed to cooperate as requested by members of the Audit Committee;
 - (b) have full and unrestricted access to any information and resources which are required to perform its duties;
 - (c) be able to obtain, if it considers necessary, external independent professional advice;
 - (d) be able to invite outsiders with relevant experience to attend meeting(s) if necessary;
 - (e) be able to convene meetings with the External Auditors, Internal Auditors or both, excluding the attendance of other Directors and employees, whenever deemed necessary;
 - (f) have direct communication channels with the External Auditors and Internal Auditors; and
 - (g) be able to make prompt reports to Bursa Securities when the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of listing requirements.
- 3.2 The Terms and Reference of the Audit Committee shall not limit in any way the responsibilities and authorities of the Managing Director to institute or instruct internal audits and reviews to be undertaken from time to time. Full report must be made to the Audit Committee upon completion of such reviews.

4. Duties and Responsibilities

- 4.1 The Chairman of the Audit Committee should engage on a continuous basis with Senior Management, such as the Chairman, Chief Executive Officer, Finance Director, Chief Audit Executive and the External Auditors in order to be kept informed of matters affecting the Company.
- 4.2 In discharging its duties and responsibilities, the Audit Committee shall perform and where appropriate, report to the Board of Directors on the following:
- (a) Financial reporting
 - i. To review the quarterly and year-end financial statements of the Board, focusing particularly on:
 - Any change in accounting policies and practices;
 - Significant adjustments arising from the audit;
 - The going concern assumption; and
 - Compliance with accounting standards and other legal requirements.
 - (b) External audit
 - i. To consider the appointment of the External Auditors, the audit fee and any question of resignation or dismissal;
 - ii. To discuss with the External Auditors before the audit commences, the nature and scope of audit, and ensure co-ordination where more than one audit firm is involved;
 - iii. To monitor provision of non-audit services by External Auditors;
 - iv. To review the External Auditors' management letter and management's response; and
 - v. To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of Management where necessary).
 - (c) Internal audit
 - i. To do the following, in relation to Internal Audit Function:
 - Review the adequacy of the scope, functions competency and resources, and that it has the necessary authority to carry out its work;
 - Review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations;
 - Review any appraisal of the performance and compensation of staff members;
 - Approve any appointment or termination of senior staff members; and
 - Take cognizance of resignations of staff members and provide the resigning staff members an opportunity to submit their reasons for resigning.
 - (d) Related Party Transactions
 - i. To consider any related-party transactions that may arise within the Company or Group.
 - (e) Other Functions
 - i. To consider the major findings of internal investigations and Management's response; and
 - ii. To consider other topics as defined by the Board.



Directors' Report for the financial year ended 30 June 2010

The Directors hereby submit their report together with the audited financial statements of the Group and Company for the financial year ended 30 June 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the Group are manufacturing and trading of cold rolled steel sheets in coils. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(loss) for the financial year	25,494,830	(4,839,741)

DIVIDENDS

There were no dividends declared or paid by the Company since 30 June 2009.

The Directors now recommend the payment of final single tier dividend of 3.5 sen per share on 179,000,000 ordinary shares amounting to RM6,228,590 in respect of financial year ended 30 June 2010 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. The dividend amount payable is computed based on the Company's issued and paid up capital as at 30 June 2010, excluding treasury shares held by the Company.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

DIRECTORS

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

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah
 Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah
 Dato' Zulkifly @ Sofi bin Haji Mustapha
 Datuk Lim Kim Chuan
 Dato' Abu Talib bin Mohamed
 Dato' Narendrakumar Jasani a/l Chunilal Rugnath
 Azlan bin Abdullah
 Paul Chan Wan Siew
 Suhaimi bin Kamaralzaman (appointed on 23 Feb 2010)

In accordance with Article 77 of the Company's Article of Association, Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah and Dato' Narendrakumar Jasani a/l Chunilal Rugnath retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 83 of the Company's Article of Association, Suhaimi bin Kamaralzaman, who was appointed to the Board subsequent to the date of the last Annual General Meeting, retires at the forthcoming Annual General Meeting and, being eligible, offers himself for election.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year, in shares, options over ordinary shares and warrants over ordinary shares in the Company and its related corporations are as follows:

	<u>Number of ordinary shares of RM1 each</u>			At 30.6.2010
	At 1.7.2009	Bought	Sold	
Melewar Industrial Group Berhad (Holding company)				
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah				
- direct interest	320,000	-	(320,000)	-
- indirect interest	87,787,132	320,000	-	88,107,132
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah				
- indirect interest	88,107,132	-	-	88,107,132
Dato' Zulkifly @ Sofi bin Haji Mustapha				
- indirect interest	88,107,132	-	-	88,107,132
Datuk Lim Kim Chuan				
- direct interest	186,666	-	-	186,666
Azlan bin Abdullah				
- direct interest	133,333	-	-	133,333
Mycron Steel Berhad (the Company)				
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah				
- direct interest	550,000	-	(550,000)	-
- indirect interest	110,825,866	550,000	(815,100)	110,560,766
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah				
- indirect interest	111,375,866	550,000	(1,365,100)	110,560,766
Dato' Zulkifly @ Sofi bin Haji Mustapha				
- indirect interest	111,375,866	550,000	(1,365,100)	110,560,766
Datuk Lim Kim Chuan				
- direct interest	385,000	-	-	385,000
Azlan bin Abdullah				
- direct interest	25,000	-	-	25,000

DIRECTORS' INTERESTS (continued)

	<u>*Number of warrants over ordinary shares of RM1 each</u>			At 30.6.2010
	At 1.7.2009	Entitled/ Bought	Lapsed	
Melewar Industrial Group Berhad				
(Holding company)				
Tunku Dato' Ya'acob bin				
Tunku Tan Sri Abdullah				
- indirect interest				
	800,026	-	(800,026)	-
Tunku Dato' Kamil Ikram				
bin Tunku Tan Sri Abdullah				
- indirect interest				
	800,026	-	(800,026)	-
Dato' Zulkifly @ Sofi bin				
Haji Mustapha				
- indirect interest				
	800,026	-	(800,026)	-
Datuk Lim Kim Chuan				
- direct interest				
	37,333	-	(37,333)	-

* The warrants have expired on 14 June 2010.

By virtue of Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah and Dato' Zulkifly @ Sofi bin Haji Mustapha's interests in shares in the holding company, they are deemed to have an interest in the shares in all the subsidiaries to the extent the holding company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in shares and warrants over ordinary shares in the Company and its related corporations during the financial year.

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.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 10 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, except as disclosed in Note 31 to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

- 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
- 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:

- 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
- which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

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 or 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 or 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 except for the unrealised foreign exchange gain as disclosed in Note 8 to the financial statements; 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 or Company for the financial year in which this report is made.

ULTIMATE HOLDING COMPANY

The Directors regard Melewar Industrial Group Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the ultimate 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 their resolution dated 5 October 2010.

TUNKU DATO' YA'ACOB BIN TUNKU TAN SRI ABDULLAH
CHAIRMAN

AZLAN BIN ABDULLAH
EXECUTIVE DIRECTOR

Statement by Directors

Pursuant to Section 169(15) of
The Companies Act, 1965

We, Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah and Azlan bin Abdullah, two of the Directors of Mycron Steel Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 47 to 79 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 30 June 2010 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities other than Private Entities and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 5 October 2010.

TUNKU DATO' YA'ACOB BIN TUNKU TAN SRI ABDULLAH
CHAIRMAN

AZLAN BIN ABDULLAH
EXECUTIVE DIRECTOR

Statutory Declaration

Pursuant to Section 169(16) of
The Companies Act, 1965

I, Azlan bin Abdullah, the Director primarily responsible for the financial management of Mycron Steel Berhad, do solemnly and sincerely declare that the financial statements set out on pages 47 to 79 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.

AZLAN BIN ABDULLAH
EXECUTIVE DIRECTOR

Subscribed and solemnly declared by the above named Azlan bin Abdullah, at Kuala Lumpur in Malaysia on 5 October 2010, before me.

