



CONTENTS

Notice of Sixth (6th) Annual General Meeting	2
Chairman's Statement	5
Corporate Social Responsibility	7
Corporate Information	8
Quality Recognition	12
Profile of Directors	14
Group Financial Highlights	19
Analysis of Shareholdings	20
Statement on Corporate Governance	23
Statement on Internal Control	34
Audit Committee Report	36
Directors' Report	39
Statement by Directors	44
Statutory Declaration	44
Independent Auditors' Report	45
Income Statements	46
Balance Sheets	47
Consolidated Statements of Changes in Equity	48
Company Statements of Changes in Equity	49
Cash Flow Statements	50
Notes to the Financial Statements	52
Properties Owned by Mycron Steel Berhad and Its Subsidiaries	81
Form of Proxy	

NOTICE OF

SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth (6th) 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, 24 November 2009 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 2009 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors' fees amounting to RM336,000 in respect of the period from 1 January 2010 to 31 December 2010 to be payable quarterly in arrears. (Resolution 1)
3. 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) Dato' Zulkifly @ Sofi bin Haji Mustapha (Resolution 2)
 - (ii) Dato' Abu Talib bin Mohamed (Resolution 3)
 - (iii) En Azlan bin Abdullah (Resolution 4)
4. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

AS SPECIAL BUSINESS

5. 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 6)

"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 RM8,572,142 and share premium account of RM14,918,638 as at 30 June 2009 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 SIXTH ANNUAL GENERAL MEETING

(continued)

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

(Resolution 7)

"THAT the mandate granted by the shareholders of the Company on 9 December 2008 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 2 November 2009 ("the Circular") with the related parties mentioned therein, be and is hereby renewed, AND THAT mandate be and is hereby granted by the shareholders of the Company to apply to the additional recurrent related party transactions of a revenue or trading nature as set out in section 3.0 (B) of part B of the circular with related parties mentioned therein, 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."

By Order of the Board

LILY YIN KAM MAY (MAICSA 0878038)
Company Secretary

Kuala Lumpur
2 November 2009

NOTICE OF

SIXTH 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 (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 5:

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

The Proposed Resolution 6, 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 6 are given under Part A of the Circular to Shareholders dated 2 November 2009 which is dispatched together with the Company's 2009 Annual Report.

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

The Proposed Resolution 7, 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 2 November 2009 which is dispatched together with the Company's 2009 Annual Report.

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 3 of the Notice of the Sixth (6th) Annual General Meeting of the Company are set out in the Directors' Profile on pages 14 to 18 of this Annual Report. Their securities holdings in the Company are set out in the Analysis of Shareholdings which appears on pages 20 to 22 of this Annual Report.

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 2009.

Financial Results

The global economic crisis has had a major negative impact, on the international and domestic demand for Cold Rolled Coil ("CRC") steel sheets. Accordingly, for the financial year 2009, the Group experienced a 20% drop in CRC sales volume to 128,000 tonnes (FY 2008: 160,000 tonnes).

Over the past two years, the international sales price of CRC had undergone a wild roller-coaster ride; increasing from US\$700 per tonne in June 2007, to US\$1,100 per tonne by June 2008, and collapsing to US\$550 per tonne by June 2009.

The effect of both these factors (i.e. volume and price movements) for the Group, for the financial year 2009, is a net fall of 5.6% in total sales revenue to RM383.3 million (FY2008: RM406.1 million).

With the sudden fall in steel prices, the Group has made provisions for the diminution in value of its steel inventories, which has adversely affected its results for the year. The Group recorded a Loss After Tax of RM38.4 million for the year, compared to a Profit After Tax of RM30.3 million in the previous year.

Proposed Dividend

As the world continues to face economic uncertainties, and with CRC demand growth still in its infancy, the priority of the Group, will be to conserve its resources. In view of this, the Directors do not recommend the payment of any dividend, for the financial year ended 30 June 2009.

Steel Industry Overview

The financial year ended 30 June 2009, has been one of the most challenging periods, in economic history, for the steel industry.

