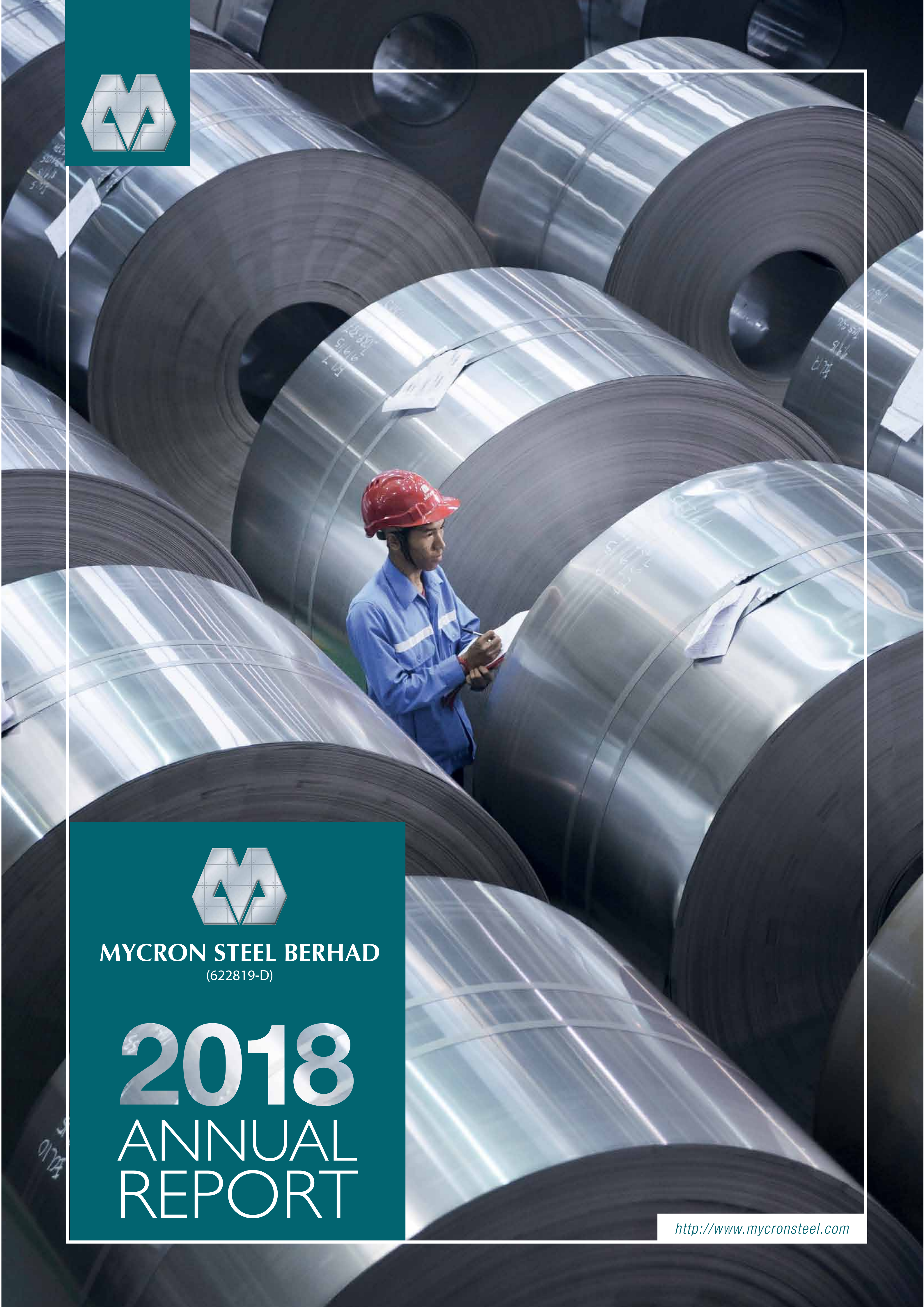


MYCRON STEEL BERHAD
(622819-D)

2018 ANNUAL REPORT

http://www.mycronsteel.com

CONTENTS

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **15TH ANNUAL GENERAL MEETING** of the Company will be held at **Crystal Function Room, 4th Floor, Mutiara Complex, 3½ Miles, Jalan Ipoh, 51200 Kuala Lumpur** on **Thursday, 29 November 2018 at 10.00 a.m.** for the following purposes:

AGENDA

AS ORDINARY BUSINESS	**Resolution**
1. To receive the Audited Financial Statements for the year ended 30 June 2018 together with the Reports of the Directors and the Auditors thereon. ***[Please refer to Explanatory Note A]***	
2. To approve the payment of Director's fees of RM20,000.00 for En Azlan Bin Abdullah for the period from 11 August 2018 to 31 December 2018. ***[Please refer to Explanatory Note B]***	**1**
3. To approve the payment of Directors' fees amounting to RM384,000.00 for the period from 1 January 2019 to 31 December 2019 to be payable quarterly in arrears to the Non-Executive Directors of the Company.	**2**
4. To approve an amount of up to RM100,000.00 as benefits payable to the Non-Executive Directors of the Company for the period from 1 December 2018 until the conclusion of the next Annual General Meeting ("AGM") of the Company. ***[Please refer to Explanatory Note C]***	**3**
5. To re-elect the following Directors of the Company who are retiring in accordance with Article 113(1) of the Company's Articles of Association and who, being eligible, offer themselves for re-election:	
(i) Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	**4**
(ii) Shazal Yusuf bin Mohamed Zain	**5**
(iii) Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah	**6**
6. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**7**

AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-

(a) Proposed Renewal of Share Buy-Back Authority **8**

"THAT subject to compliance with Section 127 of the Companies Act 2016 ("the Act"), the Main Market Listing Requirements ("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 amount of shares 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 the 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 three percent (3%) of the total number of issued shares of the Company and that an amount not exceeding the Company's total audited retained profits of RM163,130 as at 30 June 2018 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 AGM 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 AGM 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."

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

"THAT the mandate granted by the shareholders of the Company on 30 November 2017 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 RRPTs which are necessary for the Mycron Group's day-to-day operations as set out in Section 4.3(A) and 4.3(B) of Part B of the Circular to Shareholders dated 31 October 2018 ("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 on terms not to the detriment of the minority shareholders of the Company; and

(b) the transactions are made at arm's length and on normal commercial terms.

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

(a) the conclusion of the next 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

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earliest.

AND THAT the Directors of the Company be 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."

(c) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act **10**

"THAT, subject always to the Act, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company at any time until the conclusion of the next AGM, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued."

By Order of the Board

LILY YIN KAM MAY (MAICSA 0878038)
Company Secretary

Kuala Lumpur
31 October 2018

NOTES:-

1. *Applicable to shares held through a nominee account.*

2. *A member entitled to attend, speak and vote at a meeting of the Company is entitled to appoint more than one (1) proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company.*

3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be presented by each proxy.*

4. *Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

5. *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.*

6. *The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 11.05, 11th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*

7. *Any alteration in the form of proxy must be initialled.*

8. *Form of Proxy sent through facsimile transmission shall not be accepted.*

9. *For the purpose of determining a member who shall be entitled to attend this 15th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 79(a), 79(b) and 79(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 23 November 2018. Only a depositor whose name appears on the Record of Depositors as at 23 November 2018 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*

10. *Explanatory Notes to Ordinary Business:*

(A) Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

(B) Payment of Director's Fee (Ordinary Resolution 1)

The Company is seeking shareholders' approval for the payment of director's fee to En Azlan Bin Abdullah who was re-designated from Executive Director to Non-Independent Non-Executive Director of the Company with effect from 11 August 2018 and therefore payment of director's fees shall cover the period from 11 August 2018 to 31 December 2018.

(C) Benefits Payable to Non-Executive Directors (Ordinary Resolution 3)

Section 230(1) of the Act provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolution 3 is to seek shareholders' approval for payment of Directors' Benefits (excluding Directors' fees) to the Non-Executive Directors for the period from 1 December 2018 until the conclusion of the next AGM to be held in 2019 of the Company.

The benefits comprises the meeting allowances, benefits in kind and other emoluments payable to the Non-Executive Directors of the Company.

In determining the estimated total amount of remuneration (excluding directors' fees) for the Non-Executive Directors of the Company, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Non-Executive Directors involved in these meetings.

The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the directors' remuneration (excluding directors' fees) as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the relevant period.

11. Explanatory Notes to Special Business:

(D) Proposed Renewal of Share Buy-Back Authority (Ordinary Resolution 8)

The Proposed Ordinary 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. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

(E) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Ordinary Resolution 9)

The Proposed Ordinary 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.

(F) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act (Ordinary Resolution 10)

The Ordinary Resolution proposed under Resolution 10 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

The Proposed Resolution 10, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the total number of issued shares of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 14th AGM held on 30 November 2017 and which will lapse at the conclusion of the 15th AGM to be held on 29 November 2018.

12. Poll Voting

All the Resolutions mentioned above will be put to vote by Poll.

The detailed information on Special Business of Agenda 7 except for Ordinary Resolution 10 as mentioned above is set out in the Circular to Shareholders of the Company dated 31 October 2018 which is despatched together with the Company's 2018 Annual Report.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Securities, the details of the Directors who are seeking for re-election or re-appointment in Agenda 5 of the Notice of the 15th AGM of the Company are set out in the Directors' Profile on pages 29 to 31 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 38 of this Annual Report.

The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the Listing Requirements of Bursa Securities are set out under Note F of the Notice of the 15th AGM of the Company.

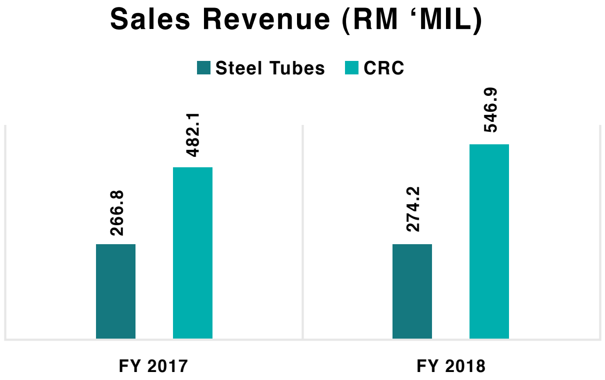
On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of Mycron Steel Berhad and its group of companies ("the Group" or "Mycron") for the financial year ended 30 June 2018.

TUNKU DATO' YAACOB KHYRA
Executive Chairman

FINANCIAL PERFORMANCE

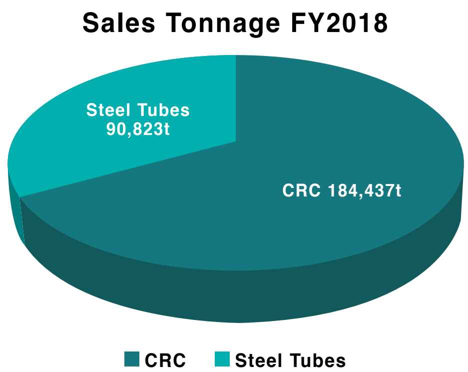
Mycron Steel Berhad encompasses the combined operations of two subsidiaries, namely Mycron Steel CRC Sdn Bhd ("MSC") and Melewar Steel Tube Sdn Bhd ("MST"). MSC is involved in the mid-stream sector of the steel industry, in the manufacture of Cold Rolled Coil ("CRC") steel sheets, while MST is involved in the manufacture of steel tubes and pipes ("Steel Tubes").

For the year under review, the Group maintained healthy operations, with total revenue of RM 793.4 million and representing 9.3% more than the RM 726.2 million recorded a year earlier, an increase of RM 67.2 million.



The increase in revenue is supported by higher turnover registered by both divisions, especially the CRC Division, which recorded a revenue of RM 546.9 million compared to RM 482.1 million the previous year, representing an increase of 13.4%. The Steel Tubes Division also performed creditably, grossing up revenues of RM 274.2 million, compared to the previous year's RM 266.8 million, a growth of 2.8%.

The Group registered total steel sales tonnage of 275,260 tonnes as at 30 June 2018.



Of that tonnage, CRC sales decreased by 3.5% to 184,437 tonnes, compared to 191,048 tonnes the previous year. CRC sales tonnage include secondary products/services like second grade CRC, pickled and oiled, and scrap.

Steel Tubes sales decreased by 11.4% to 90,823 tonnes, compared to 102,528 tonnes previously. Sales tonnage for Steel Tubes include other secondary products/services such as second grade pipes, slitted edge, hot dipping, pipe-forming and pipe slitting services, and scrap.

DIVIDENDS

Despite the profitable performance for the year under review, the cash flow position of the Group is still considered to be tight, especially given the current high price of HRC, which utilises a great deal of working capital. Moreover, banking facilities continue to be limited. With a view to expand the business operations of the Company, no dividend is recommended by the Board of Directors.

CRC OPERATIONS REVIEW

The Company's CRC sales revenue rose by RM 64.8 million to RM 546.9 million as at 30 June 2018. The growth is mainly attributable to the substantial increase in price of Hot Rolled Coil ("HRC") which in the contrary showed a 59% drop in the PBT from RM 15.83 million to RM 6.55 million in FY2018. On a financial quarter-by-quarter basis, the first quarter saw CRC sales tonnage increase by 5.9% to 43,482 tonnes, whilst sales revenue remained at the same level of RM 121 million. As a result of this lower per tonne price for CRC, the Profit Before Tax ("PBT") for the quarter decreased 19.8% to RM 2.76 million, compared to the previous quarter's PBT of RM 3.44 million.

Table 1: CRC Financial Performance by Quarter *Total Capacity: 260,000 t/y*

CRC Operations		FY 2018					FY 2017
Financial Year ended 30 June		Q1	Q2	Q3	Q4	Total	Total
Sales Revenue	RM mil	121.0	142.0	144.3	139.6	546.9	482.1
Sales Tonnage	Tonnes	43,482	48,389	47,149	45,417	184,437	191,048
Capacity Utilization	% max	67%	74%	73%	70%	71%	74%
Profit/(Loss) Before Tax	RM mil	2.76	2.77	1.83	(0.81)	6.55	15.83

For the second quarter, sales tonnage increased 11.3% to 48,389 tonnes. Sales revenue however increased at a higher rate of 17.4% to RM 142 million, caused by an increase in the price of HRC, the core raw material for the manufacture of CRC. Despite the higher sales tonnage, PBT for the quarter did not grow, remaining at the RM 2.77 million level, caused by a margin squeeze, as CRC customers could not absorb the full impact of the HRC price increases.

As for the third quarter, sales tonnage decreased 2.6% to 47,149 tonnes, mainly due to the Chinese New Year holidays, which saw a short working month in February. Concurrently, PBT for this quarter was reduced to RM 1.83 million.

In the fourth quarter, sales tonnage dropped by 3.7% to 45,417 tonnes, while sales revenue dropped 3.3% to RM 139.6 million, mainly due to the uncertainties in the build up to General Elections and the subsequent Hari Raya Aidilfitri celebrations. During this quarter, CRC operations suffered a Loss Before Tax of RM 0.81 million, mainly due to the depressed price for CRC, as a result of an increase in duty-exempt imported CRC, being dumped into Malaysia.

STEEL TUBE OPERATIONS REVIEW

The Company's Steel Tube revenue increased by 2.8% to RM 274.2 million for FY2018 is mainly attributable to the increase of HRC prices which notably reduced the PBT from RM 30.01 million to RM 15.39 million as at 30 June 2018. For the first financial quarter, Steel Tube sales tonnage was down 8.5% to 22,826 tonnes, compared to the previous quarter's 24,934 tonnes. Sales revenue was also down 4.8% to RM 66.4 million. PBT for the quarter decreased by 13.7% to RM 5.25 million.

Table 2: Steel Tube Performance by Quarter *Total Capacity: 148,800 t/y*

Steel Tube Operations		FY 2018					FY 2017
Financial Year ended 30 June		Q1	Q2	Q3	Q4	Total	Total
Sales Revenue	RM mil	66.4	64.7	69.7	73.4	274.2	266.8
Sales Tonnage	Tonnes	22,826	21,630	23,078	23,289	90,823	102,528
Capacity Utilization	% max	47%	57%	51%	52%	52%	61%
Profit/(Loss) Before Tax	RM mil	5.25	3.83	3.56	2.75	15.39	30.01

For the second quarter, sales tonnage dropped a further 5.2% to 21,630 tonnes, with sales revenue dropping by 2.6% to RM 64.7 million. Unfortunately, PBT declined 27% to RM 3.83 million, due to reduced gross margins, caused by sharp increases of HRC prices over the first two quarters.

In the third quarter of the financial year, Steel Tube sales tonnage increased 6.7% to 23,078 tonnes, resulting in an increase of 7.7% or RM 69.7 million in sales revenue. PBT was however down 7.0% to RM 3.56 million, due to lower gross margins, as a result of higher HRC raw material prices, and the shorter working period, due to the Chinese New Year celebrations.

As for the fourth quarter, sales tonnage remained stable at 23,289 tonnes, with sales revenue increasing by 5.3% to RM 73.4 million, as a result of the higher price for HRC. A margin squeeze, caused the PBT to drop significantly by 22.8% to RM 2.75 million. This quarter was profoundly influenced by uncertainties following the General Elections, as the Steel Tube Division has exposure to the construction sector. The fasting month and subsequent Hari Raya shutdown dampened the market further during the quarter.

GLOBAL STEEL ECONOMY REVIEW

During the financial year under review, the global and domestic steel industry environment proved to be extremely challenging.

On March 8, 2018, the US president announced his intention to impose 25% tariffs on all steel imports into the United States of America under Section 232 of the US Trade Expansion Act 1962 which took effect 15 days later. This sent shockwaves across the global steel industry. The European Union ("EU") was first to react, by initiating their own investigation, towards the imposition of safeguard measures on steel imports into the EU on March 26, 2018. The EU has since introduced a 25% duty of steel imports into the continent.

The US Tariffs and EU Safeguard measures had triggered a massive trade diversion of steel, that were headed for the US and EU, and now redirected towards Southeast Asia. Liberal import controls at our borders, saw CRC and other steel products being dumped into Malaysia, without being charged any import duties. This has consequentially caused significant harm, to the domestic steel manufacturers, and is threatening the livelihood of the industry, and the employees that operate in the sector.

Mycron Steel CRC Sdn Bhd ("MSC") continues to endure unfair competition from foreign CRC producers, many of which are heavily subsidised by their governments. Trade distorting policies and practices, coupled with global steel overcapacity, impacts pricing in the Malaysian market, and influences our ability to compete on a level playing field.

In retaining our position and domestic market share, MSC has had to compete in an unjust environment, filled with cheap duty-free foreign steel, being dumped into Malaysia. The Group's results for the year under review, has been strongly affected by Malaysia's lack of control, in managing dumped steel.

DOMESTIC CRC INDUSTRY STRUCTURE

Hot Rolled Coil ("HRC") steel sheets are the basic raw material used in the production of Cold Rolled Coils ("CRC") steel sheets. CRC manufacturers, in general, produce two types of CRC, namely:

1. Scrap Based CRC (produced from Scrap Based HRC), and
2. Iron Ore Based CRC (produced from Iron Ore Based HRC).

Scrap Based CRC is considered to be inferior in metallurgical quality, as it contains impurities, derived from the scrap used to manufacture the Scrap Based HRC. Being manufactured from lower quality HRC, Scrap Based CRC is used by downstream customers, mainly in the Steel Tube and Furniture sectors, which do not require high quality CRC.

On the other hand, due to its higher quality, the Iron Ore Based CRC is used by a different group of customers, primarily involved in the production of Steel Drums for the palm oil and petroleum sectors, in the production of Colour Coated and Galvanized CRC (usually for the manufacture of roof sheet), in the production of electrical appliances mostly comprising of white goods like washing machines, refrigerators, microwaves ovens, rice cookers, and also in the production of components and parts for the automotive industry.

In Malaysia, there are five CRC manufacturers, with only four in active production, as Megasteel Sdn Bhd had stopped operations three years ago. Mycron manufactures CRC as well as Steel Tubes, while Eonmetall Group Berhad is more focused in the production of machinery and equipment, as opposed to CRC. CSC Steel Holdings Berhad and YKGI Holdings Berhad manufacture CRC, but also undertake the down-stream manufacture of colour coated and galvanized CRC sheets. All CRC producers offer Scrap Based and Iron Ore Based CRC products for sale.

Table 3: CRC Industry Statistics

CRC Industry Statistics	CRC Production (tonnes per year)				2017 CRC		
	2014	2015	2016	2017	Capacity (t/y)	Capacity Utilisation	Unused Capacity
CSC Steel Holdings Bhd	400,000	420,000	390,200	275,800	480,000	57.5%	204,200
Mycron Steel Bhd	203,000	187,000	190,000	175,630	260,000	67.6%	84,370
YKGI Holdings Bhd	120,000	110,000	86,000	46,340	200,000	23.2%	153,660
Eonmetall Group Bhd	25,000	25,000	25,000	30,000	120,000	25.0%	90,000
Total (Excluding Megasteel)	**748,000**	**742,000**	**691,200**	**527,770**	**1,060,000**	**49.8%**	**532,230**
Megasteel Sdn Bhd	50,000	-	-	-	1,450,000	0.0%	1,450,000
Total	**798,000**	**742,000**	**691,200**	**527,770**	**2,510,000**	**21.0%**	**1,982,230**
Capacity Utilisation							
Excluding Megasteel	70.6%	70.0%	65.2%	49.8%			
Including Megasteel	31.8%	29.6%	27.6%	21.0%			

**Data represented above is cumulatively approximately and sourced from respective CRC mills*

Table 3 provides details of utilisation rates and total capacity for the domestic CRC industry. Over the past four years, Malaysian domestic CRC producers, have been facing substantial under-utilisation of production capacity at 49.8%, principally due to substantial CRC imports.

Domestic CRC production has dropped by 34% from 798,000 tonnes in 2014, down to 527,770 tonnes in 2017, while CRC Imports, as a percentage of CRC consumption, stands at a staggering 70%. The ratio of imported to domestically produced CRC is 2:1, which is preposterous, for countries that have domestic steel CRC producers.

Table 4: Flat Steel Imports

Flat Steel Imports		tonnes/year					2017 Change
Class	Description	2013	2014	2015	2016	2017	
511	**Cold Rolled Coil (CRC) Sheets & Strips**	851,234	814,731	846,304	899,253	876,484	-2.53%
513	Others Cold Rolled Sheet & Strips (eg. Alloy)	83,826	145,860	136,256	225,630	199,114	-11.75%
		935,060	**960,591**	**982,560**	**1,124,883**	**1,075,598**	-4.38%
	y-o-y change		2.73%	2.29%	14.48%	-4.38%	
	CRC Related Products						
520	Cold -Rolled Electrical Sheets	119,241	108,782	111,604	113,162	115,606	2.16%
611	Galvanized (Hot Dipped) Zinc Sheets	376,109	304,618	279,155	361,584	306,761	-15.16%
612	Electro-Galvanized Iron (EGI) Sheets	131,514	108,146	74,131	50,162	52,124	3.91%
620	Tin Plated CRC Sheets	97,248	98,805	85,057	70,822	84,582	19.43%
692	Color Coated CRC Sheets	57,384	59,853	43,473	37,405	19,897	-46.81%
693	Other Metalic Coated CRC Sheets	23,814	28,763	37,955	33,955	50,526	48.80%
		805,310	**708,967**	**631,375**	**667,090**	**629,496**	**-5.64%**
Total CRC & CRC Related Products		**1,740,370**	**1,669,558**	**1,613,935**	**1,791,973**	**1,705,094**	**-4.85%**
519	**CR Stainless Steel Sheets**	95,772	107,157	112,981	119,060	93,695	-21.30%
	HRC & Related Products						
481	Hot Rolled Coil (Carbon Steel)	938,944	1,064,983	1,251,399	1,657,699	1,683,438	1.55%
470	Plates	389,486	359,091	283,988	351,269	370,660	5.52%
720	Welded Pipes & Tubes	631,655	552,069	162,668	366,095	551,514	50.65%
		1,960,085	**1,976,143**	**1,698,055**	**2,375,063**	**2,605,612**	**9.71%**
Total CRC, Related Products & HRC		**3,700,455**	**3,645,701**	**3,311,990**	**4,167,036**	**4,310,706**	**3.45%**
y-o-y change			**-1.48%**	**-9.15%**	**25.82%**	**3.45%**	

(Source: SEAISI 2018 Steel Statistical Yearbook)

Table 4 shows the summary of imports of flat steel into Malaysia. Imports of Cold Rolled Coil ("CRC") sheets and strips are 1,075,598 tonnes, while the combined imports of CRC and CRC Related Products are at an astounding 1,705,094 tonnes, the bulk of which could have been manufactured locally.

To address the surge in CRC imports from dumping and trade diversion, Mycron continues to lead the CRC industry, in efforts to address dumped and subsidised steel imports, which injure the domestic industry, and the welfare of its workers and investors. We actively continue to engage the relevant administrative reviews, and new Anti-Dumping investigations, with the Malaysian Government. We are constantly in dialogue with the government, to educate and enlighten them, of the impact of unscrupulous imports on our business, and to constantly advocate the protection of the domestic steel industry.

Nevertheless, we are confident that we will be successful, in due course, to ensure the sustainability of the Malaysian steel industry.

DOMESTIC FLAT STEEL INDUSTRY SUMMARY

In 2017, Malaysia's overall flat steel consumption decreased to 6.40 million tonnes, from 6.67 million tonnes the previous year, a decrease of 4.15%. Table 5 provides a breakdown of the domestic flat steel consumption for the past five years.

Table 5: Domestic Flat Steel Consumption – 5 years

Flat Steel Consumption		tonnes/year					2017 Change
Class	**Description**	**2013**	**2014**	**2015**	**2016**	**2017**	
511 & 513	**Cold Rolled Coil (CRC) Sheets & Strips**	**1,647,857**	**1,570,467**	**1,613,481**	**1,710,067**	**1,527,122**	**-10.70%**
	CRC Related Products						
520	Cold-Rolled Electrical Sheets	111,977	102,291	104,484	106,383	107,860	1.39%
611	Galvanized (Hot Dipped) Zinc Sheets	787,481	733,989	702,451	838,585	722,918	-13.79%
612	Electro-Galvanized Iron (EGI) Sheets	311,378	301,282	250,430	238,026	247,718	4.07%
620	Tin Plated Sheets	170,239	164,442	172,267	178,441	199,452	11.77%
692	Color Coated Sheets	252,397	235,645	238,260	216,665	179,488	-17.16%
693	Other Metallic Coated Sheets	19,173	26,588	34,209	29,131	42,354	45.39%
		1,652,645	**1,564,237**	**1,502,101**	**1,607,231**	**1,499,790**	**-6.68%**
Total CRC & CRC Related Products		**3,300,502**	**3,134,704**	**3,115,582**	**3,317,298**	**3,026,912**	**-8.75%**
519	**CR Stainless Steel Sheets**	**30,164**	**159,881**	**143,603**	**155,036**	**236,848**	**52.77%**
	HRC & Related Products						
481	Hot Rolled Coil (HRC) Sheets	2,041,342	1,779,605	1,949,788	1,724,860	1,672,554	-3.03%
470	Plates	516,295	476,063	441,417	526,171	490,628	-6.76%
720	Welded Pipes & Tubes	742,800	302,692	285,037	949,458	969,214	2.08%
		3,300,437	**2,558,360**	**2,676,242**	**3,200,489**	**3,132,396**	**-2.13%**
Total Domestic Flat Steel		**6,631,103**	**5,852,945**	**5,935,427**	**6,672,823**	**6,396,156**	**-4.15%**
y-o-y change			**-11.73%**	**1.41%**	**12.42%**	**-4.15%**	

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

The domestic consumption of HRC fell by 3.03% to 1.67 million tonnes, a reduction of 0.05 million tonnes from the previous year. It is evident from Table 5 that consumption of Welded Pipes & Tubes, increased by 2.08% to 0.97 million tonnes. A great deal of that consumption was met by a surge of imports of Steel Tubes (refer to Table 4) of 0.55 million tonnes, an increase of 0.18 million tonnes or 50.7% from the previous year. This increase was caused by dumping activities of certain countries, which even after paying the 15% duty for imports, competitors priced the imported steel tubes at lower than domestic prices. Clearly, the duty set by the Malaysian government is too low.

On the CRC side, domestic consumption decreased by 10.7% to 1.53 million tonnes, a decrease from the previous year's 1.71 million tonnes. Of this amount, imports decreased by 4.38% to 1.08 million tonnes (refer to Table 4). The domestic CRC manufacturing industry is hopeful that the Ministry of International Trade and Industry ("MITI") can persuade local CRC users, to buy more domestic CRC, by being stricter in its issuance of duty exemptions for imported CRC. In this way, capacity utilisation will increase, which will lower manufacturing cost, the benefits of which may be passed on to customers, which would benefit all participants in the CRC value added chain.

Table 6: Overall Movement of Flat Steel in Malaysia

MALAYSIAN FLAT STEEL 2017		Production	Import	Export	Net Domestic Consumption		
Class	Description	(t/y)	(t/y)	(t/y)	2017 (t/y)	Change	2016 (t/y)
511 & 513	**Cold Rolled Coil (CRC) Sheets & Strips**	**527,770**	**1,075,598**	**76,246**	**1,527,122**	**-10.70%**	**1,710,067**
	CRC Related Products						
520	Cold-Rolled Electrical Sheets	0	115,606	7,746	107,860	1.39%	106,382
611	Galvanized (Hot Dipped) Zinc Sheets	516,292	306,761	100,126	722,928	-13.79%	838,585
612	Electro-Galvanized Iron (EGI) Sheets	251,231	52,124	55,638	247,718	4.07%	238,026
620	Tin Plated Sheets	160,000	84,582	45,130	199,451	11.77%	178,441
692	Color Coated Sheets	208,513	19,897	48,922	179,488	-17.16%	216,666
693	Other Metallic Coated Sheets	0	50,526	8,172	42,354	45.39%	29,131
		1,136,036	**629,496**	**265,734**	**1,499,799**	**-6.68%**	**1,607,231**
Total CRC & CRC Related Products		**1,663,806**	**1,705,094**	**341,980**	**3,026,921**	**-8.75%**	**3,317,298**
519	**CR Stainless Steel Sheets**	**359,696**	**93,695**	**216,543**	**236,848**	**52.77%**	**155,036**
	HRC & Related Products						
481	Hot Rolled Coil (HRC) Sheets	0	1,683,438	10,884	1,672,554	-3.03%	1,724,860
470	Plates	207,000	370,660	87,032	490,628	-6.75%	526,170
720	Welded Pipes & Tubes	854,398	551,514	436,698	969,214	2.08%	949,458
		1,061,398	**2,605,612**	**534,614**	**3,132,396**	**-2.13%**	**3,200,488**
	Total CRC, Related Products & HRC	**3,084,900**	**4,404,401**	**1,093,137**	**6,396,165**	**-4.15%**	**6,672,822**

(Source: MISIF)

Table 6 provides a summary of the overall movement of flat steel in Malaysia for the calendar year 2017. In general, the flat steel industry performed moderately, with domestic consumption falling behind by 4.2% to 6.40 million tonnes, compared to 6.67 million tonnes in the previous year.

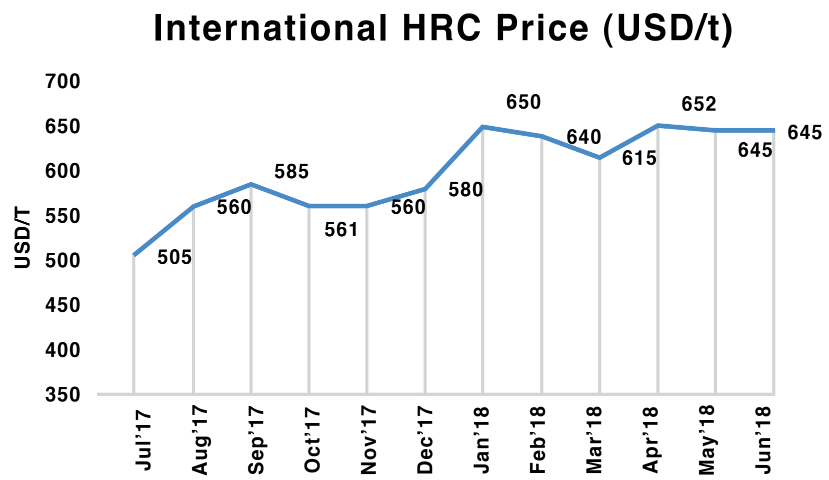
With respect to the sectors the Group is involved in, consumption for CRC saw a decrease by 10.7% to 1.53 million tonnes and CRC Related Products declined by 6.7% to 1.50 million tonnes. However Welded Pipes & Tubes grew by 2.1% to 0.97 million tonnes. HRC consumption slightly decreased by 3.0% to 1.67 million tonnes compared to 1.72 million tonnes the previous year

HOT ROLLED COIL ("HRC") SUPPLY

Hot Rolled Coil ("HRC") is the key raw material used by the Group, for both its CRC and Steel Tube business segments.

During financial year 2018, international HRC prices have been on a significant uptrend. HRC prices from July 2017 to June 2018 increased by 28% due to reduced production of HRC from China, caused by mandatory government production cuts during winter months to eradicate pollution. This caused domestic demand in China, to outweigh supply, and hence reduced exports of HRC from China. Robust domestic demand in Japan, for the Tokyo Olympics, and strong automotive demand in Korea, have led to a drastic hike in international HRC prices, reaching 7-year highs, and has subsequently caused shortages in supply.

Figure 1: International Hot Rolled Coil (HRC) Price



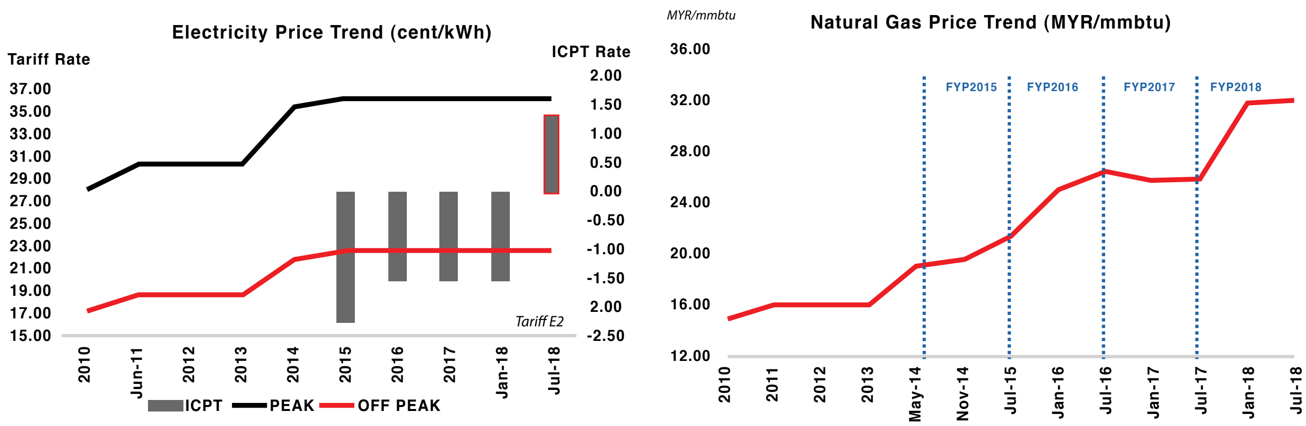
During the period, HRC prices moved from levels of USD 500 to USD 652 per tonne, causing substantial strain to working capital needs of the industry.