COMMISSIONER FOR OATHS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Mycron Steel Berhad, which comprise the balance sheets as at 30 June 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 47 to 79.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities other than Private Entities and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities other than Private Entities and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2010 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants

ERIC OOI LIP AUN

(No. 1517/06/12 (J))

Chartered Accountant

Kuala Lumpur
5 October 2010

Income Statements

for the financial year ended 30 June 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Revenue	5	465,445,628	383,282,703	2,046,794	7,392,463
Cost of sales	6	(420,512,732)	(406,749,537)	-	-
Gross profit/(loss)		44,932,896	(23,466,834)	2,046,794	7,392,463
Other operating income		11,909,369	1,032,844	217	11,113
Selling and distribution costs		(3,194,848)	(2,178,206)	-	-
Administrative expenses		(8,631,850)	(8,861,787)	(1,860,721)	(2,629,512)
Other operating expenses		(4,557,920)	(3,960,157)	(4,557,920)	(3,955,000)
Profit/(loss) from operations	8	40,457,647	(37,434,140)	(4,371,630)	819,064
Finance cost	9	(8,097,288)	(12,100,772)	-	-
Share of results of an associate		(97,625)	(121,500)	-	-
Profit/(loss) before tax		32,262,734	(49,656,412)	(4,371,630)	819,064
Taxation	11	(6,767,904)	111,301,622	(468,111)	(1,360,767)
Profit/(loss) for the financial year		25,494,830	(38,354,790)	(4,839,741)	(541,703)
Attributable to equity holders of the Company		25,494,830	(38,354,790)	(4,839,741)	(541,703)
Earnings/(loss) per share:	12				
- Basic (sen)		14.32	(21.48)		
- Diluted (sen)		14.32	(21.48)		

The notes set out on pages 53 to 79 form an integral part of these financial statements.

Balance Sheets

as at 30 June 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
NON-CURRENT ASSETS					
Property, plant and equipment	13	286,127,721	292,465,657	5,744,780	5,940,143
Subsidiaries	14	-	-	165,089,209	165,089,209
Associate	15	9,147,117	13,185,735	9,104,007	13,045,000
Available-for-sale financial assets	16	317,602	934,528	317,602	934,528
Deferred tax assets	17	-	3,922,352	-	-
		295,592,440	310,508,272	180,255,598	185,008,880
CURRENT ASSETS					
Inventories	18	125,022,079	48,465,278	-	-
Trade and other receivables	19	70,556,778	37,175,331	5,000	5,000
Amount owing by holding company	20	568,647	542,141	-	-
Amounts owing by subsidiaries	21	-	-	4,725,010	4,834,241
Amount owing by an associate	22	-	248,301	-	-
Amounts owing by other related companies	23	35,167,187	15,576,686	-	-
Tax recoverable		246,182	116,770	178,825	116,770
Cash and cash equivalents	24	4,218,446	24,776,062	257,186	308,682
		235,779,319	126,900,569	5,166,021	5,264,693
LESS: CURRENT LIABILITIES					
Trade and other payables	25	69,794,918	19,029,296	713,351	672,662
Provision for onerous contracts		-	403,406	-	-
Amounts owing to holding company	20	3,018,507	1,805	1,500	-
Amounts owing to other related companies	23	45,170	364,822	-	1,152
Borrowings	26	142,557,604	100,819,736	-	-
		215,416,199	120,619,065	714,851	673,814
NET CURRENT ASSETS		20,363,120	6,281,504	4,451,170	4,590,879
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	17	2,229,709	5,729	4,479	5,729
Borrowings	26	54,329,951	82,945,131	-	-
		56,559,660	82,950,860	4,479	5,729
		259,395,900	233,838,916	184,702,289	189,594,030
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	27	179,000,000	179,000,000	179,000,000	179,000,000
Share premium	28	14,918,638	14,918,638	14,918,638	14,918,638
Asset revaluation reserve		31,336,362	31,678,821	-	-
Treasury shares	29	(382,685)	(330,685)	(382,685)	(330,685)
Retained earnings/(accumulated losses)		34,523,585	8,572,142	(8,833,664)	(3,993,923)
TOTAL EQUITY		259,395,900	233,838,916	184,702,289	189,594,030

The notes set out on pages 53 to 79 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended
30 June 2010

Attributable to equity holders of the Company						
Note	Share capital RM	Share premium RM	Asset	Treasury shares RM	Retained earnings RM	Total RM
			revaluation reserve RM			
At 1 July 2009	179,000,000	14,918,638	31,678,821	(330,685)	8,572,142	233,838,916
Realisation of revaluation surplus on disposal of property, plant and equipment	-	-	(342,459)	-	456,613	114,154
Income and expense recognised directly in equity	-	-	(342,459)	-	456,613	114,154
Net profit for the financial year	-	-	-	-	25,494,830	25,494,830
Total recognised income and expense for the financial year	-	-	(342,459)	-	25,951,443	25,608,984
Purchase of own shares	29	-	-	(52,000)	-	(52,000)
At 30 June 2010	179,000,000	14,918,638	31,336,362	(382,685)	34,523,585	259,395,900

Attributable to equity holders of the Company						
Note	Share capital RM	Share premium RM	Asset	Treasury shares RM	Retained earnings RM	Total RM
			revaluation reserve RM			
At 1 July 2008	179,000,000	14,918,638	31,678,821	-	50,282,346	275,879,805
Loss for the financial year	-	-	-	-	(38,354,790)	(38,354,790)
Total recognised income and expense for the financial year	-	-	-	-	(38,354,790)	(38,354,790)
Purchase of own shares	29	-	-	(330,685)	-	(330,685)
Dividends	30	-	-	-	(3,355,414)	(3,355,414)
At 30 June 2009	179,000,000	14,918,638	31,678,821	(330,685)	8,572,142	233,838,916

The notes set out on pages 53 to 79 form an integral part of these financial statements.

Company Statement of Changes in Equity

for the financial year ended
30 June 2010

	Note	Share capital RM	Non- distributed Share premium RM	Treasury shares RM	Accumulated losses RM	Total RM
At 1 July 2009		179,000,000	14,918,638	(330,685)	(3,993,923)	189,594,030
Loss for the financial year		-	-	-	(4,839,741)	(4,839,741)
Purchase of own shares	29	-	-	(52,000)	-	(52,000)
At 30 June 2010		179,000,000	14,918,638	(382,685)	(8,833,664)	184,702,289
At 1 July 2008		179,000,000	14,918,638	-	(96,806)	193,821,832
Loss for the financial year		-	-	-	(541,703)	(541,703)
Purchase of own shares	29	-	-	(330,685)	-	(330,685)
Dividends	30	-	-	-	(3,355,414)	(3,355,414)
At 30 June 2009		179,000,000	14,918,638	(330,685)	(3,993,923)	189,594,030

The notes set out on pages 53 to 79 form an integral part of these financial statements.

Cash Flow Statements

for the financial year ended
30 June 2010

Note	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	32,262,734	(49,656,412)	(4,371,630)	819,064
Adjustments for:				
Depreciation on property, plant and equipment	11,018,514	10,852,558	195,363	195,364
Gain on disposal of property, plant and equipment	(104,313)	-	-	-
Unrealised (gain)/loss on foreign exchange	(10,101,961)	3,454,957	-	-
Share of results of an associate	97,625	121,500	-	-
Interest income	(152,903)	(188,646)	(216)	(11,113)
Interest expense	8,097,288	8,403,928	-	-
Impairment loss of an associate	3,940,993	3,955,000	3,940,993	3,955,000
Fair value loss of available-for-sale financial assets	616,926	-	616,926	-
Provision for doubtful debts	248,301	-	-	-
Impairment loss on staff loan	-	199,583	-	-
Impairment loss on inventories	-	40,253,820	-	-
Inventories written off	-	1,601,266	-	-
(Reversal of)/provision for onerous contracts	(403,406)	403,406	-	-
Dividend income	-	-	-	(4,500,000)
Fair value gain on foreign currency forward contract	-	(51,750)	-	-
	45,519,798	19,349,210	381,436	458,315
Changes in inventories	(76,556,801)	26,285,598	-	-
Changes in trade and other receivables	(33,381,447)	19,725,008	-	57,912
Changes in amount owing by an associate	-	239,659	-	-
Changes in trade and other payables	50,758,420	(7,726,227)	40,690	462,536
Changes in intercompanies balances	(18,380,844)	(2,670,425)	-	-
	(32,040,874)	55,202,823	422,126	978,763
Interest paid	(8,225,912)	(8,326,413)	-	-
Interest received	160,110	181,440	217	11,113
Tax refund/(paid)	(636,831)	4,427,202	(531,417)	(279,139)
Net cash (used in)/generated from operating activities	(40,743,507)	51,485,052	(109,074)	710,737

