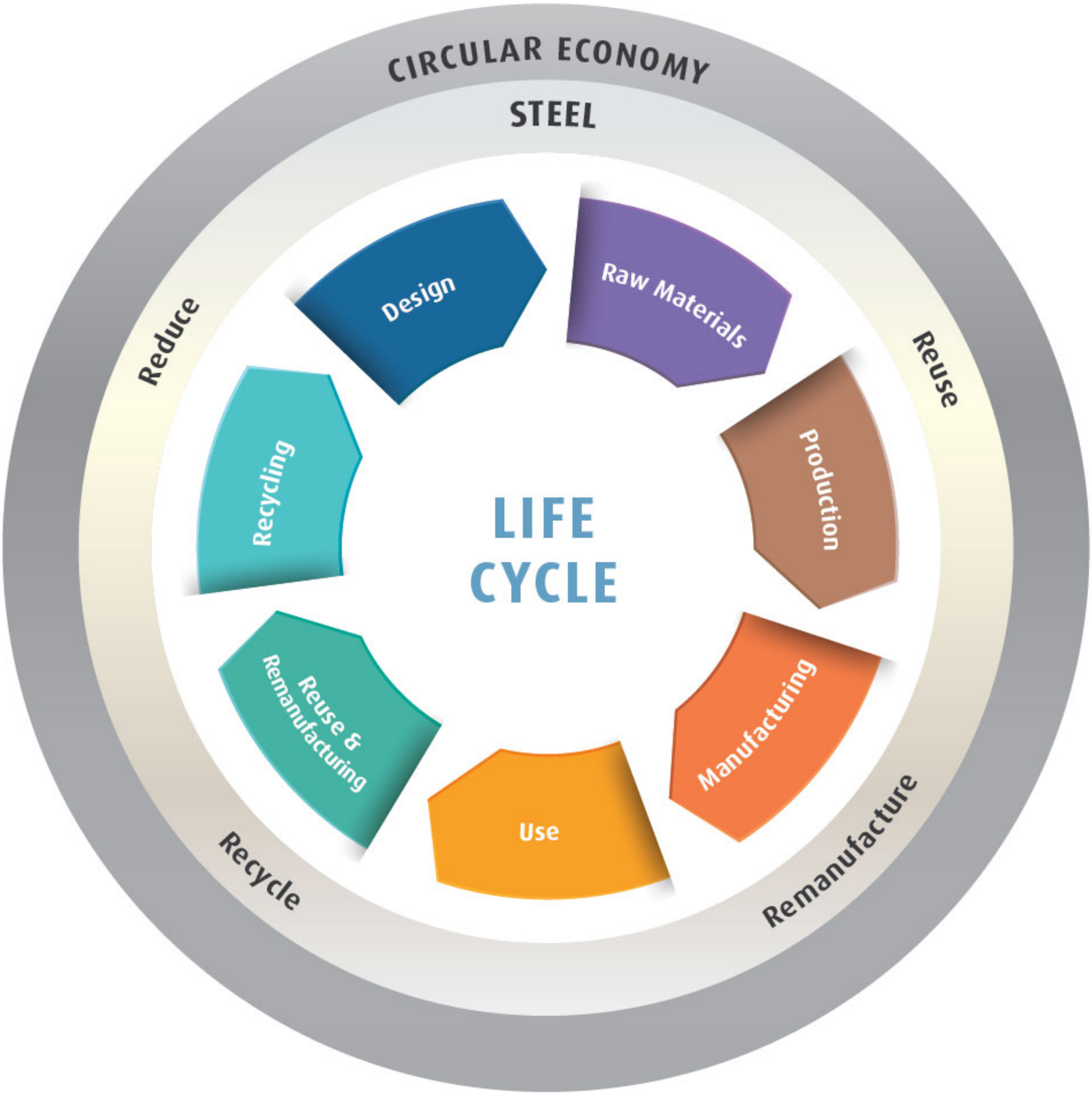
MYCRON STEEL BERHAD

Reg. No.: 200301020399 (622819-D)



TOWARDS A CIRCULAR ECONOMY

ANNUAL REPORT 2022

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Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of Mycron Steel Berhad and its group of Companies ("the Group" or "Mycron") for the financial year ended 30 June 2022 ("FY2022").

TUNKU DATO' YAACOB KHYRA
Executive Chairman

CHAIRMAN'S STATEMENT
(CONTINUED)

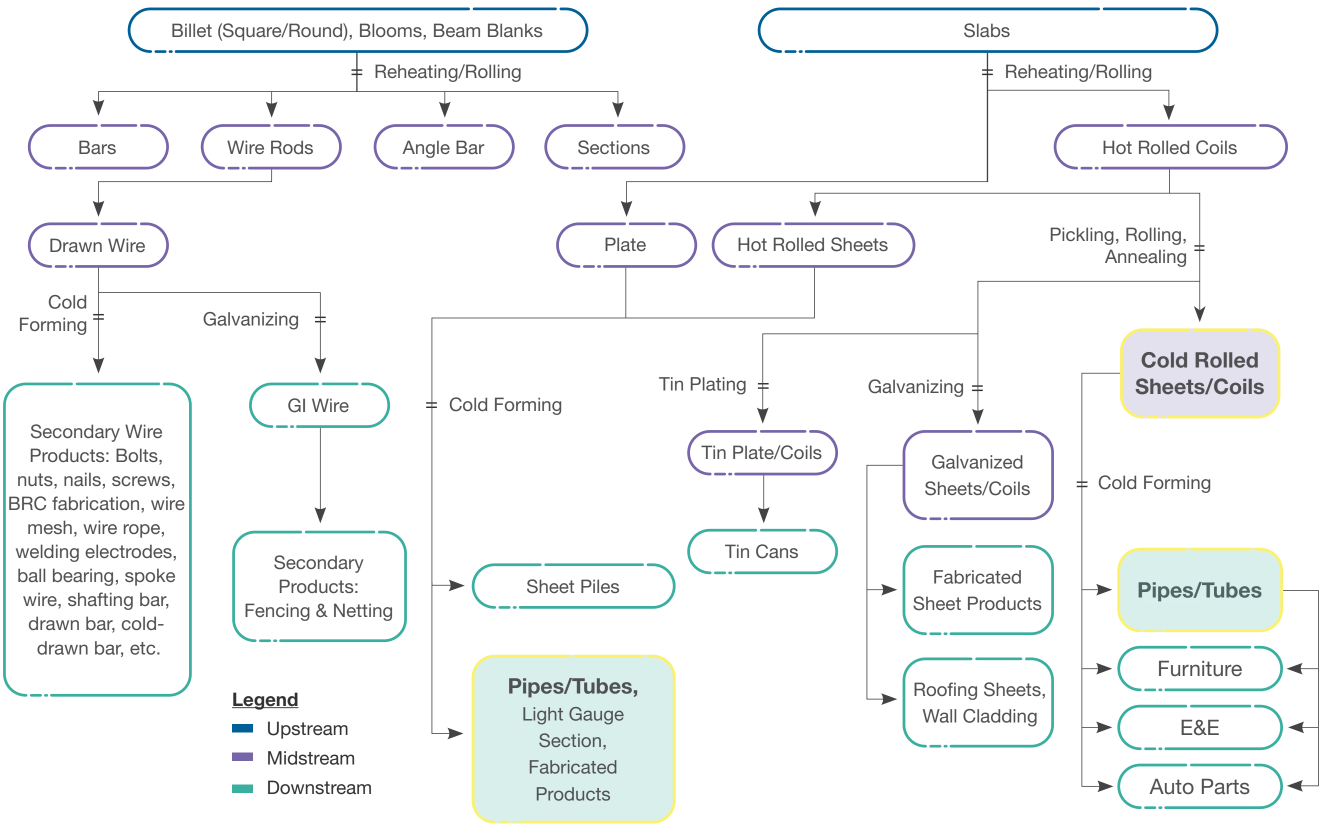
BUSINESS AND OPERATIONS

Mycron Steel Berhad encompasses the combined operations of two main subsidiaries, namely Mycron Steel CRC Sdn Bhd ("MCRC") and Melewar Steel Tube Sdn Bhd ("MST").

MCRC is involved in the mid-stream sector of the steel industry, converting Hot Rolled Coil ("HRC") steel sheets into thinner gauge Cold Rolled Coil ("CRC") steel sheets. MST is involved in the down-stream sector, in the manufacture of Steel Tubes and Pipes ("Steel Tube") which are made from HRC or CRC.

A smaller subsidiary, Silver Victory Sdn Bhd ("SV"), is involved in the trading of steel related products.

Exhibit 1: Malaysian Iron and Steel Industry Overview



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

FINANCIAL PERFORMANCE

The Group's performance for FY2022 has been strong, supported by the continuation of buoyant market conditions. For the financial year ended 30 June 2022, the Group generated revenue of RM746 million (FY2021: RM737 million), and net profit of RM52.7 million (FY2021: RM53.8 million), despite the higher COVID-19 shutdown cost in FY2022.

DIVIDEND

The Group's performance has been consistently strong for the past two fiscal years. Our improved financial position has enabled us to return value and reward our esteemed shareholders.

I take great pleasure in announcing that during the financial year, the Company declared a dividend of 3.0 sen per share.

CHAIRMAN'S STATEMENT
(CONTINUED)

ECONOMIC ENVIRONMENT

The COVID-19 pandemic has caused the largest economic shock the global economy has witnessed in decades. Governments and societies, including those of Malaysia, have been grappling between economic and public health priorities.

Historically, the steel industry has been highly cyclical. Economic conditions as well as fluctuations in global production capacities, have a significant impact on the industry, owing to the cyclical nature of the construction, machinery, equipment, transportation, and manufacturing industries, which are core consumers of steel products.

During its initial phase in 2020, the COVID-19 pandemic caused an unprecedented, sharp decline in economic activity and steel consumption. Malaysia was not spared, and the Group's performance in FY2020 was significantly impacted by the fallout.

The first half of 2021 was a race between the spread of new COVID-19 variants, and Malaysia's vaccination progress. From April 2021 onwards, the sharp resurgence of COVID-19 cases, hospitalisations, and deaths weighed heavily on Malaysia's healthcare system and economic recovery. Because of the rapidly increasing number of cases and hospitalisations, Malaysia's government imposed a full mandatory nationwide lockdown on 1 June 2021, which was extended through September 2021.

The impact of a long, hard national lockdown during June, July, August and sweeping into September 2021, had a significant negative effect on output, across major steel-consuming industries. Manufacturing activity declined sharply during this period.

Post the hard national lockdown, the rebound in manufacturing in Malaysia, was held back by a chronic labour shortage, and a lack of available shipping containers, due to global supply chain bottlenecks. Domestically, underlying steel demand was impacted by the fallout of the government's hard lockdown.

Global steel prices rose to historic highs in FY2021, owing to increased demand and a slower increase in supply. In FY2022, however, the opposite occurred.

The global economic recovery lost momentum during the second half of 2021 and became increasingly imbalanced. Advanced economies rebounded faster due to vaccine availability supported by strong fiscal stimulus. This led to stronger demand for goods. Meanwhile, developing economies risked falling behind because of low vaccination rates and demand had yet to fully recover.

China Factor

Steel demand dynamics in China significantly affect the global steel industry. Despite a rise in steel demand in China in 2020, policy support was eliminated in 2021 and in the second half of 2022, steel demand weakened precipitously.

In China, COVID Zero Tolerance preventive measures remained in place to curb the spread of the virus. These included hard localised lockdowns, mass testing, and strict isolation protocols, such as the two-month Shanghai lockdown.

Zero Tolerance Lockdowns and closures, which have affected several Chinese provinces, continue to have an effect on the Chinese economy.

Real estate accounts for about a quarter of China's GDP. In 2022, regulations to rein in on real estate speculation, tightened financial conditions for developers alongside declining sales, contributed to large-scale developers defaulting on their debts. Weakness in this sector, as well as a decline in residential investment, have had a significant impact on Chinese steel exports to foreign markets, sending Global Steel Prices into a downward spiral.

2022

A series of economic shocks continue to afflict the global economy. Following the COVID-19 pandemic in 2020 which led to supply chain constraints and disruption caused by lockdowns, the world is now experiencing yet another major negative shock, as a result of the Russia-Ukraine war, in early 2022.

The negative effects of the war, have exacerbated existing pandemic strains, and have caused significant increases in commodity prices. Hot Rolled steel prices increased in March and April 2022, driven by the effects of the Russia-Ukraine war, but the trend reversed in May 2022, due to uncertainty caused by the war, China's Hard Lockdown on Shanghai, and elevated inflation levels.

The war in Ukraine has led to significantly higher energy prices. As a result of widespread sanctions against Russia, the price of Crude Oil and Natural Gas rose sharply during the first half of 2022.

Elevated energy costs and high inflation pose a downside risk to the Global Economy and to steel demand. During 2022, steel demand started to stagnate and steel supply continued to increase. As a result, steel prices declined faster than raw material costs, causing spread compression and lower profitability, as lower-priced steel orders were delivered.

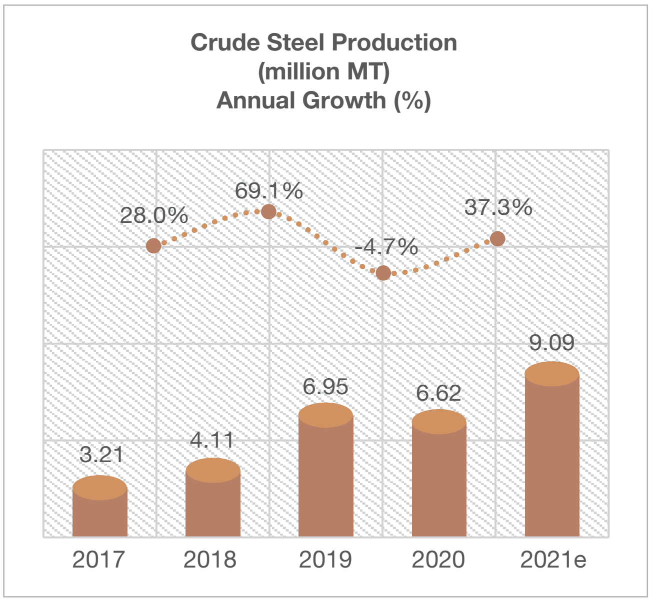
MALAYSIAN IRON AND STEEL INDUSTRY PERFORMANCE

The nation's steel consumption was impacted significantly due to the COVID-19 pandemic. In 2020, Malaysia's Apparent Steel Consumption (ASC) declined to 6.81 million tonnes. This was the single largest decrease in the past five years. In 2021, ASC rebounded slightly to 7.03 million tonnes.

The decrease was primarily due to slowdown in the domestic economy as prolonged movement control orders, and strict operating conditions meant that domestic consumption trickled down to a bare minimum.

Nevertheless, the industry managed to somewhat compensate for the loss thanks to its channels to markets abroad, which it has managed to successfully keep open despite the pandemic.

Exhibit 2: Apparent Steel Consumption and Crude Steel Production Malaysia, 2017-2021e



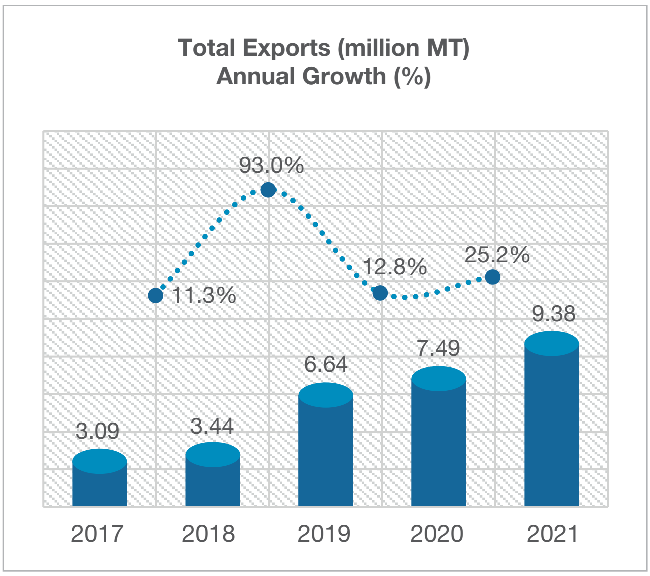
(Source: 14th Report on Status and Outlook of the Malaysian Iron and Steel Industry 2022/2023 - MISIF)

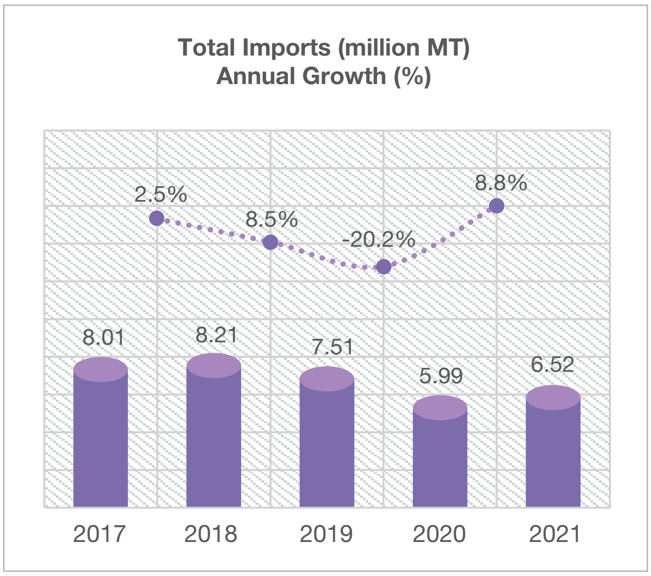
CHAIRMAN'S STATEMENT
(CONTINUED)

Total iron and steel exports increased an additional 12.8% from the previous high of 6.64 million tonnes in 2019 to 7.49 million tonnes in 2020. In 2021, exports grew further to 9.38 million tonnes.

On the other hand, total iron and steel imports continued to downtrend in 2020, declining 20.2% from 7.51 million tonnes in 2019 to 5.99 million tonnes. In 2021, imports increased slightly to 6.52 million tonnes.

Exhibit 3: Total Iron & Steel Exports and Total Iron & Steel Imports, Malaysia, 2017-2021.

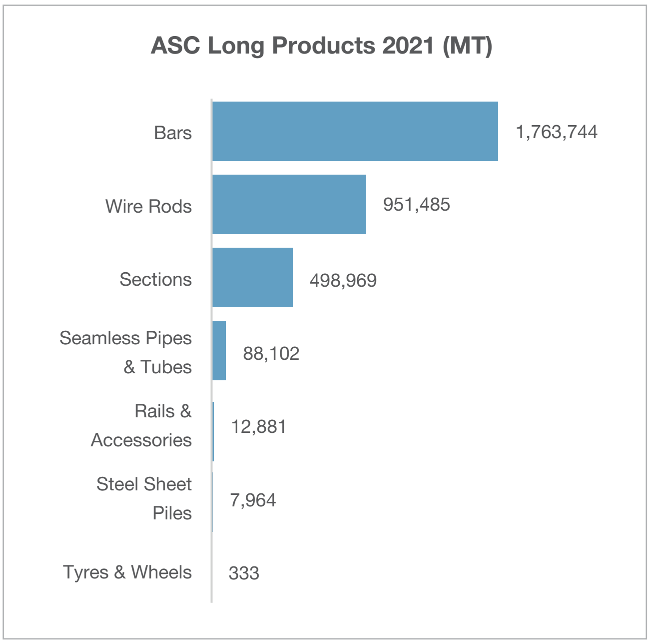


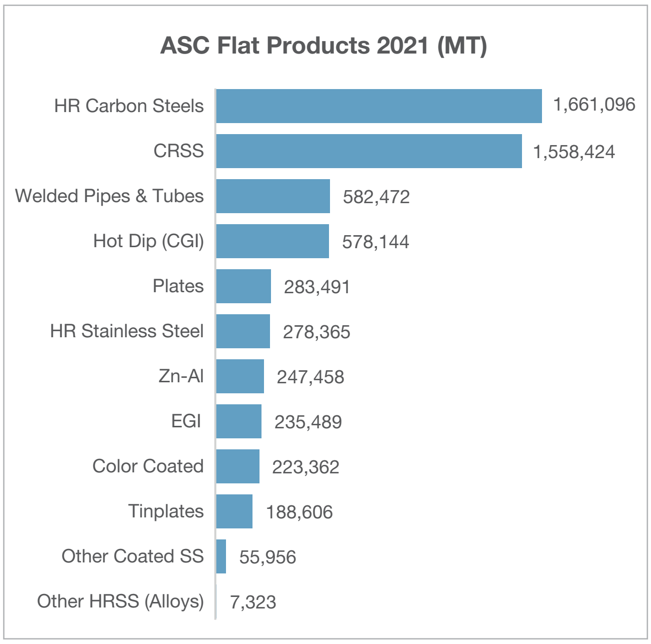


(Source: 14th Report on Status and Outlook of the Malaysian Iron and Steel Industry 2022/2023 - MISIF)

In 2021, Malaysia's Apparent Steel Consumption (ASC) percentage share of flat products exceeded long products for the first time in five years (64.0% to 36.0%). In 2020, the percentage share of long and flat products was approximately equal (50.2% to 49.8%). Malaysia consumed 3.32 million tonnes of long finished steel products and 5.90 million tonnes of flat finished steel products in 2021.