With no domestic HRC manufacturer in operation, the Group has been importing all its HRC needs from Japan and other countries. Fortunately, even in times where there was tight HRC supply, the Group was well positioned to continue its operations, without any disruptions to its business, due to our long history of importing Iron Ore Based HRC from reliable suppliers.

The Safeguard petition submitted by Megasteel Sdn Bhd in late June 2017, the third submission by them since 2011, to levy heavy duties on imported HRC, was rejected by MITI, after conducting their own investigation.

ELECTRICITY AND NATURAL GAS SUPPLY

Figure 2: Electricity and Natural Gas Price in Malaysia



Apart from HRC, which is the core raw material for the manufacture of CRC, the industry is also a large consumer of electricity for its rolling plants, and natural gas, which is used to anneal CRC. In the past decade, Malaysian domestic CRC producers, have experienced substantial price hikes in these two inputs, which has contributed to significant margin squeeze.

It can be seen from the charts, that the cost of natural gas, has escalated to a record high of 23% (y-o-y) in January 2018 with significant adjustments made not only on the base tariffs, but also on the GCPT, which was revised from negative RM1.59/mmbtu to positive RM1.62/ mmbtu (about a 200% increase). In totality, the Natural Gas price has increased by 115% over the past eight years.

TECHNOLOGICAL ADVANCEMENT & FUTURE INVESTMENT

As Mycron enters the 4th Industrial Revolution, our factory operations is transforming its technology, to focus on automation and computerisation. Our plant uses Real-Time Data logging to achieve new levels of optimisation and productivity. The integration of Computerisation and Physical Processes, leads to live data acquisition, recording, and enables surgical analysis; to ultimately achieve inter-operability between machines and people. It also supports decentralised decision, to make the operations become cognitive, predictive, and as autonomous as possible, to improve overall efficiency, and cost reduction.

Mycron's upcoming 2019 investments, of a new Acid Regeneration Plant ("ARP"), and Continuous Pickling Line ("CPL") revamp for its CRC plant, is another commitment to sustainability. The investment on the state-of-the-art pickling and acid recovery technology, aims to improve the overall conversion cost, expand into new market segments, and reduce environmental impact through a close loop system. The hazardous acid waste, will be recovered and reused into the pickling process, with almost 95% efficiency. We trust that we will leverage on these advantages, to further strengthen our competitiveness in the steel market, as well as play our role in perfecting sustainable operations.

LONG-TERM OUTLOOK

For the present, as a result of trade wars and trade diversion, government policy and enforcement plays an extremely crucial role, more than ever, for the overall well-being of the Malaysian Steel industry.

Rogue steel importers that abuse grey regulatory areas, by manipulating specifications, width and contents, as well as CRC exporters from Vietnam that abuse ATIGA (AFTA Form D) exemption rules, remain a major concern and threat for the industry.

While the world closes its borders to cheap steel imports (in particular the US and EU, but also including Australia, Indonesia and other ASEAN nations), the weak import controls of Malaysia, needs to be immediately addressed. It is our hope that this new Government, that has been entrusted to manage the affairs of the country, will act quickly and decisively, and follow the example of other nations, and introduce immediate steps, to stem the dumping of steel into the country.

We are confident that the Malaysian government will protect the domestic steel manufacturers and its workforce.

Operationally, in the areas where we are in control, we are committed to improving our operations, maximising our product quality, and developing our talents.

We are focused on value creation by creating and maintaining, a competitive cost structure, centred on operational excellence. We remain committed, to maintaining our position as the industry leader, by striving to create sustainable competitive advantage, with a customer centric focus, on delivering on time high quality products, and addressing the challenges of our customers, and providing them with a one stop total solution.

PROSPECTS FOR THE NEW FINANCIAL YEAR

The Group's prospect for the new financial year remains tough due to effects of International steel capacity diversions into Malaysia, and the transitional period of the new government, which has caused short term uncertainties, in the domestic economy, arising from changes in policy, government personnel, and the halt of various mega projects, of the previous administration.

We expect the Group's financial performance to remain profitable, albeit weaker moving forward, due to lower combined sales volume, and lower gross margins, due to the reasons mentioned above.

Going forward, the Group is actively engaged with the new government, to ensure that our businesses, are protected from unfair trade practices, such as dumping, and we are working together with other Malaysian steel manufacturers, for the long term betterment of the Malaysian steel industry.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to thank our former Managing Director and Group Chief Executive Officer ("CEO"), Encik Azlan Abdullah, who retired this year, for his valued service in the Group. I would also like to take this opportunity to congratulate Mr Roshan Mahendran Abdullah, for his promotion to CEO of Mycron.

I would also like to express my sincere appreciation to the management team and staff for their commitment, dedication, and contributions to the Group. To our valued business associates, customers, suppliers and shareholders; thank you for your continued invaluable support, confidence and trust you have placed in us.

Finally, I would like to thank my fellow Board members, for their stewardship and contributions to the Group.

Tunku Dato' Yaacob Khyra
Executive Chairman

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

This Statement provides the management's analytical overview of the Group's operations and financial performance for the financial year ended (FYE) 30 June 2018 in supplement of other statements contained in this annual report such as the Chairman's statement, the Statement on Risk Management and Internal Controls, and the audited Financial Statements. Analytical disclosures made herein are based on available management information which may not have been specifically audited, and are made to the extent that these do not compromise competitively sensitive information. This section may contain opinions, judgement and forward-looking views, and as such readers' discretion is advised.

OVERVIEW

The Group's net profit for the current financial year at RM16.1 million is around 53.6% lower than the preceding financial year's net profit at RM34.7million – primarily due to a combination of lower sales volume by 5% and lower gross margin by around 440 basis point. Revenue however rose by 9.3% on the back of 15.4% higher average selling-price-per-tonne in tandem with more than 20% higher average cost-per-tonne of raw material - which resulted in a lower margin spread per tonne sold. The lower sales volume and thinner gross margin achieved for the current financial year can be attributed to a combination of various domestic and external factors including weaker market conditions, extra festive period (i.e. two coinciding Ramadan festive periods in FYE18 instead of one), effects of the 14th General Election, unfair pricing from foreign imports, and fallout from USA-China trade war.

Consequently, the Group's key financial indicators as outlined in Table 1 below showed decline in profitability measures. However, other measures on liquidity, capital, and value are holding up with flat to marginal improvements.

Table 1	FYE 2018	FYE 2017
Profitability		
a) Operational Return on Average Capital Employed (EBIT/Ave Cap)	**5.21%**	**10.20%**
b) Return on Equity (Net Earnings/Ave Equity)	**4.21%**	**9.79%**
Liquidity		
c) Current Ratio (Current Assets/Current Liabilities)	**1.38**	**1.31**
d) Interest Cover Ratio (EBITDA/Net Interest Expense)	**7.20**	**7.24**
Capital		
e) Weighted Average Cost of Capital (Cost of Equity assumed at 9%)	**6.89%**	**6.90%**
f) Debt to Equity Ratio (includes all interest bearing debt)	**0.31**	**0.67**
Value		
g) Net Asset per Share (RM/share)	**1.38**	**1.32**
h) Enterprise Value to Total Comprehensive Income Ratio	**10.25**	**11.06**

SEGMENTS' PERFORMANCE

The Group's Steel Tube segment and the Cold Rolled Coil (CRC) segment's sales volume tonnage declined by 9.3% and 3.5% respectively, whilst gross margin per tonne declined by 27% and 23.4% respectively – both on the back of higher prices and costs. As summarised in Table 2 below, the Steel Tube segment's net tax profit for the current financial year at RM11.2 million continues to outpace the CRC segment's at RM4.7million. However, the Steel Tube segment's declines in FYE18 are sharper compared to the CRC segment on the back of a record year in FYE17.

Steel Segments

Table2

	Steel Tube		CRC	
RM'million	**FYE 2018**	**FYE 2017**	**FYE 2018**	**FYE 2017**
External Revenue	**274.19**	**266.83**	**519.15**	**454.50**
Net Tax profit	**11.19**	**22.97**	**5.00**	**11.65**

The Group's steel tube operation ranks second by market share in the domestic industry dominated by top four manufacturers (annual production volume exceeding 60,000 tonnes each) with many more small scale producers (annual production volume of 36,000 tonnes or less each) of limited product-range. Raw material hot rolled coil's cost climbed in the 1st half of FYE18 and remained relatively flat at the highs for the 2nd half (see chart 1 below) in tandem with risen cost on labor, gas, electricity and fuel compared with the preceding financial year. The pricing-cost pressure coupled with softer demand in tandem with the heightened uncertainties and cautious sentiments (due to the effects of the 14th General Election and the protracted trade war between the world's two largest economies) have negatively impacted sales and margins particularly in the 2nd half of the financial year. Nevertheless comparing the Steel Tube segment's performance for the last five years (see chart 2), its EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortization) results for FYE18 was only eclipsed by FYE17-which was a record year.

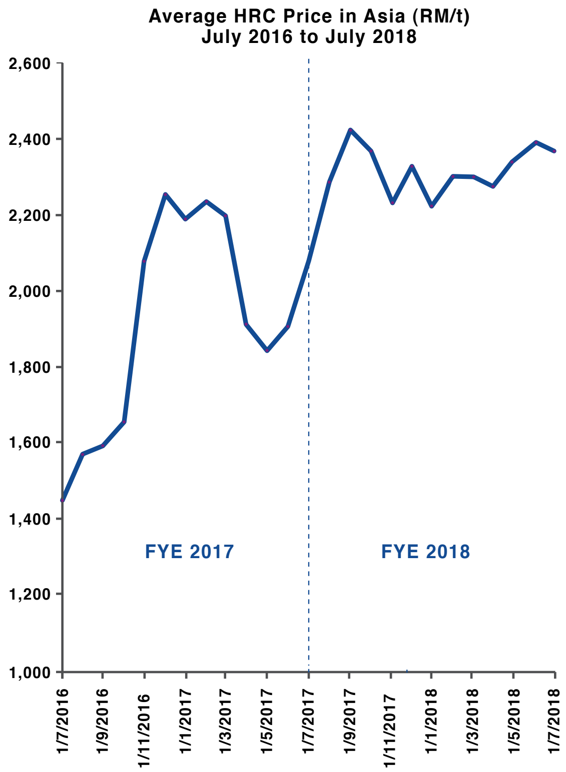


Chart 1

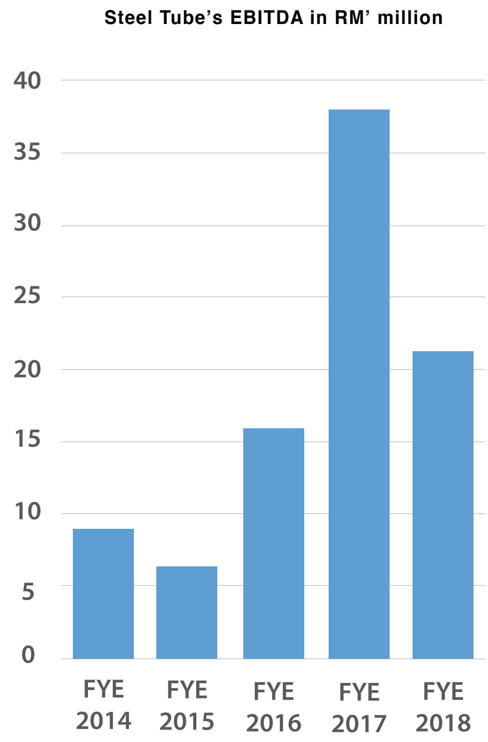


Chart 2

The Group's CRC operation ranks second by market share in the domestic industry dominated by only a handful of four manufacturers. In addition to facing similar softer market condition and higher production cost pressure like the steel tube segment, the CRC operation also has to deal with a surge of CRC imports into the Malaysian domestic steel industry by both legitimate and unlawful means – due to materially lower imported prices compared to domestically produced CRC. Whilst hard data in the transacted import-prices cannot be substantiated, analyses of published international HRC prices versus China's export CRC prices revealed narrow to negative manufacturing spreads (see chart 3) especially towards the 2nd half of FYE18. This had resulted in severe squeeze on the CRC segment's sales volume and gross margin per unit which declined by 3.5% and 23% respectively compared to the preceding financial year.

Published statistics indicate that imported CRC as percentage of the Country's CRC consumption is on the rise at the expense of domestically produced CRC for the last three years. The impact can be clearly seen from the CRC Segment's EBITDA performance for the last 5 financial years as shown in Chart 4 below. The Group's CRC segment had achieved record profit performance for FYE16 when the authorities enforced a nation-wide-sweep on illegal CRC-imports in early 2016 and imposed anti-dumping duties on imported CRC from 3 countries by mid-2016.

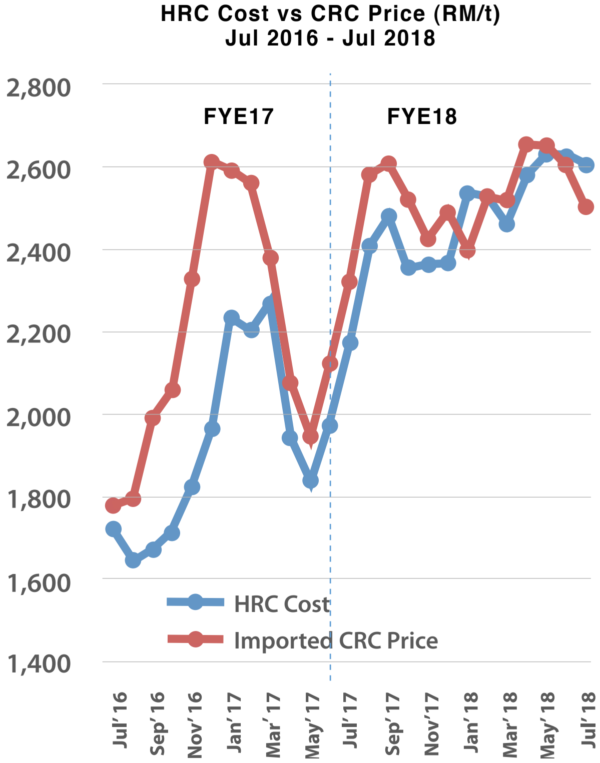


Chart 3

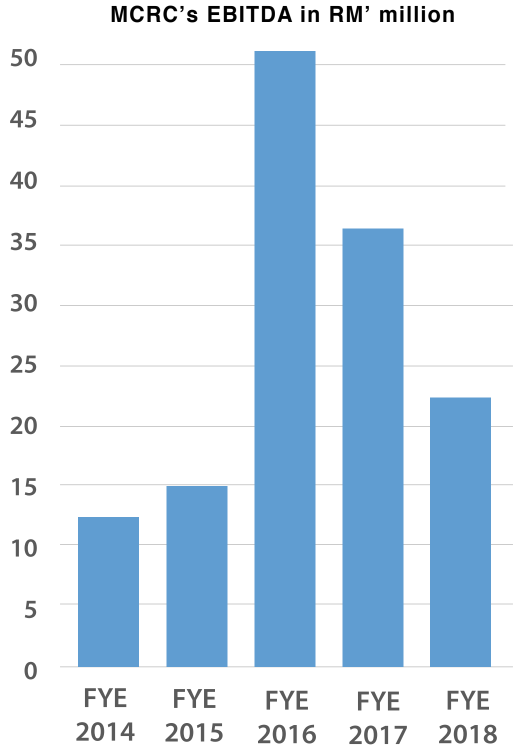


Chart 4

Consequently, the segment's performance ratios as outlined in Table 3 below (which are supplementary to the segmental analysis disclosed in Note 27 of the financial statements) showed all around weaker performance.

Table 3	Cold Rolled		Steel Tube	
	FYE 2018	FYE 2017	FYE 2018	FYE 2017
Segment's Revenue / Assets Employed	1.08	0.97	1.32	1.34
Segment's Net Earnings / Asset Employed (Sens on Ringgit)	1.04	2.49	5.38	11.54
Segment's Assets / Total Assets	69.8%	70.1%	30.1%	29.8%
Segment's Net Earnings / Total Earnings	31.0%	33.5%	69.5%	66.1%
Operational Return on Assets (EBIT/Average Assets)	2.1%	5.0%	8.3%	17.2%

CHALLENGES AHEAD

The Country is on a path of reform and fiscal consolidation amidst looming global economic slow-down and contagion threats on emerging-markets. The consensus outlook on the Country's economy is generally positive but visibly weaker. The challenges ahead will not be materially different from many of the economic troughs the Group had encountered and emerged from the past. The Group's steel products have wide industrial and consumer applications in both domestic and foreign markets which provide a minimum level of demand support in the worst of times. The Group will step-up on-going effort with various stakeholders in the industry and the Government to address unfair trade practices and production-dumping from abroad; and will continue to build upon its competitive strength to deal with these challenges.

GENERAL SUSTAINABILITY STATEMENT

This General Sustainability Statement is made in compliance with Bursa Malaysia's sustainability listing rules for listed companies with market capitalisation below RM 1 billion in-relation to annual report issued for financial year ending before 31 December 2018.

The Group firmly advocates the adoption of sustainable business practices as the key to ensuring its long term continuity, way before sustainability reporting and its precursor "corporate social responsibility" reporting became mandatory. The Group's steel businesses have been in uninterrupted continuous operations for more than forty years for its steel tube manufacturing, and more than twenty five years for its Cold Rolled Coil manufacturing - subsisting numerous economic down cycles and crises in an industry generally regarded as difficult. However, past record does not guarantee future existence unless the Group continues to proactively manage sustainability issues and undertakes necessary changes.

The Group's management of non-financial resources, threats and opportunities in-relation to sustainability goes beyond philanthropic considerations as it constantly calibrate to strike a balance in meeting conflicting needs of various stakeholders; between costs versus benefits; and between short-term-pain versus long-term-gain - to ensure its long term continuity. Sustainability can only be assured with mutually beneficial economic co-existence of the various stakeholders, and their common responsibility towards environmental and social factors in the ecology in-which they operate. Outlined below are some of the Group's embedded sustainable business practices and measures in that regard.

A. Economic Elements

1. Customers

The Group focuses on "customers' retention and loyalty" through the provision of quality / superior value-added products and services in-ways that are better and more economical than competitors, such as through a combination of the following:

1.1 *Product quality certification*

Besides quality certification of its production operations (such as ISO 9001 and ISO 14001), the Group also has extensive product quality certification that meets domestic and global standards.

1.2 *One-stop centre*

The Group is the only entity in the country which has a combination of CRC, steel tube, and zinc-coated product offerings of the most extensive range. The Group has technical advisory service and is able to work with clients for specific needs or project requirements, and even toll-processing.

1.3 *Product traceability*

The Group production system tracks raw materials origin, and is able to identify for each output to the production batch, materials type and composition, and source. This greatly appeals to customers with sustainable-sourcing requirements.

1.4 *Industry 4.0*

Besides automation and computerization of the production floor, the Group increasingly seek ways to adopt ICT (information communication technology) and IP (internet protocol) on client interaction and order fulfilment. This cuts processing time and even help clients reduce inventory carrying costs.

Relevant non-financial measures include annual customers' satisfaction survey; customers' retention & attrition rate; statistics on customers' complaints & claims; and market-share.

	Years as Customer		
Number of Customers	**0 to 2**	**3 to 6**	**7 & >**
Steel Tube	**19**	**23**	**159**
CRC	**8**	**9**	**35**
Total (%)	**11%**	**13%**	**77%**

2. <u>Capital Providers</u>
The Group aims to provide a "fair" economic return to both its equity and debt Capital Providers, and in-ways where the capital providers understand the Group's businesses and risk-return profile thus ensuring the adequacy of capital in the leanness of times through a combination of the following:

2.1 *Active Engagement*
The Group's engagement with equity providers goes beyond listing and securities-exchange rules compliances, as it also engages with analyst and institutional-investors to facilitate securities coverage and to ensure its longer-term value proposition is conveyed. Debt-capital providers are also engaged periodically to facilitate annual credit review.

2.2 *Proper governance*
The Group ensures transparent and responsible deployment of its capital – and these are appropriately disclosed in its quarterly and annual financial reports. The Group maintains a clean debt-service record with strict compliance of covenants & capital-market-rules.

2.3 *Fair Return*
The Group aims to give its equity-capital-providers a return in the long run that commensurates with its capital asset market pricing. Even-though the Company has not declared dividends in recent years, profits are ploughed back into the businesses for long-term return. Debt-capital-providers are given a fixed return (commensurable with the market) above their cost of funds.

Relevant non-financial measures include:
Credit ratings; equity securities coverage & ratings; frequency and quality of engagements with debt and equity capital providers; diversity on the sources of capital providers; and headroom in undrawn capital reserves

	Debt Capital in RM' million			
	FYE 2018		FYE 2017	
	Drawn	Headroom	Drawn	Headroom
Steel Tube	**42.3**	**14.4**	**81.5**	**102.1**
CRC	**77.9%**	**58.4**	**167.8**	**131.3**
Total (%)	**62%**	**38%**	**52%**	**48%**

3. <u>Supply-Chain Providers</u>
The Group aims for a panel of "reliable" value-added service/goods providers, and in-ways that are mutually beneficial and sustainable such as through a combination of the following:

3.1 *Requisites*
Vendors to the Group undergo due-diligent checks -including sustainability practices - before been admitted into its panel. Sustainability requirements cover sources of raw materials, labour-practices, fair-trade, and quality products/ services.

3.2 *Arm's-length*
The Group maintains a transparent procurement process, and practices open tender/ bidding process for procurement above certain value. For lesser-value common procurement, prices are appropriately benchmarked, negotiated, and reviewed periodically.

3.3 *Long-haul*
Most of the Group's key suppliers have been with it for more than 10 years. The long-haul business relationship builds trust and ensures consistent and undisrupted supplies- which is key for manufacturing outfits like the Group.

Relevant non-financial measures include: Sustainability survey on suppliers; market feedback; annual review & rating.

<u>Number of Supplier's with annual</u>	Years of Business-Relation			Total
<u>value > RM100K</u>	0 to 3	4 to 9	10 & >	%
Domestic	**14**	**26**	**39**	**86%**
Foreign	**4**	**4**	**5**	**14%**
Total (%)	**20%**	**33%**	**48%**	**100%**

B. Social-Economic Element

4. Employees

Employees are viewed as both human capital and consumer pool: the social fabric of the nation. The Group-being a manufacturing outfit of mostly blue-collar workers aims to promote a “close-knitted” work environment that would enhance productivity and loyalty (as primary); and that would enhance the nation’s human capital and consumer pool (as secondary). This is achieved through a combination of the following that covers human resource welfare, development, and work environment:

4.1 *Welfare*

Besides health-care and medical benefits, workers are given free uniforms or attire allowance, overtime-meal allowance, and various other incentive and allowances – such as relating to travelling, safety campaigns, attendance, and long-service awards. The Group also arrange for yoga-classes, extracurricular sports, family-days and other fellowship activities.

4.2 *HR development*

Human resource at all level of the organization are subject to continuous personal development in the form of training, or on-job-rotational learning. The Group is a contributor to the national HRD (human resource development) funds and participates actively in its programmes.

4.3 *Work environment*

The Group is committed to provide a safe, healthy, and quality working environment especially at its various factories. In this regard, various capital investment, initiatives, campaigns, and training in these areas have been carried out.

4.4 *General policies*

The Group strictly adheres to local employment and labour laws, and adopts a non-discriminatory hiring policy with regards to gender, age, ethnicity, or religion.

Relevant non-financial measures include: employee attrition & retention rate; employees years-in-service profile; employees’ certifications & skill profile; factory injury or accident statistics; disciplinary statistics.

	Years in-Service				**Total**
Number of employees	**0 to 3**	**4 to 9**	**10 to 19**	**20 & >**	**%**
Male	**109**	**78**	**44**	**106**	**82%**
Female	**25**	**17**	**9**	**25**	**18%**
Total (%)	**32%**	**23%**	**13%**	**132%**	**100%**

C. Environmental Elements

5. Along the Value-Chain

Steel and its derivatives are entirely recyclable, whilst iron (being the raw material) is the most common element on Earth. The Group's aim is to minimize impact on the environment at all stages of its value-chain, such as through a combination of the following:

5.1 *Input-level*

The Group ensures that the supplies of raw materials are from sustainable sources and obtained/ produced with due environmental consideration and best practices. Its management visits all up-steam sourcing mills and review their environmental sustainability practices as requisite for continuous business.

5.2 *Production-level*

The Group considers the carbon-footprint of its energy and gas consumption (which comprised roughly 22% of its conversion cost) and constantly find ways to reduce it. In countering the carbon-footprint, the Group also ensures its factory premises are properly landscaped with lush trees and plants. The Group's steel production lines emit minimum noise and air pollutant, and are generally within permissible limits with annual DoE (Department of Environment) checks being carried out. Rainwater are harnessed for operational use, whilst waste water and soluble are treated before being discharged. Its manufacturing and back-end operations are computerised and generally paperless.

5.3 *Output-level*

The Group ensures at all waste and by-products are economically channelled for recyclers and/ or are disposed by professional handlers with minimum impact on the environment. All its steel scraps, waste-acids, and zinc-ashes are systematically aggregated and sold to recyclers.

Relevant non-financial measures include: Quarterly reported environmental measures to the DoE; energy-saving initiatives and usage measurements; waste or scrap recovery rates; environmental complaints; annual sustainability review of key suppliers.

D. Social Elements

6. Community

The Group's philanthropic activities are unstructured and generally limited by its resources and financial performance. Over the current financial year, the Group made a few corporate advertisement sponsorship for events or publications involving various communities. In the preceding financial year, the Group sponsored a pro-cycling-team under the National Sports Council of Malaysia.

To make-up for its minimal outlay for direct charitable contributions, the Group also contributes its time and labour to set-up Emergency Response Teams (who are trained by the local Bomba) to serve the communities in the vicinity of its operations. The Group also runs practical-training programmes with local technical institutions to promote work-experience and employability of its graduating students.

The Group's sustainability practices are never static and continue to evolve to meet corporate and sustainability strategies. In that regard, the Group adopts a framework to ensure the alignment of materiality assessment, and sustainability initiatives and measurements with its overall sustainability vision. These would be duly discussed in future detailed sustainability statements.

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	:	Tunku Dato' Yaacob Khyra ▪ *Executive Chairman* En Roshan Mahendran bin Abdullah ▪ *Group Chief Executive Officer* En Azlan bin Abdullah ▪ *Non-Independent Non-Executive Director* Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah ▪ *Non-Independent Non-Executive Director* Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim ▪ *Independent Non-Executive Director* Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah ▪ *Independent Non-Executive Director* En Shazal Yusuf bin Mohamed Zain ▪ *Independent Non-Executive Director* Mr Muk Sai Tat ▪ *Independent Non-Executive Director*
Secretary	:	Ms Lily Yin Kam May
Audit and Governance Committee	:	Mr Muk Sai Tat ▪ *Chairman* Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim ▪ *Member* En Shazal Yusuf bin Mohamed Zain ▪ *Member*
Registrar & Transfer Office	:	Trace Management Services Sdn Bhd Suite 11.05, 11th Floor No. 566 Jalan Ipoh 51200 Kuala Lumpur Telephone No.: 03-6252 8880 Telefax No.: 03-6252 8080
Registered Office	:	Suite 11.05, 11th Floor No. 566 Jalan Ipoh 51200 Kuala Lumpur Telephone No.: 03-6252 8880 Telefax No.: 03-6252 8080

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 : Chooi & Company + Cheang & Ariff
Level 5, Menara BRDB
No. 285, Jalan Maarof
Bukit Bandaraya
59000 Kuala Lumpur
Telephone No.: 03-2055 3888
Telefax No.: 03-2055 3880

JK Lim
E-2-08 Neo Damansara
Jalan PJU 8/1
Damansara Perdana
47820 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : 03-7728 7100
Telefax No. : 03-7728 4100

Deol & Gill
Suite 19-03-03
3rd Floor, Wisma Tune
No. 19, Lorong Dungun
Damansara Heights,
50490 Kuala Lumpur
Telephone No. : 03-2095 9880
Telefax No. : 03-2095 9881

Auditors : Messrs PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Telephone No.: 03-2173 1188
Telefax No.: 03-2173 1288

Principal Bankers
(In alphabetical order) :

- AmBank (M) Berhad
- Bangkok Bank Berhad
- CIMB Islamic Bank Berhad
- Malayan Banking Berhad
- Maybank Islamic Berhad
- OCBC Bank (Malaysia) Berhad

Stock Exchange Listing : Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities")
Stock Number 5087

Website : www.mycronsteel.com

E-mail : enquiry@mycronsteel.com

026 QUALITY RECOGNITION

Mycron Steel CRC Sdn Bhd ("MSC") constantly improves its operations and strives to meet customers' expectations. In 1996, MSC achieved its ISO 9001 certification by SIRIM and IQ Net. Since it was established, the effectiveness of the Quality Management System has been regularly refined to adapt to global challenges.

- In 2002 : ISO 9001 : 2000 certification in Quality Management System
- In 2008 : ISO 9001 : 2008 certification in Quality Management System
- In 2016 : ISO 9001 : 2015 certification in Quality Management System

CERTIFICATE

SIRIM QAS International hereby certifies that

MYCRON STEEL CRC SDN. BHD.
LOT 717, JALAN SUNGAI RASAU
SEKSYEN 16
40200 SHAH ALAM
SELANGOR DARUL EHSAN
MALAYSIA

has implemented an Environmental Management System complying with

ISO 14001 : 2015

Environmental Management System – Requirements with Guidance for Use

Scope of Certification

MANUFACTURE OF COLD ROLLED STEEL SHEET IN COIL.

Issue Date : 19 June 2017
Validity period : 30 June 2017 – 29 June 2020
Certification No. : ER 0882

Mohd Azanuddin Salleh
Managing Director
SIRIM QAS International Sdn. Bhd.

IQNet
THE INTERNATIONAL CERTIFICATION NETWORK

CERTIFICATE

IQNet and SIRIM QAS International hereby certify that

MYCRON STEEL CRC SDN. BHD.
LOT 717, JALAN SUNGAI RASAU
SEKSYEN 16
40200 SHAH ALAM
SELANGOR DARUL EHSAN
MALAYSIA

has implemented and maintains a

QUALITY MANAGEMENT SYSTEM

which fulfils the requirements of the following standard

ISO 9001:2015

for the following field of activities

MANUFACTURE OF COLD ROLLED STEEL SHEET IN COIL.

Issued on : 27 September 2017
Validity date : 01 October 2020
Certification Number : MY-AR 0912

Michael Drechsel
President of IQNet

Mohd Azanuddin Salleh
Managing Director
SIRIM QAS International Sdn Bhd

CERTIFICATE

SIRIM QAS International hereby certifies that

MYCRON STEEL CRC SDN. BHD.
LOT 717, JALAN SUNGAI RASAU
SEKSYEN 16
40200 SHAH ALAM
SELANGOR DARUL EHSAN
MALAYSIA

has implemented a Quality Management System complying with

ISO 9001 : 2015

QUALITY MANAGEMENT SYSTEMS – Requirements

Scope of Certification

MANUFACTURE OF COLD ROLLED STEEL SHEET IN COIL.

Issue Date : 27 September 2017
Validity period : 02 October 2017 – 01 October 2020
Certification No. : AR 0912

Mohd Azanuddin Salleh
Managing Director
SIRIM QAS International Sdn. Bhd.

IQNet
THE INTERNATIONAL CERTIFICATION NETWORK

CERTIFICATE

IQNet and SIRIM QAS International hereby certify that

MYCRON STEEL CRC SDN. BHD.
LOT 717, JALAN SUNGAI RASAU
SEKSYEN 16
40200 SHAH ALAM
SELANGOR DARUL EHSAN
MALAYSIA

has implemented and maintains an

ENVIRONMENTAL MANAGEMENT SYSTEM

which fulfils the requirements of the following standard

ISO 14001 : 2015

for the following activities

MANUFACTURE OF COLD ROLLED STEEL SHEET IN COIL.

Issued on : 19 June 2017
Validity date : 29 June 2020
Certification Number : MY-AR 0882

Michael Drechsel
President of IQNet

Mohd Azanuddin Salleh
Managing Director
SIRIM QAS International Sdn Bhd

MSC believes it plays a pivotal role in ensuring continual improvement of environmental performance in all its business operations. On 30th June 2014, MSC achieved another milestone in its green environmental pathway by obtaining the ISO 14001 : 2004 Environmental Management System certification. This certification provides assurance that its operations not only meet the legal obligations, but environmental impacts are being measured as well. MSC sets annual environmental improvement targets and objectives and these KPIs are regularly reviewed and publicised throughout the organisation. All employees are committed to improving resource efficiency, promoting 3R (Reduce, Reuse & Recycle) and where possible, work with suppliers and customers to make our factory a green and safe workplace. The certification was upgraded to ISO 14001 : 2015 on 19th June 2017.

In September 2016, MSC demonstrated due diligence to ensure our products met the relevant criteria for quality by adding another initiative to reinforce our brand name in meeting stringent quality demands. MSC obtained product certification by SIRIM in recognition of our product quality compliance against the Malaysian Standard (MS 2651 : 2015) and Japanese Industrial standards (JIS G3141 : 2011), as a source of sustainable competitive advantage. Our products are verified, tested and confirmed, in meeting the parameters covered by the two mentioned Quality Standards. These certifications are beneficial not only to MSC, but also the industry as a whole, as they provide our customers with assurance of quality and reliability. We are continually raising the bar as far as quality is concerned, aligned with our mission, to be the highest Quality Cold Rolled Steel Sheets manufacturer in Malaysia.


No Lesen : PC002520
Licence No :

SCHEDULE

MYCRON STEEL CRC SDN. BHD.