Cash Flow Statements

for the financial year ended
30 June 2010

(continued)

Note	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(4,806,932)	(5,378,824)	-	-
Proceeds from disposal of property, plant and equipment	230,667	-	-	-
Rebate received from supplier on property, plant and equipment	-	5,388,886	-	-
Dividends received	-	-	-	3,375,000
Net cash (used in)/generated from investing activities	(4,576,265)	10,062	-	3,375,000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	-	(3,355,414)	-	(3,355,414)
Purchase of own shares	(52,000)	(330,685)	(52,000)	(330,685)
Net proceeds/(repayment of) from borrowings	23,353,272	(33,978,614)	-	-
Advance from/(repayment to) holding company	2,989,043	(571,180)	1,500	(200)
Repayment from/(advances to) subsidiaries	-	-	109,231	(1,042,176)
Repayment to other related companies	(1,528,159)	(1,561,214)	(1,153)	-
Net cash generated from/(used in) financing activities	24,762,156	(39,797,107)	57,578	(4,728,475)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(20,557,616)	11,698,007	(51,496)	(642,738)
CASH AND CASH EQUIVALENTS:				
- at beginning of financial year	24,776,062	13,078,055	308,682	951,420
- at end of financial year	4,218,446	24,776,062	257,186	308,682

The notes set out on pages 53 to 79 form an integral part of these financial statements.

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the Group are manufacturing and trading of cold rolled steel sheets in coils.

There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad.

The Company is a subsidiary of Melewar Industrial Group Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

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

As at 30 June 2010, all monetary assets and liabilities of the Group and Company are denominated in Ringgit Malaysia, unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRS"), the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities. The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and FRS requires the use of certain critical accounting 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 expense during the reported year. It also requires the Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(i) Standard that is applicable to the Group and is effective

The new accounting standard effective for the Group's financial year beginning on or after 1 July 2009 is as follows:

- FRS 8 "Operating Segments" replaces FRS 114₂₀₀₄ "Segments Reporting"

All changes in accounting policies have been made in accordance with the transition provisions in the standard.

The adoption of FRS 8 did not have a material impact on the financial statements of the Group and Company. Disclosure requirements under the standard have been adopted retrospectively.

(ii) Standard early adopted by the Group

- FRS 139 "Financial Instruments: Recognition and Measurement" (effective 1 January 2010)

The standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group has applied this standard since the financial year ended 31 January 2006.

The accounting policies relating to the measurement of the financial assets are described in Note 2(e) of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

- (iii) Standards, amendments to published standards, interpretations to existing standards that are applicable to the Group but not yet effective and have not been early adopted

The new accounting standards, amendments to published standards, interpretations to existing standards that are effective for annual periods beginning on or after 1 January 2010 are as follows:

- FRS 7 "Financial Instruments: Disclosures" and the improvement to FRS 7
- FRS 123 "Borrowing Costs" which replaces FRS 123₂₀₀₄ and the improvement to FRS 123
- The revised FRS 101 "Presentation of Financial Statements"
- The amendment to FRS 1 "First-time Adoption of Financial Reporting Standards" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an investment in a subsidiary, jointly controlled entity or associate"
- The amendment to FRS 107 "Statement of Cash Flows"
- The amendment to FRS 110 "Events After the Balance Sheet Date"
- The amendment to FRS 116 "Property, Plant and Equipment" (consequential amendment to FRS 107 "Statement of Cash Flows")
- The amendment to FRS 118 "Revenue"
- The amendment to FRS 119 "Employee Benefits"
- The amendment to FRS 127 "Consolidated & Separate financial statements"
- The amendment to FRS 128 "Investments in Associates"
- The amendment to FRS 128 "Investments in Associates" and FRS 131 "Interests in joint ventures" (consequential amendments to FRS 132 "Financial Instruments: Presentation" and FRS 7 "Financial instruments: Disclosure"
- The amendment to FRS 132 "Financial Instruments: Presentation" and FRS 101 (revised) "Presentation of Financial Statements" - "Puttable financial Instruments and Obligations arising on liquidation"
- The amendment to FRS 132 "Financial Instruments: Presentation"
- The amendment to FRS 134 "Interim Financial Reporting"
- The amendment to FRS 136 "Impairment of Assets"
- The amendment to FRS 138 "Intangible Assets"
- The amendment to FRS 139 "Eligible Hedged Items"
- The amendment to FRS 139 "Reclassification of Financial Assets"
- The amendment to FRS 139 and IC Interpretation 9 "Reassessment of Embedded Derivatives"
- IC Interpretation 10 "Interim Financial Reporting and Impairment"
- IC Interpretation 11 "FRS 2 Group and Treasury Share Transactions"

The amendment to published standard that is effective for annual periods beginning on or after 1 March 2010 is as follows:

- The amendment to FRS 132 "Financial Instruments: Presentation"

The amendments to published standards that are effective for annual periods beginning on or after 1 July 2010 are as follows:

- The revised FRS 127 "Consolidated and Separate Financial Statements"

The amendment to published standard that is effective for annual periods beginning on or after 1 January 2011 is as follows:

- Amendment to FRS 7 "Financial Instruments: Disclosures" and amendment to FRS 1 "First-time Adoption of Financial Reporting Standards"

With the exception of FRS 7, the above standards, amendments to published standards, interpretations to existing standards are not anticipated to have any significant impact on the financial position of the Group and Company in the year of initial application. As allowed under the transitional provision of FRS 7, the Group and Company are exempted from having to disclose the possible impact of the application of the standards on the financial statements of the Group and Company in the year of initial application.

- (iv) Standards, amendments to published standards, interpretations to existing standards that are not applicable and are not effective to the Group

The new accounting standards, amendments to published standards, interpretations to existing standards that are effective for periods beginning on or after 1 January 2010 are as follows:

- FRS 4 "Insurance Contract"

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(iv) Standards, amendments to published standards, interpretations to existing standards that are not applicable and are not effective to the Group (continued)

- The amendment to FRS 2 "Share-based Payment: Vesting Condition and Cancellations"
- The amendment to FRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
- The amendment to FRS 117 "Leases"
- The amendment to FRS 120 "Accounting for Government Grants"
- The amendment to FRS 129 "Financial Reporting in Hyperinflationary Economies"
- The amendment to FRS 140 "Investment Property"
- IC Interpretation 13 "Customer Loyalty Programme"
- IC Interpretation 14 "FRS 119 The Limit on a Defined Benefit Assets, Minimum Funding Requirements and Their Interaction"

The amendments to published standards and interpretations to existing standards that are effective for periods beginning on or after 1 July 2010 are as follows:

- The amendment to FRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
- The revised FRS 3 "Business Combinations"
- IC Interpretation 12 "Service Concession Arrangements"
- IC Interpretation 15 "Agreements for Construction of Real Estates"
- IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation"
- IC Interpretation 17 "Distribution of Non-cash Assets to Owners"

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See the accounting policy Note 2 (c) on goodwill. If the cost acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal, including the cumulative amount of any exchange differences that relate to the subsidiary, and is recognised in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(ii) Associates

Associates are those corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investment in associates is accounted for using the equity method of accounting based on management accounts and is initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (see Note 2 (c)).

Dilution gains and losses in associates are recognised in equity.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

For incremental interest in an associate, the date of acquisition is the purchase date at each stage and goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified. There is no 'step up to fair value' of the net assets for the previously acquired stake and the share of profits and equity movements for the previously acquired stake are recorded directly through equity.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition. Goodwill on acquisitions of subsidiaries occurring on or after 1 February 2006 are included in the balance sheet as intangible assets. Goodwill on acquisition of associate occurring on or after 1 February 2006 is included in the carrying amount of the associate and such goodwill is tested for impairment as part of the overall balance. Goodwill on acquisitions of subsidiaries that occurred prior to 1 February 2006 was charged to the income statement in the period it arises.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. See accounting policy Note 2 (k) on impairment of assets.