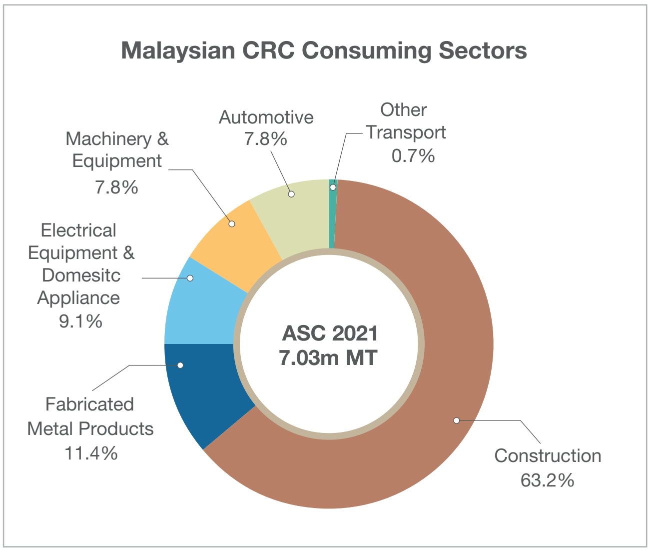
Exhibit 4: Apparent Steel Consumption by Long and Flat Steel Products, Malaysia

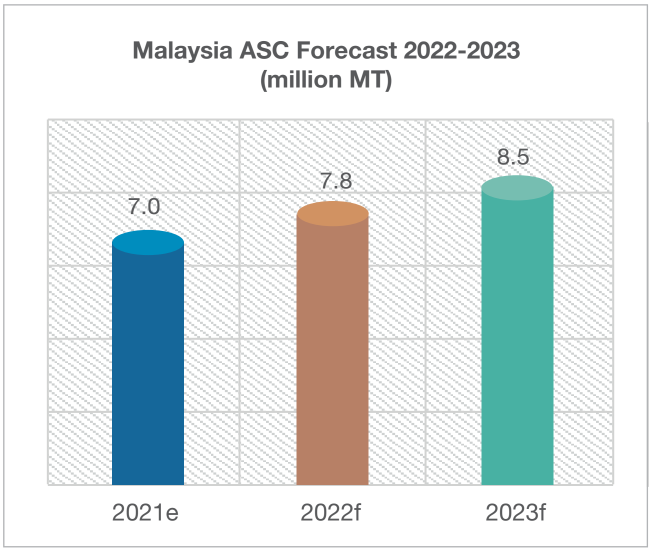




(Source: 14th Report on Status and Outlook of the Malaysian Iron and Steel Industry 2022/2023 - MISIF)

Exhibit 5: Apparent Steel Consumption 2021 by Sectors and Malaysia ASC Forecast 2022-2023





(Source: 14th Report on Status and Outlook of the Malaysian Iron and Steel Industry 2022/2023 - MISIF)

The Malaysian Iron and Steel Industry Policy for 2021-2030

In 2019, the Malaysian Iron and Steel Industry submitted a White Paper to the Ministry of International Trade and Industry.

It was a culmination of efforts by the industry, for the industry. The objectives of the White Paper were:

- To provide policy recommendations for a stronger, more resilient, and advanced Malaysian and Iron Steel Industry.
- To advance towards a self-sufficient and sustainable nation-building future.
- To regain regional steel leadership within Southeast Asia.

Malaysia Industry Government Group for High Technology's (MIGHT) Foresight Study on the Iron and Steel Industry in 2022 carries on the objectives of the White Paper for the formulation of iron and steel policies for Malaysia in the following decade.

CRC OPERATIONS REVIEW

For FY2022, the CRC division's sales revenue decreased marginally by 0.6% to RM496.6 million and sales tonnage reduced by 33.1% to 121,023 tonnes. The CRC division registered a Profit Before Tax (PBT) of RM37.13 million for FY2022 even though sales tonnage decreased due to higher spreads achieved during the financial year.

Exhibit 6: CRC Division Performance by Quarter

Mycron CRC Operations	FY2022					FY2021
Financial Year ended 30 June	Q1	Q2	Q3	Q4	Total	Total
Sales Revenue (RM mil)	105.2	190.6	109.0	91.8	496.6	499.8
Sales Tonnage* (tonnes)	25,638	45,760	27,516	22,109	121,023	180,792
Production Tonnage (tonnes)	25,966	47,236	24,427	23,141	120,770	181,784
Profit/(Loss) Before Tax (RM mil)	4.92	20.05	15.77	(3.61)	37.13	40.62

** Inclusive of tolling tonnage*

CHAIRMAN'S STATEMENT
(CONTINUED)

During the first financial quarter (Q1), sales revenue of RM105.2 million was 1.8% higher than the previous quarter, while sales tonnage of 25,638 tonnes was 15.6% lower than the previous quarter. The lower sales tonnage was attributed to the nationwide mandatory lockdown, which limited the Q1 operations to only one and half months. Despite the other one and a half irrecoverable months of operations, high selling prices and margin spreads buoyed a profitable quarter, and the CRC division registered a PBT of RM4.92 million.

For the second financial quarter (Q2), revenue increased significantly by 81.2% to RM190.6 million and sales tonnage increased in tandem by 78.5% to 45,760 tonnes. The robust improvement was contributed by full resumption of the economy and manufacturing sector, coupled with a healthy order book carried forward. These collectively contributed to a PBT of RM20.05 million for the quarter.

For the third financial quarter (Q3), revenue declined by 42.8% to RM109.0 million and sales tonnage decreased by 39.9% to 27,516 tonnes. The decline was due to weak domestic demand where factors such as labour shortage, resurgence of domestic COVID-19 infections, and exorbitant freight and export costs placed significant downward pressure on steel consumption. However, the low sales tonnage was counterpoised by high spreads, resulting in a PBT of RM15.77 million for the quarter.

For the fourth financial quarter (Q4), sales revenue declined by 15.8% to RM91.8 million. Sales tonnage decreased by 19.7% to 22,109 tonnes. The decline was attributed to weakened domestic demand due to significant dip in steel prices, resulting primarily from Russia's supply surplus, as well as waning demand from China due to COVID-19 outbreaks. The CRC division maintained its margins at a healthy level, and the quarter would have remained profitable, if not for inventory impairment provisions, resulting from the steep steel price drop.

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

Conversely, 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 Galvanised CRC (usually for the manufacture of roof sheet), in the production of Electrical Appliances mostly comprising of white goods such as washing machines, refrigerators, microwaves ovens and rice cookers, and also in the production of components and parts for the automotive industry.

Historically, all HRC and CRC Steel Manufacturers in Malaysia were Malaysian owned. However, the mills have been either shutdown or taken over by foreign-owned steel mills.

Mycron is one of the few fully operational Malaysian-owned and managed flat steel mills in the nation. As a forerunner in the industry, Mycron is proud to be part of the nation's journey and goal in achieving a fully developed nation status. Thankfully, the government is gradually recognising the contribution of the Malaysian Steel Industry and is working towards safeguarding local steel mills such as Mycron against unfair trade. To play its part in this measure, Mycron continues to engage with the Government to push for immediate actions to protect and ensure the sustainability of the steel industry.

CHAIRMAN'S STATEMENT
(CONTINUED)

Exhibit 7: CRC Industry Statistics by Calendar Year

CRC Industry Statistics	Total Capacity (t/y)	CRC Production (t/y)				2021 CRC Capacity	
		2018	2019	2020	2021	Utilised (%)	Unutilised (t/y)
CSC Steel Holdings Bhd	480,000	325,000	347,700	325,000	344,000	71.7%	136,000
Mycron Steel Bhd	260,000	180,210	164,835	150,633	165,032	63.5%	94,968
Other Steel Mills	320,000	84,000	32,500	32,400	39,000	12.1%	281,000
Sub-Total	**1,060,000**	**589,210**	**545,035**	**508,033**	**548,032**	**51.7%**	**511,968**
Megasteel Sdn Bhd	1,450,000	-	-	-	-	-	1,450,000
Total	**2,510,000**	**589,210**	**545,035**	**508,033**	**548,032**	**21.8%**	**1,961,968**
Capacity Utilisation							
Excluding Megasteel		55.6%	51.4%	47.9%	51.7%		
Including Megasteel		23.5%	21.7%	20.2%	21.8%		

** Data represented above are approximate and sourced from respective CRC mills and published reports.*

Exhibit 7 provides details of utilisation rates and total capacity for the domestic CRC industry. Despite the increase of domestic CRC production by 7.9%, from 508,033 tonnes in 2020 to 548,032 tonnes in 2021, Malaysia's domestic CRC producers continue to face substantial under-utilisation of production capacity at 51.7% in 2021. The aforementioned scenario was influenced by both government-imposed lockdowns and extensive CRC imports in the year 2021.

Exhibit 8: Flat Steel Imports by Calendar Year – 5 Years

Flat Steel Imports		tonnes/year					2021
Class	Description	2017	2018	2019	2020	2021	Change
511	Cold Rolled Coil (CRC) Sheets & Strips	876,484	847,768	817,674	587,252	718,829	22.41%
513	Others Cold Rolled Sheet & Strips (e.g. Alloy)	199,114	208,498	111,004	36,996	116,663	215.34%
		1,075,598	**1,056,266**	**928,678**	**624,248**	**835,492**	**33.84%**
	y-o-y change		-1.80%	-12.08%	-32.78%	33.84%	
	CRC Related Products						
520	Cold-Rolled Electrical Sheets	115,606	202,547	80,630	65,497	80,425	22.79%
611	Galvanized (Hot Dipped) Zinc Sheets	306,761	354,490	341,780	346,330	414,899	19.80%
612	Electro-Galvanized Iron (EGI) Sheets	52,124	51,206	51,655	74,213	140,327	89.09%
620	Tin Plated CRC Sheets	84,582	89,753	95,130	96,847	77,659	-19.81%
692	Colour Coated CRC Sheets	19,897	35,939	56,345	57,424	81,064	41.17%
693	Other Metallic Coated CRC Sheets	50,526	48,035	58,300	60,990	65,272	7.02%
		629,496	**781,970**	**683,840**	**701,301**	**859,646**	**22.58%**
Total CRC & CRC Related Products		**1,705,094**	**1,838,236**	**1,612,518**	**1,325,549**	**1,695,138**	**27.88%**
512	CR Stainless Steel Sheets	93,695	99,048	141,448	113,132	89,261	-21.10%
	HRC & Related Products						
481	Hot Rolled Coil (Carbon Steel)	1,683,438	1,691,683	1,994,303	1,608,005	1,673,949	4.10%
470	Plates	370,660	478,951	438,942	405,330	301,316	-25.66%
720	Welded Pipes & Tubes	551,514	313,037	140,409	112,141	162,175	44.62%
		2,605,612	**2,483,671**	**2,573,654**	**2,125,476**	**2,137,440**	**0.56%**
Total CRC, Related Products & HRC		**4,404,401**	**4,420,955**	**4,327,620**	**3,564,157**	**3,921,839**	**10.04%**
	y-o-y change		0.38%	-2.11%	-17.64%	10.04%	

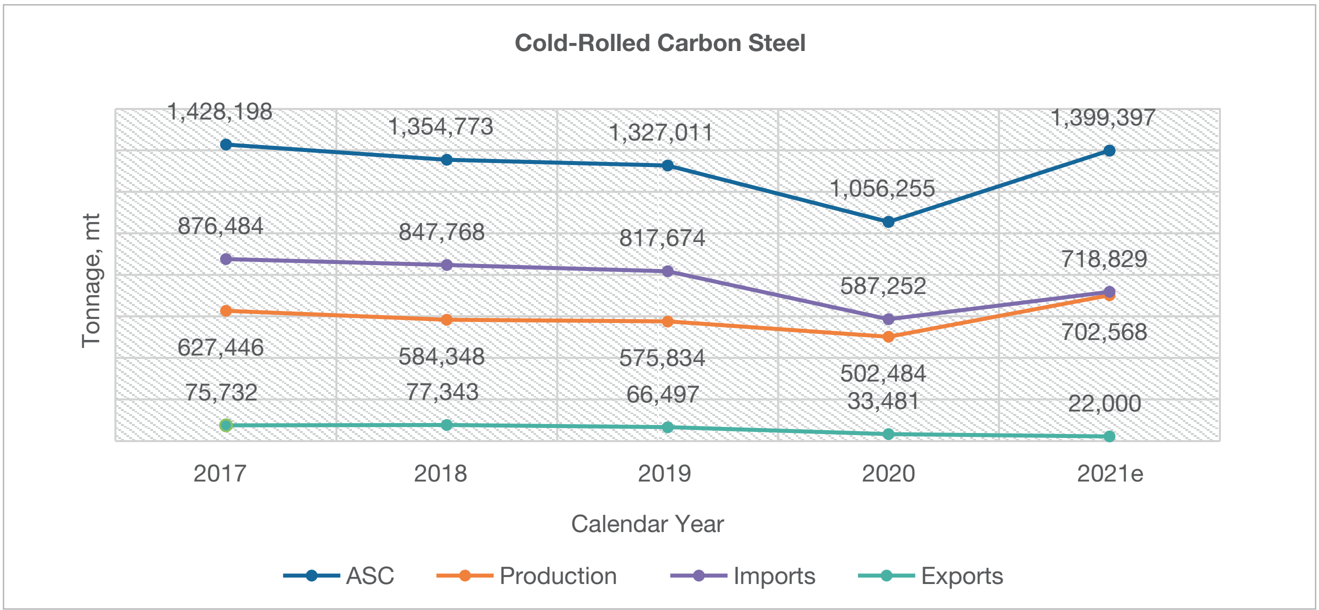
(Source: Malaysian Iron and Steel Industry Federation)

CHAIRMAN'S STATEMENT
(CONTINUED)

Exhibit 8 shows a summary of flat steel imports into Malaysia. Imports of CRC sheets and strips are 835,492 tonnes, while the combined imports of CRC and CRC Related Products are 1,695,138 tonnes. Fear of a supply shortage and subsequent price increase led to material hoarding in the first half of 2021. However, there was a surplus of material in the Asian region during the second half of the year, which resulted in material dumping into Malaysia.

To ensure a level playing field for domestic CRC producers, Mycron continues to lead the CRC industry in efforts to address dumped and subsidised steel imports that injure the domestic industry and the welfare of its workers and investors. Mycron will continue to engage relevant government ministries, agencies, and industry associations, to address the impact of unscrupulous imports on the domestic steel industry, and to emphasise the importance of protecting the domestic steel industry.

Exhibit 9: Cold-Rolled Carbon Steel Trend



(Source: 14th Report on Status and Outlook of the Malaysian Iron and Steel Industry 2022/2023 - MISIF)

Exhibit 9 depicts the cold-rolled carbon steel trend from 2017 to 2021. The ASC (Apparent Steel Consumption) of cold-rolled carbon steel increased by 32.5% from 1.06 million tonnes in 2020 to 1.40 million tonnes in 2021. Production and imports both increased by 39.8% and 22.4% respectively, while exports fell by 34.3%. The improved market recovery following the lockdown contributed to the normalisation of domestic consumption.

STEEL TUBE OPERATIONS REVIEW

Exhibit 10: Steel Tube Division Performance by Quarter

Melewar Steel Tube Operations	FY2022					FY2021
Financial Year ended 30 June	**Q1**	**Q2**	**Q3**	**Q4**	**Total**	**Total**
Sales Revenue (RM mil)	51.6	77.0	76.3	89.7	294.6	272.9
Sales Tonnage* (tonnes)	12,472	17,566	16,963	18,980	65,981	86,426
Production Tonnage (tonnes)	12,516	17,391	12,820	16,768	59,495	73,757
Profit Before Tax (RM mil)	5.36	9.87	6.01	5.86	27.10	29.36

** Inclusive of tolling tonnage*

For FY2022, the Steel Tube division's sales revenue rose by 8.0% to RM294.6 million. However, sales tonnage reduced by 23.7% to 65,981 tonnes. The Steel Tube division registered a Profit Before Tax (PBT) of RM27.1 million for FY2022 even though sales tonnage had dropped due to higher spreads achieved during the financial year.

CHAIRMAN'S STATEMENT
(CONTINUED)

For the first financial quarter (Q1), sales revenue was RM51.6 million. Sales tonnage of 12,472 tonnes was 20.5% lower than the preceding quarter (Q4, FY2021). Deliveries were affected by the FMCO and EMCO lockdowns during the quarter. The steel tube division remained profitable with a PBT of RM5.36 million for the quarter.

For the second financial quarter (Q2), total sales revenue improved by 49.2% to RM77.0 million. Sales tonnage similarly rose by 40.8% due to recovery in domestic demand of steel pipes and tubes after the lifting of Malaysia's COVID-19 lockdown. PBT for the quarter increased to RM9.87 million.

For the third financial quarter (Q3), total sales revenue was RM76.3 million. Sales tonnage for the quarter was flat at 16,963 tonnes. PBT of RM6.01 million for the quarter was 39.4% lower due to reduced spreads and steel industry shutdown due to seasonal Chinese New Year holidays.

The fourth financial quarter saw sales revenue rise by 17.6% to RM89.7 million. Similarly, sales tonnage increased by 11.9% to 18,980 tonnes. The Steel Tube division registered a PBT of RM5.86 million for the quarter due to improved sales deliveries and steel spreads, as the Russian-Ukraine war had caused steel prices to spike.

DOMESTIC FLAT STEEL INDUSTRY SUMMARY

In 2021, Malaysia's overall flat steel consumption increased to 5.37 million tonnes from 4.92 million tonnes in the previous year, an increase of 9.17%. Exhibit 11 provides a breakdown of the domestic flat steel consumption for the past five years.