Trade Mark : MYCRON
Model : DESIGNATION = SPCC (COMMERCIAL QUALITY)
Rating : TEMPER DESIGNATION = S (STANDARD TEMPER); 8 (EIGHTH HARD), 4 (QUARTER HARD), 2 (HALF HARD), 1 (FULL HARD)
Type : SURFACE FINISH = D (DULL FINISH), B (REGULAR BRIGHT FINISH)
Size : THICKNESS (mm) = 0.30 -2.50; MAXIMUM WIDTH (mm) = 1250

Trade Mark : MYCRON
Model : DESIGNATION = SPCD (DRAWING QUALITY)
Rating : TEMPER DESIGNATION = S (STANDARD TEMPER)
Type : SURFACE FINISH = D (DULL FINISH)
Size : THICKNESS (mm) = 0.40 -1.20; MAXIMUM WIDTH (mm) = 1250

Trade Mark : MYCRON
Model : DESIGNATION = SPCE (DEEP DRAWING QUALITY)
Rating : TEMPER DESIGNATION = S (STANDARD TEMPER)
Type : SURFACE FINISH = D (DULL FINISH)
Size : THICKNESS (mm) = 0.40 -1.20; MAXIMUM WIDTH (mm) = 1250

Trade Mark : MYCRON
Model : DESIGNATION = SPCF (DEEP DRAWING ALUMINIUM KILLED (NON-AGEING) QUALITY)
Rating : TEMPER DESIGNATION = S (STANDARD TEMPER)
Type : SURFACE FINISH = D (DULL FINISH)
Size : THICKNESS (mm) = 0.40 -1.20; MAXIMUM WIDTH (mm) = 1250

End of page

Tarikh Mula Pensijilan : 23 September 2016 — Tarikh Dikeluarkan : 21 September 2018
Sah Sehingga : 23 September 2019 — No Siri : 041113


No Lesen : PC002521
Licence No :

SCHEDULE

MYCRON STEEL CRC SDN. BHD.

Trade Mark : MYCRON
Model : SYMBOL OF GRADE = SPCC (COMMERCIAL QUALITY)
Rating : TEMPER GRADE = S (STANDARD TEMPER GRADE); 8 (1/8 HARD), 4 (1/4 HARD), 2 (1/2 HARD), 1 (FULL HARD)
Type : SURFACE FINISH = D (DULL FINISH), B (BRIGHT FINISH)
Size : THICKNESS (mm) = 0.30 -2.50; MAXIMUM WIDTH (mm) = 1250

Trade Mark : MYCRON
Model : SYMBOL OF GRADE = SPCD (DRAWING QUALITY)
Rating : TEMPER GRADE = S (STANDARD TEMPER GRADE)
Type : SURFACE FINISH = D (DULL FINISH)
Size : THICKNESS (mm) = 0.40 - 1.20; MAXIMUM WIDTH (mm) = 1250

Trade Mark : MYCRON
Model : SYMBOL OF GRADE = SPCE (DEEP DRAWING QUALITY)
Rating : TEMPER GRADE = S (STANDARD TEMPER GRADE)
Type : SURFACE FINISH = D (DULL FINISH)
Size : THICKNESS (mm) = 0.40 -1.20; MAXIMUM WIDTH (mm) = 1250

Trade Mark : MYCRON
Model : SYMBOL OF GRADE = SPCF (NON-AGEING DEEP DRAWING QUALITY)
Rating : TEMPER GRADE = S (STANDARD TEMPER GRADE)
Type : SURFACE FINISH = D (DULL FINISH)
Size : THICKNESS (mm) = 0.40 - 1.20; MAXIMUM WIDTH (mm) = 1250

End of page


No Lesen : PC002521
Licence No :

LESEN PENSIJILAN BARANGAN
Product Certification Licence

SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to

MYCRON STEEL CRC SDN. BHD.
LOT 717, JALAN SUNGAI RASAU
SEKSYEN 16
40200 SHAH ALAM
SELANGOR, MALAYSIA

Lesen untuk menggunakan Tanda Pensijilan di atas barangan
a licence to use the Certification Mark on
COLD REDUCED CARBON STEEL STRIP

Please refer to detail in the SCHEDULE

sebagai mematuhi keperluan
as complying with
JIS G 3141 : 2011

Mohd Azanuddin bin Salleh
Pengarah Urusan
Managing Director
SIRIM QAS International Sdn. Bhd.

Tarikh Mula Pensijilan : 23 September 2016 — Tarikh Dikeluarkan : 21 September 2018
Certified Since — *Issue Date*
Sah Sehingga : 23 September 2019 — No Siri : 041115
Valid Until — *Serial No*


No Lesen : PC002520
Licence No :

LESEN PENSIJILAN BARANGAN
Product Certification Licence

SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to

MYCRON STEEL CRC SDN. BHD.
LOT 717, JALAN SUNGAI RASAU
SEKSYEN 16
40200 SHAH ALAM
SELANGOR, MALAYSIA

Lesen untuk menggunakan Tanda Pensijilan di atas barangan
a licence to use the Certification Mark on
COLD-REDUCED CARBON STEEL SHEET AND STRIP OF COMMERCIAL AND DRAWING QUALITIES

Please refer to detail in the SCHEDULE

sebagai mematuhi keperluan
as complying with
MS 2651 : 2015

Mohd Azanuddin bin Salleh
Pengarah Urusan
Managing Director
SIRIM QAS International Sdn. Bhd.

Tarikh Mula Pensijilan : 23 September 2016 — Tarikh Dikeluarkan : 21 September 2018
Certified Since — *Issue Date*
Sah Sehingga : 23 September 2019 — No Siri : 041113
Valid Until — *Serial No*

PROFILE OF DIRECTORS

Tunku Dato' Yaacob Khyra

Aged 58, Male, Malaysian
Executive Chairman
Member of the Executive Committee

Tunku Dato' Yaacob Khyra was appointed to the Board of Directors of the Company on 30 March 2004 as a Non-Independent Non-Executive Director. Subsequently, he was re-designated to Non-Independent Non-Executive Chairman of the Company on 2 May 2008.

On 2 January 2015, Tunku Dato' Yaacob was redesignated to Executive Chairman of the Company. He is also a Director of Mycron Steel CRC Sdn Bhd. He currently holds the position of Executive Chairman of MAA Group Berhad ("MAAG") and Melewar Industrial Group Berhad ("MIG").

Tunku Dato' Yaacob 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.

Tunku Dato' Yaacob started his career as an Auditor with Price Waterhouse in London from 1982 to 1985 and subsequently, employed by the same firm in Kuala Lumpur from 1986 to 1987. Tunku Dato' Yaacob joined Malaysian Assurance Alliance Berhad (now known as Zurich Life Insurance Malaysia Berhad) in 1987 until October 2006.

Currently, Tunku Dato' Yaacob is a Board Member of MAAG, MIG, Melewar Group Berhad, Khyra Legacy Berhad ("KLB"), Yayasan Khyra, MAA Bancwell Trustee Berhad, Ithmaar Holding B.S.C., IB Capital B.S.C. (Closed) and several private limited companies. He also sits on the Board of Altech Chemicals Limited which is listed in Australia as Non-Executive Director.

Tunku Dato' Yaacob is the Chairman of the Board of Trustees for MAA-Medicare Charitable Foundation and The Budimas Charitable Foundation.

Tunku Dato' Yaacob is the brother to Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah. Tunku Dato' Yaacob is deemed interested in Mycron by virtue of him being a beneficiary of a trust known as KLB, being the holding company of Melewar Equities (BVI) Ltd and Melewar Khyra Sdn Bhd, who are the major shareholders of MIG, a major shareholder of Mycron. His shareholding in the Company is disclosed on page 38 of the Annual Report.

Azlan bin Abdullah

Aged 60, Male, Malaysian
Non-Independent Non-Executive Director

En Azlan bin Abdullah was appointed to the Board of Directors of the Company on 30 March 2004 as an Executive Director/Group Chief Executive Officer. On 2 April 2018, he was re-designated from Group Chief Executive Officer to Group Managing Director. Subsequently, on 11 August 2018 he was redesignated to Non-Independent Non-Executive Director of the Company.

En Azlan is currently the Managing Director of Melewar Industrial Group Berhad and sits on the Boards of MIDF Amanah Investment Bank Berhad, Langkawi Yacht Club Bhd 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 the KL Main Branch in 1992. In 1994, he rejoined Citibank Berhad as Vice President and Head of Public Sector Division.

His shareholding in the Company is disclosed on page 38 of the Annual Report.

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 several other private limited companies.

Tunku Dato' Kamil completed his Diploma (OND) Hotel & Catering Management in 1976 and Professional (HCIMA) Hotel Management in 1978. He also went on to earn a Diploma in Marketing in 1979. 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 Bhd and Malaysian Assurance Alliance Berhad (now known as Zurich Life Insurance Malaysia 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 Bhd. He also briefly served on the Board of TDM Bhd.

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.

Currently, as Associate Director of 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 a company, Ribuan Bakat Sdn Bhd, a land holding company.

Tunku Dato' Kamil is the brother to Tunku Dato' Yaacob Khyra, the Executive Chairman of the Company.

His shareholding in the Company is disclosed on page 38 of the Annual Report.

Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah

Aged 62, Male, Malaysian
Non-Independent Non-Executive Director
Member of the Risk and Sustainability Committee

Roshan Mahendran bin Abdullah

Aged 36, Male, Malaysian
Group Chief Executive Officer
Chairman of the Executive Committee

En Roshan Mahendran Bin Abdullah was appointed to the Board of Directors of the Company on 18 September 2017 as a Non-Independent Executive Director. Subsequently, he was appointed as the Group Chief Executive Officer of the Company on 2 April 2018.

En Roshan completed his primary and secondary education in Terengganu and Selangor, Malaysia. En Roshan's tertiary education placed emphasis on maritime and he also obtained a professional certificate from the Australia Maritime Safety Authority. En Roshan also holds a Diploma of Applied Science from Australia Maritime College (University of Tasmania).

En Roshan started his career in 1999 as a Deck Cadet for NSSPL, American President Lines, sailing worldwide on container carriers. He was a 2nd Mate/DPO for Allied Marine Equipment Sdn Bhd from 2004 to 2006. In 2006, En Roshan was on the commissioning team for Offshore Subseaworks Sdn Bhd and subsequently served as 1st Officer/Senior DPO cum Project Manager. In 2009, En Roshan became the General Manager of Jas Marine Ltd and Jas Marine Sdn Bhd. During his tenure from 2004 until 2009, En Roshan held multiple senior positions both onshore and offshore in the Upstream Oil and Gas Sector covering Transport & Installation, Subsea Construction Inspection, Repair & Maintenance, as well as Deepwater Subsea Construction.

In July 2010, En Roshan joined Melewar Industrial Group Berhad as Vice President of Business Development and was re-designated in January 2011 to Vice President cum Deputy Head, Group Commercial Department of Mycron Steel CRC Sdn Bhd. In May 2011, En Roshan became Chief Operating Officer of the CRC and Business Development divisions respectively. Subsequently, he became Group Chief Operating Officer of Mycron Steel Berhad in September 2016 and CEO of both Mycron Steel CRC Sdn Bhd (MSCRC) and Melewar Steel Tube Sdn Bhd (MST). En Roshan is responsible for the operations of both MSCRC and MST.

Tan Sri Datuk Seri Razman Md Hashim

Aged 79, Male, Malaysian
Independent Non-Executive Director
Member of the Audit and Governance Committee
Chairman of the Nomination and Remuneration Committee

Tan Sri Datuk Seri Razman Md Hashim was appointed to the Board of Directors of the Company on 1 October 2012 as an Independent Non-Executive Director. Tan Sri Datuk Seri Razman is the Chairman of the Nomination and Remuneration Committee of the Company. He is also a Member of the Audit and Governance Committee of the Company.

Tan Sri Datuk Seri Razman completed his early secondary education in Australia and on completion, studied Accounting and Banking where he became a member of the Australian Institute of Bankers.

Upon his return to Malaysia, Tan Sri Datuk Seri Razman joined Standard Chartered Bank Malaysia Berhad ("SCB") as an Officer Trainee in 1964. Throughout his 34 years of banking experience in SCB, he served with the bank's offices in London, Europe, Hong Kong and Singapore. In 1994, he was appointed as the Executive Director/ Deputy Chief Executive of SCB until his retirement in June 1999.

In the same month in 1999, Tan Sri Datuk Seri Razman was appointed as Chairman of MBf Finance Berhad by Bank Negara Malaysia ("BNM") until January 2002 when the finance company was sold to Arab-Malaysian Group. In May 2002 he was appointed as an Independent Non-Executive Director of Affin Bank Berhad by BNM until his retirement in May 2009. He was appointed as Independent Non-Executive Director of Malaysian Assurance Alliance Berhad ("MAA") (now known as Zurich Life Insurance Malaysia Berhad) on 1 July 2006 until 30 September 2011 when MAA was sold to Zurich Insurance Company Ltd.

Tan Sri Datuk Seri Razman is currently the Executive Deputy Chairman of the Sunway Group of Companies and his current directorships in other public companies include Marine & General Berhad (formerly known as SILK Holdings Berhad), Berjaya Land Berhad, Sunway Berhad and Zurich Takaful Malaysia Berhad (formerly known as MAA Takaful Berhad).

Tan Sri Datuk Seri Razman is also a Director of ASLI Foundation and Jeffrey Cheah Foundation as well as the Alternate Director in Perdana Leadership Foundation.

Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah was appointed to the Board of Directors of the Company on 2 January 2015 as an Independent Non-Executive Director.

He currently sits on the Boards of Global Oriental Berhad, DutaLand Berhad, Sime Darby Property Berhad and several other private limited companies involved in property development.

Tengku Datuk Seri Ahmad Shah completed his Diploma in Business Administration from Universiti Teknologi MARA in 1974. He started his career in Charles Bradburne (1930) Sdn Bhd as a stock broker from 1974 to 1981. He was a Director of TTDI Development Sdn Bhd from 1978 to 2000 and a Director of Sime UEP Berhad from 1983 to 1987 and Tractors Malaysia Holdings Berhad from 1987 to 2007.

Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah

Aged 63, Male, Malaysian
Independent Non-Executive Director
Member of the Nomination and Remuneration Committee

En Shazal Yusuf bin Mohamed Zain was appointed to the Board of Directors of the Company on 2 January 2015 as an Independent Non-Executive Director. He currently sits on the Board of Melewar Industrial Group Berhad and several other private limited companies.

En Shazal holds a Master of Science in Shipping, Trade and Finance from City University Business School, United Kingdom. He also holds a Bachelor of Arts in Economics from Nottingham University, United Kingdom.

En Shazal commenced his working career in 1994 as a Corporate Finance Executive at Commerce International Merchant Bankers Berhad (CIMB). He moved in 1996 to BSN Merchant Bankers as Assistant Manager, Corporate Banking before rejoining CIMB in 1998 as Senior Strategist, Treasury & Risk Management until 1999, when he decided to leave the investment banking sector to manage various business interests. He is currently the Managing Director of Confoil (Malaysia) Sdn Bhd and Shaz Inflight Sdn Bhd.

Shazal Yusuf bin Mohamed Zain

Aged 47, Male, Malaysian
Senior Independent Non-Executive Director
Chairman of the Risk and Sustainability Committee
Member of the Audit and Governance Committee

Muk Sai Tat

Aged 55, Male, Malaysian

Independent Non-Executive Director
Chairman of the Audit and Governance Committee
Member of the Risk and Sustainability Committee
Member of the Nomination and Remuneration Committee

Mr Muk Sai Tat was appointed to the Board of Directors of the Company on 2 January 2015 as an Independent Non-Executive Director. He currently sits on the Boards of Melewar Industrial Group Berhad, Gabungan AQRS Berhad and Goodway Integrated Industries Berhad.

Mr Muk holds a Master of Business Administration (General Management) from University of Bath, United Kingdom and is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr Muk commenced his working career in 1983 with PricewaterhouseCoopers as an Audit Assistant and progressed to Audit Senior upon completion of Malaysian Association of Certified Public Accountants examination in June 1989. In September 1990, he joined Ogilvy & Mather (Malaysia) Sdn Bhd as an Accountant and later joined Energizer Battery Company (M) Sdn Bhd in 1991 as a Sales Accounting Manager and Financial Analyst. In 1996, he joined Emerson Electric (M) Sdn Bhd as a Financial Controller – Southeast Asia and later joined Pernas Otis Elevator Co. Sdn Bhd and Otis Manufacturing Company Sdn Bhd in 1999 as a Financial Controller/Chief Financial Officer. In 2000, he joined Skyline Concepts Sdn Bhd as a General Manager and later joined Concino Sdn Bhd in 2001 as the Group Chief Executive Officer.

In 2003, Mr Muk joined Mangium Industries Bhd as the Group Chief Executive Officer/ Executive Director and later joined WaKa Parter AG/Forestry Investment Trust (F.I.T.) and WaKa-Forest Investment Services AG (WaKa-FIS) in 2007 as a Representative for Asia (F.I.T.) and as a Director in Asia Pacific for WaKa-FIS in 2009. In 2010, he joined TT Resources Bhd as an Executive Director. In 2011, he joined Asian Business Solutions Sdn Bhd as a Partner/Consultant. In 2016, Mr Muk joined Mahzan Sulaiman as Consulting Partner.

ADDITIONAL INFORMATION :-

1. Except for Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah, who is the brother to Tunku Dato' Yaacob Khyra, none of the other directors has any family relationship with any director and/or major shareholder of the Company.
2. None of the directors has any conflict of interest with the Company.
3. None of the directors has any convictions for offences (other than traffic offences) within the past five (5) years, and no public sanction or penalty was imposed on any of them by the relevant regulatory bodies during the financial year.

TUNKU DATO' YAACOB KHYRA

Malaysian, aged 58, Male
Executive Chairman

Tunku Dato' Yaacob Khyra was appointed to the Board of Directors of the Company on 30 March 2004 as a Non-Independent Non-Executive Director. Subsequently, he was re-designated to Non-Independent Non-Executive Chairman of the Company on 2 May 2008. On 2 January 2015, Tunku Dato' Yaacob was re-designated to Executive Chairman of the Company. His personal profile is listed in the Profile of Directors on page 28 of this annual report.

ROSHAN MAHENDRAN BIN ABDULLAH

Malaysian, aged 36, Male
Executive Director/Group Chief Executive Officer

Mr Roshan M. Abdullah was appointed to the Board of Directors of the Company on 18 September 2017 as a Non-Independent Executive Director and was appointed as the Group CEO of Mycron Steel Berhad on 2 April 2018. His personal profile is listed in the Profile of Directors on page 29 of this annual report.

CHOO KAH YEAN

Malaysian, aged 53, Male
Chief Financial Officer

Mr Choo Kah Yean has been the Chief Financial Officer at Melewar Industrial Group Berhad since 1 November 2012.

Mr Choo has more than 30 years of work experience in finance functions that started in 1987 with the public accounting firm HRM Touche Ross which subsequently evolved into Arthur Anderson & Co. During those initial nine years of professional services he worked in a wide array of finance functions in various industries covering audit, corporate finance and recovery services, and business consulting. Moving on to the commercial sector, Mr Choo joined IOI Group in its corporate planning and finance function which helmed and oversaw the group's growth in its plantation, property, and downstream edible oil businesses during its formation years. Mr Choo's last engagement was with KNM Group heading the group's finance functions of its domestic and global operations involving process equipment manufacturing and engineering construction contracts.

Mr Choo holds Bachelor of Business Administration in Finance from Iowa State University, USA, and Masters in Business Administration in Finance from University of Hull, UK. He is also a Chartered Management Accountant of ICMA and is a Chartered Accountant member of MIA.

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

Mr Choo does not have any personal interest in any business arrangements involving the Company. Mr Choo does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

IR. CHIN SHYI HER

Malaysian, aged 53, Male
Chief Operating Officer, Tube Operations

Ir. Chin Shyi Her joined the Group on 5 June 1989. In 2004, Ir. Chin was promoted to be the Assistant Vice President to manage and oversee the entire manufacturing division of the Company and subsequently assigned to the current position in May 2011.

Ir. Chin has been in the steel pipe industry for more than 29 years since he began his career as a Technical Trainee in the Company, after graduating in June 1989. In 1995, he was promoted to head the project development of the Company responsible for the improvement and upgrade of plant and machinery.

Ir. Chin Shyi Her holds a Bachelor of Engineering Degree in Mechanical Engineering (Marine Technology) from the University Technology of Malaysia. He is a Professional Engineer registered under the Board of Engineers Malaysia and also a member of the Institute of Engineers, Malaysia.

Ir. Chin Shyi Her has no family ties with any of the Directors and/ or major shareholders of the Company nor any shareholding in the Company.

Ir. Chin Shyi Her does not have any personal interest in any business arrangements involving the Company. Ir. Chin Shyi Her does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

JESSIE TAN LI LI

Malaysian, aged 39, Female
Chief Commercial Officer - Commercial

Ms Jessie Tan Li Li joined Mycron Steel CRC Sdn Bhd in 2014; a subsidiary of the Company and presently oversees the Raw Material procurement, Sales & Marketing and Customer Service Departments.

Prior to 2014, she was a trading manager in SK Networks Trading Kuala Lumpur branch office, responsible for the steel and chemical products trading. She also has 2 years trade exposure in oil & gas industries in Malaysia and Singapore. Ms Jessie also has had extensive experience in raw material procurement in electronic and electrical, steel, automotive and wood industries.

Ms Jessie graduated from University of Sunderland, United Kingdom with Master of Business Administration in 2011. She also holds an International Certificate in Risk Management recognised by Institute of Risk Management, United Kingdom.

Ms Jessie has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Ms Jessie does not have any personal interest in any business arrangements involving the Company.

Ms Jessie does not have any conflict of interest with the Company and has had no conviction for any offences within the past five (5) years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

FANNY TAN BOON SIM

Malaysian, aged 40, Female
Chief Operations Officer - CRC Operations

Ms Fanny first joined the Group in September 2011 and resigned in April 2017 before coming on board again on 11 June 2018 as the Chief Operations Officer of the Cold Rolled Coil division. Ms Fanny was attached to Kossan Group as a General Manager before re-joining the Mycron group.

Ms Fanny began her career in Amsteel Mills Sdn Bhd before shifting her career path to BlueScope Steel (M) Sdn Bhd from 2005 until 2011. She has 15 years of experience in the Iron and Steel industry covering up-stream, mid-stream and down-stream processes; namely in Quality Management and Manufacturing functions. She also has vast experience and expertise in leading and driving operational excellence through the evolvement of People, Processes and Equipment.

Ms Fanny holds a Bachelor of Science (Hons) Degree in Engineering (Materials and Manufacturing) from Sheffield Hallam University, UK. She also holds a Lean Six Sigma Black Belt Certification from the International Association for Six Sigma Certification (IASSC).

Ms Fanny has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Ms Fanny does not have any personal interest in any business arrangements involving the Company.

Ms Fanny does not have any conflict of interest with the Company and she has had no conviction for any offences within the past 5 (five) years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

		2014	2015	2016	2017	2018
1)	**Financial highlights of Statements of Profit or Loss**					
	Revenue (RM mil)	448.0	518.3	566.8	726.2	793.4
	EBITDA (RM mil)	12.5	15.2	68.5	73.9	44.3
	Profit/(loss) before tax (RM mil)	(14.1)	10.5	32.4	46.4	22.5
	Profit/(loss) after tax (RM mil)	(9.2)	11.7	24.2	34.7	16.1
	Financial Year 2015 includes 3 months of the newly acquired steel tube subsidiary's financial results.					
2)	**Financial highlights of Statements of Financial Position**					
	Total assets (RM mil)	428.4	587.5	563.7	668.1	694.5
	Total borrowings (RM mil)	161.0	257.6	191.1	249.7	120.4
	Shareholders equity (RM mil)	257.9	305.9	335.4	374.2	391.6
	Financial Year 2015 includes the assets/liabilities of the newly acquired steel tube subsidiary.					
3)	**Financial indicators**					
	Return on equity (%)	(3.6)	3.8	7.2	9.3	4.1
	Return on total assets (%)	(2.1)	2.0	4.3	5.2	2.3
	Gearing ratio (Times)	0.62	0.84	0.57	0.67	0.31
	Net earnings/(loss) per share (sen)	(5.2)	5.7	8.6	12.3	5.7
	Net asset per share (RM)	1.45	1.08	1.19	1.32	1.38
	PE ratio	(7.4)	5.1	5.6	6.7	6.8
	Share price as at FYE (RM)	0.38	0.29	0.48	0.82	0.39

ANALYSIS OF SHAREHOLDINGS
As at 1 October 2018

Total Number of Issued Shares	-	283,545,455
Class of Shares	-	Ordinary Shares
No. of Shareholders	-	5,400
Voting Rights	-	One (1) vote per ordinary share

No. of Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	652	12.07	22,070	0.01
100 - 1,000	1,864	34.52	986,398	0.35
1,001 - 10,000	1,953	36.17	10,025,610	3.53
10,001 - 100,000	834	15.44	25,709,331	9.07
100,001 and below 5% of issued shares	96	1.78	44,751,825	15.78
5% and above of issued shares	1	0.02	202,050,221	71.26
Total	5,400	100.00	283,545,455	100.00

THIRTY LARGEST SHAREHOLDERS
As at 1 October 2018

No.	Name	No. of Shares Held	(a)% of Shares
1.	Melewar Industrial Group Berhad	202,050,221	71.26
2.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Beneficiary : Exempt An for UOB Kay Hian Pte Ltd)	6,320,475	2.23
3.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for Daiwa Capital Markets Singapore Limited)	5,370,000	1.89
4.	CIMB Group Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for DBS Bank Ltd)	4,863,700	1.71
5.	Tan Cheng Chai	4,379,000	1.54
6.	Cartaban Nominees (Asing) Sdn Bhd (Beneficiary: Marubeni-Itochu Steel Inc.)	3,580,000	1.26
7.	Darabif Sdn Bhd	910,000	0.32
8.	Tan Aik Choon	543,600	0.19
9.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Ho Keat Soong)	532,800	0.19
10.	Cimsec Nominees (Tempatan) Sdn Bhd (Beneficiary: CIMB Bank for Goalkey System Sdn Bhd)	518,000	0.18
11.	Ng Teng Song	486,900	0.17
12.	HLB Nominees (Tempatan) Sdn Bhd (Beneficiary : Pledged securities account for Goh Eng Thye)	465,000	0.16
13.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Chau Guan Fock)	445,000	0.16
14.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Li Cheng Thong @ Lee Chen Thu Ng)	432,500	0.15

THIRTY LARGEST SHAREHOLDERS (cont'd)
As at 1 October 2018

No.	Name	No. of Shares Held	[a]% of Shares
15.	Maybank Securities Nominees (Asing) Sdn Bhd (Beneficiary: Maybank Kim Eng Securities Pte Ltd for Divyesh Nagindas Doshi)	385,200	0.14
16.	Cimsec Nominees (Tempatan) Sdn Bhd (Beneficiary: CIMB Bank for Cheah Chee Siong)	361,100	0.13
17.	Cimsec Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Tey Ay Mian)	359,400	0.13
18.	Phua Cheng Wah	340,000	0.12
19.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Yong Choong Hing)	339,100	0.12
20.	Goh Ah Kow @ Goh Bak Cheng	338,100	0.12
21.	Lim Seng Chee	333,000	0.12
22.	Tan Ah Sim @ Tan Siew Wah	329,900	0.12
23.	Lim Siong Teck	329,800	0.12
24.	Tee Cheng Hua	304,500	0.11
25.	Pang Poh York	300,700	0.11
26.	Beh Siew Kheng	300,000	0.10
27.	Cimsec Nominees (Tempatan) Sdn Bhd (Beneficiary: CIMB Bank for Wan Hazreek Putra Hussain Yusuf)	300,000	0.10
28.	Wong Ai Ling	279,000	0.10
29.	RHB Nominees (Tempatan) Sdn Bhd (Beneficiary : Pledged securities account for Lim Mooi Fong)	276,100	0.10
30.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Bong Poh Fong)	275,200	0.10
	Total	**236,048,296**	**83.25**

Note :

[a] The percentages of thirty largest shareholders are calculated by dividing the shares held by the respective shareholders with the total number of issued shares.

ANALYSIS OF SHAREHOLDINGS

As at 1 October 2018

(continued)

LIST OF SUBSTANTIAL SHAREHOLDERS
As at 1 October 2018

Name	Number of Shares Held			
	Direct	%[1]	Indirect	%[a]
Tunku Dato' Yaacob Khyra ("TY")	-	-	202,102,521	71.28[1]
Melewar Industrial Group Berhad ("MIG")	202,050,221	71.26	-	-
Melewar Equities (BVI) Ltd ("MEBVI")	-	-	202,050,221	71.26[3]
Melewar Khyra Sdn Bhd ("MKSB")	-	-	202,050,221	71.26[3]
Khyra Legacy Berhad ("KLB")	-	-	202,050,221	71.26[4]

DIRECTORS' SHAREHOLDINGS
As at 1 October 2018

Name	Number of Shares Held			
	Direct	%[1]	Indirect	%[a]
Tunku Dato' Yaacob Khyra	-	-	202,102,521	71.28[1]
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah ("TK")	-	-	52,300	0.02[2]
Azlan bin Abdullah	100,000	0.04	-	-

Notes:

[a] The percentages of substantial shareholders and Directors' shareholdings are calculated by dividing the shares held by the respective substantial shareholders and Directors with the total number of issued shares.

[1] Deemed indirect interest by virtue of TY being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB, who are the Major Shareholders of MIG, a Major Shareholder of Mycron.

[2] TK is a director and a shareholder with 12.5% shareholdings in Melewar Group Berhad ("MGB") which is the family owned investment holding company. MGB holds 0.02% of the issued share capital of Mycron.

[3] Deemed indirect interest by virtue of it being the Major Shareholder of MIG who is a Major Shareholder of Mycron.

[4] Deemed indirect interest by virtue of it being the holding company of MEBVI and MKSB, who are the Major Shareholders of MIG, a Major Shareholder of Mycron.

The Board of Directors ("the Board") of Mycron Steel Berhad ("MSB" or "the Company") acknowledges the importance of good corporate governance and is committed in ensuring that the Company and its subsidiaries ("the Group") practice good corporate governance in line with the new Malaysian Code on Corporate Governance 2017 ("MCCG 2017") issued by the Securities Commission of Malaysia ("the Code").

This statement, which is made pursuant to paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), sets out the manner in which the Group has applied the three (3) principles prescribed in the MCCG 2017:

Principle A: Board Leadership and Effectiveness;
Principle B: Effective Audit and Risk Management; and
Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The detailed application by MSB Group for each practice as set out in the MCCG 2017 during the financial year 2018 is disclosed in the Corporate Governance Report ("CG Report") which is available on the Company's corporate website at www.mycronsteel.com/annualreport.asp

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

1. Roles and Responsibilities

The Board is responsible for the leadership, oversight and overall management of the Company. The Board is made up of a combination of Executive Director(s) with intimate knowledge of the business and Non-Executive Directors from diversified industry/business background to bring broad business and commercial experience to the Group.

The Board has the overall responsibility for corporate governance, establishing goals, strategies and direction, reviewing the Group's performance and critical business issues and ultimately the enhancement of long term shareholders' value. It monitors and delegates the implementation of the strategic direction to the management.

Management's role is to implement and execute the strategies adopted by our Board and has delegated authority to manage the business on a day to day basis. The limits of Management's authority are embedded in the Internal Control Procedure ("ICP") document, known as the Transaction Authority Limits ("TAL"). The TAL outlines the decision-making authority of our Group Managing Director/ Group Chief Executive Officer ("GMD/GCEO") and the delegation of authority by our GMD/GCEO to the senior leadership, generally covering approvals for operational and capital expenditure, execution of contracts, procurement and investments up to a certain monetary threshold. Any commitments outside the TAL will require the prior approval of our Board and any changes to the TAL is also subjected to Board's approval.

To facilitate the discharge of the Board's responsibility and oversight role, the Board is assisted by various Board Committees namely:

- Audit and Governance Committee ("AGC");
- Risk and Sustainability Committee ("RSC");
- Nomination and Remuneration Committee ("NRC"); and
- Executive Committee ("EXCO")

At the Board Meeting held in August 2018, the Board agreed that going forward, the EXCO will no longer be a Committee of the Board but will function as a management committee comprising of Executive Directors and Heads of Department/Division.

The respective Committees have been established with terms of reference setting out their duties and responsibilities. The Chairman of the respective Committees report regularly to the Board on the key findings of their review and/or make recommendations to the Board. The ultimate responsibility for decision making, however, lies with the Board.

These Board Committees are chaired by Independent Non-Executive Directors, except for the EXCO, who exercise skillful leadership with in-depth knowledge of the relevant industry and who have committed time and effort as members. As explained earlier, the EXCO comprises executive directors who are non-independent of which the Managing Director/GCEO is the Chairman of the EXCO as well as Heads of Department/Division with the primary objective to review and approve subject to thresholds as provided in the TAL, besides determining whether changes, improvements or other actions are needed to ensure that the Company's strategies and practises are aligned with shareholders' interests.

2. Chairman and GMD/GCEO

The Board has elected Tunku Dato' Yaacob Khyra as the Company's Executive Chairman whose main role is to provide leadership and guidance to the Board. He is also responsible in leading the Board in its collective oversight of Management and ensure effectiveness of the Board.

The roles of the Executive Chairman and GMD/GCEO of MSB remain separate and distinct and held by different individuals. There is a clear division of responsibilities between the Chairman and GMD/GCEO of the Company to ensure a balance of power and authority.

During the financial year, En Roshan Mahendran Bin Abdullah was appointed to the Board and made the GCEO of the Company on 2 April 2018. En Azlan Bin Abdullah was then redesignated as the GMD. This is to ensure a smooth transition of the roles and responsibilities to be fully assumed by En Roshan Mahendran Bin Abdullah. En Azlan Bin Abdullah then ceased to be the GMD on 11 August 2018.

The roles and responsibilities of both the Executive Chairman and the GMD/GCEO are more particularly set out in the Board Charter which is available at the Company's website.

3. Qualified and Competent Company Secretary

The Board is supported by a Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and therefore qualified to act as company secretary pursuant to Section 235(2) of the Companies Act, 2016.

The Company Secretary attends all Board and Committee meetings and ensures that all Board procedures are followed. The Company Secretary also ensures that the Company complies with all applicable statutory and regulatory rules.

On an ongoing basis, the Directors have separate and independent access to the Company Secretary. The Board is regularly updated by the Company Secretary on new changes to the legislations and MMLR and the resultant implications to the Company and the Board in discharging their duties and responsibilities.

