



CONTENTS

Notice of Fifth Annual General Meeting	2
Chairman's Statement	6
Corporate Social Responsibility	8
Corporate Information	9
Quality Recognition	11
Profile of Directors	13
Group Financial Highlights	18
Analysis of Shareholdings	19
Statement on Corporate Governance	22
Statement on Internal Control	32
Audit Committee Report	34
Directors' Report	37
Statement by Directors	42
Statutory Declaration	42
Independent Auditors' Report	43
Income Statements	44
Balance Sheets	45
Consolidated Statements of Changes in Equity	46
Company Statements of Changes in Equity	47
Cash Flow Statements	48
Notes to the Financial Statements	50
Properties Owned by Mycron Steel Berhad and Its Subsidiaries	79
Form of Proxy	

NOTICE OF FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifth 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, 9 December 2008 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 30 June 2008 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of a first and final dividend of 2.5% less 25% in respect of the financial year ended 30 June 2008. (Resolution 1)
3. To approve the payment of Directors' fees amounting to RM408,000 in respect of the period from 1 January 2009 to 31 December 2009 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) Dato' Narendrakumar Jasani a/I Chunalil Rugnath (Resolution 4)
5. To re-elect Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah who is retiring pursuant to Article 83 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 5)
6. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

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 7)

"THAT subject to compliance with Section 67A of the Companies Act 1965, the 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 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 RM50,282,346 and share premium account of RM14,918,638 as at 30 June 2008 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 FIFTH ANNUAL GENERAL MEETING

(continued)

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

(Resolution 8)

"THAT the mandate granted by the shareholders of the Company on 31 October 2007 pursuant to paragraph 10.09 of the 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 of Part B of the Circular to Shareholders dated 17 November 2008 ("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".

NOTICE OF FIFTH ANNUAL GENERAL MEETING

(continued)

NOTICE OF CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN that the Register of Members will be closed at 5.00 p.m. on 12 December 2008 for the purpose of determining shareholders' entitlement to the first and final dividend of 2.5% less 25% tax in respect of the financial year ended 30 June 2008.

The dividend, if approved, will be paid on 22 December 2008 to shareholders whose names appear in the Register of Members of the Company at the close of business on 12 December 2008.

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 12 December 2008 in respect of ordinary transfers;
- (b) shares bought on the Bursa Malaysia Securities Berhad 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)
Company Secretary

Kuala Lumpur
17 November 2008

NOTICE OF FIFTH ANNUAL GENERAL MEETING

(continued)

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 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 7, 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 7 are given under Part A of the Circular to Shareholders dated 17 November 2008 which is dispatched together with the Company's 2008 Annual Report.

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

The Proposed Resolution 8, 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 17 November 2008 which is dispatched together with the Company's 2008 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad, the details of the Directors who are seeking for re-election or re-appointment in Agenda 4 and 5 of the Notice of the Fifth Annual General Meeting of the Company are set out in the Directors' Profile on pages 13 to 17 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 21 of this Annual Report.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Mycron Steel Berhad ("Mycron") I am pleased to present the Group's Annual Report for the 12 months ended 30 June 2008.

For the 2007 financial year, the Group's year-end date was changed from 31 January to 30 June, and as a result, the comparative figures for this Report, are for the 17 months ended 30 June 2008.

FINANCIAL RESULTS

For the year ended 30 June 2008, Mycron achieved its highest ever recorded annual Revenue of RM 406.1 million, resulting in a strong Profit Before Tax of RM16.7 million. The Profit After Tax of RM30.3 million was enhanced, by the recognition of deferred tax benefits for reinvestment tax allowances and other capital tax allowances, following the commissioning of the new plant this year.

In terms of Cold Rolled Coil ("CRC") output, Mycron achieved a 90% capacity utilisation rate, by delivering more than 160,000 tonnes, during the financial year. This represents an improvement of 11% capacity utilisation, compared to the previous year.

PROPOSED DIVIDEND

The Board of Directors had on 26 August 2008 recommended a first and final gross dividend of 2.5 sen per share, less income tax at 25%, in respect of financial year ended 30 June 2008. This dividend is subject to shareholders' approval at the forthcoming Annual General Meeting to be held on 9 December 2008.

STEEL INDUSTRY REVIEW

During the first half of calendar year 2007, regional markets experienced an over-supply situation for flat steel, caused by excessively cheap steel exports from China.

The Chinese Government had, for the past two years, been trying to reduce the output of steel from smaller and inefficient mills, known for their highly pollutant and energy intensive record, and had introduced controls to shut-down or merge such mills. Due to the high subsidy for electricity in China, further controls were also introduced to limit steel exports. Unfortunately, this effort initially served only to destabilize the regional market, as vast quantities of steel were hastily exported, to avoid the impact of new export restricting regulations.

By mid-2007, regional price for steel began to stabilise, as Chinese exports began to abate. From the 3rd quarter of 2007, steel prices started trending upwards, as mills started pushing for higher prices, due to rising iron ore and freight cost. This caused the accelerated closure of small inefficient Chinese plants, as margins were further squeezed.