Exhibit 11: Domestic Flat Steel Consumption by Calendar Year – 5 years

Flat Steel Consumption		tonnes/year					2021
Class	**Description**	**2017**	**2018**	**2019**	**2020**	**2021**	**Change**
511 & 513	**Cold Rolled Coil (CRC) Sheets & Strips**	1,527,122	1,565,569	1,405,757	1,097,217	1,512,892	37.88%
	CRC Related Products						
520	Cold-Rolled Electrical Sheets	107,860	185,141	61,951	18,630	N/A	N/A
611	Galvanized (Hot Dipped) Zinc Sheets	722,918	713,450	725,129	637,870	578,144	-9.36%
612	Electro-Galvanized Iron (EGI) Sheets	247,718	222,307	217,052	175,182	235,488	34.42%
620	Tin Plated Sheets	199,452	204,833	188,367	178,429	188,606	5.70%
692	Colour Coated Sheets	179,488	199,745	223,597	208,463	223,362	7.15%
693	Other Metallic Coated Sheets	42,354	46,809	53,208	54,203	55,956	3.23%
		1,499,790	**1,572,285**	**1,469,304**	**1,272,777**	**1,281,556**	**0.69%**
Total CRC & CRC Related Products		**3,026,912**	**3,137,854**	**2,875,061**	**2,369,994**	**2,794,448**	**17.91%**
512	CR Stainless Steel Sheets	236,848	100,894	180,560	20,387	45,532	123.34%
	HRC & Related Products						
481	Hot Rolled Coil (HRC) Sheets	1,672,554	1,682,421	1,986,448	1,599,039	1,661,097	3.88%
470	Plates	490,628	602,020	528,311	466,436	283,491	-39.22%
720	Welded Pipes & Tubes	969,214	935,225	730,250	460,523	582,472	26.48%
		3,132,396	**3,219,666**	**3,245,009**	**2,525,998**	**2,527,060**	**0.04%**
Total Domestic Flat Steel		**6,396,156**	**6,458,414**	**6,300,630**	**4,916,379**	**5,367,040**	**9.17%**
y-o-y change			0.97%	-2.44%	-21.97%	9.17%	

(Source: Malaysian Iron and Steel Industry Federation)

The domestic consumption of HRC increased by 3.88% to 1.66 million tonnes. The consumption of Welded Pipes & Tubes on the other hand, increased by 26.48% to 0.58 million tonnes. On the CRC front, domestic consumption increased by 37.88% to 1.51 million tonnes from the previous year of 1.10 million tonnes.

CHAIRMAN'S STATEMENT
(CONTINUED)

Exhibit 12: Overall Movement of Flat Steel in Malaysia by Calendar Year

Malaysian Flat Steel 2021		Production	Import	Export	Net Domestic Consumption		
Class	Description	(t/y)	(t/y)	(t/y)	2021 (t/y)	2020 (t/y)	Change
511 & 513	**Cold Rolled Coil (CRC) Sheets & Strips**	702,568	835,492	25,168	1,512,892	1,097,217	37.88%
	CRC Related Products						
520	Cold-Rolled Electrical Sheets	N/A	80,425	92,009	N/A	18,630	N/A
611	Galvanized (Hot Dipped) Zinc Sheets	178,741	414,899	15,496	578,144	637,870	-9.36%
612	Electro-Galvanized Iron (EGI) Sheets	130,000	140,327	34,839	235,488	175,182	34.42%
620	Tin Plated Sheets	137,368	77,659	26,421	188,606	178,429	5.70%
692	Colour Coated Sheets	163,887	81,064	21,589	223,362	208,463	7.15%
693	Other Metallic Coated Sheets	-	65,272	9,316	55,956	54,203	3.23%
		609,996	**859,646**	**199,670**	**1,281,556**	**1,272,777**	**0.69%**
Total CRC & CRC Related Products		**1,312,564**	**1,695,138**	**224,838**	**2,794,448**	**2,369,994**	**17.91%**
512	CR Stainless Steel Sheets	135,000	89,261	178,729	45,532	20,387	123.34%
	HRC & Related Products						
481	Hot Rolled Coil (HRC) Sheets	-	1,673,949	12,852	1,661,097	1,599,039	3.88%
470	Plates	138,000	301,316	155,825	283,491	466,436	-39.22%
720	Welded Pipes & Tubes	619,728	162,175	199,431	582,472	460,523	26.48%
		757,728	**2,137,440**	**368,108**	**2,527,060**	**2,525,998**	**0.04%**
Total CRC, Related Products & HRC		**2,205,292**	**3,921,839**	**771,675**	**5,367,040**	**4,916,379**	**9.17%**

(Source: Malaysian Iron and Steel Industry Federation)

Exhibit 12 provides a summary of the overall movement of flat steel in Malaysia for the calendar year 2021. In general, the flat steel industry performed moderately, with domestic consumption increased by 9.2% to 5.37 million tonnes, compared to 4.92 million tonnes in the previous year.

It is noted that for CRC, of the 1.51 million tonnes consumed in 2021, 0.84 million tonnes were imported CRC compared to only 0.70 million tonnes which was manufactured in Malaysia. CRC Related Products increased slightly by 0.69% to 1.28 million tonnes. Although this seems to be an indication of improvement, Malaysian CRC manufacturers continue to operate at only half capacity utilisation. There is enormous opportunity for domestic CRC producers to supply the demand for domestic consumption, and should be given priority.

GLOBAL AND DOMESTIC FLAT STEEL REVIEW

The global and domestic steel industries proved extremely challenging throughout the financial year under review, ascribed to sluggish global economic recovery following lockdowns, drastic steel consumption reduction in China, and ensuing consequences of the Russia-Ukraine war.

The third wave of COVID-19, which occurred from July 2021 to August 2021, halted economic activity in Asian countries and had a significant impact on key steel-consuming industries such as automotive, manufacturing, and construction. Steel prices have fallen in lockstep with demand, and HRC prices have fallen below the USD1,000-USD1,150+ high.

When the lockdown measures were lifted in September 2021, the domestic economy's resumption was constrained by the national COVID-19 inoculation rate. Steel demand failed to gain traction globally as the automotive industry was hit hard by chronic chip shortages, which were exacerbated by China's property crackdown. By January 2022, the price of HRC had fallen to USD760 per tonne.

Demand and steel prices rebounded in February 2022, supported by production cuts during the Chinese New Year festive holiday, as well as strong positioning of key steel-making raw materials. Shortly thereafter, the onset of the Russia-Ukraine war resulted in an abrupt deprivation of steel supply to the Europe region, and knee-jerk reactions caused steel prices to skyrocket to USD1,000 per tonne by April 2022.

China, the world's largest steel consumer, imposed strict lockdowns in April 2022 in lieu of their Zero-COVID Policy, affecting the vast majority of its economic powerhouse. Globally, inflationary pressures and rate hikes have negatively impaired spending ability. Simultaneously, Russia, which was under economic sanctions, depleted large inventories of steel in the Asian region. Steel prices fell as a result of a combination of weak demand and a supply surplus.

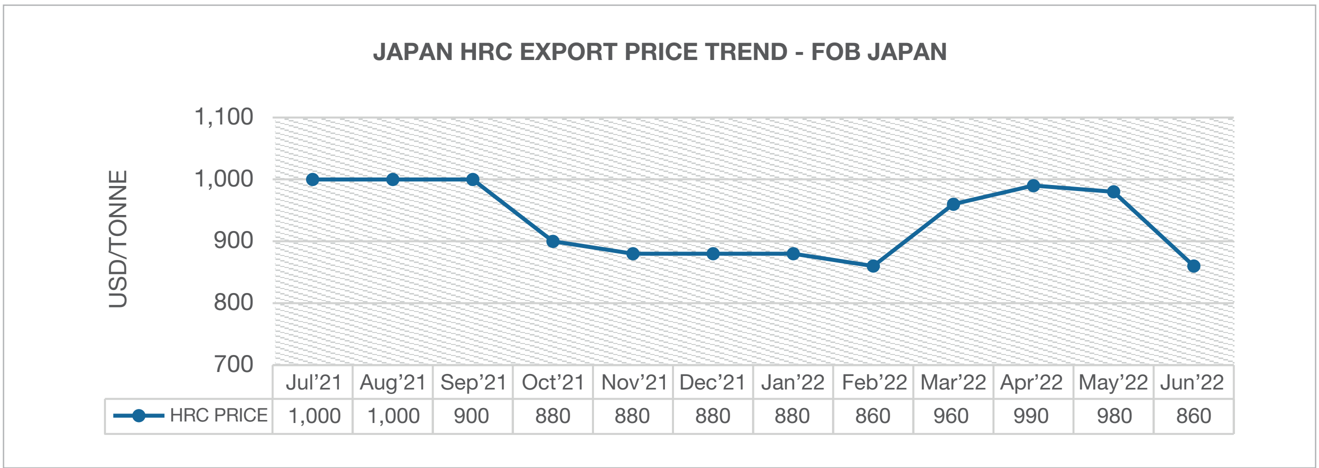
Overall, both global and domestic steel demand remained relatively muted throughout the past year. However, with global post-pandemic recovery and supply chain easing, demand is expected to gradually resume. Steel prices are expected to correct towards a new low, supported by the new price positions of key commodity items.

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.

Throughout FY2022, HRC price has been volatile due to recurring lockdowns, slow economic recovery post COVID-19 lockdowns, supply chain disruption and the Russia-Ukraine war, China's Zero-COVID Policy lockdowns, rising inflationary pressures, and interest rate hikes.

Exhibit 13: Japan HRC Export Price Trend (USD) – FY2022

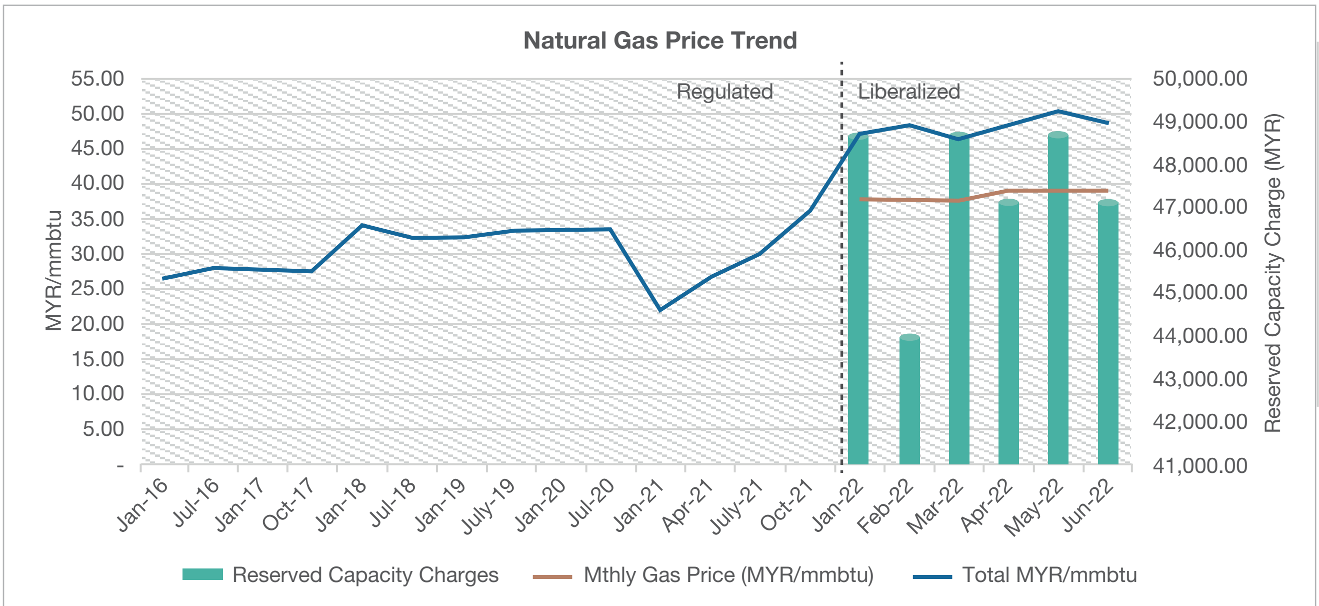


(Source: Fastmarket Metal Bulletin)

ELECTRICITY AND NATURAL GAS SUPPLY

Apart from HRC, which is the core raw material used in the production of CRC and steel tubes, the industry consumes a considerable amount of electricity for its rolling plants and natural gas for the annealing process and steam generation. Domestic CRC producers have experienced significant price increases in these two inputs over the last decade, contributing to significant margin squeeze.

Exhibit 14: Natural Gas Price Trend (MYR/mmbtu)



CHAIRMAN'S STATEMENT
(CONTINUED)

The total payable amount for gas has increased significantly since liberalisation. One of the reasons for the increase is the rise of Liquefied Natural Gas (LNG) export average price, which is used by the Department of Statistics Malaysia (DOSM) to determine the Malaysia Reference Price (MRP) on a quarterly basis. The MRP rose from MYR33.97/mmbtu in January 2022 to MYR35.25/mmbtu in April 2022, and then to MYR40.17/mmbtu in the month of July 2022.

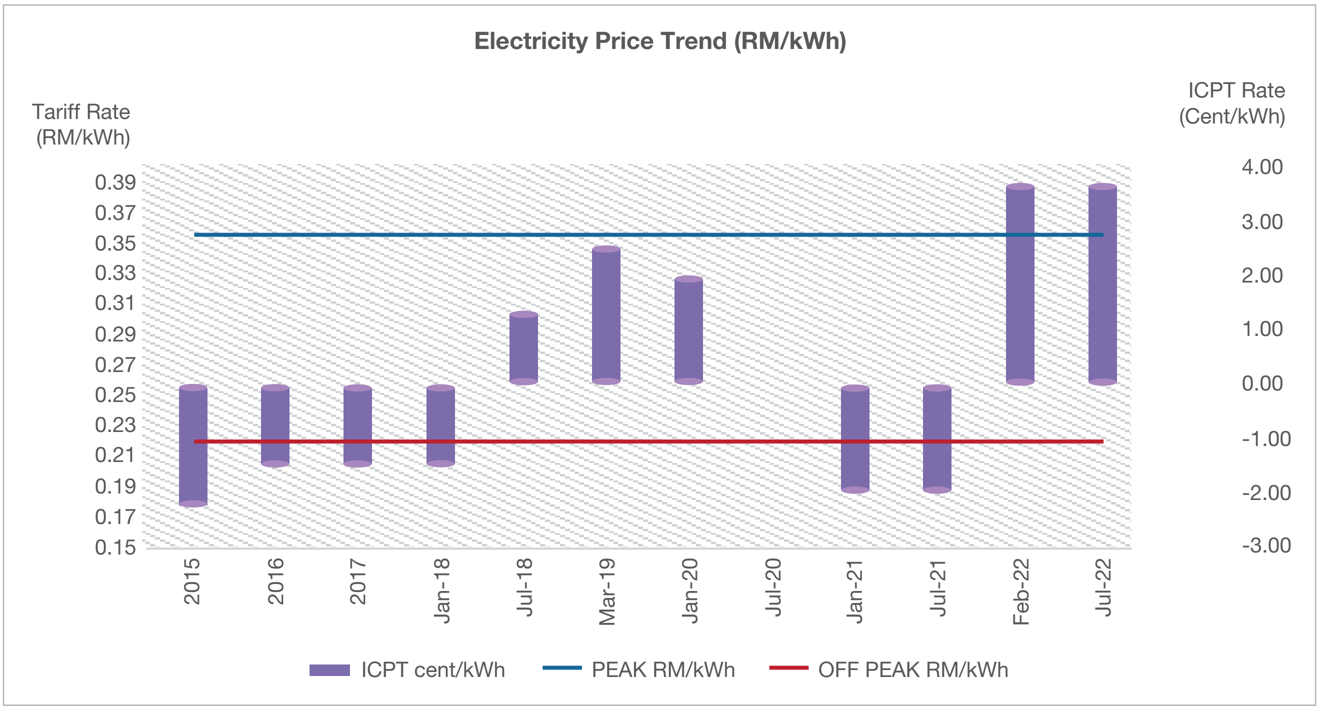
The negotiated parameter between MCRC and Gas Malaysia Energy and Services (GMES), namely beta, which is fixed throughout the contract period, is another factor determining the gas usage. Besides that, one of the major contributing factors in determining the natural gas pricing formula is the transportation tariff established by transporters.

Apart from MRP, a fixed monthly charged capacity based on the contracted reserved capacity quantity submitted against the distribution tariff is now in place. In a way, there is a fixed distribution cost levied on consumers' original committed volume, and any underutilised capacity is penalised by the fixed charge.

Although there are no longer excess gas charges and take-or-pay charges in place following liberalisation, the capacity charge has essentially substituted the take-or-pay charges, making it an obligation to pay without giving consumers the option to reduce the reserved capacity quantity once contracted. Furthermore, there will be capacity overrun charges if consumers' taken quantity, exceeds the reserved capacity quantity. As a result, natural gas consumers are paying more, after liberalisation.

Moving forward, MCRC is exploring opportunities, with other natural gas suppliers, who offer greater flexibility or gas supply pricing, based on the international market rather than MRP.

Exhibit 15: Electricity Price Trend (RM/kWh)



In February 2022, Tenaga Nasional Berhad (TNB) revised the ICPT charges substantially from a rebate of RM0.02/kWh to a surcharge of RM0.037/kWh. According to TNB, the increase in ICPT surcharge was caused by an increase in fuel costs from July to December 2021, when coal prices reached US$200 (RM838) per tonne.

Following this adjustment, MCRC's annual operating costs had risen by more than RM1 million, owing entirely to increased electricity costs.

TECHNOLOGICAL ADVANCEMENT AND FUTURE INVESTMENT

As Mycron enters the 4th Industrial Revolution, both the Steel Tube and CRC divisions are paving the way for digital transformation and the adoption of a "Lean Manufacturing" philosophy.

MST employs Kaizen management, in which they commit to increasing productivity, efficiency, and quality. As such, many key and minor projects are planned and implemented each year. The Kaizen system serves as a strategic tool designed to meet and exceed the 53 company quality objectives outlined in the QMS 9001:2015.

CHAIRMAN'S STATEMENT
(CONTINUED)

MST completed several improvement projects in FY2022. The three-phase Manufacturing Execution System (MES) had been fully implemented in all three factories. The MES project which began in the middle of 2018 was completed in three phases; Phase 1 in May 2019, Phase 2 in February 2020, and Phase 3 in December 2021. Through MES digitisation, MST is able to optimise its manufacturing process, with real-time feedback on the behaviour and performance of its machines, according to production specifications. Additionally, monitoring data for Overall Equipment Effectiveness (OEE) has further enhanced machine and operation management.

A total of 18 projects involving maintenance and upgrading have been planned for FY2023. These include major upgrades such as the flux filter system, fire alarm control system, electrical control system, Eddy current tester, and HF welder.

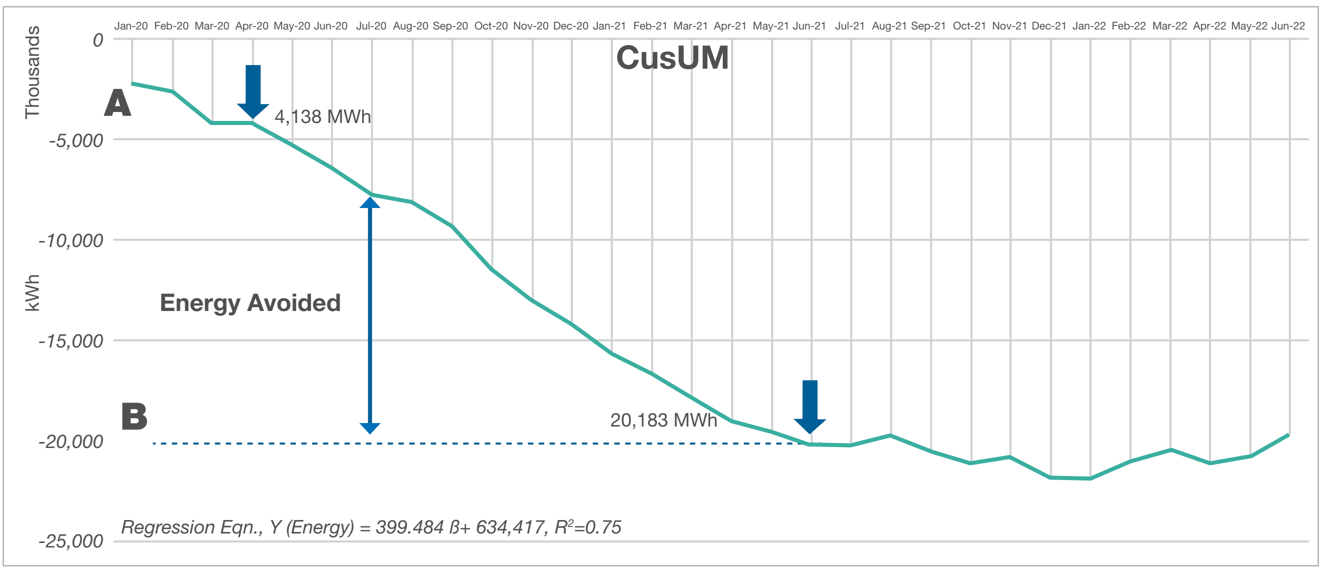
MCRC on other hand, has continued to fulfil its pledge to be efficient and effective, and has undertaken a few significant upgrading projects, with the goal of providing the highest quality products, for its customers. The two major projects undertaken in FY2022 include the RCL Automation and Control System Upgrade, as well as revamping of the Compressed Air System.