The Company Secretary also serves notices to the Directors and Principal Officers on the closed periods for trading in MSB's shares pursuant to Chapter 14 of the MMLR of Bursa Securities.

4. Access to Information and Meeting Materials

Prior to the scheduled meeting, Directors will be provided a structured agenda together with management reports and proposal papers, if any, in a timely manner prior to the meeting. All Directors have full access to information through the Board papers distributed in a timely manner prior to the Board meetings. The Board papers provide, among others, periodic financial information, annual budget, operational and corporate issues, investment proposals and management proposals that require Board's approval.

Senior Management staff are invited to attend Board meetings to provide the Board detailed explanations and clarifications on certain matters that are tabled to the Board. The Directors may interact directly with Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them. In this way the Board has full access to all information on the Company's affairs to enable the proper discharge of duties.

The Directors may exercise their right to obtain independent professional advise in accordance with the steps set out in the Board Charter.

5. Board Charter

The Board understands the importance of the roles and responsibilities between the Board and Management. As part of the good corporate governance process, the Board has documented these roles and responsibilities in the Board Charter to ensure accountability of both parties and also to provide reference for directors in relation to the Board's role, powers, duties and functions.

The Board recently reviewed and approved the revisions made to the Board Charter on 28 May 2018 to re-align the existing governance policies in the Company with the good standard of corporate governance practices prescribed by the MCCG 2017 and MMLR, where possible or relevant.

The Board Charter clearly sets out the functions, responsibilities, and processes of the Board and ensures that all Board members are aware of their roles and responsibilities. The Board Charter is available at MSB's website www.mycronsteel.com.

6. Code of Conduct and Ethics

The Board recently reviewed and approved the Code of Conduct and Ethics for Company Directors on 28 May 2018. This Code of Ethics provides good guidance for a standard of ethical behaviour for Directors based on trustworthiness and values that can be accepted and to uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.

The areas covered by the Code of Conduct and Ethics are Compliance with Laws, Conflicts of Interest, Honesty, Fair Dealing, Confidentiality, Insider Trading, Diversity, Integrity and Non-Compliance.

The Code of Conduct and Ethics is available at MSB's website at www.mycronsteel.com.

7. Whistle-Blowing Policy

As part of best practices in good corporate governance, the Group has established a "Whistle-Blowing" policy encoded in the Internal Control Procedure which is aimed to encourage reporting by employees in good faith, of any suspected and/or known instances of misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving the resources of the Group and the employees making such reports will be protected from reprisal.

The Company's Whistle-Blowing Policy fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing within the Company.

The AGC is committed to investigate and address all cases of reported misconduct and determine the channel for investigation and follow-up action.

The Whistle-Blowing Policy can be found in the Company's website at www.mycronsteel.com for easy access by the shareholders and the public.

8. Board Composition

The Company's Articles of Association stipulates that the minimum and maximum number of directors on the Board shall not be less than two (2) nor more than twelve (12).

The Board comprised of three (3) Executive Directors (including the Chairman), one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors for the period from 2 April 2018 until 11 August 2018. Subsequent to 11 August 2018 there were 2 Executive Directors, Tunku Dato' Yaacob Khyra, the Executive Chairman and En Roshan Mahendran Bin Abdullah as the GCEO. En Azlan bin Abdullah was then redesignated to Non-Independent Non-Executive Director of the Company.

The Company therefore complied with the following prescribed requirements:

- Paragraph 3.04(1) of the MMLR which stipulates that at least 2 directors or 1/3 of the board of directors, whichever is the higher, are independent directors; and
- Practice 4.1 of the MCCG 2017, where at least half of the board comprises Independent Director.

The current composition of the Board is as set out below:

Directors	Designation
Tunku Dato' Yaacob Khyra	Executive Chairman
En Roshan Mahendran Bin Abdullah	Group Chief Executive Officer
En Azlan bin Abdullah	Non-Independent Non-Executive Director
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah	Non-Independent Non-Executive Director
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	Independent Non-Executive Director
En Shazal Yusuf bin Mohamed Zain	Independent Non-Executive Director
Mr Muk Sai Tat	Independent Non-Executive Director
Tan Sri Datuk Seri Razman Md Hashim	Independent Non-Executive Director

The Group considers its complement of Non-Executive Directors provide an effective Board with a mix of industry specific knowledge and broad business and commercial experience. The Independent Non-Executive Directors of the Company are independent of management and free from any business relationship which could materially interfere with the exercise of their judgement. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest probable standards of conduct and integrity were maintained by the Group. All Independent Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group.

The Board appointed En Shazal Yusuf bin Mohamed Zain as the Senior Independent Non-Executive Director, who serves as the point of contact between the Independent Directors and the Board Chairman on sensitive issues and acts as a designated contact to whom shareholders' concerns or queries may be raised.

The Board had reviewed the Board policies and processes to be in line with the MMLR of Bursa Securities and MCCG 2017 which have been endorsed and approved by the Board on 28 May 2018.

The main revisions to the Board's policies and processes were as follows:

(a) Enhancing the procedures for the appointment/removal of directors and the review of the effectiveness of the board and individual directors to include rigorous review process on the independence of any independent director who has served/would be serving a cumulative term of nine (9) years and criteria for assessment includes diversity in skills, experience, age, cultural background and gender;

(b) Enhancing the criteria and processes for Annual Evaluation to determine the effectiveness of the board, its committees, each individual director and independent directors to include additional independent director evaluation which is a peer evaluation process by the Board to examine and assess the independence of independent directors who have been serving the Company for more than eight (8) years.

9. Tenure of Independent Director

As explained above, the Board is mindful of the recommendation in the Code on the tenure of an independent director which should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the Board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval.

The Board is also mindful of Practice 4.2 of the new MCCG 2017 which require the Board to seek annual shareholders' approval through a two-tier voting process should the Board decides to retain the independent director after the twelfth (12) year.

The Board noted that there are no Independent Directors whose tenure will exceed a cumulative term of nine (9) years in the Company during the period under review.

10. Diversity of Board and Senior Management

The Board acknowledges the importance of Board diversity, including gender diversity, for the effective functioning of the Board. In its selection for Board appointment, the Board believes in, and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender. In this respect, the Board formalised the gender diversity policy on 24 October 2013.

The Company does not practice any form of gender, ethnicity and age group biasness as all candidates for either Board or Senior Management team shall be given fair and equal treatment.

The Company has not set any specific target for female directors on the Board as well as for age and ethnic diversity in the boardroom but will continue to review the composition of the Board with a view of having a well-balanced age diversity and multi-ethnicity representation to the Board.

The Diversity Policy can be found at the Company's website at www.mycronsteel.com.

11. Sourcing of Directors to the Board

The Board is responsible for the appointment of new Directors. The NRC is empowered to bring to the Board, recommendations as to the appointment of any new director or to fill board vacancies as and when they arise. In making its recommendation, the NRC will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.

The NRC is also guided by the Procedure for the Appointment and Removal of Directors which has been approved by the Board on 28 May 2018. The Board Nomination and Selection Process outlines the skill sets, knowledge/experience, mindset and the intrinsic values required of the concerned Director vis-a-vis the need of the Company as well as time to effectively discharge his/her role as a Director of the Company. The process also provides the relevant point of reference in identifying the most suitable candidates to sit on the Board.

The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory requirements are complied with.

For financial year ended 30 June 2018, there has been no appointment of new Independent Director to the Board. Whilst the Board is of the view that the current directorship is adequate with the appropriate mix of skills and experience required for the Group, it is mindful of the recommendation 4.6 of the Code and the NRC continues to assess suitable candidates for recommendation to the Board.

The Terms of Reference of the NRC was last reviewed by the Board on 28 May 2018 and is made available for reference in the Company's corporate website at www.mycronsteel.com.

12. NRC

The Board merged the Nomination Committee and Remuneration Committee and renamed the Committee as the Nomination and Remuneration Committee since 28 August 2013.

The NRC is tasked by the Board to make independent recommendations for appointments to the Board. Appointment of Directors shall be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. In making these recommendations, the NRC shall assess the suitability of candidates, taking into account the character, integrity, competence, professionalism, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

The NRC comprises of three (3) members, all of whom are Independent Non-Executive Directors. The members of the NRC are as follows :

Chairman :	Tan Sri Datuk Seri Razman Md Hashim - Independent Non-Executive Director
Members :	Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah - Independent Non-Executive Director Mr Muk Sai Tat - Independent Non-Executive Director

The NRC shall be chaired by an Independent Director or the Senior Independent Non-Executive Director. This is contained in the Terms of Reference of the NRC.

13. Annual assessment of the Directors, Board as a whole and Board Committees

The Board recognises the importance of assessing the effectiveness of individual Directors and the Board on an annual basis. During the financial year, the Board, through the NRC conducted a self-assessment on the performance of each individual Director and the Board as a whole. The review shall take the form of a questionnaire comprising a self-evaluation of the Board as a whole and the individual Directors, and the responses will be collected and collated by the Company Secretary, on behalf of the NRC.

The assessment of the Board by Individual Directors was based on specific criteria, covering areas such as the Board composition and structure, principal responsibilities of the Board and the Board Committees, the GMD/GCEO's performance and Board governance. There were no major concerns from the results of the assessments.

All the assessment and evaluation carried out by the NRC are minuted and its minutes are included in the Board papers for Board's notification. The Board is satisfied with the overall performance of the individual Directors, Board and Board Committees for the financial year under review.

All the Independent Directors provided the NRC with written confirmation on their independence during the annual assessment exercise conducted for the financial year ended 30 June 2018.

A Director who has no relationship with the Company, its related corporation, its major shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement, is considered to be independent.

During the financial year, none of the Independent Directors disclosed any relationships and/or transactions that could materially interfere with their independent judgements and decisions. The independence assessment undertaken for the financial year has shown that all the Independent Directors have demonstrated their ability to act independently. The Board was satisfied with the level of independence of all the Independent Directors.

14. Summary of Activities Undertaken by the NRC in respect of financial year 2018

The NRC held three (3) meetings during the financial year ended 30 June 2018 and discussed, inter alia, the following matters:

(a) The NRC conducted annual assessment on the effectiveness of the Board and Committees covering areas such as Board structure and operation, management relationship with the Board, Board's role and responsibilities, the required mix of skills and experience of the Directors, time commitments, skills, characters, experiences, integrity and competencies to effectively discharge the role as a Director for the financial year ended 30 June 2018 and reported the findings in the Board meeting.

Based on the assessment, the NRC noted that the Board and its Committees are considered to be fully effective and have the right composition and sufficient knowledge of related areas. Overall the quality of the individual Directors was considered acceptable and the Directors were found to possess the relevant qualifications, knowledge, experience and ability to understand the technical requirements, risk and management of the Company's business. In addition, the Directors have demonstrated a willingness to devote time and effort to the affairs of the Company while acting in good faith and with integrity at all times.

(b) Reviewed and assessed the independence of the Independent Directors through the Assessment of Independence of Independent Directors under the annual Board evaluation process. Based on the evaluation results, the NRC concluded that each Independent Director has fulfilled the independence criteria set out in the MMLR and they continue to demonstrate their independence through their engagement in all meetings, providing objective challenge to the Management and bringing independent judgment to decisions taken by the Board. The Board was satisfied with the level of independence of all the Independent Directors.

(c) Reviewed, considered and recommended to the Board for approval, the re-election of Directors who retire by rotation pursuant to Company's Articles of Association at the forthcoming 15th Annual General Meeting ("AGM"). The Directors standing for retirement by rotation and subject to re-election at the forthcoming AGM are Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah, Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah and En Shazal Yusuf bin Mohamed Zain.

(d) Reviewed the tenure of service for Independent Non-Executive Directors.

(e) Reviewed the terms of office and performance of the AGC and its members to determine whether the AGC and its members have carried out their duties in accordance with their terms of reference.

(f) Reviewed the remuneration policies applicable to Directors, GMD/GCEO and Senior Management.

(g) Reviewed the performance bonuses for the Executive Directors/Senior Management.

(h) Reviewed attendance of Directors at Board/Board Committees, to ensure compliance to minimum attendance requirement of Board meetings of not less than fifty percent (50%) of the total meetings held during the financial year.

15. Time Commitment of the Directors

The Board meets at least once on a quarterly basis to consider all matters relating to the overall control, business performance and strategy of the Company. Additional meetings will be called when and if necessary.

An annual meeting calendar is planned and agreed with the Directors prior to the commencement of each new financial which sets out the scheduled dates for meetings of the Board and Board Committees, in order to facilitate and foster the Directors' time planning and commitment to the Company.

During the annual Board evaluation, each Director was assessed whether he was able to devote adequate time and attention for Board meetings, Committee meetings and activities of the Company. Overall, the Board was satisfied with the commitment of all members of the Board and the time contributed by each of them. The time commitment of the Directors was demonstrated by the full attendance and time spent at the Board and Board's Committee meetings during the financial year.

The Board met five (5) times during the financial year ended 30 June 2018. The attendance of each Director at the Board Meetings held during the financial year ended 30 June 2018 are as follows :

Executive Directors	No. of Attendance	%
1. Tunku Dato' Yaacob Khyra (Chairman)	5/5	100
2. En Roshan Mahendran Bin Abdullah (Appointed w.e.f. 18/9/2017)	4/4	100
Non-Independent Non-Executive Directors	**No. of Attendance**	**%**
1. Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah	5/5	100
2. En Azlan bin Abdullah	5/5	100
Independent Non-Executive Directors	**No. of Attendance**	**%**
1. Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	5/5	100
2. En Shazal Yusuf bin Mohamed Zain	5/5	100
3. Mr Muk Sai Tat	5/5	100
4. Tan Sri Datuk Seri Razman Md Hashim	5/5	100

To fulfil directors' roles and responsibilities, each director should hold no more than five (5) directorships in listed corporations pursuant to Paragraph 15.06 of the MMLR. All Directors of the Company currently adhere to this requirement. All Directors are also required to provide immediate notification when accepting any new external board appointments and seek guidance from the Board Chairman on any potential conflicts of interest if necessary. Any changes to their directorships will be tabled at the quarterly Board meetings.

16. Continuing Education and Training of Directors

The Directors are fully aware of the importance of keeping abreast with the latest changes and developments in the industries in which the Group operates as well as the economic, financial and governance issues in order to enhance the effectiveness in discharging their responsibilities as Directors.

All Directors have attended various training programmes during the financial year ended 30 June 2018 :

Members of the Board	List of Training Programmes/ Seminars/ Conferences Attended
Tunku Dato' Yaacob Khyra	1. CG Breakfast Series entitled : MCCG Reporting & CG Guide
En Azlan bin Abdullah	1. Capital Market Director Programme : Directors as Gatekeepers of Market Participants 2. Capital Market Director Programme: Business Challenges and Regulatory Expectations – What Directors Need to Know (Equities & Futures Broking) 3. Capital Market Director Programme : Risk Oversight and Compliance: Action Plan for Board of Directors 4. CG Breakfast Series entitled : Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World 5. Malaysian Halal Standard, Certification & Auditing 6. Capital Market Director Programme : Current and Emerging Regulatory issues in the Capital Market 7. IERP's Board of Director's Networking Group : What Concerns Boards and How to Deal with it 8. CG Breakfast Series entitled : Leading Change @ The Brain 9. Internal Capital Adequacy Assessment Process (ICAAP) Workshop 10. Implementing the Companies Act 2016 & the Malaysian Code of Corporate Governance 2017 - What Every Director Needs to Know 11. Knowledge Sharing on Islamic Stockbroking Window 12. Dialogue Session on Cryptocurrency 13. Luncheon Talk on the Colour of Inequality: Ethnicity, Class, Income and Wealth in Malaysia
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah	1. CG Breakfast Series entitled : MCCG Reporting & CG Guide
Tan Sri Datuk Seri Razman Md Hashim	1. Briefing by Wong & Partners on Companies Act, 2016
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	1. Regulatory Updates Seminar
En Shazal Yusuf bin Mohamed Zain	1. IERP Tea Talk Event : Driving Value via Continual Improvement 2. IERP's Board of Director's Networking Group : What Concerns Boards and How to deal with it.

Members of the Board	List of Training Programmes/ Seminars/ Conferences Attended
Mr Muk Sai Tat	1. IERP's Board of Director's Networking Group : What Concerns Boards and How to deal with it. 2. MIA International Accountants Conference 2017 3. New Malaysian Code of Corporate Governance 2017 - A Comprehensive & Actionable Work Plan 4. CG Breakfast Series entitled : Leading Change @ The Brain 5. CG Breakfast Series entitled : MCCG Reporting & CG Guide
En Roshan Mahendran Bin Abdullah	1. Mandatory Accreditation Programme

Board meetings were held at locations within the Group's operating businesses to enable the Directors to obtain a better perspective of the businesses and enhance their understanding of the Group's operations.

In addition, the Directors were briefed by the Company Secretary, External Auditors, and Internal Auditors on any updates or changes to the relevant guidelines on the regulatory and statutory requirements at Board Meetings and AGC Meetings.

17. Remuneration Policies and Remuneration of Directors and Senior Management

The Board recognises that the level and composition of remuneration of Directors and Senior Management should take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives.

The determination of remuneration packages of Executive Directors and Non-Executive Directors including Executive Chairman as well as Senior Management, should be a matter for the Board as a whole where the individuals concerned shall abstain from discussion of their own remuneration. All recommendations of the NRC are subject to endorsement of the Board.

As such, procedures for determining the remuneration of Directors and Executive Directors as well as Senior Management was endorsed and approved by the Board on 28 May 2018 in line with the MMLR of Bursa Securities and MCCG.

In compliance with the provisions of the Companies Act 2016, the fees and any benefits payable to Directors are subject to annual approval at general meetings. The process of reviewing and recommending matters relating to the remuneration of the Board is undertaken by the NRC.

All Non-Executive Directors are paid Directors' Fees of RM48,000 per annum each for serving as members of the Board. In recognition of their commitment and additional time contributed, the Directors will also receive annual AGC and RSC Fees of RM6,000 per annum. The Directors' fees are appropriate to their contribution, taking into consideration effort, commitment and time spent as well as the responsibilities of the Directors.

All Non-Executive Directors are also paid a meeting allowance of RM500 for each meeting attended. The Executive Directors are not entitled to any meeting allowance.

Each of the Executive Directors abstained from deliberating and voting on his own remuneration.

For the FY2018, the NRC had performed its duty to assess the remuneration package of its Executive Directors and Senior Management.

In addition, the NRC had also deliberated on the Directors' fees for the financial year ending 2019 ("FY2019") which is subject to the shareholders' approval at the forthcoming AGM. Further to the deliberations, the NRC had reported to the Board its recommendation and findings.

Remuneration packages for Senior Management/Executive Directors are structured so as to link rewards to corporate and individual performance. The remuneration of Senior Management/Executive Directors includes salary, bonus, allowance and benefits-in-kind.

For the year 2019, the Board of Directors decided that the Directors' fees be maintained as the previous year for each Director and will recommend to the shareholders for approval at the forthcoming 15th AGM.

In addition, the Directors are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as directors and officers of the MSB Group as their benefit, provided that such director or officer has not acted negligently, fraudulently or dishonestly, or is in breach of his duty of trust.

The relevant resolutions in relation to the Directors' fees and benefits payable to the Directors will be presented to the shareholders for approval at the forthcoming 15th AGM.

The Detailed Remuneration of the Directors for the financial year ended 30 June 2018 is set out below :

Received from Company

Name	Salary (RM'000)	Bonus (RM'000)	Benefits in Kind * (RM'000)	Fees (RM'000)	Meeting Allowance (RM'000)	Others** (RM'000)
Executive Directors						
Tunku Dato' Yaacob Khyra	300.0	50.0	24.6	-	-	52.5
Roshan Mahendran Bin Abdullah	-	-	-	-	-	-
Non-Independent Non-Executive Directors						
Azlan bin Abdullah	-	-	-	-	-	-
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah	-	-	2.4	48.6	5.5	-
Independent Non-Executive Directors						
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	-	-	2.4	42.6	4.5	-
Shazal Yusuf bin Mohamed Zain	-	-	-	54.6	8.5	-
Muk Sai Tat	-	-	-	54.6	10.0	-
Tan Sri Datuk Seri Razman Md Hashim	-	-	0.6	48.6	8.0	-

Received from MIG Group

Name	Salary (RM'000)	Bonus (RM'000)	Benefits in Kind * (RM'000)	Fees (RM'000)	Meeting Allowance (RM'000)	Others** (RM'000)
Executive Directors						
Tunku Dato' Yaacob Khyra	1,080.0	180.0	25.2	-	-	189.0
Roshan Mahendran Bin Abdullah	846.0	507.2	35.6	-	-	276.2
Non-Independent Non-Executive Directors						
Azlan bin Abdullah	660.0	121.0	19.8	-	-	240.6
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah	-	-	-	-	-	-
Independent Non-Executive Directors						
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	-	-	-	-	-	-
Shazal Yusuf bin Mohamed Zain	-	-	2.4	49.2	12.0	-
Muk Sai Tat	-	-	2.4	49.2	12.0	-
Tan Sri Datuk Seri Razman Md Hashim	-	-	-	-	-	-

* Benefits in kind include company car, driver, club membership subscription and medical insurance benefits.
** Others include car allowance, prorision for Directors' leave pay, travelling allowances and EPF.

The remuneration of the Senior Management (excluding the Executive Directors) in bands of RM50,000 is disclosed below :

Remuneration Bands	Number of Key Senior Management
Less than RM50,000	1
RM50,001 to RM100,000	1
RM450,000 to RM500,000	1
RM600,001 to RM650,000	2
RM700,001 to RM750,000	1

The Company considers the remuneration of the Senior Management to be sensitive and proprietary in view of the competitive nature of human resource market. Thus, the Company does not intend to adopt the recommendation to disclose the detailed remuneration of each member of Senior Management in bands of RM50,000 on a named basis.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AGC

The Board had at its meeting on 27 August 2018 agreed to change the name of the Audit Committee to Audit and Governance Committee.

The AGC is chaired by an Independent and Non-Executive Director, Mr Muk Sai Tat, who is not the Chairman of the Board which therefore is in compliance with Practice 8.1 of the Code which stipulates that the Chairman of the AGC is not the Chairman of the Board.

All members of the AGC are Non-Executive Independent Directors.

The Chairman of the AGC is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

The Audit and Governance Committee Report is set out on pages 65 to 70 of this Annual Report.

2. Oversight of External Auditors by the AGC

The Company has established and maintained an appropriate and transparent relationship with the Company's External Auditors, PricewaterhouseCoopers PLT in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

During the financial year, the AGC had met the External Auditors twice without the Executive board members present. In compliance with Malaysian Institute of Accountants ("MIA") by-laws, the Audit Partners are rotated every five (5) years to ensure objectivity, independence and integrity of the audit opinions. Such assurance was also given by the External Auditors in the Audit Plan and Audit Report presented to the AGC.

The AGC had carried out the assessment on the level of service provided by the External Auditors against a set of assessment criteria that has been approved by the Board. The scope of assessment which is described in the Audit and Governance Committee Report in this Annual Report includes, amongst others, an assessment on the suitability, objectivity and independence of the External Advisors. All findings from the AGC are then reported to the Board for further action, if any.

The AGC was satisfied with the competence and independence of the External Auditors and had recommended the re-appointment of the External Auditors for shareholders' consideration at the forthcoming 15th AGM.

3. Qualification of the AGC

Collectively, the members of the AGC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the AGC. The qualification and experience of the individual AGC members are disclosed in the Directors' Profiles on pages 30 to 31 of this Annual Report.

Directors including the AGC members continue to undergo training periodically during the financial year, based on individual learning requirements as well as financial and corporate developments.

4. **Establishment of Risk Management and Internal Control Framework**

The Board undertakes overall responsibility for risk oversight and risk management. In view of this, the RSC has adopted a Risk Management Framework for the Group in 2005.

The objective of this framework is to provide guidance to the Group to facilitate a structured approach in identifying, evaluating and managing significant risks and to achieve a level of adequacy and standard reporting by the operating subsidiaries and business divisions to the holding company in a timely manner.

The internal audit activities of the Group are carried out according to an annual internal audit plan approved by the AGC. The internal audit function of the Company and the Group has been outsourced to an independent party, Messrs Deloitte Risk Advisory Sdn Bhd (formerly known as Deloitte Enterprise Risk Services Sdn Bhd) who reports directly to the AGC. The internal audit function is expected to meet the standard set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Details of the Company and the Group's internal control system and framework are set out in the Directors' Statement on Risk Management and Internal Control and Audit and Governance Committee Report of this Annual Report respectively.

None of the internal audit personnel has any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.

The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group's framework in designing, implementing and monitoring its internal control system.

The internal audit function is guided by Internal Audit Charter which was approved by the AGC and Board of Directors on 26 May 2017. Audit engagement is focused on areas of priority according to their risk assessment and in accordance with the annual audit plans approved by the AGC.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. **Communication with Stakeholders**

The Company has in place a Corporate Disclosure Policies and Procedures which sets out clear procedures on corporate disclosure, designated corporate disclosure officer and appointed spokespersons for the Company to ensure that material information disclosed by the Company is accurate, timely and complete. Clear roles and responsibilities of Directors, Management and employees are provided together with levels of authority provided to designated persons in handling and disclosing material information.

The Board is mindful of its obligation to provide timely and fair disclosure of material information to shareholders. Shareholders and investors are kept abreast of results and other material information concerning the Group through regular and timely dissemination of information which is made available at the Company's website at www.mycronsteel.com as well as Bursa Malaysia Securities Berhad's corporate website at www.bursamalaysia.com.

The Board has identified En Shazal Yusuf bin Mohamed Zain as the Senior Independent Director to whom queries or concerns regarding the Group may be conveyed.

(i) En Shazal Yusuf bin Mohamed Zain can be contacted as follows:
Telephone number: +603-5510 6608 Facsimile number: +603-5510 3720
Email address: shazal@mycronsteel.com

Queries or concerns regarding the Group may be also conveyed to the following persons:

(ii) Mr Choo Kah Yean (Chief Financial Officer, for financial related matters)
Telephone number: +603-5519 2455 Facsimile number: +603-5510 8618

(iii) En Roshan Mahendran bin Abdullah (Group Chief Executive Officer)
Telephone number: +603-5510 6608 Facsimile number: +603-5510 3720
Email address: roshan@mycronsteel.com

(iv) Ms Lily Yin Kam May (Company Secretary, for shareholders' enquiries)
Telephone number: +603-6252 8880 Facsimile number: +603-6252 8080

2. Conduct of General Meetings

General Meeting serves as the principal platform for the Board and Management to engage with shareholders and encourage effective shareholders' communication on the Company's performance, corporate and business developments and any other matters affecting shareholder interests. The Company Secretary, by order of the Board, serve a notice of AGM to all shareholders of the Company at least 28 days prior to its forthcoming AGM to provide the shareholders sufficient time to consider the proposed resolutions that will be discussed and decided at the AGM.

In accordance with the revisions to the MMLR, a summary of the key decisions and discussions arising from the AGM in November 2018 will also be posted on our website.

A press conference is normally held after each AGM and/or General Meeting of the Company to provide the media an opportunity to receive an update from the Board on the proceedings at the meetings and to address any queries or areas of interest.

3. Encourage Poll Voting

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, any resolution set out in the notice of any general meeting or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. At least one (1) independent scrutineer must be appointed to validate the votes cast at the general meeting.

The Company's General Meeting is not held in a remote location. At the previous AGM of the Company held on 30 November 2017, a poll voting was conducted on all resolutions as set out in the Notice of the 14th AGM and for the interest of all shareholders a summary of key matters discussed at the AGM was posted on the Company's website.

Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his/her stead at a general meeting.

As for voting in absentia and remote shareholders' participation, the existing proxy form authorising proxies or Chairman of meeting is an alternative measure adopted by the Company.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement. The Board considers that the Statement on Corporate Governance Overview provides the information necessary to enable shareholders to evaluate how the Code has been applied. The Board has considered and is satisfied that the Company has fulfilled its obligation under the new MCCG, the MMLR of Bursa Securities and all applicable laws and regulations throughout the financial year ended 30 June 2018.

OTHER BURSA SECURITIES COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS

Other than those disclosed in the financial statements, there were no material contracts including contracts for any loans entered into by the Company and/or its subsidiaries involving the interests of the directors or chief executive who is not a director and major shareholder.

2. MATERIAL CONTRACTS RELATED TO LOAN

There were no material contracts related to loans entered into by the Company and/or its subsidiaries involving the Company's Directors and/or major shareholders' interests during the financial year under review.

3. AUDIT FEES

The amount of audit fees charged for services rendered to the Group and the Company by the External Auditors for the financial year ended 30 June 2018 amounted to RM363,780 and RM128,980 respectively.

4. NON-AUDIT FEES

The amount of non-audit fees charged for services rendered to the Group and the Company by the External Auditors for the financial year ended 30 June 2018 amounted to RM12,760 and RM12,760 respectively.

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2018

On 30 November 2017, the Company sought approval for a shareholders' mandate for Mycron Group to enter into RRPTS (as defined in the Circular to Shareholders dated 31 October 2017) in their ordinary course of business with related parties ("Shareholders' Mandate") as defined in Chapter 10 of the MMLR.

The aggregate value of transactions conducted during the financial year ended 30 June 2018 in accordance with the Shareholders' Mandate obtained at the last AGM were as follows :

A. RRPTs with Melewar Group of Companies

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2017 – 30/06/2018)
				Director	Major Shareholder	
1.	Trace Management Services Sdn Bhd ("Trace")	Provision of corporate secretarial services by the Related Party to Mycron Steel Berhad ("MSB") and its subsidiaries ("Mycron Group")	**Interested Directors** Tunku Dato' Yaacob Khyra ("TY") and Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah ("TK")	TY and TK are deemed interested in Trace by virtue of their major interests in The Melewar Corporation Berhad ("TMC"), who in turn is the holding company of Trace; TMC is the family owned investment holding company.	Nil	317,547

B. RRPTs with MAA Group Berhad ("MAAG") and its subsidiaries, collectively

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2017 – 30/06/2018)
				Director	Major Shareholder	
1.	MAA Corporate Advisory Sdn Bhd ("MAACA")	Provision of corporate consultancy services by the Related Party to Mycron Group	**Interested Director** TY **Interested Major Shareholders** Melewar Equities (BVI) Ltd ("MEBVI"), Melewar Khyra Sdn Bhd ("MKSB") and Khyra Legacy Berhad ("KLB")	TY is deemed interested in MAACA. TY is a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB.	MAACA is a wholly owned subsidiary of MAA Corporation Sdn Bhd who in turn is a wholly owned subsidiary of MAAG whose ultimate Major Shareholder is KLB	Nil

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (30/11/2017 – 30/06/2018)
				Director	Major Shareholder	
2.	MAAG	Human Resource fee charged by the Related Party to Mycron	**Interested Director** TY **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MAAG. TY is a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB.	KLB is the ultimate Major Shareholder of MAAG.	108,305

C. RRPTs with Melewar Industrial Group Berhad ("MIG") and its subsidiaries, collectively ("MIG Group")

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2017 – 30/06/2018)
				Director	Major Shareholder	
1.	MIG	Provision of treasury services by the Related Party to Mycron Steel CRC Sdn Bhd ("MSCRC")	**Interested Director** TY **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MIG and MSCRC by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MSCRC is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	Nil
2.	MIG	Sale of pipes by the Related Party to MSCRC	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIG and MSCRC by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MSCRC is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	Nil

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2017 – 30/06/2018)
				Director	Major Shareholder	
3.	Melewar Steel Mills Sdn Bhd ("MSM")	Sale of scrap by MSCRC to the Related Party	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MSM and MSCRC by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MSM is a wholly owned subsidiary of MIG. MSCRC is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	Nil
4.	Melewar Integrated Engineering Sdn Bhd ("MIE")	Provision of technical and consultancy services by the Related Party to MSCRC for expansion projects in cold roll mill	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIE and MSCRC by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MIE is a wholly owned subsidiary of MIG. MSCRC is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	Nil
5.	MIG	Management fees for the provision of management services/advice charged by the Related Party to MSCRC	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIG and MSCRC by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MSCRC is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	1,395,000

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2017 – 30/06/2018)
				Director	Major Shareholder	
6.	Melewar Steel Services Sdn Bhd ("MSS")	Rental charged by the Related Party to Melewar Steel Tube Sdn Bhd ("MST") for the use of the factory belonging to MSS. (Lot 16)	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MSS and MST by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. MSS is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	500,940
7.	MIG	Rental charged by the Related Party to MST for the use of the factory belonging to MIG. (Lot 10, Lot 49 and Lot 53)	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIG and MST by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	4,963,860
8.	MIE	Technical Advisory fees charged by the Related Party to MST	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIE and MST by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. MIE is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	96,000

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2017 – 30/06/2018)
				Director	Major Shareholder	
9.	MSM	Sale of scrap by MST to the Related Party	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MSM and MST by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. MSM is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	Nil
10.	MIE	Technical advisory fees charged by the Related Party to MSCRC	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIE and MSCRC by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MSCRC is a wholly owned subsidiary of Mycron. MIE is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	192,000
11.	MIG	Provision of management fees charged by the Related Party to MST	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIG and MST by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	1,395,000

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2017 – 30/06/2018)
				Director	Major Shareholder	
12.	Ausgard Quick Assembly Systems Sdn Bhd ("AQAS")	Sale of pipes by MST to the Related Party	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in AQAS and MST by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. AQAS is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	Nil
13.	MSM	Scrap handling commission fee charged by the Related Party to MSCRC	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MSM and MSCRC by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MSM is a wholly owned subsidiary of MIG. MSCRC is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	3,101,919
14.	MSM	Scrap handling commission fee charged by the Related Party to MST	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MSM and MST by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MSM is a wholly owned subsidiary of MIG. MST is a wholly owned subsidiary of Mycron. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	577,784

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (30/11/2017 – 30/06/2018)
				Director	Major Shareholder	
15.	Melewar Steel UK Ltd ("MSUK")	Purchases of steel pipes and tubes by the Related Party from MST	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MST and MSUK by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. MSUK is a wholly owned subsidiary of Melewar Imperial Limited ("MIL"), which in turn is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron	Nil
16.	Jack Nathan Limited ("JNL")	Purchases of steel pipes and tubes by the Related Party from MST	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MST and JNL by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MST is a wholly owned subsidiary of Mycron. JNL is a wholly owned subsidiary of MIL, which in turn is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron	Nil

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

Type of Financial Assistance	Related Party	Interested Related Parties	Manner of relationship with the Related Party		Value of Transaction (1/07/2017 – 30/06/2018)
			Director	Major Shareholder	
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 Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIE by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MIE is a wholly owned subsidiary of MIG. MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	Nil
Provision of financial assistance to MIG Group by the pooling of funds via a centralized 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 Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIG by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	Nil
Provision of corporate guarantee to financial institutions, as and when required, to secure the continuing trade facilities extended to direct and indirect subsidiaries.	MIG Group	**Interested Director** TY **Interested Major Shareholders** MIG, MEBVI, MKSB and KLB	TY is deemed interested in MIG by virtue of him being a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB who are the major shareholders of MIG.	MIG is the Major Shareholder of Mycron by virtue of its 71.26% shareholding in Mycron.	Nil

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS

The Companies Act 2016 ("the Act") requires the Directors to cause the preparation of the financial statements for each financial year in accordance with the provisions of the Act and applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

The Board has received assurance from the Group Chief Executive Officer and the Chief Financial Officer that the financial records have been properly maintained and the financial statements for the financial year ended 30 June 2018 give a true and fair view of the Company's operations and finances; and of the effectiveness of the Company's risk management and internal control systems. In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies which were consistently applied;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- considered the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operations for the foreseeable future.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the provisions of the Act.