For the first six months of 2008, steel prices had been on an upsurge, and have affected many end-users severely. Global demand had exceeded supply, creating a shortage of steel. A drastic surge in the price of iron ore, coking coal and crude oil, added fuel to this price volatility. Major steel mills like JFE and Nippon Steel concluded a price increase of 65% for their iron ore supply, while more recently, Baosteel of China, concluded their iron ore supply price with an increase of 85%.

Due to rising demand and limited supply of imported CRC, from the beginning of 2008, Mycron's production has been running at full capacity. For this reason, the production of over 160,000 tonnes of CRC, for the financial year, has been the highest ever achieved, since starting operations in 1990.

TECHNICAL ASSISTANCE FROM JFE STEEL CORPORATION

Mycron's strategic direction has been focused on moving up the value chain, by producing higher grade CRC for galvanizing and automotive use, where margins are higher, and where domestic supply is either non-existent or limited. This change in direction, introduced in 2006, has brought about some positive developments.

Under a Technical Assistance Agreement with JFE Steel Corporation of Japan, to upgrade technical and human resource skills, Mycron had acquired the technology to produce galvanizing grade CRC, and have since 2007, been making regular sales to this sector.

Mycron's 2nd Technical Assistance Agreement with JFE Steel Corporation was completed in June 2008. During the 18 month period of the agreement, JFE Steel Corporation had sent 4 dispatches of technical staff on attachment to Mycron, with Mycron sending 2 batches of engineers for training at JFE's Fukuyama Works.

Following this effort, Mycron is now able to produce automotive grade CRC, under specification of JFS A2001:1998 (specifically JSC270C, JSC270D, JSC270E, JSC340W, JSC370W, JSC390W and JSC440W) which is mainly used for motor-vehicle inner parts.

PLANT UPGRADE AND EXPANSION PROJECT

The plant expansion had progressed smoothly, and commissioning was completed in June 2008. Production capacity has increased substantially by 45% (i.e. from 180,000 to 260,000 tonnes a year) and is expected to contribute positively to the earnings of Mycron in the coming years.

The expansion involves the installation of a new Combination Skinpass cum Tension-Leveller mill, together with ancillary

(continued)

equipment, new Batch Annealing Furnaces and added manufacturing area and storage facilities.

Mycron has signed two off-take agreements; one with PMP Galvanizers Sdn Bhd in Sarawak, and another with Bluescope (Malaysia) Sdn Bhd in Selangor, both of which are CRC galvanizers. With these agreements, Mycron's entire expanded capacity will be fully taken up. This higher production volume will help lower unit operating cost, as well as shorten lead-times, thus improving delivery service.

As both customers would have had to import such high grade CRC for their manufacturing process, this supply by Mycron is a pure import substitution transaction that will benefit Malaysia's balance of payments, today and in the years ahead.

PROSPECTS FOR THE NEW FINANCIAL YEAR

With the continued focus on moving up the value chain and the increasing reliance by customers of Mycron's CRC, the Group should be favorably positioned to increase business volume for the year ahead. As it is now, Mycron's CRC is already regarded to be the highest quality CRC in the country.

The board is optimistic that the Group will be able to increase its market share in the higher-end sector, in particular, to the automotive and galvanizing industry. With continued technical assistance from Japan, Mycron is continually developing, upgrading and increasing the number and types of steel grades that can be supplied.

Mycron is now supplying in excess of 10% of Proton's CRC supply needs, and this is expected to increase steadily, as Proton is also undergoing a major localisation plan for import substitution, whereby the amount of CRC sourced locally, is expected to increase significantly.

The contract with Bluescope is also progressing well, and they have indicated their intention, to increase the purchase volume of CRC from Mycron, from the current 2,000 tonnes per month, to 5,000 tonnes per month from 2009 onwards.

Apart from supplying to CRC galvanizing mills, Mycron is also confident that the quality of CRC produced by its new plant will also be acceptable to electro-galvanizers, who have recently set up in Malaysia. These new facilities have CRC input combined capacities exceeding 200,000 tonnes per year.

With these developments, Mycron's future prospects seem very promising and we look forward with great optimism to meet the challenges ahead.

MARKET PRICE VOLATILITY

Following the global financial crisis in September 2008, regional market price for Hot Rolled Coils ("HRC"), the base raw material for the manufacture of CRC, has tumbled dramatically, from US\$1,100 per tonne to US\$600 per tonne. The regional price for CRC have also followed suit, falling from US\$1,250 per tonne to US\$750 per tonne.

The Group maintains a cautious inventory management policy, by keeping inventory at bare minimum levels, and has always matched HRC purchases to committed and/or projected customer CRC purchases. Be that as it may, the sudden price fall of HRC prices, will impact Mycron's results for financial year ending 30 June 2009 temporarily, as the Group will mark the value of its inventory to market price.