MCRC's investment in the state-of-the-art pickling and acid recovery technology, aimed to improve the overall conversation cost, expand into new market segments, and reduce environmental impact through a close loop acid-recycling system.

Exhibit 16: Roadmap for ARP (Acid Regeneration Plant) Project

The country's repeated lockdowns significantly impacted the ARP (Acid Regeneration Plant) installation progress. The forced shutdown, limited number of contractors and employees onsite, and multiple MCOs were major contributors to the project's delays. Despite all the challenges posed by pandemic-related constraints, the project team was able to make substantial progress. The plant's testing and commissioning were completed on 2 July 2021, just one day before EMCO 3.0. Since September 2021, the ARP has been fully operational. After an 18-month delay, the project was successfully completed.

Exhibit 17: Energy Efficiency Performance



CHAIRMAN'S STATEMENT
(CONTINUED)

MCRC's CPL (Continuous Pickling Line) revamp project produced its first prime coil in February 2020. The Provisional Acceptance Cert was issued in September 2021 and Final Acceptance Cert was issued in July 2022. Benchmarking energy consumption (natural gas and electricity) prior to the CPL revamp, the total energy avoided by the CPL revamp was 16,045 MWh from April 2020 to June 2021. This equates to a total cost savings of approximately RM4.68 million and a CO_2 avoided of 9,386 tCO_2 within the specified period.

Notes:
1. *Carbon Savings is calculated based on 0.585 $tC0_2$/MWh*
2. *Source: Malaysia Greentech Technology Corporation (MGTC) - 2017 CDM Electricity Baseline report for Malaysia*

TOWARD A SUSTAINABLE FUTURE

On the sustainability front, both divisions are constantly striving for a more sustainable future and have begun to fully embrace the concept of Environmental, Social and Governance (ESG) in all aspects of the Group's operations.

The Group has made significant commitments to reduce its carbon footprint, scheduled waste, and energy consumption. These pledges were fulfilled through several noteworthy projects, such as the implementation of a solar panel roofing system, and machinery upgrade to recycle and reduce scheduled waste.

Both MCRC and MST are eco-labelled certified companies, who take pride in being the first Malaysian producers of cold rolled coil and steel tubes, to receive such an accreditation. Both MCRC's and MST's products now formally bear the Eco-Label and MyHIJAU Markings, as part of Malaysia's official green recognition scheme, which is endorsed by the Government of Malaysia. Additionally, MCRC is also being certified for ISO 14024 Type 1 under the Green Label Certification.

MCRC was named the winner of the National Energy Awards (NEA) 2021 in the category of 'Energy Management in Large Industries'. The NEA is one of Malaysia's most prestigious awards, recognising local organisations' outstanding achievements and best practises, in driving the sustainable energy agenda. Achieving this accolade symbolises the Group's organisational commitment and unwavering effort to reduce its carbon footprint.

The CRC division had also been awarded with a conditional grant of RM100,000 from the Sustainable Energy Development Authority to conduct an independent energy audit on its plant, which the Group believes will aid in further enhancing its sustainability efforts.

PROSPECTS FOR THE NEW FINANCIAL YEAR

The Country's GDP has rebounded since the COVID-19 restrictions upliftment, and transition into the endemic phase. However, the recovery has largely been consumption driven. Industrial and business growth remained uneven and thwarted by the multifront external shocks from the Russia-Ukraine conflict and sanctions, raging inflation, interest rate hikes, reverse capital flows, tightened liquidity, and global economic turmoil. The conditions are likely to persist into 2023 with the heightened geopolitical risks in Europe and East Asia.

The inability of steel consuming industries and users to raise manufacturing output due to ongoing supply chain issues, led to weaker real steel demand, and has caused steel inventories to increase throughout the supply chain. This elevated level of inventory, has weighed on pricing during 2022, despite the temporary support from supply disruption due to the Russia-Ukraine conflict.

On global demand dynamics, steel demand in China significantly affects the Global Steel Industry. The strict adherence to a Zero-COVID Policy has seen significant hard lockdowns in many cities, with Shanghai suffering a two-month city lockdown, in the months of April and May 2022. This not only has impacted China's domestic supply chains, but also accelerated the downturn in the Chinese Real Estate Market. This sharp reduction in steel demand, coupled by a smaller reduction in steel production, led to a push for exports, causing Chinese Net Steel Exports to rise sharply from May 2022 onwards. A significant increase of Chinese exports, if continued, will lead to downward pressure on prices and spreads, negatively affecting sentiment, in the region.

In Europe, high energy cost and potential for gas rationing, are negatively impacting real demand, as the European economy is pushed close to a recession. The recent cuts of Russian gas flows through the Nord Stream, have restricted Europe's ability to raise storage levels to meet its needs through winter, leading to record high gas prices, potential energy rationing, and lower consumption. These factors risk pushing the European economy into a recession.

CHAIRMAN'S STATEMENT
(CONTINUED)

In the United States (U.S.), the Federal Reserve's aggressive interest rate hikes, to slow heightened inflationary pressure, risks pushing the U.S. into a recession. There is a risk that slower growth in China, Europe, and the U.S. will translate to a wider global economic downturn in 2023, which could potentially lead to weaker steel prices and lower steel demand. However, there is light over the horizon, which would offset these negative trends.

The increased stimulus in China in 2022, and its renewed steel capacity closures, is likely to lead to a rebound in steel demand in 2023. The Chinese government has implemented measures to soften decline in real estate and to stabilise GDP growth. The U.S. and European infrastructure stimulus plan, over the next few years, should result in the rise of steel consumption.

Specific to the domestic steel industry, the sullen market conditions will likely persist into 2023. Domestic steel demand will likely continue to be stymied by constrained industry activities (due to chronic labour shortages, supply chain disruptions, and falling durable goods export) amidst declining/weak steel prices and cautious consumer sentiment, due to inflation.

However, some comfort can be drawn on emerging signs that the 'steel price decline' is flattening and the Malaysian Government's effort to resolve labour supply issue is progressing.

The second half of the next financial year may offer respite and upside potential of the existing tumultuous global situation starts to wear out.

For the longer term, the Group expects real steel demand to continue. This is expected to support further steel consumption growth, particularly if supply chain constraints ease. The medium- to longer-term fundamental outlook for steel is positive, as the global and domestic steel industry is expected to benefit from structural changes, that are occurring, which includes China's focus on decarbonisation and steel capacity closures.

ANTI-CORRUPTION AND ANTI-FRAUD COMMITMENT

Mycron continues to pledge its commitment towards anti-corruption and anti-fraud. The Group reiterates its strict, zero-tolerance stance against corruption, bribery, and any form of abuse of power. In line with this, the Group revised its Whistleblowing Policy, Code of Conduct and Ethics, and implemented several new policies as part of its larger Anti-Corruption and Anti-Fraud Framework.

The Group also expects all of its business partners and associates to operate in full compliance with the Group's policies and to adhere to the highest ethical, integrity, and professionalism standards. Suppliers, vendors, and contractors were made aware of the Group's anti-corruption stance and pledged compliance in their respective declarations. The Group will continue to raise anti-corruption awareness amongst its internal and external stakeholders.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to express my heartfelt appreciation to the management team and staff for their commitment, dedication, and contributions to Mycron. To our valued business associates, customers, shareholders; thank you for your continued invaluable support, confidence, and trust, you have placed in us.

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

ABOUT THIS REPORT

This Statement provides the management's analytical overview of the Group's operations and financial performance for the financial year ended (FY) 30 June 2022 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 internally and externally sourced information which may not have been specifically audited; and these are made to the extent that they do not compromise competitively sensitive information or antitrust laws. This section may contain opinions, judgement and forward-looking views; and as such, readers' discretion is advised.

OVERVIEW

FY2022 has been another financial year of paradox marked by a slew of unfortunate events but yet another stellar performance by the Group, which almost topped the preceding period. The Group started the financial year on wobble footings with the state-wide pandemic lockdown from 1 June until 15 August 2021 (i.e. 4 weeks in FY2021 and 6 weeks in FY2022). The Group lost about RM6 million from the shutdown in FY2022 (FY2021: lost RM4 million). In the ensuing post-shutdown months, many businesses struggled to regain traction- especially sectors supporting the steel industry (i.e. construction, infrastructure & fabrication, and durable goods manufacturing)- as the long shutdown had severely depleted capital and displaced labour.

From Pandemic to Global Pandemonium

The transition from Pandemic to Endemic phase in early 2022 with the easing of restrictions and borders, coupled with steel prices rebound in mid-January 2022, brought fresh hope for business recovery. Business sentiment and steel market conditions saw improvement from January to mid-March 2022, but turned sharply adverse with the global fallout from the Ukraine-conflict, sweeping sanctions, China COVID-lockdowns, and USA quantitative tightening. The toxic combination sparked energy & food crisis; geopolitical tension & global polarization; global financial assets meltdown, and the redrawing of global supply-chain. The strong USD pursuant to the multiple rate hikes and reverse capital flow adds to the hardship in developing and emerging economies. If these weren't bad enough, 'climate calamities' worldwide add to the crises and tipping the world towards global recession.

All these external shocks weighted heavily on factory activities and steel demand particularly towards the last financial quarter.

Steel Market Lull

According to Malaysian Iron & Steel Industry Federation (MISIF) industry report 2022/23, overall domestic steel consumption had declined in calendar years 2020 and 2021 by around 26% & 23% respectively compared to pre-Pandemic 2019. By comparison, the Group's steel sales volume was down 4.7% in FY2020 but up 13.4% in FY2021 compared to pre-Pandemic FY2019. For the current FY2022, the Group's steel sales volume was sharply 22.3% lower compared to pre-Pandemic FY2019.

The market lull in FY2022, can be attributed to the lasting-damage from the prolonged pandemic 2nd lockdown (June-August 2021) which had hollowed out many businesses. Post-lockdown recovery was hobbled by (foreign) labour shortages, and consumers' spending-shift as pandemic-curbs eased (domestically and abroad). Strong steel demand in preceding FY2021 for flat-products (i.e. sheets & tubes – which we are involved) linked to productions of healthcare furniture & fittings, electronic products, and households durable & white goods, tapered in 2022.

The super-bull-run on steel prices throughout FY2021 lost momentum in early FY2022 and took a dive from its peak in September 2021 to end FY2022 lower by more than 20%. The declining price trend- driven by the series of unfortunate global/regional events compounded by China's slowdown - induced cautious buying behaviour and minimum inventory holding by industrial customers already affected by demand negativities. This declining price trend has extended beyond the current financial year, necessitating an inventory write-down of RM10 million as an adjusting event in the current reporting period by our Cold Rolled Coil (CRC) subsidiary.

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT
(CONTINUED)

Against the Odds

Against the backdrop of such adversity, the Group posted a net profit of RM52.7 million in the current FY2022, just slightly below the decade high net profit of RM53.8 million posted in the preceding FY2021. On top of that, the Group posted a net revaluation surplus on property, plant and equipment of RM4 million for a total comprehensive income of RM56.8 million (FY2021: RM61.8 million). This confers a 'return on shareholders' funds' of 12.1% (FY2021: 16%). Without getting into granular details, the management attributes its current FY2022 performance to the following:

Cost Containment
Besides the various capital investments undertaken in the recent years which yield better efficiencies, lower energy consumption, and reduce waste; the management also proactively seeks ways to contain factory cost through optimal production planning and manpower deployment. These cost containment efforts add to bottom-line. Despite that, overall labour and energy cost have increased (between 5% to 8%) compared to the preceding period due to inflation and rise in minimum wage.

Mitigating Lockdown Losses
The steel operations had sought permission from the authorities for limited production run during the state-wide lockdown to support of critical sectors (e.g. medical industry) exempted from the lockdown. In this regard, the steel segments managed to secure approval for limited production run which amounted to around 10% of normal average output. The steel segments recorded around RM 20 million in sales during that period to lower losses to around RM5 million (which else could have been higher at estimated RM9 million).

Forward Book Orders
The steel operations had sizeable forward book orders contracted at higher prices entering into the mandatory lockdown period. These helped sustained healthy sales volume and margins in the else difficult post-lockdown periods which coincided with declining price trend (from September to December 2021). Raw material procured during this period also boosted sales margins in January to March 2022 as steel prices rebounded before the fallout from the Ukraine-conflict and sanctions hits.

Procurement Slowdown
The steel operations had sharply reduced or skipped raw steel material procurement in May and June 2022 in view of the weak market and declining price trend. This has significantly mitigated the size of inventory impairment.

Processing-Service Revenue Stream
On the back of the softer-market and heightened inventory and pricing risks, the steel operations had pushed harder to diversify its revenue stream in 'processing services'. In this regard, the Group managed to increased its processing services revenue by 18.7% at RM14.4 million to boost bottom-line for the current period.

Tax Credits
Over the current FY2022, the CRC subsidiary recognized deferred tax credits on Reinvestment Allowance of RM2.7 million on qualifying capital expenditures; and on past unrecognized business losses of RM1.4 million (pursuant to the extension of time limit for unabsorbed business losses carried forward from 7 years to 10 years).

As a result, the Group sustained healthy performance on all its key financial indicators as outlined in Table 1 below. The Group is pleased to report an 'economic spread' (measured as 'average return on capital employed' less 'weighted average cost of capital') of 5% for the current financial year (FY2021: 7%).

Table 1		FY2021	FY2022
Profitability			
a	Operational Return on Average Capital Employed (EBIT/Ave Cap)	14.77%	12.55%
b	Return on Equity (Net Earnings/Equity)	12.92%	11.19%
Liquidity			
c	Current Ratio (Current Asset/Current Liabilities)	1.72	1.74
d	Interest Cover Ratio (EBITDA/Net Interest Expense)	32.12	20.15
Capital			
e	Weighted Average Cost of Capital (Cost of Equity assumed at 9%)	7.76%	7.97%
f	Debt to Equity Ratio (includes all interest bearing debt)	0.2	0.24
Value			
g	Net Asset per Share (RM/share)	1.37	1.51
h	Enterprise Value to Total Comprehensive Income Ratio	2.96	2.70

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT
(CONTINUED)

SEGMENTS' PERFORMANCE

For the current financial year, both the Steel Tube and CRC segments achieved almost similar net profit levels compared to the preceding period. See Table 2 below. The Steel Tube segment's revenue is 8.1% higher mainly due to sharply higher average selling price (driven by higher raw material cost) but on the back of lower sales volume. However, gross margin per tonne is higher for the current period to sustain net profit at just 6.9% lower than the preceding period.

The CRC segment's revenue is 2.8% lower due to sharply lower sales volume despite higher average selling price (driven by higher raw material cost) compared to the preceding period. However, gross margin per tonne is higher for the current period to sustain a flat net profit comparable to the preceding period despite its inventory write-down.

Table 2	Steel Tube		CRC	
RM' million	FY2021	FY2022	FY2021	FY2022
External Revenue	272.95	295.00	463.72	450.88
Net Profit	21.99	20.68	31.70	31.93

Steel Tube Segment

The Group's steel tube operation ranks amongst the top four manufacturers (with annual production volume exceeding 60,000 tonnes each) in an industry comprising of many more small-scale producers (with annual production volume of 36,000 tonnes or less each) of limited product-range. The Group's Steel Tube subsidiary sells to various downstream applications in steelwork fabrications, electric-conduits, fire-fighting systems, roofing & railings, furniture production, vehicles production, and piping systems.

According to MISIF Industry Report 2022/23, the apparent domestic consumption volume of welded pipes & tubes in calendar year 2021 was still 20% below pre-pandemic 2019 levels. Six months into 2022, it appears that the full year consumption volume would likely stay below pre-pandemic levels again due to weaker demand.

The segment started-off slow in the 1st financial quarter (due to the lockdown) and hit its peak in terms of sales and profitability in the 2nd financial quarter largely from fulfilment of outstanding orders from pre-lockdown. The declining steel prices between September 2021 to February 2022 (see Chart 1 below as proxy) coupled with the Chinese New Year break dampened order-book replenishment and spot sales in the 3rd financial quarter before picking-up again in the 4th financial quarter but at lower margins. Over the current period, the segment recorded lower sales volume to furniture-makers but higher uptake in piping and fabrication usage, and in automotive production – in reflection of the pandemic transition's demand-shift. The segment recorded a more than 20% drop in sales volume in the current period compared to the preceding period, but gross-margin-per-tonne was sharply higher to yield a strong performance for FY2022 that nearly match the preceding period. The segment's higher export sales at 8.4% (FY2021: 6.9%), also help support bottom-line performance.

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT
(CONTINUED)

Consequentially, the Steel Tube segment achieve an EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of RM34.9 million – just 3% shy of the preceding period.

Chart 1

HRC PRICE (RM) VS IRON ORE PRICE (USD)

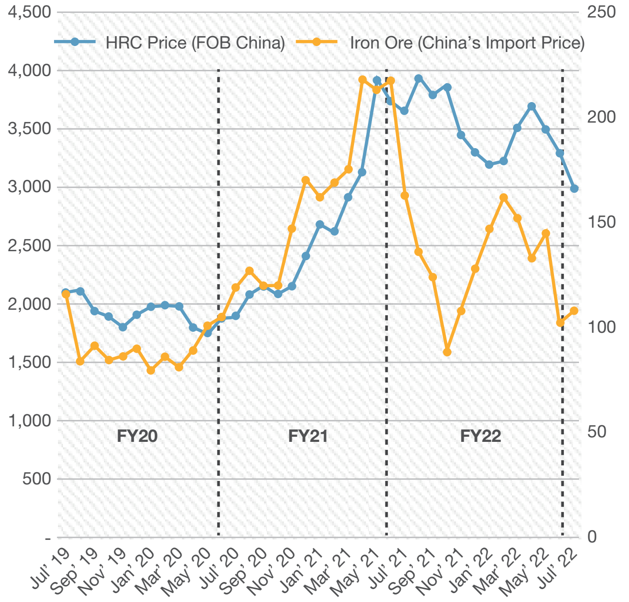
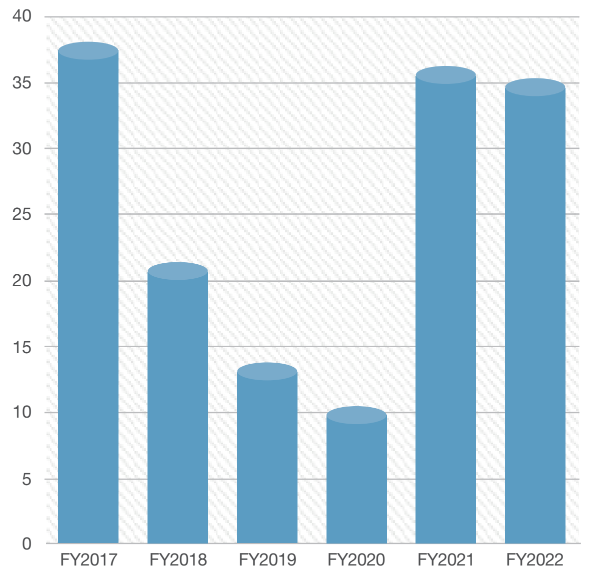


Chart 2

Steel Tube's EBITDA in RM' million



Carbon Cold Rolled Coil Segment

The Group's carbon-CRC operation ranks amongst the top in an industry served by only a few manufacturers. It sells mainly to domestic downstream manufacturers of pipe & tubes, galvanized & coated sheets, steel drums, electrical & electronic goods, automobile parts, and equipment fabrication. Around 9% of its CRC are sold to its sister company in the steel tube & pipe manufacturing, with the larger balance portion to local downstream manufacturers whose end-products serve both the domestic and export markets.