The Directors have also taken such steps as are reasonably available to safeguard the assets of the Group, and to prevent fraud and other irregularities.

INTRODUCTION

This Statement on Risk Management and Internal Control has been prepared in accordance with the "Statement on Risk Management and Internal Control - Guidance for Directors of Listed Issuers", Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Practice 9.2 of the Malaysian Code on Corporate Governance 2017.

BOARD RESPONSIBILITY

The Board of Directors ("Board") of Mycron Steel Berhad ("MSB" or "the Company") affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of the system. The system of internal control covers governance, risk management, financial and organisational, operational, regulatory and compliance control. Notwithstanding, the Group's system is designed to manage rather than eliminate the risks of failure to achieve the Group's business objectives. Accordingly, such systems can only provide a reasonable but not absolute assurance against material misstatement, loss or fraud, and that any adverse impact arising from a foreseeable future event or situation on the Group's objectives is mitigated and managed.

RISK MANAGEMENT

The main components of the Group's risk governance and structure consists of the Board, the Audit and Governance Committee ("AGC") and the Risk and Sustainability Committee ("RSC"). The Board had at its meeting of 28 May 2018 agreed to change the name of the Committee to Risk and Sustainability Management Committee and subsequently at the meeting held on 27 August 2018 after further review, the name of the Committee was again changed to Risk and Sustainability Committee on the basis that the Committee is tasked to look into risk issues which to a large extent are to ensure the sustainability of the businesses and realising the business resilience of the Company.

The adequacy and effectiveness of risk management and internal controls are reviewed by the AGC and RSC through internal audits conducted. The internal audits are outsourced to external service provider, Messrs Deloitte Risk Advisory Sdn Bhd (formerly known as Deloitte Enterprise Risk Services Sdn Bhd) ("Deloitte"). Internal control issues as well as actions taken by Management to address these issues are tabled by the outsourced service provider for deliberation during the AGC meetings.

The Group has also in place Standard Operating Policies and Procedures for its main business highlighting the control objectives, policies, procedures, authority and responsibility. Each business unit and their supporting departments have implemented its own control processes under the leadership of the Group Chief Executive Officer ("GCEO"), who is responsible for business and regulatory governance.

GCEO, Senior Management, Division Heads and Departmental Heads are responsible for identifying, assessing and managing the risks of their respective business units, operational units and departments. The specific business risks identified encompasses risks on finance, operations, regulatory compliance and cyber security, including respective internal controls in place to manage the risks. It assures the Board that the Group's risks are effectively managed based on the Risk Management Framework adopted by the Group and the Internal Controls System are operating adequately and effectively, in all material aspects.

On a quarterly basis, Management reports to the AGC and RSC on all risk areas faced by the Group and findings identified from the internal audit reviews conducted by Deloitte as well as the actions taken by the Management to address those high risks areas and audit findings. Minutes of the meetings of the AGC and RSC which recorded these deliberations were presented to the Board.

RISK AND SUSTAINABILITY COMMITTEE

The RSC was established by the Board on 31 March 2004. The RSC had met five (5) times during the financial year. The members of the RSC as at the date of this Annual Report are as follows:

Chairman	:	Shazal Yusuf bin Mohamed Zain
Members	:	Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah
	:	Muk Sai Tat

During the financial year ended 30 June 2018, five (5) RSC meetings were held. The details of attendance of each Committee member are as follows:

Name of Committee Members	Total Meetings attended
Shazal Yusuf bin Mohamed Zain (Chairman, Independent Non-Executive Director)	5/5
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah (Non-Independent Non-Executive Director)	5/5
Muk Sai Tat (Independent Non-Executive Director)	5/5

RISK MANAGEMENT FRAMEWORK

The Board confirms that there is an ongoing process for identifying, assessing and responding to risks to achieve the objectives of the Group for the financial year under review. The process is in place for the period under review and up to the date of issuance of this Statement.

The RSC had formally adopted a Risk Management Framework for the Group in 2005. The objective of this framework is to provide guidance to the Group to facilitate a structured approach in identifying, evaluating and managing significant risks and to achieve a level of adequacy and standard reporting by the operating subsidiaries and business divisions to the holding company in a timely manner. Recognising that the framework requires enhancement based on the current business operating environment, the Company will be reviewing the framework with the assistance of Deloitte who was recently engaged as the new outsourcing provider to undertake the internal audit requirements of the Group.

The roles of the Board of Directors, RSC and the respective Heads of Division/Department are well defined under the framework with clear lines of accountability. Management is responsible for the identification and evaluation of the key risks applicable to their areas of business units/segments on a continuous basis. The Group recognises that Risk Management involves a structured approach, combining the efforts of all functions within the Group, to minimise the possibility and impact of unexpected damages so as to contribute towards greater efficiency and better decision making.

The RSC will assist and coordinate the implementation of the risk management programme for the Group. The implementation of the risk management programme will provide a consistent approach and guideline in managing the Group's significant risk exposures. It has been a practice for the RSC to invite the relevant Heads of Division/Department to attend the RSC Meetings, where appropriate.

The business interests are operated by the subsidiaries of the Group. Management of the day-to-day affairs of the Group's various subsidiaries are assigned to local management, comprising Operating Officer/Chief Commercial Officer of the main operating companies, who are accountable for the conduct and performance of their subsidiaries within agreed business strategies. Local management sits at various management and operations meetings, and review financial and operations reports, in order to monitor the performance and profitability of the business of their respective subsidiaries. Paramount to this process is the role played by the Group's Executive Directors and Senior Management personnel who, by virtue of their presence on the Boards of both listed and unlisted subsidiaries of the Group, supervise the subsidiaries' activities, and regularly update the Board of Directors of the Company.

The framework is reviewed and revised as and when necessary to ensure it remains relevant and adequate to manage the MSB Group's risks, which continue to evolve along with the changing business environment.

INTERNAL CONTROL

The key elements of the Group's system of internal controls that the Board has established in reviewing the adequacy and effectiveness of the risk management and internal control system during the financial year ended 30 June 2018 are summarised as follows:

1. Authority and Responsibility

    (a) Responsibilities are delegated to Board Committees through clearly defined Terms of Reference which are reviewed and revised when necessary.

    (b) The Group has a clear organisation structure with well-defined lines of reporting and appropriate levels of responsibility.

    (c) The Authority Limits is reviewed and revised when necessary to reflect the authority and authorisation limits of Management.

2. Internal Control Procedures

To ensure the uniformity and consistency of practices and controls within the Group, Internal Control Procedures (ICPs) have been formalised and documented which were endorsed by both the Management and the Board which cover:

- Petty Cash Procedure
- Motor Vehicle Expenses Reimbursement Procedure
- Company Car Maintenance Procedure
- Outstation Travel Requisition & Reimbursement Procedure
- Entertainment Reimbursement Procedure
- Hand Phone Expenses Reimbursement Procedure
- Capital Asset Acquisition Procedure
- Capital Asset Disposal Procedure
- Investment Procedure
- Credit Control Procedure
- Raw Material Purchase Procedure
- Sub-raw Materials, Tooling, Hardware, Consumable, Equipment, Fuel, Lubricants and Miscellaneous Items Purchase Procedure
- Sales Procedure
- Internal Security Procedure
- Whistle-Blowing Policy
- Intercompany Transactions/Loans/Advances Procedure
- FX Risk Management
- Manual Journal Transaction Procedure
- Employee Advance Control Procedure
- Miscellaneous Payment Procedure

The ICPs are subject to review on a regular basis along with the internal audit review of the selected area of operations.

3. Policies and Procedures

Operational policies and procedures are formalised to serve as a guiding principle to all employees within the Group for their day to day activities and to ensure compliance with internal controls and relevant laws and regulations. The policies and procedures are documented in the Internal Control Procedures and are reviewed and updated when applicable.

In addition, the manufacturing subsidiaries that implement ISO 9001:2015 Quality Management System ("QMS") benefit from the improved risk management and operational effectiveness and efficiency as the standard provides guidance and tools to the subsidiaries to ensure their products or services are consistently meeting customer requirement and expectation. Audit of the QMS are carried out regularly to ensure continual improvement and governing of its effectiveness. The QMS is reviewed from time to time to maintain its relevancies to meet changes in business, operational and statutory needs.

4. Internal Audit Function

The internal audit function plays a role to provide some comfort to the Board on the adequacy and effectiveness of the risk management practices of the Group by adopting a risk-based approach and focusing on the key risks areas to determine the auditees and auditable areas.

During the financial year ended 30 June 2018, the adequacy and effectiveness of internal controls were reviewed by the AGC in relation to the internal audits conducted by Deloitte on a quarterly basis. Audit issues and actions taken by the Management to address the shortcomings raised by Deloitte were deliberated and accepted during the AGC meetings. Additionally, the AGC also reviewed the implementation progress of the corrective action plans committed by the Management for all key findings and recommendations highlighted in the previous Internal Audit Reports until the corrective actions were implemented appropriately and as committed. Minutes of the AGC meetings which recorded these deliberations and decisions were subsequently presented to the Board for notation.

5. Managers Meeting ("MANCO")

The Managers of each business division meets on a monthly basis to review, deliberate and resolve various operational issues, financial and key management issues.

EXCO will also meet the MANCO on monthly basis to deliberate on similar matters mentioned above. The minutes of EXCO's meetings are included in the papers for quarterly Board meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3, issued by the Malaysian Institute of Accountants. AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

For the financial year under review and up to the date the of issuance of this Statement, the Management continues to monitor all major risks affecting the Group and the necessary measures to mitigate or minimise them as well as continue to enhance the adequacy and effectiveness of the risk management and internal control system of the Group mainly focusing on strategic, financial, operational and compliance aspect.

The Group Chief Executive Officer ("GCEO") and the Chief Financial Officer ("CFO") have given assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management adopted by the Group and the declarations made by the respective Heads of each Division. To the best of knowledge, nothing has come to the attention of the GCEO, CFO and the Management which may render the financial results presented and the information provided to be misleading in any material respect.

The Board is of the view that the risk management and internal control system of the Group is adequate and effective to safeguard the shareholders' investments, Group's assets and the interests of other stakeholders. There were no adverse compliance events or material control failures that could cause material losses to the Group. Nevertheless, taking into account the rapid changing environment and circumstances, the Board continues to evaluate and take precautionary measures and steps to further strengthen the control environment.

The Board of Directors ("Board") of Mycron Steel Berhad ("MSB" or the Company") is pleased to present the Audit and Governance Committee Report for the financial year ended 30 June 2018.

The Board had at its meeting on 27 August 2018 agreed to change the name of the Audit Committee to Audit and Governance Committee ("AGC").

The AGC is an independent Board Committee which assists the Board of MSB in the discharge of its responsibilities for corporate governance, internal controls and financial reporting.

TERMS OF REFERENCE

The Board had on 28 May 2018 reviewed and approved the revised terms of reference of the AGC ("TOR") to further enhance corporate governance by taking into account provisions of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017").

The Company has uploaded the TOR onto the Company's website at www.mycronsteel.com.

COMPOSITION

The AGC comprises three (3) members, all of whom are Independent and Non-Executive Directors in compliance with the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") as follows:

Designation	Name	Directorship
Chairman	Mr Muk Sai Tat	Independent Non-Executive Director
Members	Tan Sri Datuk Seri Razman Md Hashim	Independent Non-Executive Director
	En Shazal Yusuf bin Mohamed Zain	Senior Independent Non-Executive Director

The Chairman of the AGC, Mr Muk Sai Tat is a member of the Malaysian Institute of Accountants and therefore meets the requirements of paragraph 15.09(1)(c) of the MMLR, which stipulates that at least one member of the AGC must be a qualified accountant. The Directors' profiles are set out on pages 30 to 31 in the Annual Report.

All members of the AGC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the AGC.

MEETINGS AND ATTENDANCE

The AGC shall meet at least four (4) times annually or more frequently as circumstances dictate. The Executive Director/Group Managing Director and the Group Chief Executive Officer ("GMD/GCEO") were invited to all AGC meetings to provide further clarifications on the operations of the Group, the risk management and internal control systems. The Chief Financial Officer ("CFO") attended all meetings of the AGC to present all financial results and to clarify any issues relating to financial reporting. Other Board members, employees, a representative of the External Auditors and External Independent Professional Advisers attended meetings upon the invitation of the AGC.

The Company Secretary shall be the secretary to the AGC. Minutes of each AGC meeting are recorded and tabled for confirmation and approval at the following meeting and subsequently presented to the Board for notation. The AGC Chairman also conveys to the Board key matters deliberated at the AGC meetings and matters of significant concerns as and when raised by the External or Internal Auditors.

During the financial year ended 30 June 2018, six (6) AGC meetings were held. The details of attendance of each Committee member are as follows:

Members	No. of Meetings Attended	%
Mr Muk Sai Tat (Chairman)	6/6	100
Tan Sri Datuk Seri Razman Md Hashim	6/6	100
En Shazal Yusuf bin Mohamed Zain	6/6	100

The AGC meetings of the Company were convened with proper notices and agenda and these were distributed to all members of the AGC about five (5) days before the meetings. The minutes of each AGC meeting were recorded and tabled for confirmation at the next AGC meeting and tabled at the Board meeting for the Directors' notation.

The External Auditors were also invited to present to the AGC the audit plan, the audit findings, the independent auditors' report as well as any other matters which they considered were important for the AGC's attention. During the financial year under review, the AGC had conducted two (2) private meetings with the External Auditors, to give opportunity to the External Auditors to raise any matters without the presence of the executive board members and the Management.

Other Senior Management staff may be invited to attend certain AGC meetings if so required, requested or invited by the Chairman of the Committee to seek clarification on audit issues and facilitate direct communication as well as to solicit information in relation to the operation of the Company. Conversely, the External Auditors and Internal Auditors may also respectively request a meeting with the AGC if they consider it necessary.

The Nomination and Remuneration Committee ("NRC") had on 27 August 2018 reviewed the terms of office and performance of the AGC members. The Board, through its NRC, reviewed the performance of the AGC and the skills, experience and competencies possessed by the members of the AGC through an annual AGC effectiveness assessment.

The Board was satisfied with the performance of the AGC and its members based on the assessment carried out.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2018

In line with the TOR, the AGC held six (6) meetings during the financial year and carried out the following activities:

Financial Reporting	(a) The AGC reviewed the unaudited quarterly financial results and audited financial statements of the Group with the aim to ensure that the interim financial reports and financial statements were prepared in accordance with the approved Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs"), the Companies Act 2016 and other statutory requirements. In reviewing the interim financial report, the CFO provided explanations on the analysis of the quarterly results and major variances. The AGC was also briefed on the Group's business operations, factors affecting the Group's performance and market outlook. (b) Sought clarification from Management especially from the CFO of the Group on the following information for better understanding of the overall state of the financial position of the Company: • Performance of the key divisions of the Company including the variations and contributing factors to the performance; • Foreign exchange exposure; • Cash flow position of the Group with specific details on the compliance to the financial covenants with the various financial institutions who had granted facilities to the Group; • Position of the gearing ratio of the Company. (c) Reviewed the key audit matters highlighted in the auditors' report based on auditors' professional judgement which were considered as most significant in their audit of the financial statements of the Group and of the Company for the current financial year. (d) Reviewed and ascertained that the audited annual financial statements do not contain any misstatement of transactions and the auditors are in a position to issue an unqualified opinion on the matter of truth and fairness of the financial performance and the financial position of the Company and of the Group. (e) The AGC discussed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.

External Audit and Interim Review	(a) Discussed with the External Auditors on their annual audit plan, nature and scope of audit focus on key risk areas as well as audit procedures, prior to the commencement of audit. (b) Reviewed the External Auditors' annual audit report and accompanying reports to management, reports of their other examinations and management letters on internal control matters, including management's response and the level of co-operation given by employees to the External Auditors. (c) Evaluated the External Auditors' independence, objectivity and terms of engagement before recommending their re-appointment and remuneration. (d) Discussed problems and reservations arising from the interim and final external audits, and any matters the External Auditors may wish to discuss in the absence of Management. (e) Reviewed with the External Auditors the Statement on Risk Management and Internal Control which provides an overview of the state of internal controls and risk management within the Group and also the AGC's Report prior to the Board's approval for inclusion in the Annual Report. (f) Received updates on the statutory and regulatory requirements including the implementation of the accounting standards applicable in the preparation of financial statements and their implications on the financial statements. (g) Assessed the suitability and independence of External Auditors and obtained written assurance from the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants as well as other regulatory requirements. (h) Conducted two (2) private sessions with the External Auditors, without the presence of Executive Directors and Management, to review the adequacy and effectiveness of the system of internal control and any other areas of concern arising from their interim and final audit. No major concerns were raised by the External Auditors. (i) In compliance with the By-Laws (On Professional Ethics, Conduct and Practice) of Malaysian Institute of Accountants which requires the key audit partner responsible for the Group's audit to rotate at least every five (5) years, the AGC at its meeting held on 28 May 2018 was informed that Mr Gary Lee was due for rotation as the Group's lead audit partner effective from the audit for the financial year 2018. The new audit partner, Mr Manjit Singh attended his first meeting with the AGC on 28 May 2018 to brief the AGC on the audit planning memorandum for the financial year ended 30 June 2018.

Internal Control and Internal Audit	(a) Reviewed and approved the Internal Audit Consultants' Annual Internal Audit Plan and ensured principal risks, key entities, scope and functions were adequately identified and covered in the plan. (b) Reviewed and evaluated the overall adequacy and effectiveness of the risk management and Group's internal control system on a quarterly basis through review of results of work performed by Internal and External Auditors and discussions with the Management. (c) Reviewed the internal audit reports presented by the Internal Audit Consultants at each AGC meeting and their activities with respect to: • Status of audit activities as compared to the approved Annual Audit Plan. • Monitored the outcome of the audits, follow-up and performed investigation to ascertain all action plans were adequately implemented to address the key risks. • Adequacy of Management's responsiveness to the audit findings and recommendations. • Adequacy of audit resources of the Internal Audit Consultants. • Reviewed and monitored the implementation status of the audit recommendations made by the auditors to ensure that key risks and controls have been addressed. This includes any improvement on the system of the internal controls and procedures. • Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function. • Reviewed and recommended to the Board the re-appointment of the external service provider for internal audit services. (d) Reviewed and debated on the recommendations made by the Internal Audit Consultants on the areas where further improvements are required in respect of the abovementioned scopes covered with subsequent recommendation to the Board the steps to improve the system of internal control derived from the findings of the Internal and External Auditors. (e) Reviewed and discussed the impact on the financial statements of the Company arising from the acquisition of a piece leasehold land known as Lot 53, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan by MST, a wholly-owned subsidiary of Mycron Steel Berhad for a total cash consideration of RM26.0 million.
Corporate Governance	(a) Reviewed and monitored the disclosure of related party transactions and any conflict of interest situation and questionable transactions to ensure compliance with the MMLR and that they were not favourable to the related parties than those generally available to the public and were not detrimental to minority shareholders. (b) Reviewed the following draft Statement/Circular to Shareholders and recommended the same to the Board for approval: (i) Proposed share buy-back of up to three percent (3%) of the total number of issued shares of the Company; and (ii) Proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Provision of Financial Assistance. (c) Reviewed the AGC Report, Corporate Governance Overview Statement, Corporate Governance Report, 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. (d) Reviewed the TOR of the AGC to ensure it is in line with the MCCG 2017 and MMLR of Bursa Securities to the Board for approval.
Rights Issue with Warrants	Discussed the progress of the Renounceable Rights Issue of up to 56,709,091 shares in Mycron together with up to 28,354,546 free detachable Warrants on the basis of one (1) Right Share for every five (5) existing Mycron Shares together with one (1) Warrant for every two (2) Right Shares subscribed at the Entitlement Date.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

In August 2017, the Internal Audit ("IA") function of the Group was outsourced to an independent external professional firm, Deloitte Risk Advisory Sdn Bhd (formerly known as Deloitte Enterprise Risk Services Sdn Bhd) ("Deloitte") in place of Messrs Baker Tilly Monteiro Heng Governance Sdn Bhd ("BTMH") who has been the outsourced internal auditor since 2008. Deloitte reports directly to the AGC and assists the Board in monitoring the risks and reviewing the internal controls system to ensure a sound internal control system is established and continue to function effectively and satisfactorily within the Group.

The internal audit function adopts a risk based audit methodology, which is aligned with the risks of the Group to ensure that the relevant control addressing those risks are reviewed on timely basis. As part of the audit work, the IA function would review the adequacy and effectiveness of the internal control system, compliance with rules, regulations, policies and procedures and also evaluates efficiency of key business processes.

These processes provide reasonable assurance that such internal control system would continue to operate satisfactorily and effectively in the Group.

The Internal Audit Consultants submits the internal audit report with audit findings and recommendations on areas of concern to the AGC for its review and deliberation on a quarterly basis.

During the financial year ended 30 June 2018, the Internal Audit Consultants had carried out a review on the Group's policies, procedures, processes and controls covering the following areas based on the approved audit plan for 2018/2020:

A) Carried out by BTMH

Companies	Key Areas	Activities
• Mycron Steel CRC Sdn Bhd ("MSCRC"); • Melewar Steel Tube Sdn Bhd ("MST")	Quality Control and Assurance	• Carried out analysis via system mapping using flowcharts or narrative notes (where appropriate) to determine the adequacy and sufficiency of key internal controls. • Traced through the documented system of internal controls to ensure the procedures are operating as documented. • Collected and evaluated the audit evidence to determine the extent and course for weaknesses in the existing system of internal controls followed up with recommendations for improvement.
• MSCRC • MST	Follow up Review on Inventory Management and Control	• Carried out review to confirm the implementation of agreed recommendations. • Carried out assessment to understand the justification for non-compliance.

B) Carried out by Deloitte

Companies	Key Areas	Activities
• MSCRC • MST • Silver Victory Sdn Bhd ("SVSB");	Procurement to Payment Management	• Reviewed the existence and completeness of internal control procedure in relation to procurement activities and identify areas of improvement within the internal control procedure where applicable. • Ascertained the existence on the procurement limits of authority to govern the purchasing activities. • Ascertained all purchases and payments made were in accordance with the procurement limits of authority. • Reviewed the controls in place for any urgent purchase made (i.e. valid/ documented justification and approval). • Reviewed the controls in the appointment of vendors or sub-contractors process (i.e. quotations, review and approval process). • Reviewed if there are periodic review performed on the maintenance and update the Vendor Master Listing. • Assessed the control and governance in place on procurement activities performed (i.e. issuance of Purchase Requisition, Purchase Order/ blanket Purchase Order, etc.). • Performed analysis on the turnaround time of procurement activities performed, circumvention of authority limit and rationalisation of authority limit. • Reviewed the processing of payment to vendors (Accounts Payable).

The AGC had noted the overall findings covering the above auditable areas as well as the recommendations made by the Internal Audit Consultants on the areas where further improvements are required.

The AGC had noted the overall findings covering the above auditable area and was generally satisfied with the results of the audit.

The costs incurred in respect of the internal audit reviews performed by the professional services firm was RM58,650.00 for the financial year ended 30 June 2018.

The Directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are that of mid-stream steel cold rolled coil manufacturing and steel tube manufacturing as disclosed in Note 13 to the financial statements.

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

FINANCIAL RESULTS

	Group	Company
	RM	RM
Net profit/(loss) for the financial year	16,100,771	(92,255)

DIVIDENDS

There were no dividends declared or paid by the Company since 30 June 2017.

The Directors do not recommend the payment of any dividend for the financial year ended 30 June 2018.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares and debentures during the current financial year ended 30 June 2018.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tunku Dato' Yaacob Khyra
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah
Azlan bin Abdullah
Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim
Muk Sai Tat
Shazal Yusuf bin Mohamed Zain
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah
Roshan Mahendran bin Abdullah (appointed on 18 September 2017)

In accordance with Article 113(1) of the Company's Article of Association, Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah, Shazal Yusuf bin Mohamed Zain and Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah are to retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares			
	At 01.07.2017	Acquired	Disposed	At 30.06.2018
Melewar Industrial Group Berhad (Ultimate holding company)				
Tunku Dato' Yaacob Khyra - deemed indirect interest [(a)]	82,381,232	-	-	82,381,232
Azlan bin Abdullah - direct interest	133,333	-	-	133,333

(a) Deemed indirect interest by virtue of Tunku Dato' Yaacob Khyra being a beneficiary of a trust known as Khyra Legacy Berhad, being the holding company of Melewar Equities (BVI) Ltd and Melewar Khyra Sdn Bhd who are the Major/Substantial Shareholders of Melewar Industrial Group Berhad.

	Number of ordinary shares			
	At 01.07.2017	Acquired	Disposed	At 30.06.2018
Mycron Steel Berhad (the Company)				
Tunku Dato' Yaacob Khyra - deemed indirect interest [(a)]	202,102,521	-	-	202,102,521
Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah - deemed indirect interest [(b)]	52,300	-	-	52,300
Azlan bin Abdullah - direct interest	100,000	-	-	100,000

(a) Deemed indirect interest by virtue of Tunku Dato' Yaacob Khyra being a beneficiary of a trust known as Khyra Legacy Berhad, being the holding company of Melewar Equities (BVI) Ltd and Melewar Khyra Sdn Bhd who are the Major/Substantial Shareholders of Melewar Industrial Group Berhad, a Major Shareholder of Mycron Steel Berhad.

(b) Tunku Dato' Kamil Ikram is a director and a shareholder with 12.5% shareholdings in Melewar Group Berhad ("MGB") which is the family owned investment holding company. MGB holds 0.02% of the issued share capital of Mycron Steel Berhad.

By virtue of Tunku Dato' Yaacob Khyra's deemed indirect interests in shares in the ultimate holding company, he is deemed to have an interest in the shares in all the subsidiaries to the extent the ultimate holding company has an interest.

None of the other Directors holding office at the end of the financial year had any interest in 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 the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 9 to the financial statements.

INDEMNITY AND INSURANCE COSTS

The Directors and officers of the Group and the Company are covered by Directors and Officers Liability Insurance ("D&O") for any liability incurred in the discharge of their duties provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The premium borne by the Group and the Company for the D&O coverage during the financial year was both approximately RM24 thousand.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps:

(i) 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

(ii) to ensure that any current assets other than debts, which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected to be realised.

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

(i) 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 of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report,

(i) there are no charges on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person other than that disclosed in Note 30; and

(ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.

(e) 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 of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than impairment loss on property, plant and equipment as disclosed in Note 12 to the financial statements; and

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

ULTIMATE AND IMMEDIATE 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 both the immediate and the ultimate holding company.

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year up to the date of this report and the statement is as follows:

Tunku Dato' Yaacob Khyra
Azlan bin Abdullah
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Roshan Mahendran bin Abdullah

SUBSIDIARIES

Details of subsidiaries are set out in Note 13 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 8 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

This report was approved by the Board of Directors on 25 October 2018. Signed on behalf of the Board of Directors:

ROSHAN MAHENDRAN BIN ABDULLAH
EXECUTIVE DIRECTOR/ GROUP CHIEF EXECUTIVE OFFICER

AZLAN BIN ABDULLAH
DIRECTOR

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Roshan Mahendran bin Abdullah and Azlan bin Abdullah, two of the Directors of Mycron Steel Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 80 to 140 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and financial performance of the Group and of the Company for the financial year ended 30 June 2018 in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 October 2018.

ROSHAN MAHENDRAN BIN ABDULLAH
EXECUTIVE DIRECTOR/ GROUP CHIEF EXECUTIVE OFFICER

AZLAN BIN ABDULLAH
DIRECTOR

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Choo Kah Yean, the officer primarily responsible for the financial management of Mycron Steel Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 80 to 140 are to the best of my knowledge and belief, 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.

CHOO KAH YEAN
CHIEF FINANCIAL OFFICER
MIA Number: 24018

Subscribed and solemnly declared by the abovenamed, at Wilayah Persekutuan Kuala Lumpur on 25 October 2018, before me.

COMMISSIONER FOR OATH

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MYCRON STEEL BERHAD
(Incorporated in Malaysia) (Company No. 622819-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Mycron Steel Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 80 to 140.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters (Group)	**How our audit addressed the key audit matters**
Valuation of land and buildings, plant, machinery and electrical installation Refer to Note 2(d) Property, plant and equipment – Summary of significant accounting policies, Note 3 – Critical accounting estimates and judgements and Note 12 – Property, plant and equipment to the financial statements. The Group carries its land and buildings, plant, machinery and electrical installation at values approximating their fair values. As at 30 June 2018, the carrying amount of the Group's land and buildings, plant, machinery and electrical installation is RM279.6 million. The valuation of the Group's land and buildings, plant, machinery and electrical installation are carried out by independent professional valuer on an annual basis. The valuation of the land and buildings is inherently subjective due to the individual nature of each property and its location; whereas the plant, machinery and electrical installation is inherently subjective due to the physical condition of the individual assets at the point of valuation. We focused on this area because there are significant judgements and estimates made in relation to the valuation of the Group's land and buildings, plant, machinery and electrical installation.	Evaluation of the valuer's objectivity and competency We read the valuation reports for the land and buildings, plant, machinery and electrical installation and discussed the reports with each of the valuer. We found that the valuation approach for each category of asset was performed in accordance with MFRS 13 "Fair value measurement" in determining the fair values as at 30 June 2018. We evaluated the valuer's competence by checking the valuer's qualifications and their registration to the Board of Valuers. We read their terms of engagement to determine whether there were any matters that might have affected their objectivity. Estimates on land and buildings For the land and buildings revalued during the year, the fair values were determined based on the Market approach which entails separate valuations of the land and buildings to arrive at the fair value. The fair values of the land and buildings were determined based on open market basis by reference to observable prices in the market or recent market transactions on arm's length terms (Level 2). Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square meter. We tested a sample of land and buildings by comparing the fair value per square meter with transacted values of similar land and buildings in and around the area. The values were obtained from independent online property portal website. Estimates on plant, machinery and electrical installation For plant, machinery and electrical installation, the fair values were determined based on depreciated replacement cost method, which is based on the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation (Level 3). We obtained an understanding on the basis of valuation and checked the reasonableness of the basis of valuation through discussions with the valuer on the basis of their estimates and inspected minutes of meetings to corroborate the key judgement applied by management.

There are no key audit matters in the relation to the financial statements of the Company.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and other sections of the 2018 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

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Kuala Lumpur
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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Group		Company	
		2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Revenue	6	793,374,314	726,196,369	3,581,513	2,447,394
Cost of sales		(731,881,841)	(637,937,479)	(1,762,374)	(1,620,959)
Gross profit		61,492,473	88,258,890	1,819,139	826,435
Other operating income		116,259	452,587	-	-
Net foreign exchange gain/(loss)	4(e)	636,801	(751,045)	-	-
Selling and distribution costs		(6,418,583)	(6,158,665)	-	-
Administrative expenses		(26,225,400)	(23,117,075)	(1,546,064)	(637,367)
Impairment loss on property, plant and equipment	12	(901,064)	(2,107,535)	-	-
Finance income	7	1,390,582	950,983	9,736	1,816
Finance costs	7	(7,549,873)	(11,157,464)	(7,779)	(7,779)
Profit before tax	8	22,541,195	46,370,676	275,032	183,105
Taxation	10	(6,440,424)	(11,627,363)	(367,287)	(118,987)
Net profit/(loss) for the financial year		16,100,771	34,743,313	(92,255)	64,118
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
- Revaluation surplus on property, plant and equipment, net of tax	12	1,317,687	2,989,245	-	-
Total comprehensive income/(loss) for the financial year		17,418,458	37,732,558	(92,255)	64,118
Net profit/(loss) for the financial year attributable to owners of the Company		16,100,771	34,743,313	(92,255)	64,118
Total comprehensive income/(loss) for the financial year attributable to owners of the Company		17,418,458	37,732,558	(92,255)	64,118
Earnings per share attributable to equity holders of the Company - basic and diluted (sen)	11	5.68	12.26		

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	12	288,469,858	294,514,192	250,882	283,606
Investments in subsidiaries	13	-	-	211,790,679	217,790,679
Intangible assets	14	20,000,000	20,000,000	-	-
		308,469,858	314,514,192	212,041,561	218,074,285
CURRENT ASSETS					
Inventories	15	205,190,250	177,176,498	-	-
Trade and other receivables	16	122,670,642	106,248,880	17,568	10,413
Amount owing by ultimate holding company	17	1,861,297	262,880	-	-
Amounts owing by subsidiaries	18	-	-	256,255	202,187
Amounts owing by related companies	19	1,887,416	4,859,971	-	-
Tax recoverable		23,097	257,772	-	121,068
Derivative financial assets	20	3,341,051	142,073	-	-
Cash and cash equivalents	21	51,022,964	64,588,049	580,164	260,756
		385,996,717	353,536,123	853,987	594,424
LESS: CURRENT LIABILITIES					
Trade and other payables	22	187,001,249	181,469,032	565,722	309,140
Amount owing to ultimate holding company		-	4,000,000	-	4,000,000
Amounts owing to subsidiaries	18	-	-	5,500,000	7,500,000
Amount owing to a related company	19	1,212,092	1,073,151	-	-
Tax payable		607,935	1,651,036	95,675	-
Derivative financial liabilities	20	2,570	3,036,852	-	-
Borrowings	24	90,735,555	78,609,835	40,869	40,869
		279,559,401	269,839,906	6,202,266	11,850,009
NET CURRENT ASSETS/ (LIABILITIES)		106,437,316	83,696,217	(5,348,279)	(11,255,585)
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	23	21,699,216	19,758,492	13,304	5,599
Borrowings	24	1,635,860	4,298,277	153,177	194,045
		23,335,076	24,056,769	166,481	199,644
		391,572,098	374,153,640	206,526,801	206,619,056
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	25	206,363,671	206,363,671	206,363,671	206,363,671
Asset revaluation reserve	26	26,851,548	25,533,861	-	-
Retained earnings		158,356,879	142,256,108	163,130	255,385
TOTAL EQUITY		391,572,098	374,153,640	206,526,801	206,619,056

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Share capital RM	Capital reserve RM	Share premium RM	Paid-in capital RM	Treasury shares RM	Asset revaluation reserves RM	Retained earnings RM	Total RM
		Attributable to owners of the Company							
At 1 July 2017		206,363,671	-	-	-	-	25,533,861	142,256,108	374,153,640
Net profit for the financial year		-	-	-	-	-	-	16,100,771	16,100,771
Other comprehensive income: - Revaluation surplus on property, plant and equipment, net of tax	12	-	-	-	-	-	1,317,687	-	1,317,687
Total comprehensive income for the financial year		-	-	-	-	-	1,317,687	16,100,771	17,418,458
At 30 June 2018		206,363,671	-	-	-	-	26,851,548	158,356,879	391,572,098

	Note	Share capital RM	Capital reserve RM	Share premium RM	Paid-in capital RM	Treasury shares RM	Asset revaluation reserves RM	Retained earnings RM	Total RM
		Attributable to owners of the Company							
At 1 July 2016		70,886,364	115,753,842	19,100,456	8,569	(367,860)	22,544,616	107,512,795	335,438,782
Transaction with owner: - Disposal of treasury shares		-	-	-	614,440	367,860	-	-	982,300
Net profit for the financial year		-	-	-	-	-	-	34,743,313	34,743,313
Other comprehensive income: - Revaluation surplus on property, plant and equipment, net of tax	12	-	-	-	-	-	2,989,245	-	2,989,245
Total comprehensive income for the financial year		-	-	-	-	-	2,989,245	34,743,313	37,732,558
Transition to no-par value regime On 31 January 2017 [a]		135,477,307	(115,753,842)	(19,100,456)	(623,009)	-	-	-	-
At 30 June 2017		206,363,671	-	-	-	-	25,533,861	142,256,108	374,153,640

(a) Impact from the new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017 (see Note 2(p)).