(d) Property, plant and equipment

(i) Measurement basis

Property, plant and equipment are initially stated at cost. Land and buildings, plant and machinery and electrical installation are subsequently shown at fair value, based on periodic, but at least once in every five years by external valuers or when the fair value of the revalued assets differ materially from its carrying value. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(i) Measurement basis (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

Surpluses arising on revaluation are 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 asset. In all other cases, a decrease in carrying amount will be charged immediately to the income statement.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the 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 exists, 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 as it has infinite life. All other property, plant and equipment are depreciated on a straight line basis to write off the cost or their revalued amounts, to their residual value over their estimated useful lives as follows:

	<u>Years</u>
Buildings	50 years
Plant, machinery and electrical installation	4 – 40 years
Motor vehicles, furniture, fittings and office equipment	10 years

Depreciation on assets under construction commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

(e) Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date except for financial assets at fair value through profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as noncurrent assets. Loans and receivables comprise of "trade and other receivables" and "deposits, bank and cash balances" in the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs that are directly attributable to their acquisitions for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets (continued)

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gain or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement in the year in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other operating income when the Group's right to receive payments is established.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustment recognised in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sales securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sales equity instruments are recognised in the income statement as part of other operating income when the Group's right to receive payments are established.

Valuation principles

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes the fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

Impairment of financial instruments

The Group assesses at each balance sheet date whether there is objective evidence that financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(f) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(g) Borrowings

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the assets during the period of time that is required to complete and prepare the assets for its intended use. Other borrowings cost are expensed off when incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(h) 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.

Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and applicable variable selling expenses.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Share capital (continued)

Interim dividends are recognised as liabilities when declared before the balance sheet date. Final dividends are accounted for when it had been approved by the Company's shareholders.

(j) Treasury shares

When the Company or its subsidiaries purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental external costs, net of tax, is deducted from total equity as treasury shares until they are cancelled, reissued or disposed off. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental external costs and the related tax effects, is included in total equity.

(k) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment loss on goodwill is not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(l) Foreign currencies

(i) Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Group operates i.e. functional currency, to be Ringgit Malaysia. Sales price and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in Ringgit Malaysia. The financial statements are presented in Ringgit Malaysia, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange prevailing at the dates 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 the settlement of such transactions are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated to Ringgit Malaysia at rates of exchange prevailing at the date of transactions.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in income statement and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; when it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Provisions (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provision for onerous contracts arise from firm sales contracts in excess of inventory quantities held, where the contracted selling price is lower than the cost of inventories.

(n) Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of business. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(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 and management fee income

Processing service and management fee income is recognised 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 using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) Rental income

Rental income is recognised on a time proportion basis over the lease term.

(o) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts.

(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 Group.

(ii) Defined contribution plan

The Group contributes to the Employees' 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. Once the contributions have been paid, the Group has no further payment obligations.

The Group may from time to time at its sole discretion make cash contribution into a fund established under the Mycron Steel Key Executive Retirement ("MSKER") Scheme, a defined contribution plan, for the benefit of the eligible employees. The amount of cash contributed depends on the performance of the individual employees and the profitability of the Group. The contributions are charged to the income statement in the period to which they relate.

(q) Income tax

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

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. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction, affects neither accounting nor taxable profit or loss.

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

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(r) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from other business segments. A geographical segment is engaged in providing products or services, within a particular economic environment, that are subject to risks and return that are different from those of segments operating in other economic environments.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that each intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

(s) Derivative financial instruments

Derivatives are initially recognised in the balance sheet at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

Derivative financial instruments that do not qualify for hedge accounting are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

(t) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and distribution costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and distribution costs in the income statement.

(u) Investments

Investments in subsidiaries and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(k) on impairment of assets.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Financial guarantee contracts

Financial guarantee contracts are recognised as financial liabilities at the date the guarantee is issued. Liabilities arising from financial guarantee contracts, including Company guarantees of subsidiaries through deeds of cross guarantee, are initially recognised at fair value and subsequently at the higher of the amount determined in accordance with the consolidated entity's provisions accounting policy (refer Note 2(m)) and the amount initially recognised less cumulative amortisation.

The fair value of the financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Company.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimated impairment of an associate

The Group carried out an impairment assessment on an associate when there is an indication of impairment, in accordance with the accounting policy stated in Note 2(k). The recoverable amount has been based on value-in-use.

If the discount rate increase by 1% (11.97% per annum instead of 10.97% per annum), the investment in PMP will be further impaired by RM477,063.

If the estimated recoverable amount is received a year later (8 years instead of 7 years), the investment in PMP will be further impaired by RM899,946.

(b) Estimated impairment of available for sale financial assets ("Maybach")

The recoverable amount of the investment is determined by adjusting the net assets of Maybach as at 30 June 2010 with a full allowance of a trade receivable and the fair value less cost to sell of an aircraft.

The Group carried out an impairment assessment on available for sale financial assets when there is an indication of impairment, in accordance with the accounting policy stated in Note 2(e).

(c) Valuation of property, plant and equipment

The fair value of property, plant and equipment is individually determined periodically, at least once every five years, by independent valuers based on a market value assessment. The valuers have relied on the discounted cash flow analysis and the depreciated replacement cost method. These methodologies are based upon estimates of future results and a set of assumptions specific to each property, plant and equipment to reflect its income and cash flow profile.

For the current financial year, management has assessed the fair value of the property, plant and equipment and concluded that the fair value of the property, plant and equipment does not differ materially from their carrying amounts.

(d) Useful lives and residual values of property, plant and equipment

The Group charges depreciation on its depreciable property, plant and equipment based on the useful lives and residual values of the assets. Estimating the useful lives and residual values of property, plant and equipment involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the balance sheet date. The actual useful lives and residual values of the assets however, may be different from expected.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(e) Taxation

Significant judgement is required in determining the provision for income taxes. These are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Differences which may arise from the final tax outcome and the amounts that were initially recorded will result in changes to the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

(f) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

4. 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 Group's financial risk management policies.

The main risks arising from the financial instruments of the Group are credit risk, interest rate risk, market risk, foreign currency exchange risk and liquidity and cash flow 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 Directors review and approve policies from 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 credit terms 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 includes the application of credit evaluation, credit approvals and adherence to credit limits, credit periods, regular monitoring and follow up procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does the Group have any major concentration of credit risk related to any financial instruments.

Concentration of credit risk with respect to trade receivable is limited due to the Group's nature of business which is predominantly cash based. The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

With 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 and Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises mainly from the Group's borrowings and deposits with licensed bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings.

It is the policy of the Group not to trade in interest rate swap agreements.

(c) Market risk

The Group's exposure to market risk arises mainly from changes in steel raw materials and finished goods prices. The management of the Group monitors the sales of finished goods and procurement of its raw materials closely to minimise the impact of market risk on the Group.

(d) Foreign currency exchange risk

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

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign currency exchange risk (continued)

The Group entered into forward foreign currency exchange contracts to minimise foreign currency exchange risk. There are no forward foreign currency exchange contracts as at the end of the financial year ended 30 June 2010.

The Group does not practice hedge accounting.

(e) Liquidity and cash flow risk

The Group has prudent liquidity risk management of maintaining sufficient cash flow and does not face significant exposure from this risk.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available from time to time.

5. REVENUE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sale of goods	465,084,286	382,866,979	-	-
Processing service income	361,342	415,724	-	-
Management fee income	-	-	2,046,794	2,892,463
Dividend income	-	-	-	4,500,000
	465,445,628	383,282,703	2,046,794	7,392,463

6. COST OF SALES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Costs of good sold	420,916,138	364,491,045	-	-
Impairment loss on inventories	-	40,253,820	-	-
Inventories written off	-	1,601,266	-	-
Provision for onerous contract	(403,406)	403,406	-	-
	420,512,732	406,749,537	-	-

7. OPERATING COSTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Expenses by function				
Cost of sales	420,512,732	406,749,537	-	-
Selling and distribution costs	3,194,848	2,178,206	-	-
Administrative expenses	8,631,850	8,861,787	1,860,721	2,629,512
Other operating expenses	4,557,920	3,960,157	4,557,920	3,955,000
	436,897,350	421,749,687	6,418,641	6,584,512

(continued)