According to MISIF Industry Report 2022/23, the apparent domestic consumption of carbon CRC in calendar year 2021 was up 5% from pre-pandemic 2019 levels. Similarly, the CRC segment's sales volume was up around 5% over that period. Six months into 2022, it appears that the full year consumption volume would likely fall back below pre-pandemic levels due to weaken demand.

The segment started-off slow in the 1st financial quarter (due to the lockdown) but hit its peak in terms of sales and profitability in the 2nd financial quarter largely from fulfilment of sizeable outstanding orders from pre-lockdown. Sales volume begun to taper-off sharply in the 3rd and 4th financial quarters as CRC demand softened on the back of slower downstream production activities (due to labour shortages and supply-chain hiccups) compounded by declining price trend and external shocks. See Chart 3 below on China's HRC and CRC prices as proxy. Nevertheless, the segment managed to secure forward-orders during intermittent price-rebound periods to realize favourable gross-margin per tonne on the lower sales volume. The segment recorded lower uptake by all market sectors in the current period except for the automotive and galvanisers (including tolling volume). To supplement revenue on the back of weaker demand and price volatility, the segment managed to push for higher tolling services for galvanisers at 20% of total sales volume (FY2021: 10%). Despite that, total sales volume fell more than 30% in the current period compared to the preceding period. However, gross-margin-per-tonne achieved for FY2022 was sharply higher to yield a strong performance that could have exceeded the preceding period if not for the adjusting event on inventory impairment totalling RM10 million. Those anti-dumping duties secured by the CRC segment and peers against imported CRC (of alloy and non-alloy) to address unfairly priced imports were renewed in the current period in October 2021 for another five years into 2026.

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT
(CONTINUED)

Consequentially, the CRC segment achieved an EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of RM50.9 million for the current financial year – 8% shy of the preceding period.

Chart 3

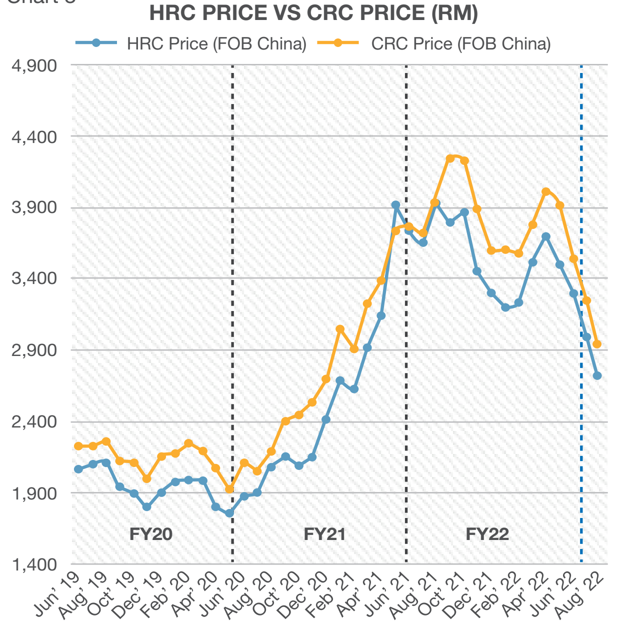
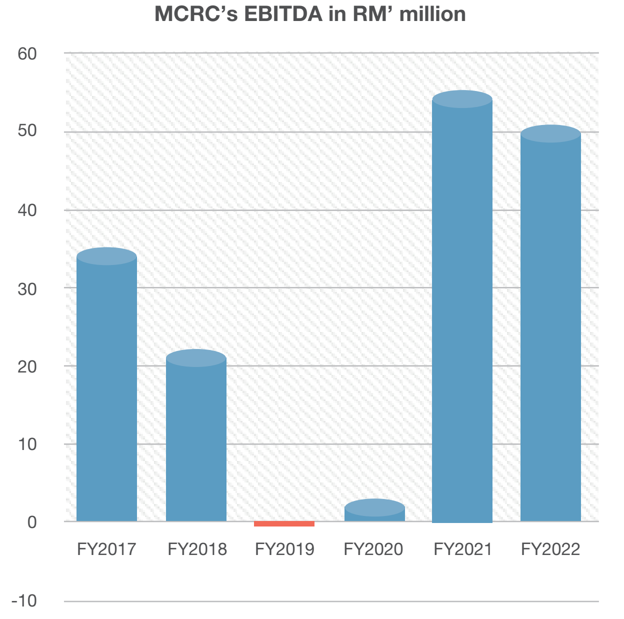


Chart 4



The segment's performance ratios as outlined in Table 3 below (which are supplementary to the segment analyses disclosed in "Note 35 to the financial statements") showed marginally lower performance for both the Steel Tube and CRC segments.

Table 3	CRC		Steel Tube	
	FY2021	FY2022	FY2021	FY2022
Segment's Revenue/Assets Employed (Ringgit on Ringgit)	0.99	0.92	1.03	0.86
Segment's Net Earnings/Assets Employed (Sens on Ringgit)	6.74	6.53	8.34	6.01
Segment's Assets/Total Assets	64.0%	57.8%	35.9%	40.6%
Segment's Net Earnings/Total Earnings	58.9%	60.6%	40.9%	39.2%
Operational Return on Assets (EBIT/Average Assets)	9.1%	7.8%	12.7%	10.2%

OUTLOOK AHEAD

Three months into the new financial year, we could see that the global pandemonium has deepened with the geopolitical tension spreading to the East with Taiwan; the relentless US rate-hikes fuelling worldwide currency crisis, rate hikes, and financial markets meltdown; the escalation of the Ukraine-conflict towards breaking-point; the crippling energy crisis in EU approaching winter; and the accelerated decoupling and tension between the world's two top economies. All (WTO, IMF, "The World Bank, etc") warned that these factors are coming together for prefect storm of a global recession in 2023, if not worst.

The domestic steel industry is particularly vulnerable to these external factors which affect domestic steel prices, export demands, borrowing costs, exchange rates, and imported inflation; which in-turn, affect local consumer confidence and steel demand. Performance outlook for the Group under a global recession scenario cannot be good. Nevertheless, there are some silver-linings to consider which could provide some lift to the gloomy outlook.

MANAGEMENT DISCUSSION & ANALYSIS STATEMENT
(CONTINUED)

East Asia Economies (Ex-China)	The World Bank reported that East Asia Pacific economies (ex-China) – including Malaysia and ASEAN- are the few bright spots expected to post strong GDP growth averaging 5.3% for 2022. It notes that inflation in these economies is less steep compared to other regions, and are riding on high commodity prices and rebound in domestic consumption post-pandemic. Economic resilience of other ASEAN countries complements Malaysia as they collective represents 30% of its total trade.
Domestic Factors	Malaysia GDP growth forecast has been revised to 6.4% for 2022 and 4.2% for 2023 (by the World Bank). However, 2022's growth to-date has been uneven and bias towards post-pandemic consumption and tourism. Factory activities as reflected by its manufacturing purchasing manager index have slowed. Nevertheless, fiscal improvement helps keep the various infrastructural projects under the 12th Malaysia Plan (which incorporates national steel policies that are pro-domestic steel industry) hobbled by the Pandemic slowdown, going again. Other mega projects like the MRT3 (work expected to commence in early 2023) and ERCL (work on-going) are also expected to keep the domestic steel industry afloat. Any revival of the shelved Malaysia-Singapore high speed rail project would add optimism to the steel industry. However, the 15th General Election around the corner adds uncertainty.
Supply-side dynamics	Many steel mills in the European continent are reported to have temporarily halted operations due to the energy crisis. There are also reports of steel mills in China, Japan, and Korea halting operations due to various reasons ranging from energy crisis (hydropower), lack of demand, typhoon or flood damage, to scheduled maintenance. These upstream supply interruptions coupled with higher (production and input) costs would ensure a strong support at the lower price limit, and disincentivise cross-border product-dumping. We are already seeing regional steel prices stabilizing towards August 2022 with minor uptick in September. Any significant improvement in demand (from current lows) could result in an upward price cycle.
China Factor	China is a big influencer on regional steel prices, and is also Malaysia's largest trading partner. China is on-track for its weakest performance in 2022 with its GDP growth forecast downgraded to 2.8% (by The World Bank). The effects have not been good for the steel industry. Nevertheless, at some point China will have to relax its crippling zero-COVID policy and reopen its borders. Many speculate, that may happen by spring 2023. China also have announced a slew of aids and funds to rescue its crippled real-estate sector. The revival of that sector (and the debts tied to it), will have positive cascading effects regionally.

In summary, whilst the global macro-economic outlook for 2023 is gloomy, Malaysia and the domestic steel industry is in a position to weather the storm. The Group's performance outlook for FY2023 reflects that.

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

This Sustainability Statement is made in compliance with Bursa Malaysia's Main Market Listing Requirements under Appendix 9C Paragraph 29, and Practice Note 9 Paragraph 6. The coverage includes all subsidiaries held under Mycron Steel Bhd, hereinafter collectively referred to as the Group.

This Statement contains contextualized information on the Group's sustainability practices, and should be read in conjunction with the accompanying 'Corporate Governance Overview Statement' and the 'Statement on Risk Management and Internal Control' – which together forms its integrated 'Environment, Social & Governance' (ESG) reporting.

In the making of this Statement, the Group applied the principles and standards specified in the Sustainability Reporting Guide issued by Bursa Malaysia; and sought guidance from standards issued by the Global Sustainability Standards Board, and recommendations issued by the 'Task Force on Climate Related Financial Disclosure' (TCFD).

This report may contain opinions, external referenced information, and unaudited non-financial data. Whilst efforts were made by the management to ensure these are correct and accurate at the time of extraction, the actual or future outcomes may differ. This statement has been reviewed by its internal 'Risk & Sustainability Committee', and executive management for consistencies, reasonableness, and compliance. Their review however does not constitute as an assurance for investors or investment decisions. Users' discretion is advised.

CEO'S MESSAGE

The core tenet driving the Group's sustainability practices is simply that a business corporation can only be sustainable if the environment and society, in-which it operates and depends upon for finite resources, are themselves sustainable. As these become increasingly threatened, global sustainability concerns zero-in on 'climate-change' and 'labour-rights', particularly amongst capital providers and investors.

Global Warming
The world is undoubtedly in an era of climate-crisis with frequent severe climate-calamities (threatening livelihood and species extinction) due to global-warming as a result of unabated carbon-sink destruction, and emission of greenhouse-gases by sovereign states and enterprises to satiate development and consumerism. Pivot to climate control is the Paris Climate Agreement and the 195 member-nations' commitments to greenhouse gas reduction.

Labour-Rights
Labour-rights are well developed under the International Labour Organization (ILO) with its comprehensive 190 Conventions on labour standards. However, the disparity in the adoption and enforcement of these Conventions amongst the 187 ILO member-nations remains a source of contention with increasing incidences of unilateral trade sanction and import ban imposition - ostensibly on the grounds of labour-rights violations, specifically on forced labour. Malaysia has ratified 18 of the 190 ILO Conventions (out-of-which, 5 ratified are of the 8 fundamental Conventions). Inevitably, we will have to look beyond domestic labour standards to navigate 'unilateral cross-border trade restriction' risk which may affect us, and our customers & suppliers.

Directions
Corporate-Malaysia's sustainability agenda and reporting is increasingly tilted towards global priorities on climate-change and labour-rights based on "international rules" and compliance. Similarly, de-facto ESG reporting standards are increasingly pitched for global financial markets to enhance capital-allocation decision.

The Group takes cognizance of these dynamics, and constantly recalibrate its sustainability efforts and disclosures in respond to these developments.

Sincerely,
Roshan Mahendran Abdullah
Group Chief Executive Officer

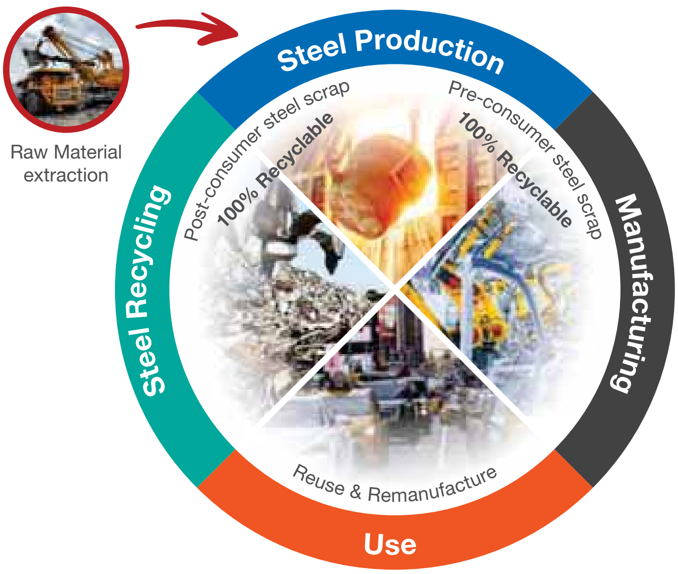
SUSTAINABILITY STATEMENT
(CONTINUED)

SHORT BRIEF

We are mid-downstream manufacturer of cold rolled coils and tubes & pipes using carbon steel as input. Technically, we are not a steel producer. Our production processes emit minimal CO_2, and have a relatively low carbon footprint averaging 0.122 tonne of carbon dioxide per tonne of output or roughly just 7% the size of upstream steel producer's carbon footprint.

Steel is fundamental to sustaining a nation's development and quality of life due to its ubiquitous applications. Once created, it enters into a circular economy which support an elaborate and diverse value-chain involving hundreds of applications and products – and eventually at the end of their useful-life, recycle back into raw steel production in a continuous-loop.

THE LIFE CYCLE OF STEEL



As a mid-stream manufacturer that consumes raw steel (hot rolled coils), we exercise strict sourcing from only sustainable suppliers with greener technology and commitment to decarbonization. As the entire steel supply-chain goes green, each value-adding nodes will have to reimagine low carbon processing technologies, renewable energy, and recycling. The roadmap to carbon-neutrality could well differ along the steel value chain, but would likely comprise a combination of common pathways:

Carbon Removal Projects	• Carbon Capture & Storage • Carbon Capture & Utilization
Carbon Avoidance Projects	• Renewable Energy • Hydrogen Direct Reduction
Carbon Reduction Projects	• Eco-Electric Arc-Furnace • Waste gas recycling • Usage of High-Grade Iron Ore & Recycled Steel • Co-generation & Integrated Co-Production
Carbon Compensation	• Carbon Credit Trading • Carbon Tax

SUSTAINABILITY STATEMENT
(CONTINUED)

A. GOVERNANCE STRUCTURE & ASSESSMENT FRAMEWORK

The Group's sustainability governance structure, and sustainability management framework remain steadfast as disclosed in the past.

The Board of Directors is ultimately responsible for the 'Sustainability' governance of the Group through a Risk & Sustainability Committee (RSC) – which engages with the management quarterly. The management committee and workgroups convene monthly to address business and operational matters in-conjunction with ESG topics. In these forums, the management periodically identify and assess the materiality of sustainability matters; the risks and opportunities arising from these; and where required, rebalances strategies and resources to deal with pressing or emerging ESG issues. The Group also prioritizes stakeholders' engagement in all its sustainability effort, and continuously recalibrate engagement strategies to address conflicting needs throughout its internal-value-chain as summarized in illustration 1 below.

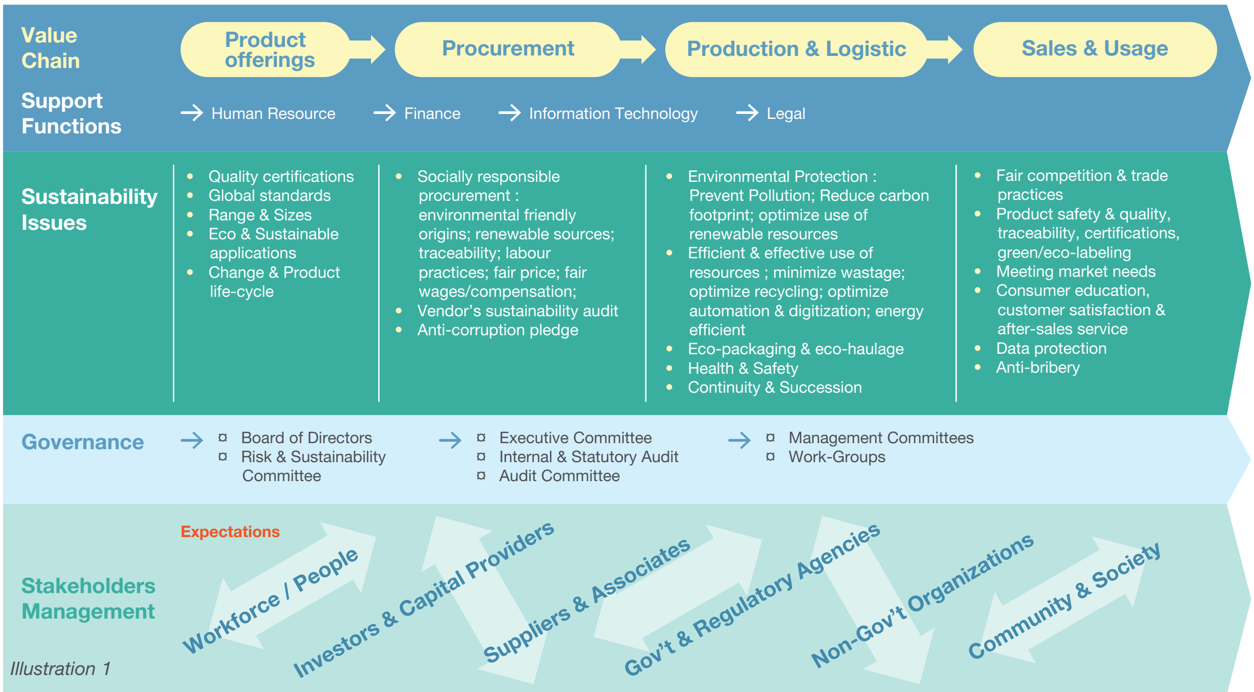


Illustration 1

SUSTAINABILITY GOVERNANCE STRUCTURE HIGHLIGHTS

- **Top Driven** : Board represented 'Risk & Sustainability Committee'
- **Bottom-Up** : Two-way communication & feedback loop, Measures, Transparency & Accountability
- **Embedded** : Values, Policies & Procedures
- **Aligned** : Corporate Objectives & Strategies
- **Linkage** : Risk Management, Financial Reporting, Performance-Rewards, & Audit Assurance
- **Empowerment** : Coherent actions & engagements throughout hierarchy

Sustainability matters are identified from various perspectives; such as its internal-value-chain, competitive forces, investments, supply-chain, statutory laws & regulations, and the nation's ESG commitments. These are then assessed and prioritized based on their 'materiality' to the organization and key stakeholders.

Our materiality assessment of relevant sustainability issues to our Group for the current financial year is summarized in illustration 2 below.