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Share capital	Non-Distributable Capital reserve	Non-Distributable Share premium	Paid-in capital	Treasury shares	Retained earnings/ (Accumulated losses)	Total
		RM	RM	RM	RM	RM	RM	RM
Total comprehensive loss:								
At 1 July 2017		206,363,671	-	-	-	-	255,385	206,619,056
- Net loss for the financial year		-	-	-	-	-	(92,255)	(92,255)
At 30 June 2018		206,363,671	-	-	-	-	163,130	206,526,801
Transaction with owner:								
At 1 July 2016		70,886,364	115,753,842	19,100,456	8,569	(367,860)	191,267	205,572,638
- Disposal of treasury shares		-	-	-	614,440	367,860	-	982,300
Total comprehensive income:								
Net profit for the financial year		-	-	-	-	-	64,118	64,118
Transition to no-par value regime on 31 January 2017 [a]		135,477,307	(115,753,842)	(19,100,456)	(623,009)	-	-	-
At 30 June 2017		206,363,671	-	-	-	-	255,385	206,619,056

[a] Impact from the new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017 (see Note 2(p)).

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	22,541,195	46,370,676	275,032	183,105
Adjustments for:				
Property, plant and equipment:				
- depreciation	14,742,520	15,219,116	32,724	32,724
- net loss/(gain) on disposals	1,717	(123,142)	-	-
- impairment loss	901,064	2,107,535	-	-
- write-off	119,957	30,026	-	-
Net unrealised loss/(gain) on foreign exchange	511,132	(195,777)	-	-
Interest income	(1,390,582)	(950,983)	(9,736)	(1,816)
Interest expense	7,549,873	11,157,464	7,779	7,779
Impairment of receivables	-	346,457	-	-
	44,976,876	73,961,372	305,799	221,792
Changes in working capital:				
- inventories	(28,013,752)	(80,436,401)	-	-
- trade and other receivables	(16,391,204)	(6,039,115)	(7,155)	(4,424)
- trade and other payables	(196,442)	65,804,769	256,582	(2,306)
- intercompany balances	3,107,154	1,474,680	(54,068)	(1,017,190)
Cash generated from operations	3,482,632	54,765,305	501,158	(802,128)
Interest paid	(8,623,198)	(10,583,023)	(7,779)	(7,779)
Interest received	1,390,582	950,983	9,736	1,816
Tax paid	(5,931,276)	(6,950,059)	(271,003)	(171,415)
Tax refund	207,038	28,936	128,164	-
Net cash (used in)/generated from operating activities	(9,474,222)	38,212,142	360,276	(979,506)

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment		(6,861,859)	(3,901,547)	-	-
Proceeds from disposal of property, plant and equipment		141,959	328,552	-	-
Repayment from ultimate holding company		558,913	7,693,719	-	-
Advances to ultimate holding company		(2,152,988)	(964,028)	-	-
Repayment from a subsidiary		-	-	6,000,000	6,500,000
Net cash (used in)/generated from investing activities		(8,313,975)	3,156,696	6,000,000	6,500,000
CASH FLOWS FROM FINANCING ACTIVITIES					
Disposal of treasury shares		-	982,300	-	982,300
Repayments of borrowings		(160,646,888)	(236,913,484)	(40,868)	(40,869)
Proceeds from borrowings		168,870,000	227,520,000	-	-
Advances from ultimate holding company		-	4,000,000	-	4,000,000
Repayment of advances to ultimate holding company		(4,000,000)	-	(4,000,000)	-
Repayment of advances to subsidiary		-	-	(2,000,000)	(10,500,000)
Net cash generated from/(used in) financing activities		4,223,112	(4,411,184)	(6,040,868)	(5,558,569)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(13,565,085)	36,957,654	319,408	(38,075)
CASH AND CASH EQUIVALENTS:					
- at beginning of the financial year		64,588,049	27,630,395	260,756	298,831
- at end of the financial year	21	51,022,964	64,588,049	580,164	260,756

During the financial year, the Group made non-cash purchases of property, plant and equipment amounting to RM1,267,225 (2017: RM528,010) via hire-purchase arrangements (Note 12).

Cash-flow movement in-relation to 'changes in liabilities arising from financing activities' during the financial year is outlined below:

	Bankers' acceptance	Term loan	Hire purchase	Revolving credit	Amount owing to ultimate holding company	Total
	RM	RM	RM	RM	RM	RM
Group						
At 1 July 2017	66,730,000	6,817,102	961,010	8,400,000	4,000,000	86,908,112
Proceeds from borrowings	168,870,000	-	-	-	-	168,870,000
Repayment of borrowings	(148,540,000)	(3,000,000)	(706,888)	(8,400,000)	-	(160,646,888)
Repayment of advances from ultimate holding company	-	-	-	-	(4,000,000)	(4,000,000)
Interest paid	(3,322,753)	(354,627)	(90,228)	(284,433)	-	(4,052,041)
Plant and equipment acquired via hire purchase arrangements	-	-	1,267,225	-	-	1,267,225
Interest charged	3,322,753	327,593	90,228	284,433	-	4,025,007
At 30 June 2018	87,060,000	3,790,068	1,521,347	-	-	92,371,415

	Hire purchase	Amount owning to subsidiaries	Amount owing to ultimate holding company	Total
	RM	RM	RM	RM
Company				
At 1 July 2017	234,914	7,500,000	4,000,000	11,734,914
Repayment of advances	-	(2,000,000)	(4,000,000)	(6,000,000)
Repayment of borrowings	(40,868)	-	-	(40,868)
Interest paid	(7,779)	-	-	(7,779)
Interest charged	7,779	-	-	7,779
At 30 June 2018	194,046	5,500,000	-	5,694,046

NOTES TO THE
FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are that of mid-stream steel cold rolled coil manufacturing, and steel tube manufacturing as disclosed in Note 13 to the financial statements.

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 registered office of the Company is:
Suite 11.05, 11th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur

The principal place of business of the Company is:
Lot 717 Jalan Sungai Rasau
40200 Shah Alam
Selangor Darul Ehsan

As at 30 June 2018, all monetary assets and liabilities of the Group and the Company are denominated in Ringgit Malaysia, unless otherwise stated.

The financial statements were approved and authorised for issue in accordance with a resolution of the Board of Directors on 25 October 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies such on the revaluation of 'land and buildings' and 'plant and machinery', and financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS 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 expenses during the financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current event 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 as disclosed in Note 3 to the financial statements.

Standards, amendments to published standards and interpretations that are effective

The Group has applied the following amendments for the first time for the financial year beginning on 1 July 2017:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative' which introduced an additional disclosure on changes in liabilities arising from financing activities.
- Amendments to MFRS 112 'Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses' which clarified the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on assets carried at fair value. In evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that exclude tax deductions resulting from the reversal of those temporary differences.
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 12 'Disclosures of Interests in Other Entities'

The adoption of the Amendments to MFRS 107 has required additional disclosure on changes in liabilities arising from financing activities. (See statements of cash flows). Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Standards and amendments that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2018.

Financial year beginning on or after 1 July 2018

- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions.

  IC Interpretation 22 provides guidance how to determine 'the date of transaction' when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made. The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk. If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt. An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

  The adoption of this IC Interpretation commencing form the next financial year is not expected to have any material impact on the Group's financial statements.

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes are:

  - For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or loss.

  - When a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

  MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

  The Group has reviewed its financial assets and liabilities and is not expecting any material impact from the adoption of the new standard on 1 July 2018.

  - The other financial assets held by the Group include debt instruments currently classified as held-to-maturity and measured at amortised cost meet the conditions for classification at amortised cost under MFRS 9.

  Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets.

  There will be no impact on the Group's accounting for financial liabilities, as the classification and accounting for the Group's financial liabilities at fair value through profit or loss (such as foreign exchange "FX" derivatives), and those at amortised cost under MFRS 9 (such as borrowings) are essentially the same as under MFRS 139. The de-recognition rules for MFRS 9 have been transferred from MFRS 139 'Financial Instruments: Recognition and Measurement' and have not been changed.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(a) Basis of preparation (continued)

Standards and amendments that have been issued but not yet effective (continued)

Financial year beginning on or after 1 July 2018 (continued)

The new hedge accounting rules align the accounting for hedging instruments more closely with risk management practices – which is in-line with the Group's past practices under MFRS 139. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. However, the Group's hedging operation only involves fair-value hedge accounting for foreign exchange ("FX") risk, where qualifying instrument (deliverable FX Forward Contracts) are designated in its entirety as hedging instrument against matching characteristics committed rights or obligations (or recognised assets or liabilities) in foreign currency as designated hedge items. The fair value changes of designed FX hedge items are reported together with fair value changes of designated hedge instruments in the Profit & Loss. The hedge instruments are reported at their marked-to-market fair value on balance sheet either as financial assets or financial liabilities, whilst the hedge items' carrying value on balance sheet are translated at the corresponding marked-to-market rate.

The Group has assessed that its current hedge relationships will qualify as continuing hedges upon the adoption of MFRS 9.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under MFRS 15 'Revenue from Contracts with Customers', lease receivables, loan commitments and certain financial guarantee contracts. The Group's financial assets are mainly trade receivables, and in this regard it shall apply allowable practical expedient in ECL provision based on a supportable "overdue-days matrix" for its trade receivables. Based on the assessments undertaken to date, the adoption of the ECL model is not expected to increase the impairment provision on initial application that would render the opening loss allowances determined under MFRS 9 to be materially different from the ending impairment allowance under MFRS 139.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Group will apply the new rules retrospectively from 1 July 2018 with the practical expedients permitted under the standard. Comparative will not be restated.

- MFRS 15 'Revenue from Contracts with Customers' (Effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

  A new five-step process is applied before revenue can be recognised:
  - Identify contracts with customers;
  - Identify the separate performance obligations;
  - Determine the transaction price of the contract;
  - Allocate the transaction price to each of the separate performance obligations; and
  - Recognise the revenue as each performance obligation is satisfied.

  Key provisions of the new standard are as follows:
  - Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
  - If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
  - The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
  - There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
  - As with any new standard, there are also increased disclosures.

  Based on the assessments undertaken to date, the application of MFRS 15 is not expected to result in any change to the timing and quantum of revenue recognition of the Group – compared to the requirements under MFRS 118 and 111. The Group's steel products conform to industry standards and specifications, and are sold mainly on spot and/or short-term-forward contracts with single point fulfilment at predetermined prices which under normal circumstances do not give rise to any contract assets or liabilities. The sales contract for "goods" are generally separated from "services", and these do not entail any financing feature beyond short credit periods customary to the industry.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Standards and amendments that have been issued but not yet effective (continued)

Financial year beginning on or after 1 July 2019

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in profit or loss.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

  The Group would apply 'practical expedient option' on transition to MFRS 16 for contracts previously identified as leases under MFRS 117 (i.e. such as rental contracts) and those contracts that will be entered into on or after the initial date of application (i.e. 1 July 2019). The Group's steel tube subsidiary has external long-term rental contracts on its factories with its ultimate parent Group (under Melewar Industrial Group Berhad) identified as leases under MFRS 117, but it does not have any other off-balance-sheet operation-lease arrangements at the close of the current financial year. The Group is assessing the impact of the application of MFRS 16 on the financial statements of the Group in the initial year of adoption.

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 9 'Prepayment features with negative compensation' (effective 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

  The amendments will be applied retrospectively.

- Annual Improvements to MFRSs 2015 – 2017 Cycle:

  - Amendments to MFRS 3 'Business Combinations' (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

  - Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

  - Amendments to MFRS 123 'Borrowing Costs' (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(a) Basis of preparation (continued)

Standards and amendments that have been issued but not yet effective (continued)

Financial year beginning on or after 1 July 2019 (continued)

- Amendments to MFRS 119 on Employee Benefits - 'Plan amendment, curtailment or settlement' (effective 1 January 2019) requires an entity to use the updated actuarial assumptions from remeasurement of its net defined benefit liability or asset arising from plan amendment, curtailment or settlement, to determine current service cost and net interest for the remaining period after the change to the plan. The amendments will be applied prospectively.

Unless otherwise disclosed, the above standards and amendments to published standards are not anticipated to have any significant impact on the financial statements of the Group in the year of initial application.

(b) Basis of consolidation

(i) Investment in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(iii) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(iv) Acquisitions

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are with limited exceptions measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

(c) Investment in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

(d) Property, plant and equipment

(i) Measurement basis

Property, plant and equipment are initially stated at cost, net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the property, plant and equipment. Plant, machinery and electrical installation are subsequently shown at fair values, based on periodic valuation by external valuers, less subsequent depreciation and impairment losses, with sufficient regularity or when the fair value of the revalued assets differ materially from the carrying values. 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 plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

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, whilst parts affirmed to be replaced in the immediate term are assessed for impairment provision. All other repairs and maintenance are recognised as expenses in the profit or loss during the period in which they are incurred.

Increase in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously in profit or loss, the increase is first recognised in profit or loss. Decrease that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. When property, plant and equipment is revalued, the carrying amount of property, plant and equipment is adjusted to the revalued amount. At the date of the revaluation, the accumulated depreciation is eliminated against the gross carrying amount of the property, plant and equipment. The revaluation surplus included in equity in respect of property, plant and equipment will be transferred directly to retained earnings when the assets are derecognised.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss. The revaluation surplus included in equity is transferred directly to retained earnings when the asset is retired or disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Measurement basis (continued)

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

At each reporting 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. See accounting policy Note 2(f) on impairment of non-financial assets.

(ii) Depreciation

Freehold land is not depreciated as it has infinite life. Other property, plant and equipment are depreciated on the straight-line basis based on cost of the assets or their revalued amounts, to their residual values, over their estimated useful lives as follows:

Buildings	50 years
Plant, machinery and electrical installation	4 – 40 years
Motor vehicles	10 years
Furniture, fittings, and office equipment	10 years

Depreciation on assets under construction and spare parts commences when the assets are ready for its intended use.

(e) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

<u>Accounting by lessee</u>

(i) Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty if the Group will obtain ownership at the end of the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in the profit or loss over the lease term on the same basis as the lease expense.

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on the straight-line basis over the lease period.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in the profit or loss when incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, 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 cost of disposal 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 which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

(g) Financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are designated or held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling or repurchasing it in the near term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

In addition, certain financial assets are designated at initial recognition at fair value through profit or loss when one of the designation criteria is met:

- Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- Its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; and
- The item is a hybrid contract that contains one or more embedded derivatives.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise of 'trade and other receivables (excluding prepayments)', 'amount owing by ultimate holding company' and 'amounts owing by related companies' in the financial statements (Note 32).

Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on trade date i.e. the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed to the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

Subsequent measurement – gains and losses

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in the profit or loss in the financial year in which the changes arise.

Subsequent measurement – impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the profit or loss. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

When as asset is uncollectible, it is written-off against the related allowance account. Such assets are written-off after all the necessary procedures have been completed and the amount of the loss has been determined.

(h) De-recognition of financial assets

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.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the statement of financial position at fair value on the date on which derivative contracts are entered into and are subsequently re-measured at their fair values at each reporting date. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, including discounted cash flow models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets at fair value through profit or loss and accounted for in accordance with the accounting policy set out in Note 2(g).

Derivatives that qualify for hedge accounting are designated as either:

(i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
(ii) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
(iii) Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 20. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group applies fair value hedge accounting for hedging forward contracts on purchases. The gain or loss relating to the effective and ineffective portion of both the hedging instrument and the hedged item are recognised in profit or loss.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(k) Intangible assets

The Group carries an intangible asset relating to the licences, patents and trademarks from the consolidation of its acquired Steel Tube subsidiary since the preceding financial year ended 30 June 2015.

Licences, patents and trademarks are shown at historical cost. Licences, patents and trademark acquired in a business combination are recognised at fair value at the acquisition date. Licences, patents and trademarks that have a finite useful life are carried at cost less accumulated amortisation and accumulated losses. Amortisation is calculated using the straight-line method over their estimated useful lives. Trademarks and tradenames that can be renewed perpetually with nominal sums are treated as having an indefinite useful life and are not subjected to amortisation but annually assessed for impairment.

At each reporting 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. See accounting policy Note 2(f) on impairment of non-financial assets.

(l) 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 comprise cost of materials, direct labour, other direct costs and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. It excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and the estimated costs necessary to make the sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprises of cash in hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Financial liabilities

The Group and the Company classifies its financial liabilities as other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification at initial recognition.

Other financial liabilities of the Group and the Company comprise 'trade and other payables (excluding prepayments)', 'amounts owing to subsidiaries', 'amounts owing to a related company', 'amounts owing to ultimate holding company' and 'borrowings'.

When other financial liabilities are recognised initially, they are measured at fair value plus directly attributable transaction costs.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the other financial liabilities are derecognised, and through the amortisation process.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

Borrowings are recognised initially at their fair values, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost; any difference between initial recognised amount and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(o) Provisions

Provisions are recognised when the Group and the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provision is 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 in the same class of obligations may be small.

Provisions are measured at the present value of the management's best estimate 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 finance cost expense.

(p) Share capital

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, any amounts standing to the credit of the share premium account and similar-in-nature capital reserve accounts become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of those accounts for purposes as set out in Section 618(3), where applicable. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of goods and services tax, returns, rebates and discounts and amounts collected on behalf of third parties 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 measureable 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 upon delivery of products and customer acceptance, and performance of after-sales services, if any, net of sales taxes and discounts and after eliminating sales within the Group.

(ii) Processing service and management fee income

Processing service and management fee income are recognised on accrual basis when services are rendered.

(iii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iv) Interest income

Interest income is recognised using the effective interest method. When a loan and 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 loan and receivables are recognised using the original effective interest rate.

(r) Employees' benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(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 profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further financial obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(s) Current and deferred income tax

The income tax expense for the financial year comprises current and deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting date in Malaysia.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is recognised in full, using the liability method, on temporary differences at the reporting date arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. 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 transactions affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting date and are expected to apply when the related deferred tax assets is realised or the deferred tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Current and deferred income tax (continued)

Deferred tax assets (including tax benefits from reinvestment allowance) are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries except where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss under a separate 'net foreign exchange gain or loss' line item.

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 profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss and available-for-sale financial assets are reported as part of the fair value gain or loss.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker and in compliance with the requirements of MFRS 8. The chief operating decision-maker of the Group responsible for allocating resources and assessing performance of the operating segments is the Executive Committee.

(v) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company. The Group and the Company does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

A financial guarantee contract is recognised as a financial liability at the time the guarantee is issued. Liabilities arising from financial guarantee contracts, including the Group's and the Company's guarantees for its subsidiaries through deeds of cross guarantee, are initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

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

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 the Directors believe to be reasonable under the circumstances.

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 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) Impairment of assets due to change in circumstances

The Company's Cold Rolled subsidiary has an imminent plan to upgrade a particular processing line and to replace certain motors of another processing line, where the implementation thereof will result in the carrying revalued amount not being fully recoverable due to the replaced parts or components. The Directors have made certain assumptions in assessing the recoverable amount of those affected lines in order to determine the appropriate provision for impairment as disclosed in Note 12 to the financial statements.

(b) Revaluation of certain property, plant, and equipment

As disclosed in Note 12 to the financial statements, the Group carries its land and buildings, plant, machinery and electrical installation at values approximating their fair values. On an annual basis, the Group appoints independent professional firms to determine the fair valuation of these property, plant and equipment which generally do not have quoted prices in active markets for identical assets. The Directors at the advice of the appointed professional-valuers exercised judgement and made assumptions in the selection and deployment of the most suitable valuation techniques in the ensuing fair value determination.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks. The Group's overall financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from its exposure to various financial risks as discussed hereinafter. Financial risk management is carried out at both functional and operational levels, and to the extent possible is embedded into its policies, processes, and controls. This is further reinforced with continuous assessment and improvement on the effectiveness and adequacy of its financial risk management practises by its Executive Committee, internal audit, and the Risk Management Committee which reports to the Board.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Various risk management policies that are approved by the Directors for the controlling and managing of financial risks in the day-to-day operations of the Group for are set out below.

(a) Capital risk

The Group's capital management objectives are (i) to ensure the economic deployment of its capital for sustainable returns which in the long run would exceed the cost of capital; and (ii) to ensure uninterrupted and adequate supply of capital to fulfil objective (i).

The Group views its equity (shareholders' fund less intangibles including deferred tax if any) plus interest bearing debts as capital resources (which totalled to RM513.7 million at the close of the current financial year), and has a policy to maintain the debt-equity ratio below 1.5 times or in accordance with its financial covenants. Capital deployment amongst the Group's subsidiaries and/or business units is at the purview of the Board, but each of its subsidiaries and/or business units is primarily responsible for the management of its allocated capital subject to the oversight by the Executive Committee and the Board.

The Group's subsidiaries are subjected to financial covenants on minimum adjusted shareholders' funds and maximum allowable 'debt-to-equity' ratio computed at both the entity and Group levels under their respective debenture. The adjusted shareholders' fund is calculated as total equity less intangibles, whilst the 'debt-to-equity' ratio is calculated as total interest bearing liabilities divided by the adjusted shareholders' fund.

For the reporting period, the Group's subsidiaries complied with their respective debenture-imposed capital covenants, and generally have been capital-sufficient in meeting peak business needs. Over the current reporting period, equity capital deployed in the Group has increased by around RM17.4 million (or up 5%) whilst interest-bearing debt capital has decreased by around RM129.3 million (or down 52%) due to lower utilisation of supplier's trade credits, despite a higher closing inventory value up by RM28 million. The Group's debt-equity ratio closed at 0.3 times for the current reporting period compared to 0.7 times at the preceding close.

(b) Liquidity risk

Liquidity risk is the risk that the Group's and/or the Company's financial resources are insufficient to meet financial obligations as when due, or have to be met at an excessive cost. The Group's liquidity risk management objective is to ensure that all its committed and foreseeable funding commitments can be met as and when due, and in a cost effective manner.

The Group's financial obligations are primarily incepted at the respective Cold-Rolled-Coil and Steel Tube subsidiaries, and these are mainly in the form of short-term obligations (less than 12 months) comprising of trade or credit facilities utilisation. The Cold-Rolled-Coil and Steel Tube subsidiaries' short term bank debts-to-total bank debts ratio at the close of the current reporting period is 99.0% and 95.1% respectively. However, the said subsidiaries have adequate short-term assets to meet short-term liabilities as reflected in the Group's current-ratio of 1.38 times at the close of the current reporting period (compared to 1.31 times for the preceding period).

The Company's net current liabilities position at the close of the current financial year of RM5.3 million (2017: RM11.3 million) is attributed to the novation of RM24 million debt owing by MIG to the Steel Tube subsidiary as part of the purchase consideration in the acquisition of the latter in financial year 2015. This materially large net current liabilities position does not pose any liquidity risk on the Company given that it is an intra-group debt and the timing of the repayment can be controlled by the Company.

Neither the Group nor the Company has in any instances failed to meet any of its financial obligations when due during the current financial year. This is attributed to the positive performance of the Group coupled with its liquidity risk management policies and methods comprising a combination of the following:

- Maintaining sufficient back-up credit facilities and the continuing support from a diversified range of funding sources;
- Maintaining a strict debt servicing plan vis-à-vis its cash flows generated from operations and from available financial assets;
- Rolling short-term cash flows planning on weekly, monthly and annual basis;
- Managing the concentration and maturity profile of both financial and non-financial liabilities vis-à-vis its financial assets and free-cash-flow from operations; and
- Managing cash conversion cycles and optimising working capital deployment.

The Group's subsidiaries are subjected to certain liquidity covenants such as the minimum allowable 'EBITDA to Interest Expense Ratio' and 'Debt Service Cover Ratio'. For the reporting period, the Group's subsidiaries duly complied with the aforementioned liquidity covenants imposed at the subsidiaries level.

The Group's significant reliance on bank trade facilities (which are callable on demand) as a source of funding poses a degree of liquidity risk. To diversify the risk, the Cold Rolled subsidiary and the Steel Tube subsidiary have a total trade credit-line of USD42.0 million (RM169.6 million) and USD33.8 million (RM136.7 million) respectively from key suppliers.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

At the reporting date, the Company's exposure to liquidity risk arises from corporate guarantees issued to the Cold-Rolled subsidiary's outstanding bank debts of RM77.8 million (2017: RM55.2 million), and to the Steel-Tube subsidiary's outstanding bank debts of RM13.1 million (2017: RM26.7 million). The Directors are of the opinion that the default risk by the subsidiaries on both the aforementioned is negligible.

Total undrawn banking trade-line facilities balance for the subsidiaries at the reporting date is around RM60.4 million (2017: RM90.5 million).

The maturity analysis of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment obligations are set out in the table below:

Group	Carrying amount	Contractual interest rate	Contractual cash flows	Current	1 – 2 years	2 – 3 years	> 3 years
At 30 June 2018	**RM**	**%**	**RM**	**RM**	**RM**	**RM**	**RM**
Non-derivative financial liabilities							
Bankers' acceptance	87,060,000	4.67% - 5.65%	88,000,731	88,000,731	-	-	-
Term Loan	3,790,068	6.50%	3,893,445	3,139,038	754,407	-	-
Hire-purchase creditors	1,521,347	2.50% - 3.38%	1,661,760	704,024	518,934	213,126	225,676
Trade payables	28,193,464	5.10%	28,193,464	28,193,464	-	-	-
Trade and other payables	156,319,286		156,319,286	156,319,286	-	-	-
Amount owing to a related company	1,212,092		1,212,092	1,212,092	-	-	-
	278,096,257		279,280,778	277,568,635	1,273,341	213,126	225,676
Derivative financial liabilities	2,570		2,570	2,570	-	-	-
	278,098,827		279,283,348	277,571,205	1,273,341	213,126	225,676

The maturity analysis of the Group's financial liabilities at the preceding financial year's reporting date as comparison based on contractual undiscounted repayment obligations are set out in the table below:

Group	Carrying amount	Contractual interest rate	Contractual cash flows	Current	1 – 2 years	2 – 3 years	> 3 years
At 30 June 2017	**RM**	**%**	**RM**	**RM**	**RM**	**RM**	**RM**
Non-derivative financial liabilities							
Bankers' acceptance	66,730,000	4.99% - 7.15%	67,389,083	67,389,083	-	-	-
Revolving credits	8,400,000	5.30%	8,424,395	8,424,395	-	-	-
Term Loan	6,817,102	6.25%	7,277,505	3,388,935	3,134,332	754,238	-
Hire-purchase creditors	961,010	2.44% - 3.38%	1,064,245	457,629	306,890	166,026	133,700
Trade payables	166,744,684	1.72% - 5.33%	166,744,684	166,744,684	-	-	-
Trade and other payables	11,304,626		11,304,626	11,304,626	-	-	-
Amount owing to ultimate holding company	4,000,000		4,000,000	4,000,000	-	-	-
Amount owing to a related company	1,073,151		1,073,151	1,073,151	-	-	-
	266,030,573		267,277,689	262,782,503	3,441,222	920,264	133,700
Derivative financial liabilities	3,036,852		3,036,852	3,036,852	-	-	-
	269,067,425		270,314,541	265,819,355	3,441,222	920,264	133,700

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

The maturity analysis of the Company's financial liabilities at the reporting date (and preceding year's reporting date as comparison) based on contractual undiscounted repayment obligations are set out in the respective tables below:

	Carrying amount	Contractual cash flows	Current	1-2 years	More than 2 years
	RM	RM	RM	RM	RM
Company					
At 30 June 2018					
Trade and other payables	565,722	565,722	565,722	-	-
Hire-purchase creditors					
(contractual interest rate 2.72%)	194,046	230,996	48,648	48,648	133,700
Amounts owing to subsidiaries	5,500,000	5,500,000	5,500,000	-	-
Financial guarantee contracts	-	151,250,000	151,250,000	-	-
At 30 June 2017					
Trade and other payables	309,140	309,140	309,140	-	-
Hire-purchase creditors					
(contractual interest rate 2.72%)	234,914	279,644	48,648	48,648	182,348
Amount owing to holding company	4,000,000	4,000,000	4,000,000	-	-
Amounts owing to subsidiaries	7,500,000	7,500,000	7,500,000	-	-
Financial guarantee contracts	-	172,350,000	172,350,000	-	-

(c) Credit risk

Credit risk is the risk of financial loss resulting from counterparties' failure to discharge their contractual obligations. The Group's objective on credit risk management is to minimise the probability of financial loss resulting from any counterparty's default.

The Group's exposure to credit risk arises primarily from cash and bank balances, trade and other receivables and related company (outside the Group) balances.

The Group has credit-control policies on credit sales, and the exposure to credit risk is monitored on a continuous basis through periodic review of the receivables' aging. Credit evaluations are performed on all customers and are reviewed annually. Credit terms and limits are assigned based on the financial strength of the customers; and where deemed appropriate, corporate guarantees and personal indemnities are obtained from customers.

At the reporting date, the Group has significant concentration of credit risk in its trade receivables where the top 10 corporate customers' outstanding of the Cold Rolled and the Steel Tube subsidiaries represent about 94% (2017: 90%) and 44% (2017: 35%) of their respective trade receivables. The Company has no other significant concentration of credit risk except for amounts due from subsidiaries. At the reporting date, the Group has 2 (2017: 2) external customers that contributes to more than 10% of the Group's revenue. The revenue contributed by the said customers amounted to RM172.6 million (2017: RM159.4 million).

The Group's and the Company's major classes of financial assets are as disclosed in Note 31 to the financial statements. The maximum exposure to credit risk for each class of financial assets is the carrying amount of each class of financial assets presented in the statements of financial position. Nevertheless, management obtains corporate guarantees and personal indemnities from trade debtors where possible in managing exposure to credit risk.

Other financial assets are of deposits with licensed banks, bank balances and derivative financial assets that are placed with licensed financial institutions. The Directors are of the view that the risk of non-performance by these reputable financial institutions is remote.

The Group has with effect from next financial year changed its credit impairment policies from that based on 'objective evidence' to that to be based on 'expected credit loss' in-line with the requirements of MFRS 9 (replacing MRFS 139). The Group elected practical expedient on credit impairment assessment of its trade receivables with the adoption of an 'impairment provision matrix' based on overdue aging reflective of the expected loss model. The implementation of the aforementioned from 1 July 2018 has not increased credit impairment which would render the opening loss allowance determined under MFRS 9 to be materially different from the ending loss allowance as at 30 June 2018 under MFRS 139.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

Details of the Group's financial assets after credit impairment assessment (excluding cash and bank balances) at the reporting date are set out in the table below:

				Past due not impaired					
	Total	**Impaired**	**Neither past due nor impaired**	**< 30 days**	**31 – 60 days**	**61 – 90 days**	**91 -180 days**	**> 181 days**	**Total past due not impaired**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Group									
At 30 June 2018									
Trade receivables	113,543,926	248,301	98,535,094	14,319,367	197,681	122,994	119,592	897	14,760,531
Other receivables and staff loan	1,371,498	-	1,371,498	-	-	-	-	-	-
Deposits	3,553,553	-	3,553,553	-	-	-	-	-	-
Amount owing by ultimate holding company	1,861,297	-	1,861,297	-	-	-	-	-	-
Amounts owing by related companies	2,412,008	524,592	70,702	-	-	-	-	1,816,714	1,816,714
Derivative financial assets	3,341,051	-	3,341,051	-	-	-	-	-	-
	126,083,333	772,893	108,733,195	14,319,367	197,681	122,994	119,592	1,817,611	16,577,245

Details of the Group's financial assets after credit impairment assessment (excluding cash and bank balances) at the preceding financial year's reporting date as comparison are set out in the table below:

				Past due not impaired					
	Total	**Impaired**	**Neither past due nor impaired**	**< 30 days**	**31 – 60 days**	**61 – 90 days**	**91 -180 days**	**> 181 days**	**Total past due not impaired**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Group									
At 30 June 2017									
Trade receivables	100,253,783	594,758	74,563,496	23,555,864	1,015,565	436,645	83,634	3,821	25,095,529
Other receivables and staff loan	1,857,409	-	1,857,409	-	-	-	-	-	-
Deposits	961,873	-	961,873	-	-	-	-	-	-
Amount owing by ultimate holding company	262,880	-	262,880	-	-	-	-	-	-
Amounts owing by related companies	5,384,563	524,592	68,179	38,621	-	-	5,688	4,747,483	4,791,792
Derivative financial assets	142,073	-	142,073	-	-	-	-	-	-
	108,862,581	1,119,350	77,855,910	23,594,485	1,015,565	436,645	89,322	4,751,304	29,887,321

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

Details of the Company's financial assets after credit impairment assessment (excluding cash and bank balances) at the reporting date are set out in the table below:

	Total	Impaired	Neither past due nor impaired	Past due not impaired < 30 days	31 – 60 days	61 – 90 days	91 -180 days	> 181 days	Total past due not impaired
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Company									
At 30 June 2018									
Other receivables	8,981	-	8,981	-	-	-	-	-	-
Deposits	4,500	-	4,500	-	-	-	-	-	-
Amounts owing by subsidiaries	256,255	-	256,255	-	-	-	-	-	-
	269,736	-	269,736	-	-	-	-	-	-

Details of the Group's financial assets after credit impairment assessment (excluding cash and bank balances) at the preceding financial year's reporting date as comparison are set out in the table below:

	Total	Impaired	Neither past due nor impaired	Past due not impaired < 30 days	31 – 60 days	61 – 90 days	91 -180 days	> 181 days	Total past due not impaired
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Company									
At 30 June 2017									
Other receivables	500	-	500	-	-	-	-	-	-
Deposits	4,500	-	4,500	-	-	-	-	-	-
Amounts owing by subsidiaries	202,187	-	202,187	-	-	-	-	-	-
	207,187	-	207,187	-	-	-	-	-	-

(i) Financial assets that are neither past due nor impaired

The Group's trade and other receivables that are neither past due nor impaired are generally credit customers within approved credit period. The Group's and the Company's trade receivables credit term ranges from 3 days to 90 days (2017: 3 days to 90 days). Trade receivables represent the largest financial asset group in this category and are held under the following segments of the Group.