7. OPERATING COSTS (continued)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Expenses by nature				
Changes in inventories of finished goods and work in progress	17,583,467	(7,713,738)	-	-
Raw materials	363,772,656	336,905,034	-	-
Depreciation of property, plant and equipment	11,018,514	10,852,558	195,363	195,364
Staff costs	7,227,749	8,292,724	544,926	1,151,130
Upkeep, repair and maintenance of assets	4,719,695	5,548,468	130,276	100,656
Impairment loss on an associate	3,940,993	3,955,000	3,940,993	3,955,000
Fair value loss on available-for-sale financial assets	616,926	-	616,926	-
Impairment loss on staff loans	-	199,583	-	-
Impairment loss on inventories	-	40,253,820	-	-
Inventories written off	-	1,601,266	-	-
(Recovery of)/provision for onerous contracts	(403,406)	403,406	-	-
Professional expenses	1,066,051	815,311	183,710	141,535
Directors' remuneration (Non-Executive Directors)	486,000	477,500	486,000	477,500
Advertisement expenses	65,898	141,722	31,984	81,287
Printing and stationery expenses	186,617	221,987	111,613	142,172
Entertainment expenses	276,890	312,020	29,503	22,337
Travelling expenses	201,450	306,545	22,959	170,186
Other operating costs	26,137,849	19,176,481	124,388	147,345
	436,897,349	421,749,687	6,418,641	6,584,512

8. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit/(loss) from operations is stated after charging/(crediting):				
Auditors' remuneration:				
- audit fees:				
- current financial year	83,150	74,350	36,400	26,900
- under accrual in prior financial year	13,498	17,880	6,740	8,900
- non-audit fees:				
- current financial year	-	8,000	-	8,000
- under accrual in prior financial year	520	8,000	520	8,000
Unrealised (gain)/loss on foreign exchange	(10,101,961)	3,454,957	-	-
Realised (gain)/loss on foreign exchange	(872,627)	138,931	-	-
Depreciation on property, plant and equipment	11,018,514	10,852,558	195,363	195,364
Rental of buildings	8,400	8,400	-	-
Gain on disposal of property, plant and equipment	(104,313)	-	-	-
Staff costs (including remuneration of Executive Directors):				
- salaries, bonus and allowances	5,747,402	6,620,460	427,578	990,914
- defined contribution plan	748,306	875,241	62,178	99,126
- others	732,040	7,971,023	55,170	61,090
Impairment loss:				
- staff loan	-	199,583	-	-
- inventories	-	40,253,820	-	-
- associate	3,940,993	3,955,000	3,940,993	3,955,000
- fair value loss on available-for-sale financial assets	616,926	-	616,926	-

(continued)

8. PROFIT/(LOSS) FROM OPERATIONS (continued)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Inventories written off	-	1,601,266	-	-
(Reversal of)/provision for onerous contracts	(403,406)	403,406	-	-
Allowance for doubtful debts	248,301	-	-	-
Dividend income	-	-	-	(4,500,000)
Interest income	(152,903)	(188,646)	(216)	(11,113)
Rental income	(146,000)	(522,879)	-	-

9. FINANCE COST

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest expense on borrowings	8,049,581	8,112,964	-	-
Interest expense on trade payables	47,707	290,964	-	-
Unrealised loss on foreign exchange on borrowings	-	3,454,957	-	-
Realised loss on foreign exchange on borrowings	-	293,637	-	-
Fair value gain on foreign currency forward contract	-	(51,750)	-	-
	8,097,288	12,100,772	-	-

10. DIRECTORS' REMUNERATION

The aggregate amount of emoluments receivable by Directors of the Group is as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-executive Directors:				
- fees	452,000	444,000	452,000	444,000
- other emoluments	34,000	33,500	34,000	33,500
Executive Directors:				
- salaries and other emoluments	503,077	491,077	-	-
- defined contribution plan	75,465	73,665	-	-
	1,064,542	1,042,242	486,000	477,500

The estimated monetary value of benefits-in-kind received and receivable by the Directors of the Group and Company are RM46,175 (2009: RM63,342) and RM28,950 (2009: RM38,766) respectively.

11. TAXATION

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current tax:				
- current tax expense	242,561	224,228	204,503	1,349,229
- under provision in prior financial year	264,858	8,675	264,858	12,788
	507,419	232,903	469,361	1,362,017

(continued)

11. TAXATION (continued)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deferred tax (Note 17):				
- origination and reversal of temporary differences	6,484,762	(9,613,422)	(1,250)	11,250
- over accrual in prior financial year	(224,277)	(1,921,103)	-	(12,500)
	6,260,485	(11,534,525)	(1,250)	(1,250)
	6,767,904	(11,301,622)	468,111	1,360,767

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Numerical reconciliation between tax expense/ (credit) and the product of accounting profit/ (loss) multiplied by the Malaysian tax rate				
Profit/(loss) before tax	32,262,734	(49,656,412)	(4,371,630)	819,064
Tax calculated at the Malaysian tax:				
- tax rate of 25% (2009: 25%)	8,065,684	(12,414,103)	(1,092,908)	204,766
Tax effects of:				
- share of results of an associate	24,406	30,375	-	-
- expenses not deductible for tax purposes	1,459,444	2,291,077	1,299,340	1,157,901
- double deductions	(63,550)	(82,972)	-	-
- reinvestment allowance tax credit (claimed)/ clawback	(218,729)	808,333	-	-
- income not subject to tax	(2,539,932)	(21,904)	(3,179)	(2,188)
- under/(over) accrual in prior financial year (net)	40,581	(1,912,428)	264,858	288
Tax expense/(credit)	6,767,904	(11,301,622)	468,111	1,360,767

12. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings per share

	Group	
	2010 RM	2009 RM
Profit/(loss) attributable to ordinary shareholders	25,494,830	(38,354,790)
Weighted average number of ordinary shares	177,998,330	178,589,510
Basic earnings/(loss) per share (sen)	14.32	(21.48)

(b) Diluted earnings/(loss) per share

Diluted loss per share in the previous financial year is the same as the basic loss per share as there is no potential ordinary shares.

(continued)

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Total RM
<u>Group</u>						
<u>2010</u>						
<u>Cost/Valuation</u>						
At 1 July 2009						
- cost	-	-	-	1,680,243	526,890	2,207,133
- valuation	28,900,000	72,002,979	222,796,394	-	-	323,699,373
Additions	-	-	4,455,835	351,097	-	4,806,932
Disposal	-	-	(1,730,167)	(253,500)	-	(1,983,667)
At 30 June 2010	28,900,000	72,002,979	225,522,062	1,777,840	526,890	328,729,771
<u>Analysed by:</u>						
- cost	-	-	4,455,835	1,777,840	526,890	6,760,565
- valuation	28,900,000	72,002,979	221,066,227	-	-	321,969,206
	28,900,000	72,002,979	225,522,062	1,777,840	526,890	328,729,771
<u>Accumulated depreciation</u>						
At 1 July 2009	-	5,175,524	27,018,174	936,193	310,958	33,440,849
Charge for the financial year	-	1,878,814	8,932,420	167,418	39,862	11,018,514
Disposal	-	-	(1,646,063)	(211,250)	-	(1,857,313)
At 30 June 2010	-	7,054,338	34,304,531	892,361	350,820	42,602,050
<u>Net book value</u>						
At 30 June 2010						
- cost	-	-	4,092,892	885,479	176,070	5,154,441
- valuation	28,900,000	64,948,641	187,124,639	-	-	280,973,280
	28,900,000	64,948,641	191,217,531	885,479	176,070	286,127,721
<u>Group</u>						
<u>2009</u>						
<u>Cost/Valuation</u>						
At 1 July 2008						
- cost	-	-	-	1,680,243	511,927	2,192,170
- valuation	28,900,000	71,879,357	222,945,041	-	-	323,724,398
Additions	-	123,622	5,240,239	-	14,963	5,378,824
Rebate received from supplier	-	-	(5,388,886)	-	-	(5,388,886)
At 30 June 2009	28,900,000	72,002,979	222,796,394	1,680,243	526,890	325,906,506
<u>Analysed by:</u>						
- cost	-	-	-	1,680,243	526,890	2,207,133
- valuation	28,900,000	72,002,979	222,796,394	-	-	323,699,373
	28,900,000	72,002,979	222,796,394	1,680,243	526,890	325,906,506

(continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Total RM
<u>Group</u>						
<u>2009</u>						
<u>Accumulated depreciation</u>						
At 1 July 2008	-	3,335,812	18,214,052	768,168	270,259	22,588,291
Charge for the financial year	-	1,839,712	8,804,122	168,025	40,699	10,852,558
At 30 June 2009	-	5,175,524	27,018,174	936,193	310,958	33,440,849
<u>Net book value</u>						
At 30 June 2009						
- cost	-	-	-	744,050	215,932	959,982
- valuation	28,900,000	66,827,455	195,778,220	-	-	291,505,675
	28,900,000	66,827,455	195,778,220	744,050	215,932	292,465,657
<u>Company</u>						
<u>2010</u>						
<u>Cost/Valuation</u>						
At 1 July 2009						
- cost	-	-	576,291	180,512	-	756,803
- valuation	5,984,140	-	-	-	-	5,984,140
At 30 June 2010	5,984,140	-	576,291	180,512	-	6,740,943
<u>Analysed by:</u>						
- cost	-	-	576,291	180,512	-	756,803
- valuation	5,984,140	-	-	-	-	5,984,140
	5,984,140	-	576,291	180,512	-	6,740,943
<u>Accumulated depreciation</u>						
At 1 July 2009	408,916	-	312,158	79,726	-	800,800
Charge for the financial year	119,683	-	57,629	18,051	-	195,363
At 30 June 2010	528,599	-	369,787	97,777	-	996,163
<u>Net book value</u>						
At 30 June 2010						
- cost	-	-	206,504	82,735	-	289,239
- valuation	5,455,541	-	-	-	-	5,455,541
	5,455,541	-	206,504	82,735	-	5,744,780

(continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Total RM
<u>Company</u>				
<u>2009</u>				
<u>Cost/Valuation</u>				
At 1 July 2008				
- cost	-	576,291	180,512	756,803
- valuation	5,984,140	-	-	5,984,140
At 30 June 2009	5,984,140	576,291	180,512	6,740,943
<u>Analysed by:</u>				
- cost	-	576,291	180,512	756,803
- valuation	5,984,140	-	-	5,984,140
	5,984,140	576,291	180,512	6,740,943
<u>Accumulated depreciation</u>				
At 1 July 2008	289,233	254,528	61,675	605,436
Charge for the financial year	119,683	57,630	18,051	195,364
At 30 June 2009	408,916	312,158	79,726	800,800
<u>Net book value</u>				
At 30 June 2009				
- cost	-	264,133	100,786	364,919
- valuation	5,575,224	-	-	5,575,224
	5,575,224	264,133	100,786	5,940,143

For the current financial year, management has assessed the fair value of the property, plant and equipment and concluded that the fair value of the property, plant and equipment does not differ materially from their carrying amounts.

Land and buildings, plant, machinery and electrical installation of the Group were revalued in January 2006 by an independent firm of professional valuers, CH Williams Talhar & Wong Sdn Bhd, based on open market value and depreciated replacement costs respectively.

Buildings, plant and machinery and electrical installation of the Group with net book value of RM77,549,336 (2009: RM79,677,414) have been pledged as security for borrowings (Term Loan 1) granted to a subsidiary of the Group (refer Note 26).

Property, plant and equipment of the Group with net book value of RM202,833,606 (2009: RM208,012,874) has been pledged for other banking facilities granted to the subsidiary (refer Note 26).

The net book value of the revalued property, plant and equipment that would have been included in the financial statements had these assets been carried at cost less accumulated depreciation is as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Freehold land	14,189,742	14,189,742	-	-
Buildings	35,326,224	36,373,846	5,692,635	5,823,254
Plant, machinery and electrical installation	32,621,535	35,217,438	-	-
	82,137,501	85,781,026	5,692,635	5,823,254

(continued)

14. SUBSIDIARIES

	Company	
	2010 RM	2009 RM
Unquoted shares, at cost	134,062,000	134,062,000
Amount owing by a subsidiary	31,027,209	31,027,209
	165,089,209	165,089,209

The amount owing by a subsidiary was reclassified as part of the interest in subsidiaries as the amount owing is akin to investment in subsidiaries.

The details of the subsidiaries are as follows:

Name	Principal activities	Group equity interest	
		2010 %	2009 %
Mycron Steel CRC Sdn Bhd	Manufacturing and trading of cold rolled steel sheets in coils	100	100
Silver Victory Sdn Bhd	Dormant	100	100

All subsidiaries are incorporated in Malaysia and are audited by PricewaterhouseCoopers, Malaysia.

15. ASSOCIATE

	2010 RM	2009 RM
<u>Group</u>		
Share of net assets of an associate	17,043,110	17,140,735
Less: Impairment loss		
As at 1 July	(3,955,000)	(3,955,000)
Impairment loss for the current financial year	(3,940,993)	-
	(7,895,993)	(3,955,000)
As at 30 June	9,147,117	13,185,735
<u>Company</u>		
Unquoted shares, at cost	17,000,000	17,000,000
Less: Impairment loss		
As at 1 July	(3,955,000)	(3,955,000)
Impairment loss for the current financial year	(3,940,993)	-
	(7,895,993)	(3,955,000)
As at 30 June	9,104,007	13,045,000

The share of net assets of an associate at 30 June 2010 include goodwill of RM1,364,476 (2009: RM1,364,476).

(continued)

15. ASSOCIATE (continued)

The Group's share of revenue, profit, assets (including goodwill) and liabilities of the associate are as follows:

	2010 RM	2009 RM
Revenue	-	1,172,780
Loss after tax	(97,625)	(121,500)
Non-current assets	17,270,591	17,308,697
Current assets	2,461,506	2,530,610
Non-current liabilities	(740,900)	(672,868)
Current liabilities	(1,948,087)	(2,025,704)
Net assets	17,043,110	17,140,735

The details of the associate, which is incorporated in Malaysia is as follows:

Name	Principal activities	Proportion of ownership interest	
		2010 %	2009 %
PMP Galvanizers Sdn Bhd* ("PMP")	Manufacturing and trading of galvanised metal	20	20

* Shareholding held directly by the Company.

In previous financial year, the Group has commenced legal action to recoup their cost of investment in PMP as a result of non compliance of certain conditions by the vendor pursuant to a shareholder's agreement entered in 2005. During the financial year, the vendor has filed for a change in the jurisdiction for the case to be heard against the Group on the investment in PMP and the key assumption used in the value-in-use computation has changed since prior financial year as follows:

- The investment expected to be recovered in 7 years (2009: 5 years) from commencement of legal proceedings in view of legal action taken by vendor; and
- The industry discount rate of 10.97% (2009: 6.85%) per annum.

The amount receivables representing the cost of investment in PMP is in accordance with the terms of the shareholders' agreement and it is supported by a legal opinion. The discount rate was derived based on weighted average cost of capital of companies in the cold rolled coil industry.

As at 30 June 2010, the Group has recognised an impairment loss of RM3,940,993 (2009: RM3,955,000) in PMP as the recoverable amount of PMP was lower than its carrying amount.

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group/Company	
	2010 RM	2009 RM
Equity securities:		
- Unquoted		
At 1 July	934,528	934,528
Less: Impairment loss	(616,926)	-
At 30 June	317,602	934,528

The available-for-sale financial asset represents the Group's investment in Maybach Logistics Sdn Bhd ("Maybach"), a company providing logistics services.

During the financial year, the Group and Company have recognised an impairment loss of RM616,927 respectively on the investment, as the recoverable amount of the investment was lower than its carrying value. The recoverable amount of the investment was determined by adjusting the net assets of Maybach with, impairment loss on a trade receivable and an aircraft, and accruals for maintenance cost of an aircraft.

17. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deferred tax assets	40,996,508	3,922,352	-	-
Deferred tax liabilities	(43,226,217)	(5,729)	(4,479)	(5,729)
	(2,229,709)	3,916,623	(4,479)	(5,729)
At start of financial year	3,916,622	(7,617,902)	(5,729)	(6,979)
Charged to income statement (Note 11):				
- property, plant and equipment	(4,547,249)	(3,428,220)	1,250	1,250
- unabsorbed capital allowances	(1,301,854)	8,733,258	-	-
- unutilised tax losses	(817,167)	7,213,564	-	-
- other liabilities	(146,905)	218,952	-	-
- reinvestment allowance	552,691	(1,203,029)	-	-
	(6,260,484)	11,534,525	1,250	1,250
Credited to assets revaluation reserve:				
- property, plant and equipment	114,153	-	-	-
At end of financial year	(2,229,709)	3,916,623	(4,479)	(5,729)
Subject to income tax:				
Deferred tax assets (before offsetting):				
Unabsorbed capital allowances	14,697,553	15,999,408	-	-
Other liabilities	72,047	218,952	-	-
Unutilised tax losses	6,396,397	7,213,564	-	-
Unutilised reinvestment allowance	19,830,511	19,277,820	-	-
	40,996,508	42,709,744	-	-
Offsetting	(40,996,508)	(38,787,392)	-	-
Deferred tax assets (after offsetting)	-	3,922,352	-	-
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(43,226,217)	(38,793,121)	(4,479)	(5,729)
Offsetting	40,996,508	38,787,392	-	-
Deferred tax liabilities (after offsetting)	(2,229,709)	(5,729)	(4,479)	(5,729)

(continued)

18. INVENTORIES

	Group	
	2010 RM	2009 RM
At cost:	76,580,473	86,714
- Raw materials	927,533	1,057,538
- Consumables	11,552,475	-
- Work-in-progress	35,961,598	-
- Finished goods	125,022,079	1,144,252
At net realisable value:		
- Raw materials	-	17,390,419
- Work-in-progress	-	8,813,921
- Finished goods	-	21,116,686
	125,022,079	48,465,278

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables	55,255,856	34,202,353	-	-
Staff loans	231,455	111,926	-	-
Other receivables	19,327	6,435	500	500
Deposits	1,415,784	1,335,958	4,500	4,500
Prepayments	13,634,356	1,518,659	-	-
	70,556,778	37,175,331	5,000	5,000

Included in prepayments are advances made for purchases of raw materials amounting to RM12,459,521 (2009: Nil).

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
The currency exposure profile of gross trade receivables, staff loans, other receivables, deposits and prepayments is as follows:				
- Ringgit Malaysia	58,096,541	36,852,253	5,000	5,000
- US Dollar	12,460,237	323,078	-	-
	70,556,778	37,175,331	5,000	5,000

Credit period granted to trade receivables ranged between 30 and 60 days (2009: between 30 and 60 days).

20. AMOUNTS OWING BY/(TO) HOLDING COMPANY

Amounts owing by/(to) holding company are unsecured, interest free and have no fixed terms of repayment.

21. AMOUNTS OWING BY SUBSIDIARIES

Amounts owing by subsidiaries are unsecured, interest free and have no fixed terms of repayment.

22. AMOUNT OWING BY AN ASSOCIATE

Amount owing by an associate in the preceeding financial year arose from trade transactions.

Credit period granted for amount owing by an associate in the previous financial year was 60 days.

(continued)

23. AMOUNTS OWING BY/(TO) OTHER RELATED COMPANIES

Amount owing by/(to) other related companies are unsecured, interest free and have no fixed terms of repayment.

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash in hand	1,590	785	2	2
Bank balances	4,216,856	4,275,277	257,184	308,680
Deposits with a licensed bank	-	20,500,000	-	-
	4,218,446	24,776,062	257,186	308,682

The weighted average interest rates effective at the balance sheet date are as follows:

	Group		Company	
	2010 % per annum	2009 % per annum	2010 % per annum	2009 % per annum
Bank balances	0.20	0.03	0.10	0.14
Deposits with a licensed bank	-	1.34	-	-

Deposits with a licensed bank of the Group in the previous financial year have an average maturity of 8 days. Bank balances are deposits held at call with a licensed bank.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables	62,880,191	6,809,277	-	-
Other payables	3,373,518	1,210,379	101,110	107,982
Accruals	3,541,209	9,073,335	612,241	564,680
Advance payment received	-	1,936,305	-	-
	69,794,918	19,029,296	713,351	672,662

The currency exposure profile of trade payable is as follows:

- Ringgit Malaysia	39,058,357	6,809,277	-	-
- US Dollar	23,821,834	-	-	-
	62,880,191	6,809,277	-	-

The currency exposure profile of accruals is as follows:

- Ringgit Malaysia	3,541,209	3,455,659	612,241	564,680
- Euro	-	5,617,676	-	-
	3,541,209	9,073,335	612,241	564,680

Credit period granted by trade payables ranged between 7 to 90 days (2009: 7 to 90 days).

(continued)

26. BORROWINGS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<u>Current</u>				
Bankers' acceptances	87,500,000	44,850,000	-	-
Revolving credits	35,098,163	35,042,575	-	-
Term loan 1	6,188,468	7,732,088	-	-
Term loan 2	13,770,973	13,195,073	-	-
	142,557,604	100,819,736	-	-
<u>Non-current</u>				
Term loan 1	20,677,482	28,593,971	-	-
Term loan 2	33,652,469	54,351,160	-	-
	54,329,951	82,945,131	-	-
Total	196,887,555	183,764,867	-	-

Contractual terms of borrowings

	Contractual interest rate at balance sheet date (per annum)	Functional currency/ currency exposure	Total carrying amount RM	Maturity Profile				
				< 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM
Group								
At 30 June 2010								
Secured								
Bankers' acceptances	3.60%- 3.95%	RM/RM	87,500,000	87,500,000	-	-	-	-
Revolving credits	2.62%- 3.30%	RM/RM	35,098,164	35,098,164	-	-	-	-
Term loan 1	4.81%	RM/EURO	26,865,949	6,188,468	5,907,852	5,907,852	5,907,852	2,953,925
Term loan 2	SIBOR + 2.50%	RM/USD	47,423,442	13,770,973	26,194,162	7,458,307	-	-
			196,887,555	142,557,605	32,102,014	13,366,159	5,907,852	2,953,925
Group								
At 30 June 2009								
Secured								
Bankers' acceptances	3.60%- 3.95%	RM/RM	44,850,000	44,850,000	-	-	-	-
Revolving credits	2.62%- 3.30%	RM/RM	35,042,575	35,042,575	-	-	-	-
Term loan 1	4.81%	RM/EURO	36,326,060	7,732,088	7,362,170	7,362,170	7,362,170	6,507,462
Term loan 2	SIBOR + 2.50%	RM/USD	67,546,232	13,195,073	14,821,800	14,821,800	24,707,559	-
			183,764,867	100,819,736	22,183,970	22,183,970	32,069,729	6,507,462

Term Loan 1 is secured by way of specific charge over the property, plant and equipment acquired under the expansion project financed through the facility (refer Note 13).

Term Loan 2, bankers' acceptances and revolving credit is secured by a debenture creating a charge over the fixed and floating assets of a subsidiary excluding those under specific charge in respect of Term Loan 1, ranking pari passu with the charge created in respect of Term Loan 2, bankers' acceptance and revolving credit (refer Note 13).

(continued)

26. BORROWINGS (continued)

The weighted average interest rates of borrowings as at 30 June 2010 are as follows:

	Group		Company	
	2010 % per annum	2009 % per annum	2010 % per annum	2009 % per annum
Bankers' acceptances	4.63	3.85	-	-
Revolving credits	3.53	2.96	-	-
Term loan 1	4.81	4.81	-	-
Term loan 2	2.85	3.50	-	-

Fair value

The carrying amounts of the borrowings due within one year and those with floating rates approximated their fair values at the balance sheet date. The fair values of the borrowings due after one year for the Group that have fixed interest rate are as follows:

	2010		2009	
	Carrying amount RM	Fair Value RM	Carrying amount RM	Fair value RM
Term loan 1	20,677,482	19,713,061	35,956,142	36,532,639

27. SHARE CAPITAL

Group/Company

	2010		2009	
	Number of shares	Nominal value RM	Number of shares	Nominal value RM
<u>Authorised</u>				
Ordinary shares of RM1 each At 1 July/30 June	500,000,000	500,000,000	500,000,000	500,000,000
<u>Issued and fully paid</u>				
Ordinary shares of RM1 each At 1 July/30 June	179,000,000	179,000,000	179,000,000	179,000,000

28. SHARE PREMIUM

Group/Company

	2010	2009
	RM	RM
Relating to: Ordinary shares	14,918,638	14,918,638

29. TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting on 9 December 2009, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company and its shareholders.

During the financial year, the Company repurchased 100,000 (2009: 940,300) ordinary shares of its own shares from the open market on Bursa Malaysia Securities Berhad for RM52,000 (2009: RM330,685). The average purchase price for the shares repurchased was RM0.52 (2009: RM0.35) per share. The repurchase transaction was financed by internally generated funds.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and carried at historical cost of repurchase. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased has been sold as at 30 June 2010.