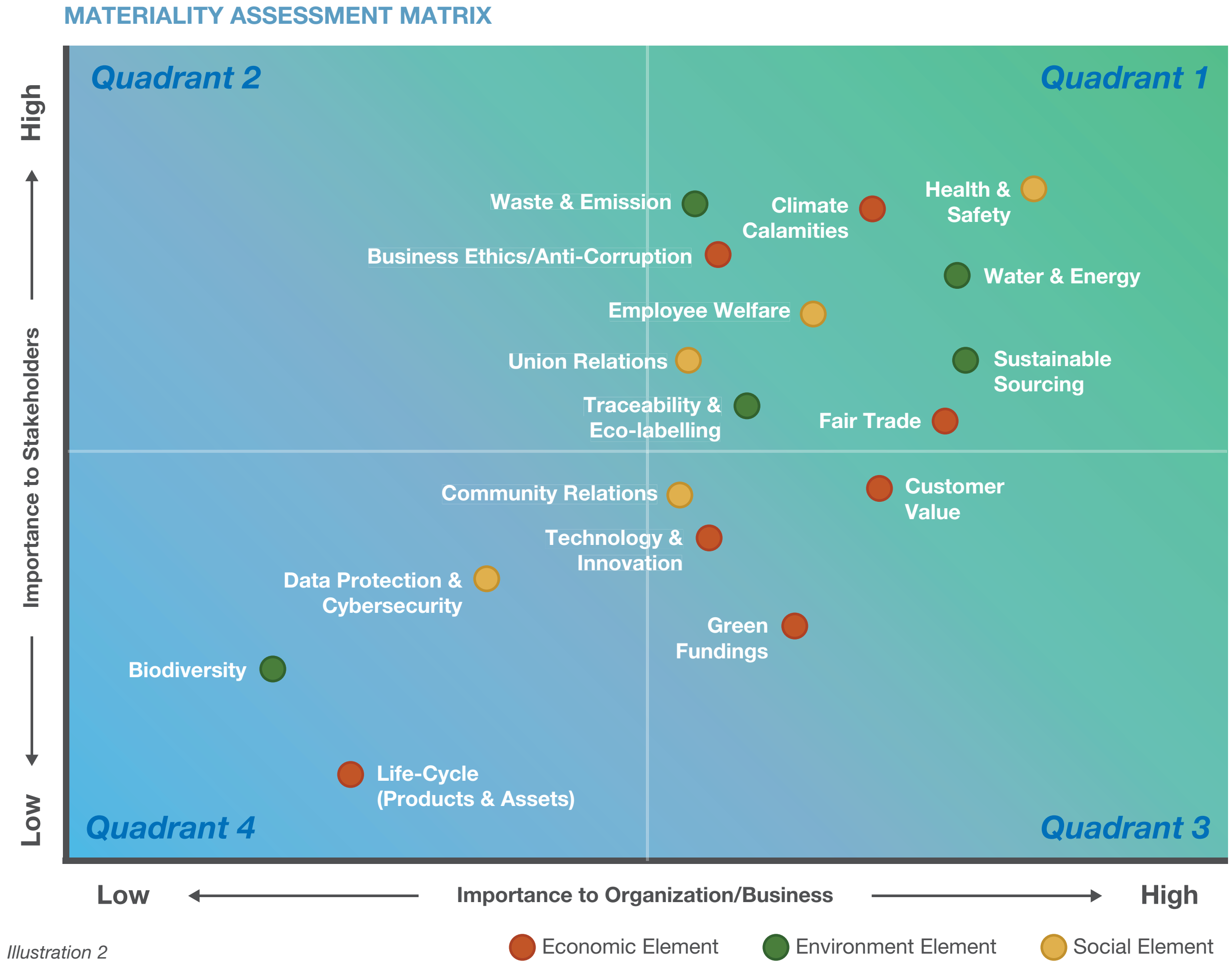


Illustration 2

Those material sustainability matters in 'Quadrant 1' in illustration 2 above are the focus of this report.

SUSTAINABILITY STATEMENT
(CONTINUED)

B. CLIMATE CHANGE

a. Transition Risks & Opportunities

The Group aspires to complement the Nation's climate goals. To achieve that, the Group's carbon roadmap inevitably would be influenced by the Nation's strategies, policies and programs in getting there.

MALAYSIA'S CLIMATE GOALS

Medium-Term
- To reduce greenhouse gas emission (as % intensity of GDP) by 45% by 2030 compared to 2005 levels

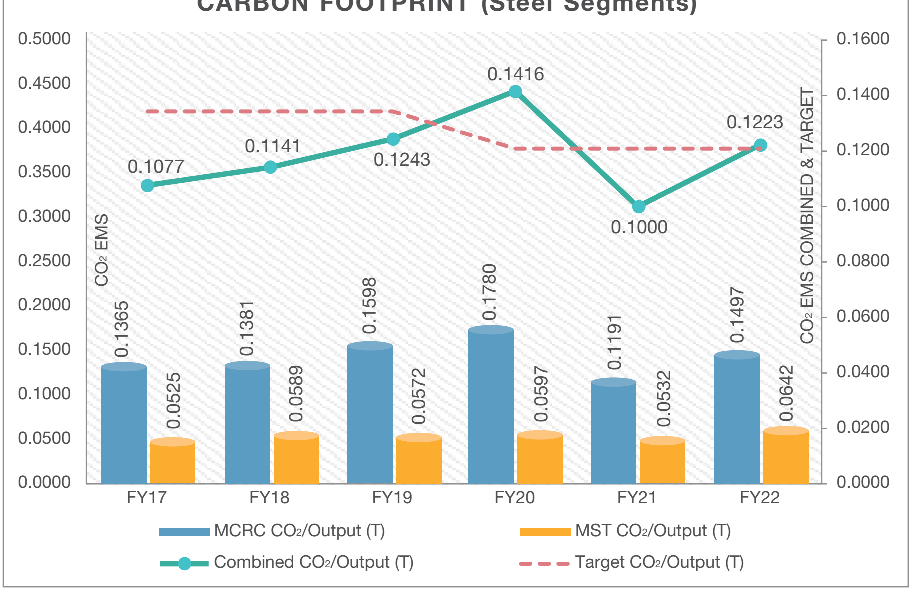
Long-Term
- To achieve Net Carbon Neutrality by 2050

The Group's current goal is to reduce its manufacturing operations' carbon-footprint to levels below its self-impost threshold of 0.1209 tonnes CO_2/tonne output (which itself is gradually adjusted downward by 10% every 3 years). See Chart 1 below. For FY2022, our total carbon emission is 7.6% lower than FY2021. However, due to the lower production volume in current FY2022, our carbon emission per unit output is higher at 0.1223 tonnes CO_2/tonne output than the preceding period (at 0.10 tonnes CO_2/tonne output) and has marginally exceeded threshold.

Carbon Footprint

Our factories' carbon footprint is mainly driven by the consumption of grid-electricity, fossil fuel, natural gas, and pipeline water. We do not include the carbon footprint of raw steel or recyclable materials as our own, as doing so would obfuscate the 'value-add' role we play in the steel value chain. We measure our carbon footprint per unit output based on standard carbon metrics of energy/resources consumed in the value-adding conversion process, and dividing the carbon emission equivalent total tonnage with the total product output tonnage.

Chart 1



Combined	FY17	FY18	FY19	FY20	FY21	FY22
Total CO_2 EMIS (T)	31,866	32,240	28,542	32,233	28,136	25,987
Combined CO_2/Output (T)	0.1077	0.1141	0.1243	0.1416	0.1000	0.1223
Target CO_2/Output (T)	0.1343	0.1343	0.1343	0.1209	0.1209	0.1209

Near Term

The Group's continuous carbon footprint reduction efforts for the immediate-term are mainly focused on incentivised green projects and (non-incentivised) efficiency projects. On the former, the Government has in recent years initiated many carbon-mitigation actions across the energy, forestry, and waste sectors. Amongst those in the energy sector are the Green Technology Incentives, and the Net-Electric Metering Schemes; to which the Group has responded with various carbon-reduction projects (see table 1 below) made feasible by those policies.

For the current financial year, we rolled out our 3rd Solar PV project for one of our factories totalling 0.61 MWp (Megawatt-peak) under the nation's renewable energy Net Energy Metering (NEM) 3.0 Scheme which would further reduce our carbon footprint by approximately 450 metric tonnes of CO_2 annually.

SUSTAINABILITY STATEMENT
(CONTINUED)

Combined with the existing Solar PV systems at two of our factories totalling 3.1 MWp (Megawatt-peak), the Group's carbon footprint reduction from renewable energy would total to 2,215 metric tonnes of CO_2 annually.

Table 1	Schemes	Status	Capacity MwP	Est carbon reduce p.a. (Tonne)	Est net Savings p.a. (RM)
Green Projects					
Solar PV - Sg. Rasau Factory	NEM 2	Complete	2.439	1,451	243,000
Solar PV - Shah Alam Factory 1	NEM 2	Complete	0.570	314	104,000
Solar PV - Shah Alam Factory 2	NEM 3	On-Going	0.610	450	270,000
			3.619	2,215	617,000

Besides above, the Group has also initiated various non-incentivised efficiency projects and behavioural-changes to reduce carbon emission:

Table 2	Status	Investment (RM)	Est carbon reduce p.a. (Tonne)	Est net Savings p.a. (RM)
Carbon Efficiency Projects				
Revamped Air-Compressor system I	completed	1,200,000	1,068	450,000
Revamped Air-Compressor system II	completed	82,500	6	3,600
		1,282,500	1,074	453,600

Our steel operations are moving towards '*ISO 50001: Energy Management Systems*' certification. We proactively manage our energy consumption and aim to progressively reduce our power consumption through efficiencies and new investments.

In this regard, we are pleased to report that our CRC subsidiary was selected as the winner of the National Energy Award 2021 in the category of 'Energy Management' for large industry.

SUSTAINABILITY STATEMENT
(CONTINUED)

Long Term

Our road-map towards carbon neutrality in the long-term is still a 'work-in-progress', and will be influenced by future developments that would shape the technical and financial feasibility of such an undertaking:

Reality Check	Existing technology on renewable energy and storage solutions still present a huge gap between rhetoric and reality on net-zero-emission. Nevertheless, the International Energy Agency (IEA) unveiled a possible roadmap towards net-zero by 2050; but with vast amounts of investment, innovation, skilful policy design and implementation, technology deployment, infrastructure building, international co-operation and efforts across many other areas. IEA's study indicates that to reach net-zero by 2050, clean energy investments worldwide will need to more than triple by 2030 to around USD4 trillion per year. It also assumes successful innovations and breakthrough in renewable energy.
Global Commitment	At the bastion of climate activisms, the developed nations are looked upon to provide forefront stewardship and investments toward net-carbon-zero. However, recent geopolitical fissures and global energy-crisis are fuelling a backtrack to carbon-energy dependent. The needed international cooperation to transform global energy system towards net-zero by 2050 seems improbable with increasing polarization.
Direction of the Nation	The Government is still in the midst of formulating its 'long-term low emissions development strategy', and in the development of an Emission Trading Market for voluntary carbon trading. To attain its net-zero carbon goal, it is inevitable that the country will have to depend on foreign technology transfer and investments. The access to these and at what price, remains vague.

In that regard, there are discernible transition risks to the Group in its journey towards 'net-zero-carbon':

Elevated Energy Cost	All scenarios point to significantly elevated energy cost in the future which will hit corporate bottom-lines: The rush to net-carbon-zero betting on green-energy innovation is setting a trend of underinvestment in carbon-energy. Short-fall in both would result in a deeper global energy crisis. The huge investment sums needed in green-energy innovation to achieve net-carbon-zero would eventually be borne by consumers and taxpayers. The Government may at some point withdraw existing fossil-fuel subsidies to accelerate the switch to green energy – pushing up the cost of doing business.
Compliance Cost	The Government may decree 'carbon-credit-offset' as compulsory following the rollout of an 'Emission Trading Market'. The Government may decree carbon-audit mandatory. The Government may introduce carbon-tax.
Diminishing returns	Investment opportunities in solar-power and energy efficient equipment are gradually being exhausted. Pushing more investments in next-level technology or innovations for further carbon reduction gains may result in diminishing-returns or even economic loss.

b. *Physical Risks & Opportunities*

Malaysia faces more frequent and intense calamities from storm-surge, flash-floods, landslides, punctuated by heatwaves in recent years – all partly attributable to 'climate change'.

The country had its worst floods in December 2021 after unprecedented volume of rain for four continuous days left 50 dead, displaced more than 40,000 people, and caused around USD1.5 billion in losses *(source: Department of Statistics, Malaysia)*.

However, the Group's four production plants were unaffected by the floods despite being located amongst the worst impacted districts. We did not suffer any production loss or damage. This is partly attributed to our factories' site elevation on higher grounds of between 8 meters (lowest) to 22 meters (highest); and partly to the factories' flood-mitigation measures (i.e. retention ponds, rain-water harvesting/holding tanks, and periodic drainage maintenance). Nevertheless, around 21% of our workers' abode were affected by the floods and an estimated 310 workdays were loss due to time-off.

Scenarios
The 'what-if' scenarios are tied to the Paris Climate Agreement's global-warming thresholds (above preindustrial levels) by 2100: at below 1.5°C as the lower limit, and at below 2°C as the catastrophic-upper-limit. According to World Meteorological Organization (WMO), the global average temperature in 2021 already reached 1.1 °C (above the pre-industrial levels). Studies on global warming impact at these limits are well covered by the Intergovernmental Panel of Climate Change (IPCC). At the upper limit, sea level and precipitation volume are expected to rise significantly in Malaysia possibly inundating low-lying areas less than 0.5 meter above the highest tide or within 100 meters inland of the high-water mark. *(Source: Climate Change Scenarios in Malaysia, 2018 by Dr. Haliza@UPM)*. Whilst the topography of our factories is well above those peril levels, higher precipitation surge will likely overwhelm existing drainage capacity - increasing flash-flood risk. At the upper-limit of global warming, our factory at the lowest elevation of 8 meters above sea-level would be more vulnerable to flood risk and possible consequential loss (i.e. damage to ground level inventories & machineries, production interruption). Nevertheless, such localized flood-risk could still be further mitigated by additional preventive measures like fortified embankment, flood pumps, and more rainwater holding tanks. Whilst such risks are currently insured, the continuing availability of insurance coverage at those global-warming limits cannot be assured. Residue flood-risk on transport infrastructure and port facilities -that could hamper supply, distribution, and work-commute – remains.

In this regard, the operations will continuously review and expand its mitigation capacities in dealing with these physical risks from global warming.

C. ENVIRONMENT

Our environmental stewardship is driven by three principal policies:

- compliance with environmental laws and regulations;
- consume the least amount of required resources; and
- avert any harm to the environment.

With the focus on these principal policies, our operations collaborate with peers, suppliers, technical providers, and other stakeholders to promote sustainable and cost-effective environmental strategies and solutions.

a. *Environment Laws & Regulations*	The backbone of environmental law covering our manufacturing operations is the Malaysian Environmental Quality Act and its comprehensive set of Regulations governing emission, air, noise, scheduled waste, radioactive materials, industrial effluent & gases, sewage, and licensing. The cold rolled coiled and steel tube factories have to meet hundreds of stringent environmental compliance requirements each year. To ensure consistent and reliable environmental management, our compliance is structured around the International Organization for Standardization (ISO) 14001: 2015 - which our key steel operations are certified. Our manufacturing operations passed all environmental audits conducted by the DoE (Department of Environment) in the current financial year. There were no incidents of material environmental violations or fines recorded by the operations.

SUSTAINABILITY STATEMENT
(CONTINUED)

b. Resource Consumption & The Environment

The second environmental management policy is to consume input resources responsibly in an efficient and sustainable manner, and in ways which would minimize carbon footprint. Effort in this area is continuous and is coordinated through the respective unit's sustainable committees.

Energy Management

We proactively manage our energy consumption and had set a target of 5% reduction every three years. To fulfil our target, periodic energy audits are carried out rotationally on functions and processes, with recommendations to the committee for further action. For the current period, our CRC subsidiary hosted the '*UNIDO-MAEESTA Expert Training Programme*' on Thermal Energy Efficiency & Solar Thermal to share our experience in these areas.

Prime Run
Substantial savings in resources can be achieved from minimizing any reworks through the multiple production steps. In reality, to achieve a 100% prime run consistently is improbable due to uncontrollable variables. Nevertheless, continuous efforts are made to narrow such variables with incremental solutions to bring actual prime-run percentages closer to target. Even-though data on the aforementioned is classified, our operations have been squeezing gains on prime runs over the years.

Scrap Recovery
The production of cold-rolled coil and steel tube results in a percentage of metal waste by-products. All metal waste is collated for recycling purposes with 3rd parties through open tender to the highest bidder. For the current financial year, a total of 8,750 tonnes of steel scrap representing approximately 5.4% of raw steel material through-put were recovered for recycling disposal.

Acid Regeneration
For the current financial year, our cold rolled coil factory commissioned its state-of-the-art closed loop acid regeneration plant which supports the 'Continuous Pickling Line' process. The plant will cut hydrochloric acid purchases by 95%; and eliminate spent-acid waste by 100%, which-else have to be treated by chemical or incineration that would contribute to greenhouse gas emission and environmental degradation.

Water
Our steel operations consume around 40 million gallons of water annually; of-which, only less than 0.1% are drawn from rain-water harvesting due to purity requirement for industrial applications. We planned to increase that to fulfil 5% of our annual consumption by 2023/24, and double-up our rainwater holding capacity as flash-flood mitigation measure. Waste water from our operations is fully treated before being charged.

Clean Air
Most of our main production processes are mechanical, computerised, and non-air polluting. However, certain intermediate processes involve burners, chemicals, and grinding which produce dusts, emissions, and fumes. Nevertheless, all these processes incorporate air pollution control systems where dust and fumes are filtrated and treated before being emitted. These falls under regulatory control and are periodically audited by the Department of Environment. We have no audit failure incident with the DoE for the current financial year.

SUSTAINABILITY STATEMENT
(CONTINUED)

c. *Value Chain & The Environment*

Our third environmental management policy is to avert or minimize any environment harm resulting from our value-chain activities and those of our supply-chain. Compliance with the first two principal policies would have substantially minimized harm to the environment. Nevertheless, additional effort such as those below are carried out to further environmental objectives.

Supply-Chain Certification
All key suppliers are assessed on their sustainability practices particularly on the environment and labour practices to ensure that they meet world-class standards, before been admitted into our panel of approved suppliers. Annual compliant assessment on key suppliers is generally carried out through questionnaires and physical site inspection/ audit. The latter assurance step could not be carried out over the last 12 months due to pandemic travel curbs in destination countries.

Eco-labelling & Green Certification
Resulting from the supply-chain's "green" credentials management and coupled with our own environmental best practices, we are able to provide eco-traceability on our products to our customers. In this regard, both our Cold Rolled Coil and Steel Tube units are certified under SIRIM ECO 032:2020 standard and Green Label certification ISO14024, and is licensed to use Eco-Labelling & MyHIJAU markings on its products.

MyHP00235/22

SIRIM
ECO-LABEL
ECO FRIENDLY STEEL
SIRIM ECO 032 : 2020
LICENCE NO: EL000160

Going Digital
In tandem with the national policy on technology transformation of the manufacturing industry 4.0, our steel tube operations have embarked on next-level digitization and networking of its manufacturing operations which would reduce manpower, minimize wastages, enhance response time, and eliminate paper printouts. The Manufacturing Execution System (MES) investment totalling RM2.5 million contributes toward our environmental objectives with net savings yielding an estimated payback period of 3.5 years.

Recycling & Reuse
Aggregating waste for recycling helps slow landfills, reduce discharge, and improves sustainability. Our recycling effort extends beyond steel scraps to include other manufacturing waste (e.g. zinc dross, zinc ash, spent-acid, water, & packing materials), office waste (e.g. paper & plastic) and electronic waste (e.g. computers & equipment). The recycling rates amongst these vary with the highest for steel waste (estimated at 99%) to the lowest for plastic waste (estimated at 50%).