Trade Receivables	Neither past due nor impaired
	RM
Cold Rolled Coil	69,557,832
Steel Tube	28,977,262
Total	98,535,094

Information regarding "other receivables" and "deposits" is disclosed in Note 16 and "amount owing by ultimate holding company" is disclosed in Note 17.

The Group's "related-company" balances that are neither past due nor impaired are non-trade related, and these totals to RM70,702 (2017: RM68,179).

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired (continued)

The Group and the Company do not have any receivables that are neither past due nor impaired that have been negotiated during the financial year.

(ii) Financial assets that are past due but not impaired

Financial assets of the Group that are past due but not impaired comprised mainly of trade receivables. Majority of these balances arose from customers that have been trading with the Group for more than three years, and based on historical trends these past due amounts are usually collected in full albeit some delay. As at the approval date of the financial statements, the Group has received 99% of the outstanding sums from these customers. Trade receivables that are past due but not impaired are represented by the following segments:

Trade Receivables	Past due but not impaired RM
Cold Rolled Coil	8,706,044
Steel Tube	6,054,486
Total	14,760,530

At the reporting date, the related company balances comprise of trade balances amounting to RM1,816,714 (2017: RM4,472,734) and non-trade balances amounting to RM Nil (2017: RM319,058). Management believes that these amounts are recoverable as the Group has been receiving regular payments from these related companies with trade terms of 60 days (2017: 60 days).

(iii) Financial assets that are impaired

During the current financial year, a subsidiary has written off in full a bad-debt provision of RM346,457 (made in the preceding financial year) as the customer went into insolvency and the recovery of debt is highly unlikely.

There are no financial assets at Group or Company levels that warranted impairment but not impaired during or at the close of the current financial year.

Movement of the Group's allowance for impairment of trade and other receivables is as follows:

Group	Trade receivables (Note 16) RM	Other receivables (Note 16) RM	Amount owing by related co. (Note 19) RM	Total RM
As at 30 June 2018				
Allowance for impairment:				
1 July 2017	594,758	-	524,592	1,119,350
Written off	(346,457)	-	-	(346,457)
30 June 2018	248,301	-	524,592	772,893
As at 30 June 2017				
Allowance for impairment:				
1 July 2016	248,301	9,622,484	524,592	10,395,377
Impairment charge for the financial year	346,457	-	-	346,457
Written off	-	(9,622,484)	-	(9,622,484)
30 June 2017	594,758	-	524,592	1,119,350

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(iii) Financial assets that are impaired (continued)

Movement of the Company's allowance for impairment of other receivables is as follows:

	2018 (Note 16) RM	2017 (Note 16) RM
Company		
Other receivables		
Allowance for impairment:		
1 July	-	9,147,117
Written-off	-	(9,147,117)
30 June	-	-

The amount written-off in the impairment allowance account in the preceding financial year relates to a claim against a vendor for failure to meet certain guaranteed performance under a share sale agreement which was impaired in financial year 2012.

(d) Interest rate risk

Interest rate risk is the risk that the future cash flows and/or fair valuations of the Group's and the Company's interest bearing financial instruments will be negatively impacted due to fluctuation in market interest rates. The Group's objective on interest rate risk management is to achieve a balance between re-pricing risks and minimising its weighted average borrowing cost.

The Group's interest bearing financial instruments are mainly its borrowings which comprise of both floating rate term loan instrument, and fixed rate trade and credit instruments (utilised to finance raw coil material purchases and credit sales).

The floating rate term loan instrument is subjected to quarterly revision of the lender's cost of funds in computing the interest rate. Over the current financial year, the term loan's interest rate was revised once with a net upward adjustment of 25 basis-points. The short-term fixed rate trade and credit instruments are subject to re-pricing upon frequent rollover every 3 to 4 months. Despite the frequent re-pricing, the risk has generally been low as domestic interest rate has been stable for the entire current financial year.

The Group and the Company also have interest bearing asset instruments which comprised mainly of fixed interest bearing short-term deposits subject to frequent but generally stable re-pricing. Neither the Group nor the Company holds any interest-rate derivatives during and at the close of the current financial year.

Details of the interest bearing financial liability instruments for the Group are as follows:

	2018 RM	2017 RM
Current		
Fixed rate borrowings, denominated in RM	87,695,487	75,542,733
Floating rate borrowings, denominated in RM	3,040,068	3,067,102
Fixed rate credit from supplier, denominated in USD (Note 22)	-	148,518,861
Fixed rate credit from supplier, denominated in RM (Note 22)	28,023,152	18,225,823
Non-current		
Fixed rate borrowings, denominated in RM	885,860	548,277
Floating rate borrowings, denominated in RM	750,000	3,750,000
	120,394,567	249,652,796

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Interest rate risk (continued)

The Group's outstanding interest bearing financial instruments at the close of the current financial year has decreased by 52% compared to the preceding financial year attributed to lower trade credits drawn despite higher ending inventory.

The risk impact for the floating rate financial liability instruments had the overall interest rates being 1% higher, is that the Group's profit after tax for financial year 2018 would be lower by RM29 thousand (2017: RM52 thousand). A 1% lower interest rate would have the equal but opposite effect to the aforementioned amounts.

(e) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fluctuation of foreign exchange ("FX") rates may negatively impact fair value or future cash flows of financial instruments in currencies other than its own functional currency. The Group's foreign currency exchange risk management objective is to minimise foreign currency exposure on financial instruments that may give rise to fluctuations in fair values or future cash flows.

As a policy, the Group would seek natural hedging methods to mitigate its FX exposure before incepting any derivative as a hedging instrument. The Group mainly uses forward exchange contracts to hedge its foreign currency risk.

The Group's Cold Rolled and Steel Tube operations' revenue stream are mainly denominated in their Ringgit Malaysia functional currency, whilst their raw material coils procurement are mostly imported from abroad denominated in USD. The Steel Tube operations also derive a small portion of its revenue (around 6%) from export sales denominated mainly in SGD. In summary, the Group FX exposure is mainly in USD-short and to a lesser extent SGD-long.

The Group's Cold Rolled and Steel Tube subsidiaries accept forward orders from their customers, and these forward orders' are priced using appropriate reference forward market FX rates on its cost components which utilise imported raw materials. The Group would hedge at least 80% of its purchase commitment/order with a matching FX forward contract (depending on the availability of limited FX facilities with the counterparty banks, and on the forward duration period) to facilitate future payment in that foreign currency. In this regard, the Group designates qualifying FX hedges for fair value hedge accounting over the reporting period on effective FX forwards incepted to hedge the Group's USD exposure arising from its imported raw materials. These hedges are designated on inception after been tested for prospective effectiveness using the 'dollar-offset' ratio method. On Steel Tube's affirmed export sales in foreign currencies, the Group would sell forward around 25% of its future foreign currency receivables mostly in SGD. But these FX forwards are usually not hedge accounted as they do not fulfil all the criteria for hedge accounting, but are fair valued through profit or loss. Further disclosures are made in Note 20 on derivatives.

A summary of the realised and unrealised gain/(loss) from incepted hedging instruments (being foreign exchange forwards) and the hedged items (being receivables or payables in foreign currencies) over the twelve months period for the current and the preceding financial year as comparison are outlined below:

		2018			2017	
	Unrealised	Realised	Total	Unrealised	Realised	Total
FX Fair Value	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FX Hedging Instrument						
Not hedge accounted	65	74	139	(104)	189	85
Hedge accounted	3,273	(12,995)	(9,722)	(2,791)	5,712	2,921
	3,338	(12,921)	(9,583)	(2,895)	5,901	3,006
FX Hedged Items						
Not hedge accounted	(576)	1,075	499	300	(1,129)	(829)
Hedge accounted	(3,273)	12,994	9,721	2,791	(5,719)	(2,928)
	(3,849)	14,069	10,220	3,091	(6,848)	(3,757)
Net FX Gain/(Loss)	(511)	1,148	637	196	(947)	(751)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Foreign currency exchange risk (continued)

Details of the Group's foreign currencies exposure in its Ringgit Malaysia functional currency as at the reporting date (and preceding financial year's reporting date) are set out in the respective tables below:

	From USD	**From EURO**	**From SGD**	**From YEN**	**Total**
As at 30 June 2018					
Financial assets					
Trade and other receivables	170,983	-	4,563,418	-	4,734,401
Cash and bank balances	231,059	-	318,690	-	549,749
	402,042	-	4,882,108	-	5,284,150
Less: Financial liabilities					
Trade and other payables	145,131,754	-	-	-	145,131,754
Net financial (liabilities)/assets	(144,729,712)	-	4,882,108	-	(139,847,604)
Off balance sheet					
Contracted commitments	(29,389,357)	-	-	-	(29,389,357)
Less: Forward foreign currency contracts					
at notional value at closing rate	155,483,292	-	(889,874)	-	154,593,418
Net currency exposure	(18,635,777)	-	3,992,234	-	(14,643,543)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Foreign currency exchange risk (continued)

	From USD	From EURO	From SGD	From YEN	Total
As at 30 June 2017					
Financial assets					
Trade and other receivables	824,878	212,221	4,847,288	319,239	6,203,626
Cash and bank balances	165,722	-	405,719	-	571,441
	990,600	212,221	5,253,007	319,239	6,775,067
Less: Financial liabilities					
Trade and other payables	148,518,861	-	-	-	148,518,861
Net financial (liabilities)/assets	(147,528,261)	212,221	5,253,007	319,239	(141,743,794)
Off balance sheet					
Contracted commitments	(22,765,648)	-	-	-	(22,765,648)
Less: Forward foreign currency contracts at notional value at closing rate	158,917,226	-	(938,919)	-	157,978,307
Net currency exposure	(11,376,683)	212,221	4,314,088	319,239	(6,531,135)

'Net currency exposure' if positive is in long position, and if negative is in short position of the captioned foreign currency.

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the US Dollar ("USD"), Euro Dollar ("EURO"), Singapore Dollar ("SGD") and Japanese Yen ("YEN") exchange rates against RM, with all other variables in particular interest rates held constant.

	Increase/(decrease)	
	2018 RM	2017 RM
Group		
RM appreciates against USD by 3%	424,896	259,388
RM appreciates against EURO by 3%	-	(4,839)
RM appreciates against SGD by 3%	(91,023)	(98,361)
RM appreciates against YEN by 3%	-	(7,279)

A 3% depreciation of the foreign exchange rate would have the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

5 FAIR VALUE

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables (including non-trade intercompany balances). The fair value determination for other financial assets and liabilities may require the application of certain valuation methods.

5 **FAIR VALUE** (CONTINUED)

Fair value estimation

The table below analyses financial instruments carried at fair value by valuation methods. The different levels have been defined as follows:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and

(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Group's financial assets that are measured at fair value at the reporting date:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30 June 2018				
Financial assets				
Derivative financial assets	-	3,341,051	-	3,341,051
Financial liabilities				
Derivative financial liabilities	-	2,570	-	2,570
30 June 2017				
Financial assets				
Derivative financial assets	-	142,073	-	142,073
Financial liabilities				
Derivative financial liabilities	-	3,036,852	-	3,036,852

The fair value of financial instruments that are not traded in an active market, such as those foreign currency exchange forward contracts held by the Group at the close of the financial year, is determined by way of marking-to-market the underlying variable using published market rates or as quoted by counterparty financial institutions and with the resulting value discounted back to present value if the maturity tenure is material. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates, and is classified under Level 2. Those foreign currency exchange forward contracts with marked-to-market positive fair value is classified as derivative financial assets, whilst those with marked-to-market negative fair value is classified as derivative financial liabilities.

Neither the Group nor the Company holds any financial assets or liabilities where fair values are assessed at Level 1 and Level 3.

6 **REVENUE**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Sale of goods	790,445,917	723,450,260	-	-
Processing service income	2,928,397	2,746,109	-	-
Management fee income	-	-	3,581,513	2,447,394
	793,374,314	726,196,369	3,581,513	2,447,394

7 FINANCE INCOME AND COSTS

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Finance income:				
Interest on deposits with financial institutions	1,390,582	950,983	9,736	1,816
Finance costs:				
Interest expenses:				
Interest on borrowings	3,934,779	5,867,532	-	-
Interest on suppliers' credit	3,524,866	5,252,144	-	-
Interest on hire-purchase	90,228	37,788	7,779	7,779
Total finance costs	7,549,873	11,157,464	7,779	7,779

8 PROFIT BEFORE TAX

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration:				
- statutory audit	363,780	338,627	128,980	121,343
- non-audit services	12,760	12,389	12,760	12,389
Changes in inventories of finished goods and work in progress	(14,350,882)	(18,859,590)	-	-
Raw materials consumed	680,941,572	585,094,690	-	-
Consumables (inventories) consumed	15,994,054	15,272,329	-	-
Property, plant and equipment (Note 12):				
- depreciation	14,742,520	15,219,116	32,724	32,724
- gain on disposals	1,717	(123,142)	-	-
- impairment loss	901,064	2,107,535	-	-
- write offs	119,957	30,026	-	-
Impairment of receivables (Note 16)	-	346,457	-	-
Rental of buildings	5,483,350	5,482,800	-	-
Staff costs (excluding remuneration of Executive Directors):				
- salaries, bonuses and allowances	28,877,120	24,992,920	806,882	753,005
- defined contribution plan	3,997,892	3,468,586	122,174	119,373
- others	3,124,443	2,587,212	144,489	84,702
Net unrealised loss/(gain) on foreign exchange	511,132	(195,777)	-	-
Net realised (gain)/loss on foreign exchange	(1,147,933)	946,822	-	-

The significant item impacting the current financial year's Profit before Tax at the Group level is the higher cost in Raw Material Consumed which is up RM95.8 million compared to the lower increase in Sales Revenue of only RM67.2 million over the same period.

9 DIRECTORS' REMUNERATION

The aggregate amount of emoluments received/receivable by Directors of the Group and of the Company is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Non-Executive Directors:				
- fees	249,000	222,000	249,000	222,000
- other emoluments	36,500	35,000	36,500	35,000
Executive Directors:				
- salaries, bonuses and other emoluments	1,798,550	349,800	350,000	349,800
- defined contribution plan	269,785	56,250	52,500	56,250
	2,353,835	663,050	688,000	663,050

The estimated monetary value of benefits-in-kind received and receivable by the Directors of the Group and of the Company are RM65,660 (2017: RM24,600) and RM29,902 (2017: RM24,600) respectively.

The number of Directors whose total remuneration fall within the following bands are as follows:

	Number of Directors			
	Executive		Non-Executive	
	2018	**2017**	**2018**	**2017**
Range of remuneration				
Nil	1	1	-	-
RM1 to RM50,000	-	-	1	2
RM50,001 to RM100,000	-	-	4	3
RM400,001 to RM450,000	1	1	-	-
RM1,650,001 to RM1,700,000	1	-	-	-
	3	2	5	5

10 TAXATION

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Current Malaysian tax:				
- current tax expense	4,937,679	6,852,693	352,591	124,438
- (over)/under provision in prior financial year	(21,867)	799,920	6,991	(6,312)
	4,915,812	7,652,613	359,582	118,126
Deferred tax: (Note 23)				
- origination and reversal of temporary differences	1,524,612	3,974,750	7,705	861
Tax expense	6,440,424	11,627,363	367,287	118,987

10 TAXATION (CONTINUED)

The explanation of the relationship between tax expense and profit before tax is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	22,541,195	46,370,676	275,032	183,105
Tax calculated at the Malaysian tax rate of 24% (2017: 24%)	5,409,887	11,128,962	66,007	43,945
Tax effects of:				
- expenses not deductible for tax purposes	2,671,100	1,462,986	334,018	82,228
- income not subject to tax	(1,581,304)	(875,226)	(2,337)	(435)
- (over)/under provision in prior financial year	(21,867)	799,920	6,991	(6,312)
- exempt income	(37,392)	(889,279)	(37,392)	(439)
Tax expense	6,440,424	11,627,363	367,287	118,987

11 EARNINGS PER SHARE

(a) Basic earnings per share

	Group	
	2018	2017
Net profit attributable to equity holders of the Company (RM)	16,100,771	34,743,313
Weighted average number of ordinary shares	283,545,455	283,332,955
Basic earnings per share (sen)	5.68	12.26

(b) Diluted earnings per share

The diluted earnings per share is the same as basic earnings per share as the Company did not issue any financial instruments that may entitle its holders to new ordinary shares causing dilution.

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Construction in progress RM	Spare parts RM	Total RM
Group								
Cost/Valuation								
At 1 July 2017								
- cost	-	-	-	2,626,585	3,771,831	282,913	462,845	7,144,174
- valuation	57,100,000	52,900,000	201,528,155	-	-	-	-	311,528,155
	57,100,000	52,900,000	201,528,155	2,626,585	3,771,831	282,913	462,845	318,672,329
Additions	-	-	3,029,636	983,386	484,690	3,375,291	256,081	8,129,084
Disposals	-	-	(30,706)	(300,329)	(44,533)	-	-	(375,568)
Write offs	-	-	(118,479)	-	(9,912)	-	-	(128,391)
Revaluation during the financial year	-	881,097	852,702	-	-	-	-	1,733,799
Reclassification	-	-	261,856	-	55,725	(236,465)	(81,116)	-
Effects of elimination of accumulated depreciation on revaluation	-	(1,781,097)	(12,213,822)	-	-	-	-	(13,994,919)
At 30 June 2018	57,100,000	52,000,000	193,309,342	3,309,642	4,257,801	3,421,739	637,810	314,036,334
Less: Accumulated depreciation								
At 1 July 2017	-	-	-	642,785	1,654,114	-	-	2,296,899
Charge for the financial year	-	1,781,097	12,217,871	358,730	384,822	-	-	14,742,520
Disposals	-	-	(1,008)	(190,629)	(40,255)	-	-	(231,892)
Write offs	-	-	(3,041)	-	(5,393)	-	-	(8,434)
Effects of elimination of accumulated depreciation on revaluation	-	(1,781,097)	(12,213,822)	-	-	-	-	(13,994,919)
At 30 June 2018	-	-	-	810,886	1,993,288	-	-	2,804,174
Less: Accumulated impairment losses								
At 1 July 2017	-	-	21,861,238	-	-	-	-	21,861,238
Charge for the financial year	-	-	901,064	-	-	-	-	901,064
At 30 June 2018	-	-	22,762,302	-	-	-	-	22,762,302
Net book value	57,100,000	52,000,000	170,547,040	2,498,756	2,264,513	3,421,739	637,810	288,469,858
Representing:								
- cost	-	-	-	2,498,756	2,264,513	3,421,739	637,810	8,822,818
- valuation	57,100,000	52,000,000	170,547,040	-	-	-	-	279,647,040
	57,100,000	52,000,000	170,547,040	2,498,756	2,264,513	3,421,739	637,810	288,469,858

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land	Buildings	Plant, machinery and electrical installation	Motor vehicles	Furniture, fittings and office equipment	Construction in progress	Spare parts	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
Cost/Valuation								
At 1 July 2016								
- cost	-	-	-	2,378,988	3,349,286	628,678	-	6,356,952
- valuation	53,000,000	55,700,000	211,190,467	-	-	-	-	319,890,467
	53,000,000	55,700,000	211,190,467	2,378,988	3,349,286	628,678	-	326,247,419
Additions	-	45,391	3,263,213	347,845	434,610	236,465	102,033	4,429,557
Disposals	-	-	(608,787)	(100,248)	(4,948)	-	-	(713,983)
Write offs	-	-	(29,919)	-	(7,117)	-	-	(37,036)
Revaluation during the financial year	4,100,000	(1,029,924)	(161,858)	-	-	-	-	2,908,218
Reclassification	-	-	221,418	-	-	(582,230)	360,812	-
Effects of elimination of accumulated depreciation on revaluation	-	(1,815,467)	(12,346,379)	-	-	-	-	(14,161,846)
At 30 June 2017	57,100,000	52,900,000	201,528,155	2,626,585	3,771,831	282,913	462,845	318,672,329
Less: Accumulated depreciation								
At 1 July 2016	-	-	-	429,262	1,325,950	-	-	1,755,212
Charge for the financial year	-	1,815,467	12,789,611	276,614	337,424	-	-	15,219,116
Disposals	-	-	(441,175)	(63,091)	(4,307)	-	-	(508,573)
Write offs	-	-	(2,057)	-	(4,953)	-	-	(7,010)
Effects of elimination of accumulated depreciation on revaluation	-	(1,815,467)	(12,346,379)	-	-	-	-	(14,161,846)
At 30 June 2017	-	-	-	642,785	1,654,114	-	-	2,296,899
Less: Accumulated impairment losses								
At 1 July 2016	-	-	19,753,703	-	-	-	-	19,753,703
Charge for the financial year	-	-	2,107,535	-	-	-	-	2,107,535
At 30 June 2017	-	-	21,861,238	-	-	-	-	21,861,238
Net book value	57,100,000	52,900,000	179,666,917	1,983,800	2,117,717	282,913	462,845	294,514,192
Representing:								
- cost	-	-	-	1,983,800	2,117,717	282,913	462,845	4,847,275
- valuation	57,100,000	52,900,000	179,666,917	-	-	-	-	289,666,917
	57,100,000	52,900,000	179,666,917	1,983,800	2,117,717	282,913	462,845	294,514,192

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles RM	Furniture, fittings and office equipment RM	Total RM
Company			
At 30 June 2018			
Cost			
At 1 July 2017/ 30 June 2018	327,238	180,512	507,750
Less: Accumulated depreciation			
At 1 July 2017	43,632	180,512	224,144
Charge for the financial year	32,724	-	32,724
At 30 June 2018	76,356	180,512	256,868
Net book value			
At 30 June 2018	250,882	-	250,882
At 30 June 2017			
Cost			
At 1 July 2016/ 30 June 2017	327,238	180,512	507,750
Less: Accumulated depreciation			
At 1 July 2016	10,908	180,512	191,420
Charge for the financial year	32,724	-	32,724
At 30 June 2017	43,632	180,512	224,144
Net book value			
At 30 June 2017	283,606	-	283,606

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Freehold land and buildings, plant, machinery and electrical installation of the Group were revalued in the financial year ended 30 June 2018 by an independent firm of professional valuers, PA International Property Consultants (KL) Sdn Bhd based on open market value and depreciated replacement costs method respectively in ascertaining their fair values.

Arising from the valuation above, the total revaluation gain on property, plant and equipment amounting to RM1,733,799 (2017: RM2,908,218) was recognised during the financial year, with a corresponding revaluation reserve, adjusted for deferred tax, amounting to RM1,317,687 (2017: RM2,989,245) been recognised in the other comprehensive income. Arising from the same valuation, there was also a revaluation loss on plant, machinery and electrical Installation which resulted in the recognition of a net impairment charge of RM1,125,064 (2017: RM2,319,535) on the statement of comprehensive income.

At the close of the previous financial year, the Group's Cold Rolled subsidiary has an imminent plan to upgrade a certain production line; add an acid regeneration plant to supplement that line; and to replace certain legacy motors of another production line which will affect certain existing assets' carrying revalued amount. At the close of the current financial year, the subsidiary has yet to carry out the line upgrade and supplement plan. In reassessing the affected assets' fair value of the components to be replaced, there is a reduction of impairment provision of RM224,000 as summarised in the table below, and is included in the net impairment loss on property, plant and equipment in the Statement of Comprehensive Income for the current financial year:

	All in RM' million				
	Existing Carrying Revalued Amount	**Estimated Fair Value Net Displacement**	**Impairment Provision**	**Opening Carrying Provision**	**Inc/(Dec) Required in Current FY 2018**
Production Line A: up-grade	19.5	14.4	5.1	5.2	(0.1)
Production Line B: motor replacement	4.1	2.6	1.5	1.6	(0.1)
	23.6	17.0	6.6	6.8	(0.2)

All property, plant and equipment of the steel subsidiaries are pledged for banking facilities.

Plant and machinery of the Group's steel tube subsidiary amounting to RM33,660,000 (2017: RM33,023,000) are located on properties belonging to the ultimate holding company.

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

	Group	
	2018 RM	**2017 RM**
Freehold land	31,300,000	31,300,000
Buildings	49,837,105	51,995,676
Plant, machinery and electrical installation	183,229,250	194,417,045
	264,366,355	277,712,721

(a) Valuation of certain property, plant and equipment

The fair value of property, plant and equipment is individually determined periodically, with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date. The Directors relied upon the valuations obtained during the financial year based on the following methodologies:

(i) Freehold land and buildings - open market basis by reference to observable prices per square feet in an active market or recent market transactions on arm's length terms. (Level 2)

(ii) Plant, machinery and electrical installation - depreciated replacement cost method, which is based on the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. (Level 3)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Asset acquired under hire-purchase arrangements

Additions to property, plant and equipment of the Group and of the Company during the financial year includes those acquired by means of hire-purchase arrangements totalling RM1,267,225 (2017: RM528,010) and Nil (2017: Nil) respectively.

As at 30 June 2018, the net book value of the property, plant and equipment under hire-purchase arrangements in the Group and Company is RM2,258,646 (2017: RM1,460,790) and Nil (2017: Nil) respectively.

(c) Fair value measurements using significant unobservable inputs (Level 3)

	2018 RM	2017 RM
Plant, machinery and electrical installation		
Opening balance	179,666,917	191,436,764
Additions	3,029,636	3,263,213
Disposals	(30,706)	(608,787)
Write offs	(118,479)	(29,919)
Revaluation during the financial year	852,702	(161,858)
Impairment charge for the financial year	(901,064)	(2,107,535)
Effects of elimination of accumulated depreciation on revaluation	(12,213,822)	(12,346,379)
Transfer from construction-in-progress	261,856	221,418
Closing balance	170,547,040	179,666,917

The following table presents the valuation techniques and key inputs that were used to determine the fair value of plant, machinery and electrical installation categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 30 June 2018 RM	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Plant, machinery and electrical installation	170,547,040	Depreciated replacement cost method	Useful life	1 years – 40 years (21)	The longer the useful life, the higher the fair value

On an annual basis, the Group engages external, independent and qualified valuers to determine the fair value of the Group's plant, machinery and electrical installation. As at 30 June 2018, the fair value of the plant, machinery and electrical installation have been determined by PA International Property Consultants (KL) Sdn Bhd.

The external valuation of the Level 3 plant, machinery and electrical installation have been performed using depreciated replacement cost approach. The external valuer, in discussion with the Group's management, has determined the unobservable input based on the useful life of the plant, machinery and electrical installation.

As at 30 June 2018, if the unobservable input based on the useful life of the plant, machinery and electrical installation increase/(decrease) by one year, the fair value of the plant, machinery and electrical installation would increase/(decrease) by approximately RM12.2 million (2017: RM12.8 million) respectively.

13 INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	2017
	RM	RM
Unquoted shares, at cost	134,061,998	134,061,998
Mycron Steel CRC Sdn. Bhd. ("MSCRC")	55,201,472	55,201,472
Melewar Steel Tube Sdn. Bhd. ("MST")	22,527,209	28,527,209
Amount owing by MSCRC	211,790,679	217,790,679

The amount owing by MSCRC was reclassified since financial year 2009 as part of the Company's interest in the subsidiary as it is the intention of the Company to treat this amount as a long-term source of capital to the subsidiary. During the financial year, the Company rebalanced the capital deployment in MSCRC by reducing the aforementioned amount by RM6.0 million and correspondingly reducing the amount owing by the Company to MST by the same amount which arose from the assumed debts pursuant to its acquisition of MST in the financial year 2015.

The details of the subsidiaries are as follows:

Name	Principal activities	Group's equity interest 2018 %	Group's equity interest 2017 %
Mycron Steel CRC Sdn. Bhd. ("MSCRC")	Manufacturing and trading of steel cold rolled coiled sheets	100	100
Melewar Steel Tube Sdn. Bhd. ("MST")	Manufacturing and trading of steel tubes and pipes	100	100
Subsidiary of MSCRC			
Silver Victory Sdn. Bhd.	Trading	100	100

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

(a) Investment in Mycron Steel CRC Sdn. Bhd. ("MSCRC")

The cost of investment amounting to RM157 million (2017: RM163 million) (inclusive of amount owing by the subsidiary company which the Company treats as a long-term source of capital) has been assessed for any indication of impairment which the Company concludes that there is none. For the current financial year ended 30 June 2018, MSCRC recorded a net profit of RM4.7 million with a shareholders' fund of RM258.6 million. The indicative recoverable amount (based on fair value less cost to sell) of the investment is higher than its carrying amount.

(b) Investment in Melewar Steel Tube Sdn Bhd ("MST")

This cost of investment has been assessed for any indication of impairment which the Company concludes that there is none. For the current financial year ended 30 June 2018, MST recorded a net profit of RM11.2 million with a shareholders' fund of RM123.6 million. The indicative recoverable amount (based on fair value less cost to sell) of the investment is higher than its carrying amount.

14 INTANGIBLE ASSETS

The Group's intangible assets amounting to RM20 million represent the carrying amount of registered licences, patents and trademarks with the rights to use and sell under the licences, patents and trademarks of Aurora and MIG-Melewar which are duly held by Melewar Steel Tube Sdn Bhd ("MST").

These licences, patents and trademarks have indefinite useful lives, and as such are not subjected to periodic amortisation but annual impairment tests. In this regard, an impairment test using Fair Value Less Cost To Sell ("FVLCTS"), determined by relief-from-royalty method was carried out. A 5-year cash flow forecast has been performed which takes into consideration of the discounted estimated royalty payments that are expected to be avoided as a result of the trademarks being owned. It was determined that no impairment was necessary as the indicative recoverable amount is higher than its carrying amount.

14 INTANGIBLE ASSETS (CONTINUED)

The FVLCTS computation adopted the following assumptions:

Assumption	Rate	Approach used to determining value
Royalty in-lieu rate	1.19% of revenue	Based on the agreed rate between seller and buyer, after taking into consideration of industry average rate
Discount rate	9.50%	Reflects the specific risk relating to the relevant industries and country in which the company operates
Growth rate	0%	Conservative scenario

The Directors and management have considered and assessed reasonable variations in the underlying key assumptions used in the computation of the recoverable amount and is satisfied with the headroom of the intangible asset's recoverable amount over its carrying amount.

15 INVENTORIES

	Group	
	2018	2017
	RM	RM
Raw materials	133,557,104	120,451,218
Consumables	2,723,728	2,166,743
Work-in-progress	723,851	24,558
Finished goods	68,185,567	54,533,979
	205,190,250	177,176,498

Inventories recognised as an expense during the year ended 30 June 2018 amounted to RM682,584,744 (2017: RM581,507,429). These were included in cost of sales.

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Current				
Trade receivables	113,543,926	100,253,783	-	-
Less: Accumulated impairment loss	(248,301)	(594,758)	-	-
	113,295,625	99,659,025	-	-
Other receivables	1,355,761	1,737,281	8,981	500
Staff loans	15,737	120,128	-	-
Deposits	3,553,553	961,873	4,500	4,500
Prepayments	1,499,130	1,883,599	-	-
GST receivable	2,950,836	1,886,974	4,087	5,413
	9,375,017	6,589,855	17,568	10,413
Total trade and other receivables	122,670,642	106,248,880	17,568	10,413

During the current financial year, the steel tube subsidiary has written off in full a bad-debt provision of RM346,457 (made in the preceding financial year) as the customer went into insolvency and the recovery of debt is highly unlikely.

17 AMOUNT OWING BY ULTIMATE HOLDING COMPANY

Amount owing by ultimate holding company is mainly due to payments on behalf and is unsecured, interest free and repayable upon demand.

18 AMOUNTS OWING BY/(TO) SUBSIDIARIES

Amounts owing by subsidiaries arising mainly from management fee charges and reimbursable payments are unsecured, interest free and repayable upon demand.

The amounts owing to subsidiaries also include the assumed debt owing to the Steel tube subsidiary being part of the purchase consideration for the acquisition of the former in the preceding financial year, see Notes 13(b). This amount owing is unsecured, interest free and repayable upon demand.

19 AMOUNTS OWING BY RELATED COMPANIES/(TO) A RELATED COMPANY

Amounts owing by related companies arising mainly from trade transactions are unsecured, interest free and subject to credit terms of 30 days (2017: 30 days). Amount owing to a related company arising from expenditures paid-on-behalf are unsecured, interest free and repayable upon demand and not subject to specific credit terms.

20 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group			
	2018		2017	
	Assets	Liabilities	Assets	Liabilities
	RM	RM	RM	RM
Forward foreign currency exchange contract – fair value through profit and loss (not designated)	65,234	(231)	5,616	(109,670)
Forward foreign currency exchange contract – fair value through profit and loss (designated)	3,275,817	(2,339)	136,457	(2,927,182)
	3,341,051	(2,570)	142,073	(3,036,852)

The Group's derivatives comprise solely of Currency Exchange Forward Contracts incepted to hedge its foreign currency exposures arising mainly from forward purchases of raw materials in USD and partially from export sales in SGD, as disclosed in Note 4(e) to the financial statements. These Currency Exchange Forward Contracts generally have a maturity period of less than 6 months and their fair values are classified under current assets/(liabilities) by way of marking-to-market.