CRC demand was strong, both domestically and internationally, up to July 2008, caused mainly by a shortage of global steel supply. With steel prices at record levels, many down-stream manufacturers began to face financial problems, with the high value of steel inventories, stretching their credit facilities to the limit. Without further financial support, from the banking sector and the credit markets, that were by that time in turmoil, down-stream manufacturers could not afford to maintain their normal levels of steel raw material inventories. Steel demand began to gradually weaken.

By October 2008, the global economic crisis was in full force, which resulted in a drop, in global demand, for almost all manufactured and consumer goods. With sale volume dropping drastically, manufacturers' inventory levels began to look alarmingly high, which prompted them, to cease new orders for all raw material supplies, including steel. This resultant drastic drop in steel demand caused steel mills in China, to reduce prices, on a weekly basis, precipitating a collapse in global steel prices.

Hot Rolled Coil ("HRC") steel sheets, the key raw material for the manufacture of CRC, fell from over US\$1,000 per tonne in July 2008, down to US\$725 per tonne in December 2008, and reaching US\$480 per tonne by March 2009. With such a large and sudden drop in HRC steel raw material prices, CRC manufacturers globally, were hit with having to make significant provisions, for diminution in values, of their HRC raw material inventories.

Malaysia was not spared the fate of the global economy. Domestic steel markets remaining depressed, since October 2008, as cheap imports flooded the Malaysian steel market, initially coming from Chinese mills, followed by CIS mills, and subsequently by Korean mills. Operating margins were squeezed, with many operators reporting losses each quarter, during the later half of the financial year.

However, from May 2009 onwards, the prospects for the steel industry had begun, to show signs of improvement. Down-stream manufacturers' inventory levels, had now reached very low levels, which prompted renewed buying activity. Due to production cuts, steel mills were not able to cope, with the sudden rise in demand, leading to a temporary shortage in steel supply. Steel prices had bottomed and were beginning to inch upwards.

Recent professional trade journals, for the steel industry have, have reported a significant improvement in optimism, amongst steel manufacturers globally. It seems, that the steel industry, may have finally, begun to turn the corner.

Review of Group Operations

The Group was not spared, the global steel price collapse, and the resultant need, to make provisions for diminution in value, of HRC inventories. Fortunately for the Group, due to its prudent inventory policy, the total tonnage of HRC raw materials was relatively low, which limited the damage, of the price fall. At only 1.5 months of sales, the Group's inventory level is considered low, when compared to other domestic steel operators.

For the year ended 30 June 2009, the Group recorded a Loss Before Tax of RM49.7 million, after making a provision for inventory diminution of RM40.3 million.

On a happier note, I am happy to report, that after a development period of three years, the Group's plant upgrade and expansion exercise, through the purchase of a new collection of batched annealing furnaces, a new skin-pass mill and a new combined tension-leveller line, was completed in June 2008. This upgrade has allowed higher quality CRC to be manufactured, whilst also increasing the overall CRC output capacity by 45%, from 180,000 to 260,000 tonnes a year.

Fortunately, the plant upgrade and expansion was completed, just three months before the global financial and economic melt-down had set in. Had it not been completed before this, the Group would have run a huge risk, of the facility being shelved, as banking credit lines dried up globally.

(continued)

Any CRC manufacturing competitor, planning a capacity expansion project today, would be fighting, and losing, an uphill battle, as banks and credit markets, have all but stopped funding new projects. The opportunity for a competitor, to expand its facilities will not come again, for many more years to come. In view of this, the Group can consider itself, extremely fortunate, to have completed its plant upgrade and expansion, in June 2008.

Based on this new expanded plant output capacity of 260,000 tonnes a year, the drop in total sales for the year to 128,000 tonnes, translates to a capacity utilisation of 49%. Although much lower than the preceding year's capacity utilisation of 89% (FY 2008: 160,000 tonne output, 180,000 tonne capacity), the improved and expanded facility, does bode well for the Group.

I am happy to report, that the improved CRC quality has benefited the Group, by allowing it to tap into the steel roofing sector, especially in relation to its off-take contract with Bluescope (Malaysia) Sdn Bhd. The higher grade CRC output, together with continued technical assistance from JFE of Japan, has also allowed the Group, to penetrate the automotive sector, with Mycron currently producing fifteen (15) components, for the recently launched MPV Exora, which has proven to be quite a hit for Proton, with some 4,000 units being booked within months of its launch. Going forward, it is envisaged that Mycron, will also be supplying, automotive grade CRC, to Perodua - the second national car project.