SUSTAINABILITY STATEMENT
(CONTINUED)

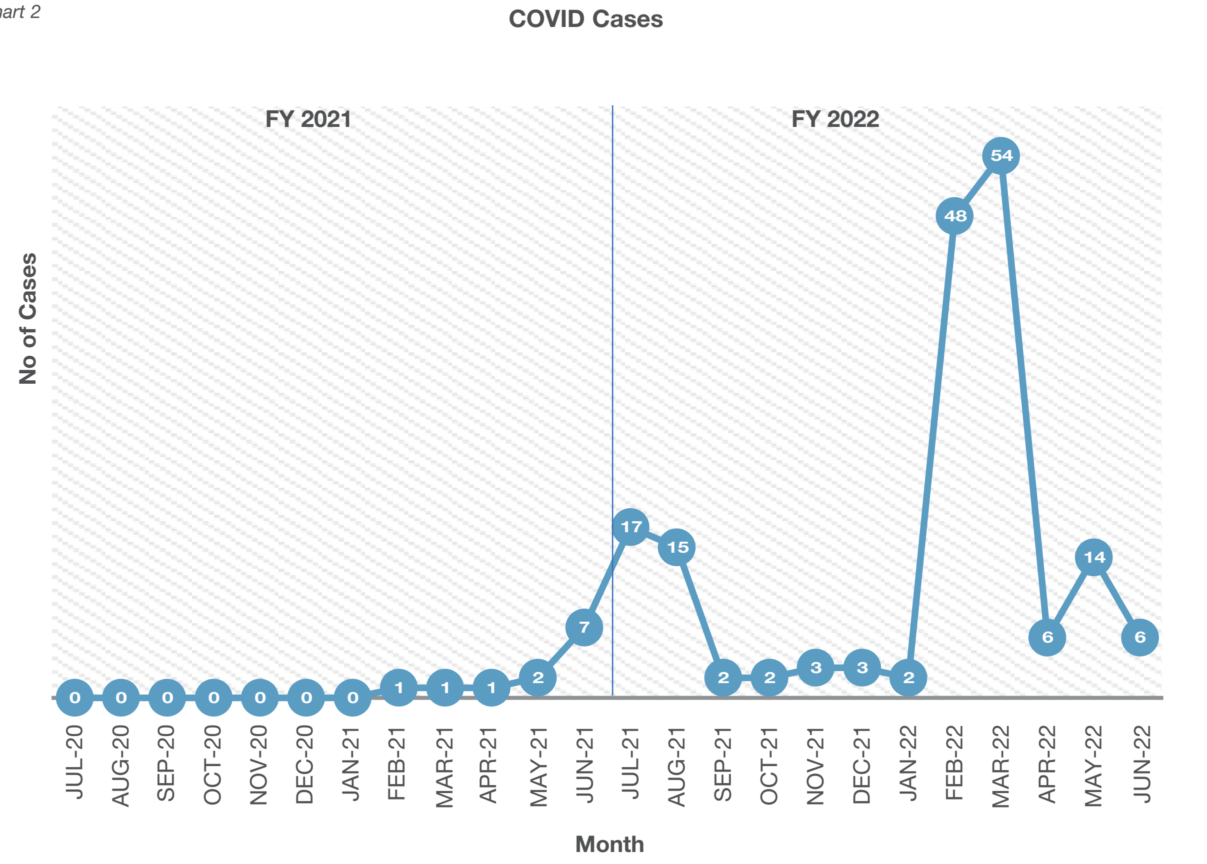
D. PEOPLE

1.1 The Pandemic

Whilst the COVID-19 pandemic started around March 2020 (with 8 weeks of lockdown from mid-March to mid-May 2020), the Group did not record any COVID infection until its first case in February 2021. COVID infection cases only started to pick-up during the 2nd lockdown (lasting 10 weeks) from June to mid-August 2021 as shown in Chart 2 below; which by then, more than 95% of our workforce had their first vaccination shot attributed to the Group's sponsored fast-track vaccination-program.

COVID infection cases picked up sharply from February and March 2022 coinciding with the eased restrictions under Phase 3 of the Movement Control Order, and the proliferation of the highly contagious Omicron COVID variant. By then, almost everyone in the Group had completed the 2nd vaccination shot with some into their 3rd booster shot. Infection cases in the Group have since stabilized into the single-digit as the Nation progresses into an endemic-phase with minimum restrictions, and borders reopening from April 2022 onwards.

Chart 2



Despite the high number of infections in FY2022, no incidents of cluster outbreak or intensive-care hospitalization were encountered. Each infection incident was investigated and contact-tracing conducted to enforce quarantine for close-contacts. With an average of 6 off-days for infection case, and an average of 3 quarantine-days for close contact, the Group lost around 1,762 workman-days to the Pandemic at an estimated cost of RM242,000 for the current financial year.

1.2 Labour Rights

Besides upholding employees' rights under the Employment Act 1955, the Group firmly upholds the ILO's five "fundamental principles and rights" at work which also overlaps the former.

<table>
<tr><td>Freedom of Association</td><td>We respect employees' freedom of association and collective bargaining rights under the provisions of the Employment Act, Trade Union Act, Industrial Relations Act, and Immigration Act. Our workers are free to join or form trade unions. In this regard, only around 17% of our factory workers chose to be union-members – considering that any negotiated compensation and benefits under the collective-agreement also set the baseline for non-unionized staff. Our relations with the employees' union (representing the nation's metal Industry) have been cordial without any impasses in the last decade.</td></tr>
<tr><td>No Forced or Child Labour</td><td>We are strictly against any form of 'forced or child labour'. Our work force comprises mainly of locals with a 20% mix of foreign workers. All our workers are above the legitimate working age with the youngest on current payroll at 19 years old. All our foreign workers carry valid work-permit, and are sourced from licensed agencies. We benchmark our labour practises against ILO's standards and are watchful over common signs of forced labour amongst contractors and agencies. Where accommodations are provided, these fully conform with the "Employees' Minimum Standards of Housing, Accommodations and Amenities Act". We have zero labour issues or disputes in this area. The "turnover & hiring" profile of our workers as shown in chart 3 below reflects the freedom of movement in employment.

Chart 3

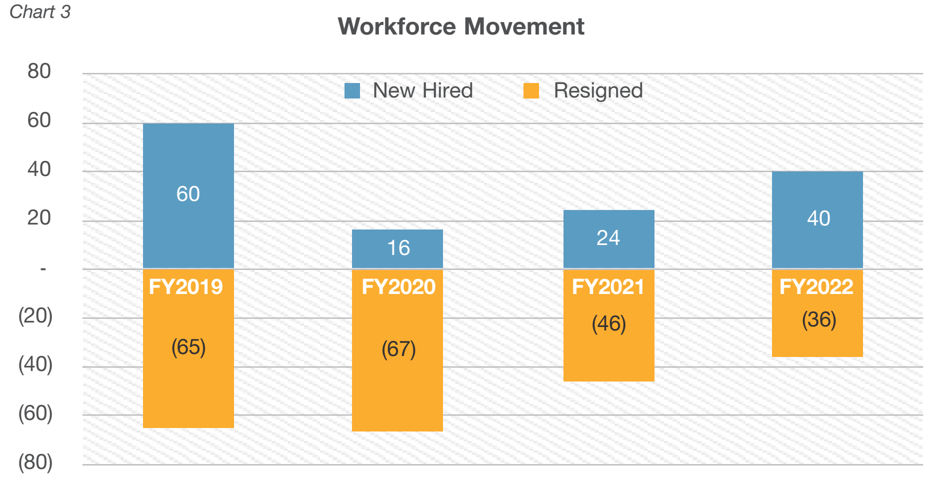

</td></tr>
<tr><td>No Discrimination</td><td>Our hiring policy does not discriminate against any race, religion, or gender. We aim for diversity in workforce in ways which mirrors the ethnic and gender composition of the country. Diversity serves well for our manufacturing operations as it accords staffing flexibility during major festive periods tied to ethnic groups. Priority on job placement is given to locals over foreign.

Chart 4

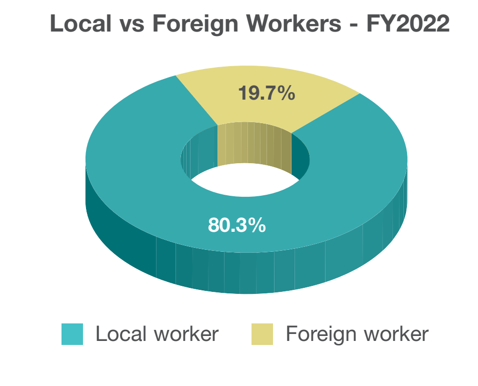
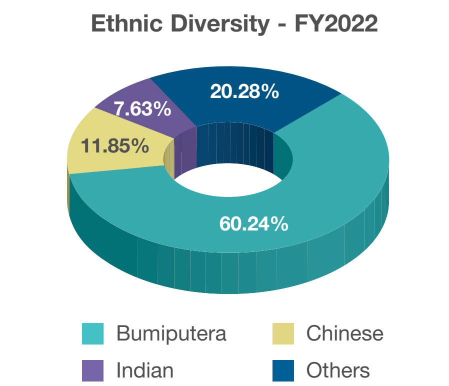


Chart 5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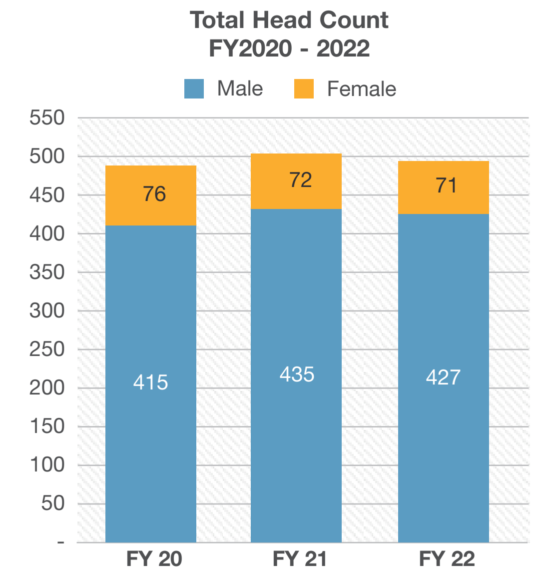
SUSTAINABILITY STATEMENT
(CONTINUED)

Chart 6

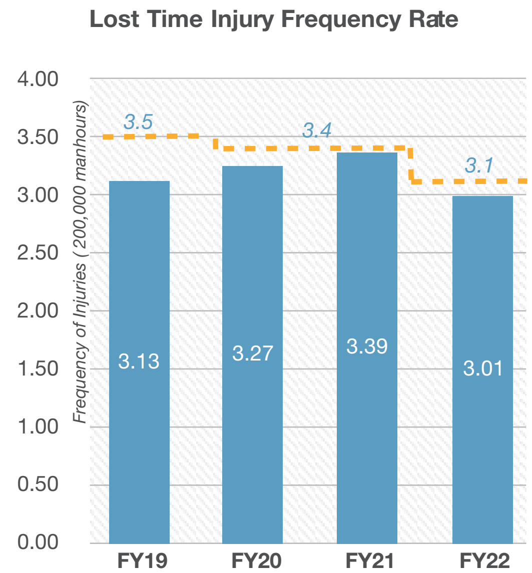


Safe & Healthy Work Environment

Occupational health & safety is a top priority for our factories. Health and safety features are embedded in our production-line & systems; work-flows; procedures & processes; and quality-systems. Our manufacturing operations are also regulated by the 'Occupational Safety and Health Act' and the 'Factories and Machinery Act', which combined covers wide ranging regulations over licensing, machinery upkeep, environmental management, and staff welfare. Our people work vigorously to comply with these, and each steel unit has established a H&S committee aided by designated officer to oversee initiatives, awareness & training, incidents management, and compliance.

Despite all the safety measures, work-injuries may still occur due to lapses and complacencies. In that regard, 'safety' is regarded as a continuous improvement process. Over the current financial year, we continued to run safety awareness and incentive campaigns to drive improvements. The Group factories' 'lost time injury' frequency rate (per 200,000 manhours) drops to 3.01 cases in FY22 from the uptrend between FY19 to FY21 (as shown in Chart 7 below) possibly due to the easing of COVID-19 related stress. Our 'lost time injury' frequency remains below the benchmark rate based on USA's Occupational Safety & Health Administration (OSHA) statistic for the manufacturing sector. All incidents at our workplace are duly investigated, and corrective actions taken to prevent future recurrence.

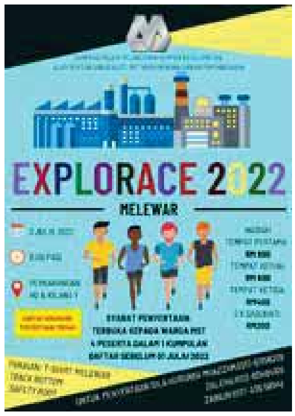
Chart 7



1.3 Well-Being & Development

Our employees are treated as stakeholders and are inclusive in shaping the organization. In this regard, we aim to provide a competitive and commensurable remuneration package to our workforce in ways which is sustainable over the long run. We look beyond monetary compensation and benefits (e.g. various allowances, cash incentives, and performance bonuses) to include non-monetary benefits (e.g. employee amenities, sport activities, recognition awards, and fellowships). Some employee-centric events held over the current financial year to promote teamwork and healthy lifestyle include:

- Explore-race competition
- Weight-loss competition
- Badminton tournament
- On-site free health check
- On-Site blood donation drive

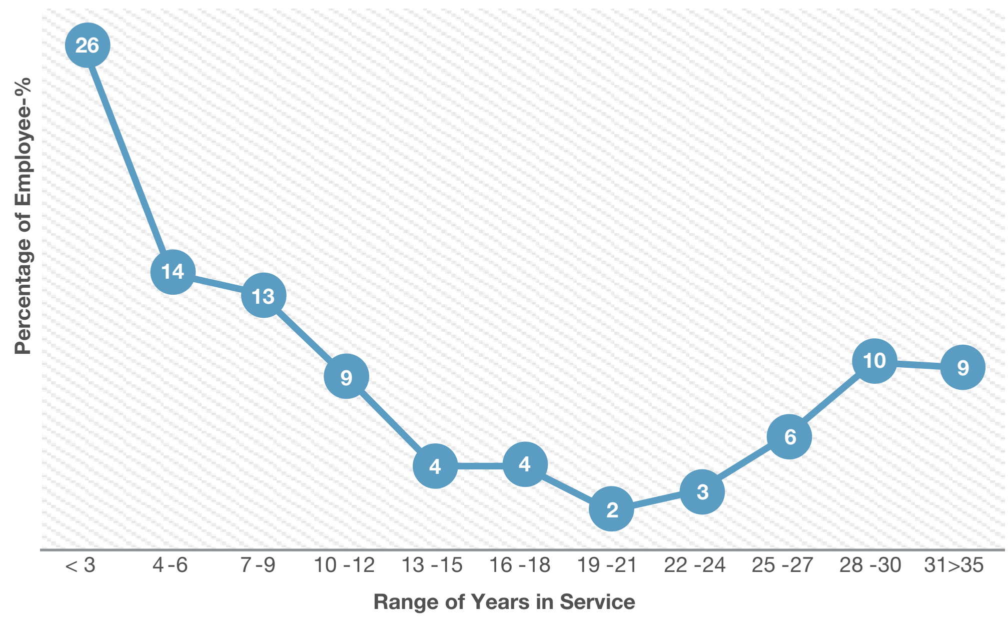


We are also committed to upskilling our employees. In the current financial year, despite the Pandemic, we delivered around 105 training courses to more than 394 workers (or 79% of total workforce) for more than 3,895 hours of training – which averages out to around 8 hours of training per employee. Our training program covers everything from anti-corruption to leadership.

As a gauge of 'employee satisfaction', we have a 99% employee-retention rate over a period of 5 years. Around 70% of the Group's workforce has been with the organization for 5 years and above -as summarised in Its workforce's "years-in-service" profile Chart 8 below. Our non-executive workforce turnover-rate for FY2022 at 5.6% (FY2021: 6.3%) is significantly lower than the benchmark Malaysian Employers Federation's turnover rate for non-executives for the manufacturing sector at 12.8% in 2021.

Chart 8

Workforce Years-In-Service Profile



1.4 Ethics & Compliance

Since inception, the Group has demonstrated an unwavering commitment to doing business ethically; and this is carried out through a set of core-values -encompassing integrity, fairness, and accountability- to drive coherent conduct. We also have implemented a comprehensive ethics and compliance program with the support from our Board and senior management to further ingrain our commitment to lawful and ethical business practises throughout the Group. Over the current financial year, the ethics and compliance program has been expanded to cover the amendments of the Malaysian Anti-Corruption Act, and the updated 'Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries'. To ensure expectations are met, comprehensive awareness and training programs were carried out in-addition to employees' pledge and self-certification. Risk assessment in these areas is also continuously carried out.

SUSTAINABILITY STATEMENT
(CONTINUED)

E. SOCIAL & COMMUNITY

We believe in engaging the society and the communities in-which we operate, and promoting a symbiotic relationship for long term sustainability. Key areas of focus are as follows:

a. *Community*

All our factories are located in established 'light industrial' zones with pockets of neighbouring residential and commercial areas within a 10km vicinity.

In December 2021, a large section of the lower laying residential areas within our vicinity was inundated with floods after four days of continuous rain. Besides helping our own staffs affected by the floods (with cash-aid totalling RM45,000), the management had mobilized voluntary staff-groups to help vulnerable households in those less-affluent neighbourhood to clean-up their flood-damaged homes. All in, about 640 manhours were spent. Our staff-groups also raised donations (amounting to RM5,500 with further RM9,450 top-up from the Group) to secure and deliver essential food items and basic-necessities for many affected households that have sought help with raised 'white-flags' from their homes.

b. *Collaboration*

The Group continuously seek to engage with industry players, research & learning institutes, and regulatory bodies to enhance 'knowledge & innovation' and to nurture the next generation of 'labour & talent' to better serve the domestic steel industry. In this regard, we often collaborate with higher learning institutes for internship placement or practical experience training with our operations. In the current financial year, we signed a memorandum of understanding with 'University Teknikal Malaysia' (UTeM) to promote cooperation in research, vocational-training, green-energy, and continuous education.

c. *Giving*

As a public listed enterprise, we hold the view that philanthropic activities are best left to shareholders. Each year the Group receives hundreds of solicitations for donation or sponsorship from various bodies and organizations - which largely go unfulfilled. Whilst we may fulfil a few donations to the most-needy, we generally focus our corporate-social-responsibility (CSR) activities on selective causes with strategic relevance to our corporate objectives. Over the current financial year, the Group organized visitations coupled with 'food & essential' donations to the following four private centres for Underprivileged Children:

- Raudhatul Al-Faeez Care Centre (30 children)
- Rumah Kasih Nurul Hasanah (20 children)
- Pusat Jagaan Baitul Hidayah (50 children)
- Shelter Home (14 children)

Total value expended for the above was around RM12,220 (with RM2,200 coming from private contributions). Other donations & sponsorships expended for the current financial year total RM37,200.

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

Roshan Mahendran bin Abdullah
Group Chief Executive Officer

Azlan bin Abdullah
Non-Independent
Non-Executive Director

Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah
Independent Non-Executive Director

Datin Seri Raihanah Begum binti Abdul Rahman
Independent Non-Executive Director

Kwo Shih Kang
Senior Independent
Non-Executive Director

Dato' Mohd Zahir bin Zahur Hussain
Independent Non-Executive Director

SECRETARY

Lily Yin Kam May

AUDIT AND GOVERNANCE COMMITTEE

Kwo Shih Kang
Chairman

Datin Seri Raihanah Begum binti Abdul Rahman
Member

Dato' Mohd Zahir bin Zahur Hussain
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

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

QUALITY RECOGNITION

Mycron Steel Berhad, via its main operating segments, Mycron Steel CRC Sdn Bhd ("MCRC") and Melewar Steel Tube Sdn Bhd ("MST") constantly strives to improve operational excellence and meet customers' expectations.

MCRC achieved its first ISO 9001 certification issued by SIRIM and IQ Net in 1996 followed by MST in 1997. Over the years, MCRC and MST have established a more effective Quality Management System to adapt to the latest global challenges.

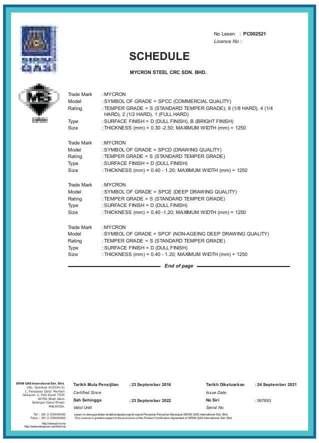


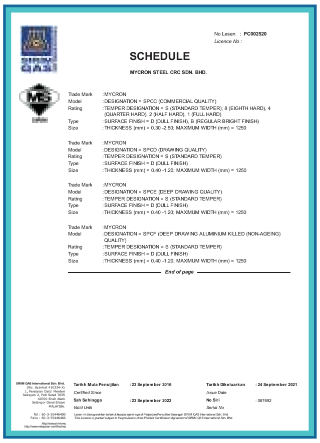





SIRIM ISO 9001 : 2015

In September 2016, MCRC obtained product certification by SIRIM in recognition of its product quality compliance against the Malaysian Standard (MS 2651 : 2015) and Japanese Industrial Standards (JIS G3141 : 2011). MCRC's products are verified, tested and confirmed, in meeting the parameters covered by the two mentioned Quality Standards. These certifications are beneficial not only to MCRC, but also the industry, as they provide customers with assurance of quality and reliability. MCRC is continually raising the bar as far as quality is concerned, aligned with its mission, to be the highest Quality Cold Rolled Steel Sheets manufacturer in Malaysia.