At the balance sheet date, the number of outstanding shares in issue after setting off treasury shares against equity is 177,998,330 (2009: 178,059,700).

(continued)

30. DIVIDENDS

	2010		2009	
	Gross dividend per share sen	Amount of dividend less tax RM	Gross dividend per share sen	Amount of dividend less tax RM
Dividend recognised as distribution to ordinary equity holders of the Company	-	-	2.5	3,355,414

There were no dividends declared or paid by the Company since 30 June 2009.

The Directors now recommend the payment of final single tier dividend of 3.5 sen per share on 179,000,000 ordinary shares amounting to RM6,228,590 in respect of financial year ended 30 June 2010 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. The dividend amount payable is computed based on the Company's issued and paid up capital as at 30 June 2010, excluding treasury shares held by the Company.

However, these financial statements do not reflect the dividend in respect of the financial year ended 30 June 2010 which will be accrued as liability in the financial statements 30 June 2010 as the dividend was declared after balance sheet date.

31. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

The Group has related party relationships with the following fellow subsidiaries:

- Melewar Steel Mills Sdn Bhd
- Melewar Steel Tube Sdn Bhd
- Melewar Integrated Engineering Sdn Bhd

The following are companies in which the Directors of the Company, Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah and Dato' Zulkifly @ Sofi bin Haji Mustapha have or are deemed to have financial interests in:

- Malaysian Assurance Alliance Berhad
- Maybach Logistics Sdn Bhd

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

Group

Entity	Type of transaction	Group	
		2010 RM	2009 RM
Trade:			
- Melewar Steel Mills Sdn Bhd	Sales of scrap	(5,246,247)	(5,919,749)
- Melewar Steel Tube Sdn Bhd	Sales of cold roll coil	(29,979,678)	(29,474,558)
Non-trade:			
- Malaysian Assurance Alliance Berhad	Provision of insurance business	951,259	1,038,895

Company

Entity	Type of transaction	Company	
		2010 RM	2009 RM
- Melewar Integrated Engineering Sdn Bhd	Engineering consultation	98,700	3,222,364
- Mycron Steel CRC Sdn Bhd	Dividend income	-	(4,500,000)
	Management fee income	(2,046,794)	(2,892,463)
- Maybach Logistics Sdn Bhd	Transportation charges	14,160	169,920

(continued)

31. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Significant outstanding balances arising from the above are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<u>Amount owing by subsidiaries</u>				
Mycron Steel CRC Sdn Bhd	-	-	35,730,568	35,844,742
<u>Amount owing by other related companies</u>				
Melewar Steel Mills Sdn Bhd	7,015,904	7,449,777	-	-
Melewar Steel Tube Sdn Bhd	26,737,004	8,216,908	-	1,152
Melewar Integrated Engineering Sdn Bhd	1,414,278	-	-	-
<u>Amount owing to other related companies</u>				
Melewar Steel Tube Sdn Bhd	(45,170)	(23,093)	-	-
Melewar Integrated Engineering Sdn Bhd	-	(340,577)	-	-

(c) Key management personnel are those persons, having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and thus are considered related parties of the Company. Key management personnel of the Company comprise only of Directors of the Company and the key management compensation is disclosed in Note 10 to the financial statements.

32. 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.

33. FINANCIAL GUARANTEE CONTRACT

As at 30 June 2010, the Company had given guarantees to banks amounting to RM138,544,049 (2009: RM112,293,749) for banking facilities extended to its subsidiaries of which, all (2009: all) have been drawn down.

The fair value of the financial guarantee contract is immaterial to the financial statements.

34. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors on 5 October 2010.

Properties Owned

by Mycron Steel Berhad & Its Subsidiaries

Address of Property	Lease expiry date	Brief description and existing use	Land/built-up area	Approximate age of building (years)	Net book value (RM)
Lot 717, Jalan Sungai Rasau, Seksyen 16, 40200 Shah Alam, Selangor.	Freehold	Factory cum office building	861,407 sq.ft. (17.94 acres)	21	88,393,100
Flat 10, 19-23 Palace Court, London W2 4LP.	30.9.2995	Apartment for corporate use	Approximately 1,456 sq.ft.	14	5,455,541

Note: The above properties were revalued in 2006.

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MYCRON STEEL BERHAD

(622819-D)

FORM OF PROXY

(please refer to the notes below)

No. of ordinary shares held

I/We _____ NRIC No./Co. No./CDS No. _____

(Full Name in block letters)

of _____

(Full address)

being a member/members of **MYCRON STEEL BERHAD** hereby appoint the following person(s):

Name of proxy, NRIC No & Address

No. of shares to be represented by proxy

1. _____

2. _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and my/our behalf at the Seventh (7th) Annual General Meeting of the Company to be held at the Auditorium, Podium 1, Menara MAA, No. 12 Jalan Dewan Bahasa, 50460 Kuala Lumpur on Tuesday, 30 November 2010, at 10.00 a.m. My/our proxy is to vote as indicated below:

		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
RESOLUTION 1	TO APPROVE THE PAYMENT OF A FIRST AND FINAL SINGLE TIER DIVIDEND OF 3.5 SEN PER SHARE IN RESPECT OF THE FINANCIAL YEAR ENDED 30 JUNE 2010.				
RESOLUTION 2	TO APPROVE THE INCREASE IN DIRECTORS' FEES IN RESPECT OF THE FINANCIAL YEAR ENDING 30 JUNE 2011 TO BE PAYABLE QUARTERLY IN ARREARS.				
RESOLUTION 3	TO RE-ELECT TUNKU DATO' YA'ACOB BIN TUNKU TAN SRI ABDULLAH AS DIRECTOR RETIRING UNDER ARTICLE 77.				
RESOLUTION 4	TO RE-ELECT TUNKU DATO' KAMIL IKRAM BIN TUNKU TAN SRI ABDULLAH AS DIRECTOR RETIRING UNDER ARTICLE 77.				
RESOLUTION 5	TO RE-ELECT DATO' NARENDRAKUMAR JASANI A/L CHUNILAL RUGNATH AS DIRECTOR RETIRING UNDER ARTICLE 77.				
RESOLUTION 6	TO RE-ELECT EN SUHAIMI BIN KAMARALZAMAN AS DIRECTOR RETIRING UNDER ARTICLE 83.				
RESOLUTION 7	TO RE-APPOINT MESSRS PRICEWATERHOUSECOOPERS AS AUDITORS OF THE COMPANY.				
RESOLUTION 8	TO AUTHORISE THE RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES.				
RESOLUTION 9	TO APPROVE THE SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS.				
RESOLUTION 10	TO APPROVE THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY.				

(Please indicate with a "√" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion).

Dated this _____ day of _____ 2010

Signature/Common Seal

NOTES:

- A member entitled to attend and vote at a meeting of the Company is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one proxy in respect of each securities account.
- The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 20.03, 20th Floor, Menara MAA, No.12, Jalan Dewan Bahasa, 50460 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- Any alteration in the form of proxy must be initialed.
- Explanatory notes to Special Business of the Agenda 7 :

(a) Proposed Renewal of authority for the Company to purchase its own shares

The Proposed Resolution 8, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilizing its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. The details of the Proposed Resolution 8 are given under Part A of the Circular to Shareholders dated 8 November 2010 which is dispatched together with the Company's 2010 Annual Report.

(b) Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The Proposed Resolution 9, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. The detailed information on Recurrent Related Party Transactions is set out in Part B of the Circular to Shareholders of the Company dated 8 November 2010 which is dispatched together with the Company's 2010 Annual Report.

(c) Proposed Amendments to Articles of Association of the Company

The Proposed Resolution 10, if passed, will give authority for the Company to amend its Articles of Association in order to align with the amendments of the Main Market Listing Requirements pursuant to the directive from Bursa Securities on the implementation of payment of electronic cash dividend.

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The Secretary
MYCRON STEEL BERHAD
Suite 20.03 20th Floor
Menara MAA
No.12 Jalan Dewan Bahasa
50460 Kuala Lumpur

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NOTICE

There will be no distribution of door gifts.



MYCRON STEEL BERHAD
(622819-D)

Lot 717, Jalan Sungai Rasau, Seksyen 16, P.O.Box 7168, 40706 Shah Alam, Selangor, Malaysia

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