It is expected that there will be some reduction of orders, by customers in the forthcoming months, as they try to reduce inventory levels, to conserve working capital. This reaction will be temporary, and volumes should pick-up again, when customer inventory levels fall to the extent that would adversely affect production work flows. This slow-down is expected to last no longer than 3 months.

The margin (or "spread") between international HRC and CRC prices, has been consistent, ranging between US\$100 and US\$120 per tonne, and is expected to remain so during this volatile period of global prices. This spread is very healthy and Mycron can expect to continue to generate good profits in the forthcoming year.

Indeed, with lower prices for HRC and CRC, Mycron will be enjoying the benefits of having less money tied-up in inventory and debtors, whilst still enjoying the same gross profit margins as it did before. The cash position of the Group is therefore expected to improve substantially.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my deepest gratitude to our shareholders, customers, suppliers, and business partners, and look forward to your continued support in the years ahead.

I also wish to thank all our staff for their hard work, dedication and commitment that has made Mycron Steel Berhad, the best name in the Malaysian CRC industry.

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah

Chairman

28 October 2008

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Group recognises its social obligation to society and continues to strive for a balanced approach to fulfill its key business objectives and the expectations of stakeholders. In this aspect, the Group has considered the well being of its employees, community and environment and views it as an extension of the Group's effort in fostering a strong corporate governance culture.

WORKPLACE

The Group in recognising the importance of employees as the most valuable asset has set up an Occupational Safety and Health Committee to develop policies and guidelines to provide and maintain a safe and healthy workplace for all its employees, contractors and visitors. The Group also endeavours to constantly enhance employees' job-related skills, knowledge and experience through in-house and external training programmes. The employees are made fully aware of the safety measures through representatives from Health & Safety Committees, notice boards and regular management meetings.

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 the Annual Dinner, 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 ensures the business activities are conducted in compliance with the applicable environment regulations and laws at all times. Complementing this, the Group constantly monitors areas of environmental concerns relating to its businesses whereby we are constantly implementing pre-emptive efforts to prevent damage to the environment. To this end, all industrial wastes from the Group's operations are properly treated and safely disposed off while steel scraps are recycled and used as feedstock for our related Company's billet plant.

The Group has and will always consider safety and environmental factors in all operating decisions and will also continuously explore feasible opportunities to minimise any adverse impact from all its operations. To ensure best practice at all times, the Group measures environmental performance through regular assessments with internal guidelines, procedures and external regulations.

COMMUNITY

As a socially conscious corporate citizen, the Group has continued to place efforts in its philanthropic endeavours through monetary and resources contributions to the community and various charitable organisations.

In recognising that children are our next generation of leaders, the Group continues to look out for the well being of orphans by responding to fund-raising requests from orphanages all over Malaysia; one such organisation as this is The Budimas Charitable Foundation, a foundation specifically set up to care, nurture and educate homeless children to which the Group has committed to support and make donations to on a regular basis.

The Group also recognises the need to improve the standards of living for those who are less fortunate and the needy people in our community. To attain this goal, the Group never hesitates to support various activities carried out by local charitable organisations such as MAA-Medicare Kidney Charity Fund, a fund which operates a number of charity kidney dialysis centres throughout the country.

THE MARKET PLACE

The Group is unwavering in meeting its standards of excellence by ensuring the delivery of quality in project execution and meeting all customer deliverables as detailed in the contracts. Customers' feedback and complaints are reviewed on an ongoing basis and used to improve customer service.

To achieve the best standards of production, the Group had embarked on an ISO accreditation and was accredited with MS ISO 9001:2000 for manufacture of cold rolled steel sheet in coil in October 2002. Besides this, the Group believes on building a long term relationship with the suppliers based on the compatibility of their values, product quality and price. This is key to servicing customers' requirement and developing the highest products' quality standards.

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>Datuk Lim Kim Chuan</p> <ul style="list-style-type: none"> • Non-Independent Non-Executive Director <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>Mr Paul Chan Wan Siew</p> <ul style="list-style-type: none"> • Independent Non-Executive Director
Secretary	:	Ms Lily Yin Kam May
Audit Committee	:	<p>Dato' Narendrakumar Jasani a/l Chunilal Rugnath</p> <ul style="list-style-type: none"> • Chairman <p>Dato' Zulkify @ Sofi bin Haji Mustapha</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	:	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
Registered Office	:	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
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
Solicitors	:	<p>Megat Najmuddin Leong & Co. 102 Jalan Bangsar 59200 Kuala Lumpur Telephone No : 03 - 2282 7277 Telefax No : 03 - 2284 3508</p> <p>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</p>

CORPORATE INFORMATION

(continued)

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">• AmlInvestment Services Berhad• DBS Bank Ltd• Malayan Banking Berhad• OCBC Bank (Malaysia) Berhad
Stock Exchange Listing	:	Bursa Malaysia Securities Berhad ("Bursa Securities") Stock Number 5087
Website	:	http://www.mycronsteel.com
E-mail	:	enquiry@mycronsteel.com