With its expanded capacity of 260,000 tonnes a year of CRC, the Group considers itself to be in an ideal position, to meet future improved sales demand, as a result of the improved global economy. Going forward, Mycron's goal will be to try to achieve, better operating margins, through increased sales of higher grade CRC, and through better economies of scale, due to the expanded capacity of the plant.

Although the Group is in an excellent position, to improve and expand its operations, it also recognises the uncertainty and volatility of the economic conditions it now faces. There are still concerns today, about the pace and timing, of the current recovery in world steel price and volume, and the management team will do its utmost, to win new orders, and to operate its plant, at an optimum level, to ensure the best returns, for the Group.

Business Outlook

In spite of the challenging environment, that had plagued the steel industry last financial year, the prospects for the future, is beginning to look brighter.

Down-stream manufacturers' inventory levels are now at an all time low, prompting renewed buying activity. Overseas steel mills operating at reduced capacities have caused a temporary supply shortage to develop. Prices are trending upwards, and the prospects for the rest of the financial year, is looking positive.

With Mycron's decision, to increase its HRC purchases for the second half of 2009, the Group should be in a favourable position, to take advantage of increasing CRC demand, and rising CRC prices.

Prospects For The New Financial Year

There is optimism that the global economy, will emerge from the current recession, with moderate growth expected in 2010. As CRC steel is a key component required by most manufacturing concerns, consumption of CRC in the medium and long term, is expected to continue to grow.

With steel mills globally, having implemented production cuts, the supply situation has become tight, with many operators reporting long delays in material arrivals. The Group has also experienced delayed arrivals of HRC, which has caused some knock-on delays, in the delivery of CRC sales. Although inconvenient, these are positive signs, and the Group is fairly optimistic, for the financial year 2010.

However, on a cautionary note, due to the fragility and volatility of the global economy, the Group will continue to monitor global steel demand patterns, and will maintain its cautious inventory management policy, of only matching HRC purchases, to committed and projected customer CRC orders.

The Group's decision to invest heavily, to expand CRC output capacity, and to further improve the quality of its CRC products, is proving to be a fortuitous one. The Group now finds itself, in an excellent position, to take advantage of the recovering global economy, and achieve a higher-value and larger market share.

With many long-term and well established down-stream manufacturing customers, a wider product range, and a highly skilled and motivated employee base, the Group is in a good position, to excel in the coming years. Barring any unforeseen circumstances, the Group remains confident, in its long term business prospects.

Acknowledgement

On behalf of the Board, I would like to express my gratitude to our shareholders, customers, suppliers, business partners and staff, for having stood by Mycron, over these past years. Your continued support will certainly help to take the Group, to new levels of success, in the years ahead.

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah
Chairman

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. Towards achieving the Group's staff personal development goals, comprehensive trainings and development courses are offered to employees, to further enhance their skills and knowledge. The employees are made fully aware of the safety measures through representatives from Health & Safety Committees, notice boards and regular management meetings. 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.

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 wellbeing, 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, the Group ensures that raw material wastage is minimised with all industrial wastes from the Group's operations properly treated and safely disposed off while steel scraps are recycled and used as feedstock for our 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 of 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. The Group also performs ongoing price benchmarking to ensure that its products are affordable and fairly priced relative to the competitors.

The Group had been accredited with MS ISO 9001:2000 for manufacture of cold-rolled steel sheet in coil in October 2002 in meeting its goal to achieve the best standards of production. 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.

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>En Azlan bin Abdullah</p> <ul style="list-style-type: none">• Chief Executive Officer <p>Dato' Zulkify @ Sofi bin Haji Mustapha</p> <ul style="list-style-type: none">• Non-Independent Non-Executive Director <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 <p>Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah</p> <ul style="list-style-type: none">• Non-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	:	Megat Najmuddin Leong & Co 102 Jalan Bangsar 59200 Kuala Lumpur Telephone No: 03 - 2282 7277 Telefax No: 03 - 2284 3508 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