Foreign currency hedges which meet qualifying criteria under MFRS 139 are designated on inception for fair value hedge accounting where the changes in fair value for both the hedge items and the hedge instruments are charged to the Statement of Comprehensive Income, and closing fair values are recognised in the Statement of Financial Position as either current financial assets or liabilities.

20 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

Details on the Group's unrealised currency derivatives are outlined below:

(i) Derivatives designated and fair value hedge accounted as at 30 June 2018

Forward foreign currency exchange contracts as hedge instrument

Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Fair value: Financial assets RM	Fair value: Financial liabilities RM
July 2018	16,408,195	3.9558	1,481,421	(2,339)
August 2018	5,230,137	3.9444	529,346	-
September 2018	2,230,000	3.8865	361,706	-
October 2018	7,539,943	3.9750	585,846	-
November 2018	6,468,861	4.0053	317,498	-
Total	37,877,136		3,275,817	(2,339)

Contracted payment obligation and/or a/c payables as hedge item

Maturity period of contract	Notional value short USD	Average basis rate USD/RM	Fair value: Financial assets RM	Fair value: Financial liabilities RM
July 2018	16,408,195	3.9558	2,339	(1,481,421)
August 2018	5,230,137	3.9444	-	(529,346)
September 2018	2,230,000	3.8865	-	(361,706)
October 2018	7,539,943	3.9750	-	(585,846)
November 2018	6,468,861	4.0053	-	(317,498)
Total	37,877,136		2,339	(3,275,817)

Net fair value gain from the hedging instruments of RM3.3 million and the corresponding net fair value loss from the hedged item of RM3.3 million are taken-up in the statement of comprehensive income.

The designated hedges are within 85% to 120% effective range using the 'dollar off-set' method.

Derivatives designated and fair value hedge accounted as at 30 June 2017

Forward foreign currency exchange contracts as hedge instrument

Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Fair value: Financial assets RM	Fair value: Financial liabilities RM
July 2017	11,006,486	4.3810	68,851	(905,795)
August 2017	8,268,898	4.3824	30,046	(627,960)
September 2017	4,308,945	4.4601	-	(626,407)
October 2017	9,354,078	4.3993	32,772	(767,020)
November 2017	2,415,040	4.3282	4,788	-
Total	35,353,447		136,457	(2,927,182)

Contracted payment obligation and/or a/c payables as hedge item

Maturity period of contract	Notional value short USD	Average basis rate USD/RM	Fair value: Financial assets RM	Fair value: Financial liabilities RM
July 2017	11,006,486	4.3810	905,795	(68,851)
August 2017	8,268,898	4.3824	627,960	(30,046)
September 2017	4,308,945	4.4601	626,407	-
October 2017	9,354,078	4.3993	767,020	(32,772)
November 2017	2,415,040	4.3282	-	(4,788)
Total	35,353,447		2,927,182	(136,457)

Net fair value loss from the hedging instruments of RM2.8 million and the corresponding net fair value gain from the hedged item of RM2.8 million are taken-up in the statement of comprehensive income.

The designated hedges are within 85% to 120% effective range using the 'dollar off-set' method.

20 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

(ii) Derivatives not designated and not hedge accounted

As at 30 June 2018

Forward foreign currency exchange contracts as undesignated hedge instrument

Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Fair value Financial assets RM	Fair value Financial liabilities RM
August 2018	525,300	3.9370	56,102	-
Total	525,300		56,102	-

Maturity period of contract	Notional value short SGD	Average contracted rate SGD/RM	Fair value Financial assets RM	Fair value Financial liabilities RM
July 2018	60,000	3.0475	5,244	-
August 2018	60,000	2.9853	1,353	-
September 2018	60,000	2.9928	1,554	-
October 2018	60,000	2.9698	204	(231)
November 2018	60,000	2.9860	777	-
Total	300,000		9,132	(231)

As at 30 June 2017

Forward foreign currency exchange contracts as undesignated hedge instrument

Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Fair value Financial assets RM	Fair value Financial liabilities RM
July 2017	1,223,412	4.3612	-	(74,976)
August 2017	271,534	4.4192	-	(31,715)
Total	1,494,946		-	(106,691)

Maturity period of contract	Notional value short SGD	Average contracted rate SGD/RM	Fair value Financial assets RM	Fair value Financial liabilities RM
July 2017	60,000	3.1576	2,328	-
August 2017	60,000	3.1755	3,048	-
September 2017	60,000	3.1340	240	-
October 2017	60,000	3.1168	-	(1,104)
November 2017	60,000	3.1088	-	(1,875)
Total	300,000		5,616	(2,979)

20 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

(ii) Derivatives not designated and not hedge accounted (continued)

As at 30 June 2018

Forward foreign currency exchange contracts as undesignated hedge instrument

These derivatives were not hedge accounted primarily due to the late inception of these hedging instruments which gave rise to timing and basis-rate mismatch between the intended hedge items and the contracted FX-rate.

Besides the abovementioned unrealised marked-to-market position of the currency derivatives as at the close of the financial year, the Group has recorded a total realised net loss of around RM12.9 million (2017: gain of RM5.9 million) from its FX Forward Contracts with a corresponding realised net FX gains of RM14.1 million (2017: loss RM6.8 million) on its hedge items over the current financial year. The Group's net gain/(loss) position on foreign exchange is disclosed in Note 8.

21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Cash in hand	2,373	3,764	2	2
Bank balances	11,895,710	6,172,943	546,988	237,316
Deposits with licensed financial institutions	39,124,881	58,411,342	33,174	23,438
	51,022,964	64,588,049	580,164	260,756

The weighted average interest income rates effective at the reporting date are as follows:

	Group		Company	
	2018	2017	2018	2017
	% per annum	% per annum	% per annum	% per annum
Bank balances	0.85	0.68	-	-
Deposits with licensed financial institutions	2.99	2.60	2.61	2.45

Bank balances are deposits held at call with licensed banks. The Group's and Company's deposits with licenced financial institutions have placement periods ranging between 1 and 30 days (2017: 1 and 30 days).

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Trade payables	174,920,967	167,802,976	-	-
Other payables	6,501,633	7,041,702	436,279	182,197
Prepayments received from customers	2,188,499	3,419,722	-	-
Accruals	3,090,150	3,204,632	129,443	126,943
Deposit received	300,000	-	-	-
	187,001,249	181,469,032	565,722	309,140

Trade payables include interest bearing suppliers' credit with balances amounting to RM28.0 million (2017: RM166.7 million). These credit facilities have interest bearing credit periods of up to 150 days (2017: 150 days).

The remaining trade and other payables are generally interest free and within accorded interest free credit periods ranging between 7 to 60 days (2017: 7 to 60 days).

23 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 statements of financial position:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Deferred tax liabilities				
- deferred tax liabilities to be settled				
after more than 12 months	(21,699,216)	(19,758,492)	(13,304)	(5,599)
At 1 July	(19,758,492)	(15,864,769)	(5,599)	(4,738)
Charged to profit or loss (Note 10):				
- property, plant and equipment	(1,264,283)	(3,974,750)	(7,705)	(861)
- unutilised tax losses	(260,329)	-	-	-
	(1,524,612)	(3,974,750)	(7,705)	(861)
Recognised in equity:				
- property, plant and equipment	(416,112)	81,027	-	-
At 30 June	(21,699,216)	(19,758,492)	(13,304)	(5,599)
Subject to income tax:				
Deferred tax assets (before offsetting):				
- unutilised tax losses	5,880,213	6,140,542	-	-
- unutilised reinvestment allowance	18,304,344	19,096,761	-	-
	24,184,557	25,237,303	-	-
Offsetting	(24,184,557)	(25,237,303)	-	-
Deferred tax assets (after offsetting)	-	-	-	-
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	(38,938,260)	(38,050,282)	(13,304)	(5,599)
- intangible assets	(4,800,000)	(4,800,000)	-	-
	(43,738,260)	(42,850,282)	(13,304)	(5,599)
Offsetting	24,184,557	25,237,303	-	-
	(19,553,703)	(17,612,979)	(13,304)	(5,599)
Subject to real property gain tax				
Deferred tax liability:				
- property, plant and equipment	(2,145,513)	(2,145,513)	-	-
Deferred tax liabilities (after offsetting)	(21,699,216)	(19,758,492)	(13,304)	(5,599)
Deferred tax liabilities (cumulative amount charged to equity)	(2,259,090)	(1,842,978)	-	-

24 BORROWINGS

The Group and Company do not have any overdue on borrowings from financial institutions. The Group's and Company's borrowings are as disclosed below:

		Group		Company	
		2018	2017	2018	2017
		RM	RM	RM	RM
Current					
Bankers' acceptance	(i)	87,060,000	66,730,000	-	-
Revolving credits	(i)	-	8,400,000	-	-
Term loan	(i)	3,040,068	3,067,102	-	-
Hire-purchase creditors	(ii)	635,487	412,733	40,869	40,869
		90,735,555	78,609,835	40,869	40,869
Non-current					
Term loan	(i)	750,000	3,750,000	-	-
Hire-purchase creditors	(ii)	885,860	548,277	153,177	194,045
		1,635,860	4,298,277	153,177	194,045
Combined					
Bankers' acceptance		87,060,000	66,730,000	-	-
Revolving credits		-	8,400,000	-	-
Term loan		3,790,068	6,817,102	-	-
Hire-purchase creditors		1,521,347	961,010	194,046	234,914
Total		92,371,415	82,908,112	194,046	234,914

The Group's total interest cost attributed to the above borrowings for the current financial year is RM4.0 million (2017: RM5.9 million). The carrying amount of the borrowings approximate their fair values at reporting date.

At Amortised Cost

The carrying amount of the borrowings due within 1 year and those with floating rates approximated their fair values at reporting date. The fair values of the borrowings with fixed interest rates due after 1 year are as follows:

	Group			
	2018 Carrying amount	2018 Fair value	2017 Carrying amount	2017 Fair value
	RM	RM	RM	RM
Hire-purchase creditors	885,860	828,759	548,277	508,536

	Company			
	2018 Carrying amount	2018 Fair value	2017 Carrying amount	2017 Fair value
	RM	RM	RM	RM
Hire-purchase creditors	153,177	140,051	194,046	179,659

24 BORROWINGS (CONTINUED)

Contractual terms of borrowings

	Contractual interest rate at reporting date (per annum)	Functional currency/ currency exposure	Total carrying amount	Maturity profile < 1 year	1-2 years	2-3 years	3-4 years	> 4 years
			RM	RM	RM	RM	RM	RM
Group								
At 30 June 2018								
Secured								
Bankers' acceptance	4.67% - 5.65%	RM/RM	87,060,000	87,060,000	-	-	-	-
Term loan	6.50%	RM/RM	3,790,068	3,040,068	750,000	-	-	-
Hire-purchase creditors	2.50% - 3.38%	RM/RM	1,521,347	635,487	482,536	195,358	177,396	30,570
			92,371,415	90,735,555	1,232,536	195,358	177,396	30,570
At 30 June 2017								
Secured								
Bankers'acceptance	4.99% - 7.15%	RM/RM	66,730,000	66,730,000	-	-	-	-
Revolving credits	5.30%	RM/RM	8,400,000	8,400,000	-	-	-	-
Term loan	6.25%	RM/RM	6,817,102	3,067,102	3,000,000	750,000	-	-
Hire-purchase creditors	2.50% - 3.38%	RM/RM	961,010	412,733	281,448	154,521	40,869	71,439
			82,908,112	78,609,835	3,281,448	904,521	40,869	71,439
Company								
At 30 June 2018								
Secured								
Hire-purchase creditors	2.72%	RM/RM	194,046	40,869	40,869	40,869	40,869	30,570
At 30 June 2017								
Secured								
Hire-purchase creditors	2.72%	RM/RM	234,914	40,869	40,869	40,869	40,869	71,438

24 BORROWINGS (CONTINUED)

(i) The term loan and a portion of the bankers' acceptance are secured with fixed and floating charge via a debenture by the Cold Rolled subsidiary. The revolving credits and a portion of the bankers' acceptance is secured with fixed and floating charge via a separate debenture by the Steel tube subsidiary. (Refer Note 12).

(ii) The hire-purchase creditors at the reporting date are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Future minimum lease payments of hire-purchase creditors:				
Payable within one year	703,958	457,629	48,648	48,648
Payable between one and two years	518,933	306,890	48,648	48,648
Payable between two and three years	213,127	166,026	48,648	48,648
Payable between three and five years	225,678	133,700	85,052	133,700
	1,661,696	1,064,245	230,996	279,644
Less: Future finance charges	(140,349)	(103,235)	(36,950)	(44,730)
Present value	1,521,347	961,010	194,046	234,914
Present value of hire-purchase creditors:				
Payable within one year	635,487	412,733	40,869	40,869
Payable between one and two years	482,536	281,448	40,869	40,869
Payable between two and three years	195,358	154,521	40,869	40,869
Payable between three and five years	207,966	112,308	71,439	112,307
	1,521,347	961,010	194,046	234,914

Hire purchase creditors are effectively secured as the rights to assets revert to the lessors in the event of default.

The weighted average contractual interest rates of borrowings at the reporting date are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	% per annum	**% per annum**	**% per annum**	**% per annum**
Bankers' acceptance	5.59	5.57	-	-
Revolving credits	-	5.30	-	-
Term loan	6.50	6.25	-	-
Hire-purchase creditors	2.69	2.83	2.72	2.72

The Group and the subsidiaries complied with all the covenant clauses set out in the facilities agreements for the current and preceding financial years. Refer to Notes 4 (a) and (b) for further details.

25 SHARE CAPITAL

	Group/Company			
	2018		2017	
	Number of shares	Nominal value	Number of shares	Nominal value
		RM		RM
Issued and fully paid				
- At 1 July				
Ordinary shares with no par value (2017: par value of RM1 value)	283,545,455	206,363,671	283,545,455	70,886,364
Transition to no-par value regime on 31 January 2017	-	-	-	135,477,307
- At 30 June Ordinary shares with no par value	283,545,455	206,363,671	283,545,455	206,363,671

The new Companies Act 2016 (the "Act"), which came into operation in the preceding financial year on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account and similar non-distributable reserves (ie. Paid-in Capital and the Other Non-Distributable Capital Reserve) become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of those accounts totalling RM135,477,307 for purposes as set out in Sections 618 (3) where permitted. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

26 ASSET REVALUATION RESERVE

	Group	
	2018	2017
	RM	RM
At 1 July	25,533,861	22,544,616
Revaluation surplus on property, plant and equipment	1,733,799	2,908,218
Deferred tax	(416,112)	81,027
Other comprehensive income	1,317,687	2,989,245
At 30 June	26,851,548	25,533,861

The asset revaluation reserve is used to record increments and decrements on the revaluation of property, plant and equipment. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings. See accounting policy Note 2(d) for details.

27 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 which were carried out on terms and conditions negotiated between the related parties.

The Group has related party transactions with the following related companies:

	Relationship
Melewar Industrial Group Berhad	Ultimate holding company
Melewar Steel Mills Sdn. Bhd.	Related company
Melewar Integrated Engineering Sdn. Bhd.	Related company
Melewar Steel Services Sdn. Bhd.	Related company
Ausgard Quick Assembly Systems Sdn. Bhd.	Related company
Mycron Steel CRC Sdn. Bhd.	Subsidiary
Melewar Steel Tube Sdn. Bhd.	Subsidiary
Silver Victory Sdn. Bhd.	Subsidiary
Trace Management Services Sdn. Bhd.	A company in which certain Directors have financial interests

27 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Significant transactions with related parties during the financial year are as follows (stated as debit or (credit)):

Entities	Type of transaction	Group 2018 RM	Group 2017 RM
Trade: received/receivable			
Fellow subsidiary			
Melewar Steel Mills Sdn. Bhd.	Repayment received	(2,644,441)	(894,995)
Non-trade: received/receivable			
Ultimate holding company			
Melewar Industrial Group Berhad	Advances made	2,152,988	964,028
Melewar Industrial Group Berhad	Repayment received	(558,913)	(7,693,719)
Trade: paid/payable			
Ultimate holding company			
Melewar Industrial Group Berhad	Rental of buildings	(4,963,860)	(4,963,860)
Melewar Industrial Group Berhad	Repayment made	4,963,860	4,963,860
Melewar Industrial Group Berhad	Management fees	(2,790,000)	(2,640,000)
Melewar Industrial Group Berhad	Repayment made	2,947,483	2,783,604
Fellow subsidiaries			
Melewar Steel Mills Sdn. Bhd.	Scrap handling commission	(3,679,703)	(2,700,806)
Melewar Steel Mills Sdn. Bhd.	Repayment made	3,473,900	2,430,966
Melewar Steel Services Sdn. Bhd.	Rental of buildings	(500,940)	(500,940)
Melewar Steel ServicesSdn. Bhd.	Repayment made	500,940	501,834
Non-trade: paid/payable			
Ultimate holding company			
Melewar Industrial GroupBerhad	Advances given	-	(4,000,000)
Melewar Industrial Group Berhad	Advances repaid	4,000,000	-
Melewar Industrial Group Berhad	Payment of expenses on behalf	(141,267)	(139,103)

27 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Significant transactions with related parties during the financial year are as follows (stated as debit or (credit)): (continued)

		Group	
Entities	**Type of transaction**	**2018**	**2017**
		RM	**RM**
Non-trade: paid/payable (continued)			
Fellow subsidiary			
Melewar Integrated Engineering Sdn. Bhd.	Technical advisory fees	(288,000)	(288,000)
Related parties			
Trace Management Services Sdn. Bhd.	Corporate secretarial services	(317,547)	(181,662)

		Company	
Entities	**Type of transaction**	**2018**	**2017**
		RM	**RM**
Trade: received/receivable			
Subsidiary			
Mycron Steel CRC Sdn. Bhd.	Management fee income	3,581,513	2,447,394
Mycron Steel CRC Sdn. Bhd.	Repayment received	(3,527,445)	(1,200,000)
Non-trade: received/receivable			
Subsidiary			
Melewar Steel Tube Sdn. Bhd.	Advances repaid	2,000,000	10,500,000
Mycron Steel CRC Sdn. Bhd.	Repayment received	(6,000,000)	(6,500,000)
Non-trade: paid/payable			
Ultimate holding company			
Melewar Industrial Group Berhad	Advances given	-	(4,000,000)
Melewar Industrial Group Berhad	Advances repaid	4,000,000	-
Related parties			
Trace Management Services Sdn. Bhd.	Corporate secretarial services	(310,380)	(176,571)

27 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Amounts owing by/(to) subsidiaries				
Mycron Steel CRC Sdn. Bhd.	-	-	192,352	138,284
Silver Victory Sdn. Bhd.	-	-	63,903	63,903
Melewar Steel Tube Sdn. Bhd.	-	-	(5,500,000)	(7,500,000)
Amounts owing by/(to) related companies				
Melewar Steel Mills Sdn. Bhd.	1,188,935	4,039,177	-	-
Melewar Integrated Engineering Sdn. Bhd.	(513,945)	(221,526)	-	-
Melewar Steel Services Sdn. Bhd.	150	3,619	-	-
Ausgard Quick Assembly Systems Sdn. Bhd.	184	(34,450)	-	-
Amount owing by/(to) ultimate holding company				
Melewar Industrial Group Berhad	1,861,297	(3,737,120)	-	(4,000,000)

There are no material outstanding balances with other related parties as at financial year end.

(c) Key management personnel are those persons, having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly and thus are considered related parties of the Group and the Company. Remuneration details of the key management personnel of the Group and the Company comprising of both Executive Directors and Non-Director Executives are set out below.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Fees, salaries and bonuses	3,960,007	3,866,829	350,000	349,800
Defined contribution plan	588,192	580,581	52,500	56,250
Benefit in kind	74,295	59,025	24,600	24,600
	4,622,494	4,506,435	427,100	430,650

Remuneration details on the Non-Executive Directors are disclosed in Note 9 to the financial statements.

28 SEGMENTAL ANALYSIS

The steel tube manufacturing segment is in the business of manufacturing and sale of steel pipes and tubes.

The cold rolled segment is in the business of manufacturing and sale of cold rolled coils.

'Others' comprise investment holding companies and trading companies.

The strategic business units offer different products and services, and are managed separately. The Group's Executive Committee comprising key management personnel monitors the operating results of the strategic business units as well as relying on the segmental information as disclosed below for purposes such as resource allocation and performance assessment.

The Directors are of the opinion that all inter segment transactions are entered into in the normal course of business and are established on terms and conditions agreed between the related parties.

Geographic segment is not applicable as the businesses of the Group are substantially carried out in Malaysia.

	Cold rolled coil	Steel tube	Others	Total
	RM	RM	RM	RM
2018				
Revenue				
Total revenue	546,856,003	274,187,982	3,621,843	824,665,828
Inter segment	(27,710,001)	-	(3,581,513)	(31,291,514)
External revenue	519,146,002	274,187,982	40,330	793,374,314
Segment results				
Total profit before tax	6,554,567	15,391,795	284,891	22,231,253
Consolidation elimination ^	309,942	-	-	309,942
External profit before tax	6,864,509	15,391,795	284,891	22,541,195
Tax	(1,868,897)	(4,201,659)	(369,868)	(6,440,424)
Net profit after tax	4,995,612	11,190,136	(84,977)	16,100,771
Total segment assets	490,998,079	221,364,796	213,021,232	925,384,107
Consolidation elimination *	(8,897,202)	(13,337,543)	(212,046,934)	(234,281,679)
Net segment assets	482,100,877	208,027,253	974,298	691,102,428

^ Related to elimination of unrealised profit on closing inventories (RM310 thousand).

* Major items included intercompany balances elimination (RM14.6 million), elimination of cost of investment (RM211.8 million), elimination of goodwill (RM7.5 million) and elimination of unrealised profit on closing inventories (RM353 thousand).

28 SEGMENTAL ANALYSIS (CONTINUED)

	Cold rolled coil RM	Steel tube RM	Others RM	Total RM
2018				
Other information				
Depreciation of property plant and equipment	11,843,770	2,866,027	32,723	14,742,520
Impairment losses:				
- property, plant and equipment	594,980	306,084	-	901,064
Additions of property, plant and equipment	5,725,478	2,403,606	-	8,129,084

	Cold rolled coil RM	Steel tube RM	Others RM	Total RM
2017				
Revenue				
Total revenue	482,110,349	266,828,536	7,315,717	756,254,602
Inter segment	(27,610,839)	-	(2,447,394)	(30,058,233)
External revenue	454,499,510	266,828,536	4,868,323	726,196,369
Segment results				
Total profit before tax	15,828,221	30,013,853	262,910	46,104,984
Consolidation elimination ^	265,692	-	-	265,692^
External profit before tax	16,093,913	30,013,853	262,910	46,370,676
Tax	(4,444,232)	(7,043,496)	(139,635)	(11,627,363)
Net profit after tax	11,649,681	22,970,357	123,275	34,743,313
Total segment assets	473,882,501	214,424,899	218,685,917	906,993,317
Consolidation elimination *	(6,012,207)	(15,337,772)	(217,992,868)	(239,342,847)
Net segment assets	467,870,294	199,087,127	693,049	667,650,470

^ Related to elimination of unrealised profit on closing inventories (RM266 thousand).

* Major items included intercompany balances elimination (RM13.4 million), elimination of cost of investment (RM217.8 million), elimination of goodwill (RM7.5 million) and elimination of unrealised profit on closing inventories (RM663 thousand).

28 **SEGMENTAL ANALYSIS** (CONTINUED)

	Cold rolled coil	Steel tube	Others	Total
	RM	RM	RM	RM
2017				
Other information				
Depreciation of property plant and equipment	12,341,663	2,844,728	32,725	15,219,116
Impairment losses:				
- property, plant and equipment	732,749	1,374,786	-	2,107,535
Additions of property, plant and equipment	3,125,684	1,303,873	-	4,429,557

A reconciliation of the segment assets to the total assets is as follows:

	2018	2017
	RM	RM
Segment assets	691,102,428	667,650,470
Derivatives	3,341,051	142,073
Tax recoverable	23,097	257,772
	694,466,576	668,050,315

Information about major customers

Revenue from two major customers amounting to RM81.9 million and RM90.7 million contributed to more than 10% each to the Group's revenue. These two major customers are each from the cold rolled segment and the steel tube segment.

29 **FINANCIAL GUARANTEES**

As at 30 June 2018, the Company has corporate guarantees issued to lenders for borrowings extended to its principal subsidiaries, Mycron Steel CRC Sdn. Bhd. and Melewar Steel Tube Sdn. Bhd. amounting to RM136.2 million (2017: RM127.2 million) and RM15.1 million (2017: RM45.2 million) respectively. As a subsequent event on 6 August 2018 and 16 August 2018, the Company issued an additional corporate guarantee on a RM21 million 10-years-term-loan granted by the Bank to its steel tube subsidiary to partially finance its acquisition of a factory land and buildings from its ultimate holding company, as disclosed in Note 31(b) to the financial statements; and for its steel tube subsidiary's additional RM25 million trade lines facilities and additional RM50 million foreign exchange contracts facility respectively.

30 **LITIGATION, COMMITMENT AND CONTINGENCY**

(a) There are imminent plans to upgrade and supplement certain production lines at the cold rolled subsidiary which will incur capital expenditure commitment in the near term (See Note 12). At the end of the financial year, the Group's Cold Rolled subsidiary has an outstanding capital commitment of around USD0.2 million (RM0.8 million) for the motor replacement, while the upgrade of certain production line is still being finalised and has yet to be approved or contracted for. In addition to the motor replacement, there is another minor capital commitment of around RM0.4 million for upgrading an equipment. The Group's Steel Tube subsidiary has contracted for a Manufacturing Execution System for around RM2.0 million and the upgrading of several equipment for around RM1.3 million which would be delivered in the next financial year. Other than these, there are no material capital expenditures approved but not contracted for at the close of the current financial year.

(b) The Directors are not aware of any circumstances or developments giving rise to contingent liabilities or assets warranting disclosure.

(c) At the close of the current financial year, the steel tube subsidiary has future aggregate minimum lease payment obligations as detailed below with regards to non-cancellable operating leases on the rental of factories' land and building [with a combined area of 536,172 square feet (i) (2017: 826,571 square feet)] from its ultimate holding company:

30 LITIGATION, COMMITMENT AND CONTINGENCY (CONTINUED)

	2018 RM	2017 RM
No later than 1 year	3,698,860	5,464,800
Later than 1 year and no later than 5 years (ii)	6,317,410	15,483,600
Total	10,016,270	20,948,400

(i) During the current financial year, the steel tube subsidiary has entered into a conditional sale and purchase agreement to acquire one of the factory's land and building which it has been renting from its ultimate holding company for a purchase consideration of RM26 million (see Note 31). As at the close of the financial year-end, the acquisition has yet to be completed.

(ii) For financial year ended 2018, the future rental later than 1 year is for 22 months (2017: 34 months) based on exercised renewal.

(d) The Group is not engaged in any material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened against the Group or of any other facts likely to give rise to any proceedings which may materially and/or adversely affect the financial position and business of the Group.

31 SIGNIFICANT EVENTS AFTER REPORTING DATE

(a) Proposed Rights Issue with Warrants

The Company had on 23 August 2017 announced a proposed renounceable Rights Issue of 1-for-5 shares held with free detachable Warrants of 1-for-2 Rights Shares subscribed. The proposed fund raising exercise aims to raise a minimum of RM10.8 million and an indicative maximum of RM28.3 million to fund the steel businesses' capital expenditure program and working capital.

The shareholders of the Company have approved this corporate exercise in an Extraordinary General Meeting held on 20 April 2018. The Company has applied and obtained Bursa Securities' approval for an extension of time up to 31 January 2019 to implement the proposed rights issue with warrant. As at the date of issuance of this audited financial statements, the Company has yet to announce the price-fixing and book closure dates for the intended rights issue.

(b) Proposed Acquisition of Factory Leased Land and Building

The Company had on 20 November 2017 announced that its wholly owned steel tube subsidiary, Melewar Steel Tube Sdn Bhd, has entered into a conditional agreement ("Agreement") to acquire a factory leased land and buildings on Lot 53, Persiaran Selangor, Shah Alam from its immediate and ultimate holding company, Melewar Industrial Group Berhad, for a total cash consideration of RM26 million based on independent valuation.

On 6 August 2018, the steel tube subsidiary incepted a 10-years-term-loan of RM21 million (at cost-of-funds (CoF) + 2% p.a., where the CoF being a variable is currently indicated at 3.84%) from a bank to partly finance the above-mentioned acquisition with the remaining sum to be paid out from internal generated funds. The facility is secured against a corporate guarantee from the immediate holding company, Mycron Steel Berhad and a first-party open charge on the said property. The Agreement became unconditional on 18 July 2018, and the acquisition was duly completed on 30 August 2018 with the payment of the balance purchase price of RM23.4 million.

(c) Changes to Debenture

On 16 August 2018, one of the steel tube subsidiary's existing debenture holder extended an additional trade lines facility of RM25 million and a foreign exchange contracts facility of RM50 million. This resulted in the existing debenture being extended to cover the additional trade lines facility of RM25 million. Correspondingly, two other debenture holders with zero balances as at 30 June 2018 were discharged respectively on 21 August 2018 and 24 September 2018.

32 FINANCIAL INSTRUMENTS BY CATEGORY

	2018 Loans and receivables RM	2018 Fair value through profit or loss RM	2017 Loans and receivables RM	2017 Fair value through profit or loss RM
Group				
Financial assets per statement of financial position:				
Current assets:				
Derivative financial assets	-	3,341,051	-	142,073
Trade and other receivables (excluding prepayments and GST receivables)	118,220,676	-	102,478,307	-
Cash and cash equivalents	51,022,964	-	64,588,049	-
Amount owing by ultimate holding company	1,861,297	-	262,880	-
Amounts owing by related companies	1,887,416	-	4,859,971	-
Total financial assets	172,992,353	3,341,051	172,189,207	142,073

	2018 At amortised cost RM	2018 Fair value through profit or loss RM	2017 At amortised cost RM	2017 Fair value through profit or loss RM
Financial liabilities per statement of financial position:				
Current liabilities:				
Derivative financial liabilities	-	2,570	-	3,036,852
Trade and other payables (excluding prepayments)	184,812,750	-	178,049,310	-
Borrowings	90,735,555	-	78,609,835	-
Amount owing to ultimate holding company	-	-	4,000,000	-
Amounts owing to a related company	1,212,092	-	1,073,151	-
Non-current liabilities:				
Borrowings	1,635,860	-	4,298,277	-
Total financial liabilities	278,396,257	2,570	266,030,573	3,036,852

32 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	2018 RM	2017 RM
Company		
Financial assets per statement of financial position:		
Loans and receivables		
Current assets:		
Trade and other receivables (excluding prepayments and GST receivables)	13,481	5,000
Cash and cash equivalents	580,164	260,756
Amounts owing by subsidiaries	256,255	202,187
Total financial assets	849,900	467,943
Financial liabilities per statement of financial position:		
At amortised cost		
Current liabilities:		
Trade and other payables	565,722	309,140
Amount owing to ultimate holding company	-	4,000,000
Amounts owing to subsidiaries	5,500,000	7,500,000
Borrowings	40,869	40,869
	6,106,591	11,850,009
Non-current liabilities:		
Borrowings	153,177	194,045
Total financial liabilities	6,259,768	12,044,054

Address of Property	Lease expiry date	Brief description and existing use	Land/built-up area *	Approximate age of buildings (years) ^	Net book value (RM)
Lot 717, Jalan Sungai Rasau, Seksyen 16, 40200 Shah Alam, Selangor.	Freehold	Factory cum office building	763,758 sq.ft. (17.53 acres)	28	109,100,000

Note: The above property was revalued in June 2018.
* Based on surveyed land area.
^ From the date of Certificate of Fitness for Occupation.

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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 *Chairman of the meeting or

______________________ of ______________________ or failing him/her
(Name of proxy, NRIC No.) (Full Address)

______________________ of ______________________ as *my/our proxy
(Name of proxy, NRIC No.) (Full Address)

to vote for *me/us and on *my/our behalf at the **15th Annual General Meeting ("AGM")** of the Company to be held at the **Crystal Function Room, 4th Floor, Mutiara Complex, 3 ½ Miles, Jalan Ipoh, 51200 Kuala Lumpur on Thursday, 29 November 2018 at 10.00 a.m.** or at any adjournment thereof on the following resolutions referred to in the Notice of the 15th AGM. My/our proxy is to vote as indicated below:

		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
Resolution	**Ordinary Business**				
1	To approve the payment of Director's fee amounting to RM20,000.00 for En Azlan Bin Abdullah for the period from 11 August 2018 to 31 December 2018.				
2	To approve the payment of Directors' fees amounting to RM384,000.00 for the period from 1 January 2019 to 31 December 2019 to be payable quarterly in arrears to the Non-Executive Directors of the Company.				
3	To approve an amount of up to RM100,000.00 as benefits payable to the Non-Executive Directors of the Company for the period from 1 December 2018 until the conclusion of the AGM of the Company.				
	To re-elect the following Directors of the Company who are retiring in accordance with Article 113(1) of the Company's Articles of Association :-				
4	(i) Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah				
5	(ii) Shazal Yusuf bin Mohamed Zain				
6	(iii) Tunku Dato' Kamil Ikram bin Tunku Tan Sri Abdullah				
7	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.				
	Special Business				
8	To approve the Proposed Renewal of Share Buy-Back Authority.				
9	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.				
10	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.				

(Please indicate with a "✔" or "✗" in the spaces provided above on 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).

The proportion of my holdings to be represented by my *proxy/proxies are as follows:

	Number of Shares	Percentage
First proxy		%
Second proxy		%
Total		**100%**

Dated this ______________ day of ______________ 2018

____
Signature of Shareholder(s) / Common Seal

NOTES:

1. *Applicable to shares held through a nominee account.*
2. *A member entitled to attend, speak and vote at a meeting of the Company is entitled to appoint more than one (1) proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company.*
3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be presented by each proxy.*
4. *Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *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.*
6. *The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 11.05, 11th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *Any alteration in the form of proxy must be initialled.*
8. *Form of Proxy sent through facsimile transmission shall not be accepted.*
9. *For the purpose of determining a member who shall be entitled to attend this 15th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 79(a), 79(b) and 79(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 23 November 2018. Only a depositor whose name appears on the Record of Depositors as at 23 November 2018 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*
10. *Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of 15th AGM will be put to vote on a poll.*

* *Please strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he/she thinks fit).*

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STAMP

The Secretary
MYCRON STEEL BERHAD
Suite 11.05, 11th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur

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NOTICE
There will be no distribution of door gifts.

MYCRON STEEL BERHAD
(622819-D)

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