QUALITY RECOGNITION
(CONTINUED)

On the environment front, both operating segments play a pivotal role in ensuring continual improvement of environmental performance in all aspects of business operations. In June 2014, MCRC obtained the ISO 14001 : 2004 Environmental Management System certification and in June 2017, MCRC was certified with ISO 14001 : 2015. Subsequently in 2020, MCRC was awarded the SIRIM Eco-Label Licence and was granted the rights to use the MyHIJAU Mark on its products since February 2021 while MST obtained the SIRIM Eco-Label Licence for all three of its manufacturing plants since August 2022 and MyHIJAU Mark since September 2022.

QUALITY RECOGNITION
(CONTINUED)

MST on the other hand, is continuously improving the quality of its products and processes with a variety of certifications such as the UK Factory Production Control Certification, EC Factory Production Control Certification and CE Marking from LRQA, Perakuan Pematuhan Standard (Bahan Binaan) from CIDB Malaysia, and EMAL certification from Cawangan Kejuruteraan Elektrik Jabatan Kerja Raya Malaysia. The conformity of products and processes against these standards are periodically reviewed and confirmed by way of internal and external audits. The quality of MST's products also meets the requirements of many international standards. In 2019, MST obtained the LOGO BUATAN MALAYSIA certification from the Ministry of Domestic Trade and Consumer Affairs for its AURORA Conduits and cold rolled products.

International Standards:


No Lesen / Licence No : PM012502
LESEN PENSIJILAN BARANGAN
Product Certification Licence
SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to
MELEWAR STEEL TUBE SDN. BHD.
LOT 53, PERSIARAN SELANGOR
40200 SHAH ALAM
SELANGOR, MALAYSIA
Lesen untuk menggunakan Tanda Pensijilan di atas barangan
a licence to use the Certification Mark on
WELDED STEEL TUBE
Please refer to detail in the SCHEDULE
sebagai mematuhi keperluan
as complying with
BS EN 10255 : 2004
Nur Fadhilah binti Muhammad
Ketua Pegawai Eksekutif
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.

British Standard
- BS EN 10255 : 2004 for Welded Steel Tube


No Lesen / Licence No : PM012507
LESEN PENSIJILAN BARANGAN
Product Certification Licence
SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to
MELEWAR STEEL TUBE SDN. BHD.
LOT 53, PERSIARAN SELANGOR
40200 SHAH ALAM
SELANGOR, MALAYSIA
Lesen untuk menggunakan Tanda Pensijilan di atas barangan
a licence to use the Certification Mark on
STEEL CONDUIT FOR ELECTRICAL WIRING
Please refer to detail in the SCHEDULE
sebagai mematuhi keperluan
as complying with
BS 31 : 1940
Nur Fadhilah binti Muhammad
Ketua Pegawai Eksekutif
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.

British Standard
- BS 31 : 1940 for Steel Conduit for Electrical Wiring


No Lesen / Licence No : PC004425
LESEN PENSIJILAN BARANGAN
Product Certification Licence
SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to
MELEWAR STEEL TUBE SDN. BHD.
LOT 53, PERSIARAN SELANGOR
40200 SHAH ALAM
SELANGOR, MALAYSIA
Lesen untuk menggunakan Tanda Pensijilan di atas barangan
a licence to use the Certification Mark on
LOOSE STEEL TUBES FOR TUBE AND COUPLER SCAFFOLDS
Please refer to detail in the SCHEDULE
sebagai mematuhi keperluan
as complying with
BS EN 39 : 2001
Nur Fadhilah binti Muhammad
Ketua Pegawai Eksekutif
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.

British Standard
- BS EN 39 : 2001 for Loose Steel Tubes for Tube and Coupler Scaffolds


No Lesen / Licence No : PC001422
LESEN PENSIJILAN BARANGAN
Product Certification Licence
SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to
MELEWAR STEEL TUBE SDN. BHD.
LOT 53, PERSIARAN SELANGOR
40200 SHAH ALAM
SELANGOR, MALAYSIA
Lesen untuk menggunakan Tanda Pensijilan di atas barangan
a licence to use the Certification Mark on
COLD FORMED WELDED CARBON STEEL STRUCTURAL TUBING IN ROUND AND SHAPE
Please refer to detail in the SCHEDULE
sebagai mematuhi keperluan
as complying with
ASTM A 500/A 500M : 2013
Nur Fadhilah binti Muhammad
Ketua Pegawai Eksekutif
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.

American Standard
- ASTM A 500/A 500M : 2013 for Cold Formed Welded Carbon Steel Structural Tubing in Round and Shape


No Lesen / Licence No : PM012505
LESEN PENSIJILAN BARANGAN
Product Certification Licence
SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to
MELEWAR STEEL TUBE SDN. BHD.
LOT 53, PERSIARAN SELANGOR
40200 SHAH ALAM
SELANGOR, MALAYSIA
Lesen untuk menggunakan Tanda Pensijilan di atas barangan
a licence to use the Certification Mark on
LIGHT GAUGE STEEL FOR GENERAL STRUCTURE
Please refer to detail in the SCHEDULE
sebagai mematuhi keperluan
as complying with
JIS G 3350 : 2009
Nur Fadhilah binti Muhammad
Ketua Pegawai Eksekutif
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.

Japanese Standard
- JIS G 3350 : 2009 for Light Gauge Steel for General Structure


No Lesen / Licence No : PC003221
LESEN PENSIJILAN BARANGAN
Product Certification Licence
SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to
MELEWAR STEEL TUBE SDN. BHD.
LOT 53, PERSIARAN SELANGOR
40200 SHAH ALAM
SELANGOR, MALAYSIA
Lesen untuk menggunakan Tanda Pensijilan di atas barangan
a licence to use the Certification Mark on
CARBON STEEL TUBE FOR GENERAL STRUCTURE
Please refer to detail in the SCHEDULE
sebagai mematuhi keperluan
as complying with
JIS G 3444 : 2015
Nur Fadhilah binti Muhammad
Ketua Pegawai Eksekutif
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.

Japanese Standard
- JIS G 3444 : 2015 for Carbon Steel Tube for General Structure


No Lesen / Licence No : PM012506
LESEN PENSIJILAN BARANGAN
Product Certification Licence
SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to
MELEWAR STEEL TUBE SDN. BHD.
LOT 53, PERSIARAN SELANGOR
40200 SHAH ALAM
SELANGOR, MALAYSIA
Lesen untuk menggunakan Tanda Pensijilan di atas barangan
a licence to use the Certification Mark on
CARBON STEEL TUBE FOR MACHINE STRUCTURAL PURPOSE
Please refer to detail in the SCHEDULE
sebagai mematuhi keperluan
as complying with
JIS G 3445 : 1988
Nur Fadhilah binti Muhammad
Ketua Pegawai Eksekutif
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.

Japanese Standard
- JIS G 3445 : 1988 for Carbon Steel Tube for Machine Structural Purpose


No Lesen / Licence No : PC000247
LESEN PENSIJILAN BARANGAN
Product Certification Licence
SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to
MELEWAR STEEL TUBE SDN. BHD.
LOT 53, PERSIARAN SELANGOR
40200 SHAH ALAM
SELANGOR, MALAYSIA
Lesen untuk menggunakan Tanda Pensijilan di atas barangan
a licence to use the Certification Mark on
CARBON STEEL PIPE FOR ORDINARY PIPING
Please refer to detail in the SCHEDULE
sebagai mematuhi keperluan
as complying with
JIS G 3452 : 2010
Nur Fadhilah binti Muhammad
Ketua Pegawai Eksekutif
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.

Japanese Standard
- JIS G 3452 : 2010 for Carbon Steel Pipe for Ordinary Piping

QUALITY RECOGNITION
(CONTINUED)

Malaysian Standards:


MS 61386-21 : 2010 for Rigid Steel Conduit for Cable Management


MS 863 : 2010 for Welded Steel Pipe


SPAN TS 21827 : PART 2 : 2013 for Non Alloy Steel Tube for Water and Sewerage


MS EN 10219-1 : 2015 for Cold Formed Welded Structural Hollow Section of Non-alloys Steel


MS 1462-2-1 : 2010 for Steel Tubes for Tubular Scaffolding

Other Certifications:


CIDB Registered Products
- Cold Formed Welded Structural Hollow Sections


CIDB Registered Products
- Rigid Steel Conduit for Cable Management
- Steel Conduit for Electrical Wiring
- Steel Pipes for Water and Sewerage
- Steel Tube for Metal Scaffolding
- Welded Steel Pipes


Ministry of Domestic Trade and Consumer Affairs LOGO BUATAN MALAYSIA Certificate for AURORA Conduits and Cold Rolled products


UK Factory Production Control Certificate EN 10219-1:2006 for Cold Formed Welded Structural Hollow Sections of Non-Alloy Steels


EC Factory Production Control Certificate EN 10219-1:2006 for Cold Formed Welded Structural Hollow Sections of Non-Alloy Steels

PROFILE OF DIRECTORS

TUNKU DATO' YAACOB KHYRA

Executive Chairman

Malaysian | Aged 62 | Male

Tunku Dato' Yaacob Khyra was appointed to the Board of Directors of the Company on 30 March 2004.

Tunku Dato' Yaacob was redesignated to Executive Chairman of the Company on 2 January 2015. 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, KNM Group Berhad, Melewar Group Berhad, Khyra Legacy Berhad ("KLB"), Yayasan Khyra, MAA Bancwell Trustee Berhad, Ithmaar Holding B.S.C. (listed in Bahrain), Ithmaar Bank B.S.C. (Closed), Altech Chemicals Limited (listed in Australia), Chase Perdana Sdn Bhd and several private limited companies.

Tunku Dato' Yaacob is the Chairman of the Board of Trustees of Yayasan Amal Maaedicare and The Budimas Charitable Foundation.

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 shareholdings in the Company is disclosed on page 55 of the Annual Report.

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

Tunku Dato' Yaacob does not have any conflict of interest with the Company and he has had no convictions 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.

PROFILE OF DIRECTORS
(CONTINUED)

ROSHAN MAHENDRAN BIN ABDULLAH
Group Chief Executive Officer

Malaysian | Aged 40 | Male

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 ("MSCRC"). In May 2011, En Roshan became the Chief Operating Officer of MSCRC and Business Development divisions respectively. Subsequently, he became the Group Chief Operating Officer of Mycron Steel Berhad in September 2016 and Chief Executive Officer of both MSCRC and Melewar Steel Tube Sdn Bhd ("MST"). En Roshan is responsible for the operations of both MSCRC and MST.

En Roshan has been a Council Member of the Malaysian Iron and Steel Industry Federation ("MISIF") since November 2018. He is currently the Deputy President I of MISIF, a position he has held since 1 December 2021. En Roshan was also recently appointed to the Board of the Malaysia Steel Institute (MSI) as Director on 31 May 2022.

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

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

En Roshan does not have any conflict of interest with the Company and he has had no convictions 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.

PROFILE OF DIRECTORS
(CONTINUED)

AZLAN BIN ABDULLAH
Non-Independent Non-Executive Director

Malaysian | Aged 64 | Male

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 redesignated 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 currently sits on the Boards of Melewar Industrial Group Berhad, MIDF Amanah Investment Bank Berhad, Langkawi Yacht City Berhad and several other private limited companies.

En Azlan holds a Bachelor of Science Degree in Business Administration from Trinity University, San Antonio, Texas, USA and a Masters Degree in Business Administration from Morehead State University, Kentucky, USA.

He started his career in 1983 with Citibank N A and in 1987, he joined United Asian Bank ("UAB") where he started and headed the Treasury Marketing Unit. After UAB merged with Bank of Commerce, he was subsequently promoted to Head of Priority Banking Division and Branch Manager of the KL Main Branch in 1992. In 1994, he rejoined Citibank Berhad as Vice President and Head of Public Sector Division. En Azlan was the Deputy President of the Malaysia Iron and Steel Industry Federation ("MISIF") from 2008 until October 2018 and was one of MISIF's representatives on the Asian Iron and Steel Council from 2012 until May 2018.

En Azlan has no family ties with any of the Directors and/or major shareholders of the Company. His shareholding in the Company is disclosed on page 55 of the Annual Report.

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

En Azlan does not have any conflict of interest with the Company and he has had no convictions 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.

PROFILE OF DIRECTORS
(CONTINUED)

TENGKU DATUK SERI AHMAD SHAH IBNI ALMARHUM SULTAN SALAHUDDIN ABDUL AZIZ SHAH

Independent Non-Executive Director

Malaysian | Aged 67 | Male

Chairman of the Nomination & Remuneration Committee

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. On 30 September 2022, Tengku Datuk Seri Ahmad Shah was redesignated from member to Chairman of the Nomination and Remuneration Committee of the Company.

He currently sits on the Boards of DutaLand Berhad, Sime Darby Property Berhad, Tuju Setia 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 has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Tengku Datuk Seri Ahmad Shah does not have any personal interest in any business arrangements involving the Company.

Tengku Datuk Seri Ahmad Shah does not have any conflict of interest with the Company and he has had no convictions 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.

PROFILE OF DIRECTORS
(CONTINUED)

DATIN SERI RAIHANAH BEGUM BINTI ABDUL RAHMAN

Independent Non-Executive Director

Malaysian | Aged 60 | Female

Member of the Audit & Governance Committee
Chairman of the Risk & Sustainability Committee
Member of the Nomination & Remuneration Committee

Datin Seri Raihanah Begum binti Abdul Rahman, was appointed to the Board of Directors of the Company on 8 April 2019 as an Independent Non-Executive Director.

She currently sits on the Boards of MAA Group Berhad, Melewar Industrial Group Berhad, Tuju Setia Berhad and several other private limited companies.

Datin Seri Raihanah is an Associate of the Chartered Insurance Institute (UK) and the Malaysian Insurance Institute. As a scholar of American Malaysian Insurance Sdn Bhd (later known as CIMB Bank Insurance) she started her insurance career with the company immediately after successfully completing her course in 1984 and has held various positions in the Underwriting and Marketing Departments before leaving in 1988 to join Malene Insurance Brokers Sdn Bhd ("Malene").

During her 10-year service at Malene, she was exposed to various aspects of the oil and gas industry and was involved in the Insurance programmes for Petronas, Shell, Esso (now known as Exxon-Mobil) and various other oil and gas-related companies such as Gas Malaysia Sdn Bhd and MISC Berhad. Her experience also included an attachment with a London-based Lloyds broker.

She left Malene in 1997 when she was the Acting Chief Executive Officer, to dedicate more time in bringing up her three young children. To ensure that she was in touch with the insurance industry and coupled with her experience and knowledge in insurance underwriting and broking, she made time, from 1998 to 1999, while being a homemaker, to be a part-time lecturer with the Malaysian Insurance Institute who conducted short courses for those in the insurance industry to obtain a more in-depth knowledge of the business.

In August 2005, Datin Seri Raihanah was appointed as a Non-Executive Director to the board of a public-listed fibre-based manufacturing company called Wang Zheng Berhad ("Wang Zheng"). She served as an active board member at Wang Zheng for 8 years.

She was also appointed as a member of the Board of Trustees for the Malaysian Medical Association ("MMA") Foundation for a three-year term from 2007. MMA Foundation is a non-profit organisation which provides financial assistance for undergraduate medical students, continuing professional development, public health education and donations to charities.

Datin Seri Raihanah has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Datin Seri Raihanah does not have any personal interest in any business arrangements involving the Company.

Datin Seri Raihanah does not have any conflict of interest with the Company and she has had no convictions 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

PROFILE OF DIRECTORS
(CONTINUED)

KWO SHIH KANG
Senior Independent Non-Executive Director

Malaysian | Aged 62 | Male

Chairman of the Audit & Governance Committee
Member of the Risk & Sustainability Committee
Member of the Nomination & Remuneration Committee

Mr Kwo Shih Kang was appointed to the Board of Directors of the Company on 23 August 2019 as an Independent Non-Executive Director. On 30 May 2022, Mr Kwo was appointed as a member of the Nomination and Remuneration Committee of the Company.

He currently sits on the Boards of Melewar Industrial Group Berhad and several other private limited companies.

Mr Kwo is a qualified actuary with more than 30 years of experience in the insurance industry which include stints in various South East Asian countries, in positions such as Chief Executive Officer, Appointed Actuary and Chief Financial Officer in a number of multinational insurers, such as AXA Affin Life Insurance Berhad, Allianz Life Insurance Malaysia Berhad, Aetna Universal Insurance Berhad, Gibraltar BSN Life Berhad and American International Assurance Berhad. Mr Kwo was also the Chief Operating Officer of Malaysian Assurance Alliance Berhad.

Mr Kwo was the President of the Life Insurance Association of Malaysia (LIAM) from 2012 to 2015. He is also the President of the Malaysian Financial Planning Council (MFPC) and was the President of the Actuarial Society of Malaysia.

Mr Kwo holds a Bachelor's degree in Actuarial Science from City University London and a Master of Business Administration, majoring in Finance, from CASS Business School, London. He is a Fellow of the Society of Actuaries, USA, and is also a Registered Financial Planner (RFP).

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

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

Mr Kwo does not have any conflict of interest with the Company and he has had no convictions 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.

PROFILE OF DIRECTORS
(CONTINUED)

DATO' MOHD ZAHIR BIN ZAHUR HUSSAIN
Independent Non-Executive Director

Malaysian | Aged 47 | Male

Member of the Audit & Governance Committee
Member of the Risk & Sustainability Committee

Dato' Mohd Zahir, was appointed to the Board of Directors of the Company on 30 June 2022.

On 29 August 2022, Dato' Mohd Zahir was appointed as a Member of the Audit & Governance Committee and Risk & Sustainability Committee of the Company.

Dato' Mohd Zahir has an established career as an auditor with various accounting firms including PricewaterhouseCoopers and Deloitte & Touche both at their Malaysia and overseas offices. He was the Chief Financial Officer of Tracoma Holdings Berhad, a company focusing on the manufacturing of automotive components before appointed as the Audit Director for Baker Tilly Monteiro Heng.

Dato' Mohd Zahir was also the Group Chief Financial Officer of Prasarana Malaysia Berhad (Prasarana) and subsequently promoted as the Chief Executive Officer of Prasarana Integrated Development (PRIDE), a wholly owned subsidiary of Prasarana.

Dato' Mohd Zahir is currently a member of Chartered Accountants Australia and New Zealand as well as the Malaysian Institute of Accountants.

Currently, he is a Director of Destini Berhad and Zahir Irkaz Advisory PLT.

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

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

Dato' Mohd Zahir does not have any conflict of interest with the Company and he has had no convictions 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.

KEY SENIOR MANAGEMENT PROFILE

TUNKU DATO' YAACOB KHYRA

Executive Chairman
Male | Aged 62 | Malaysian

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 44 of this annual report.

ROSHAN MAHENDRAN BIN ABDULLAH

Executive Director/Group Chief Executive Officer
Male | Aged 40 | Malaysian

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 45 of this annual report.

CHOO KAH YEAN

Chief Financial Officer
Male | Aged 57 | Malaysian

Mr Choo Kah Yean has been the Chief Financial Officer of the Group since 1 November 2012.

Mr Choo has more than 35 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 as its Finance Director 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.

KEY SENIOR MANAGEMENT PROFILE
(CONTINUED)

IR. CHIN SHYI HER

Chief Operating Officer, Tube Operations
Male | Aged 57 | Malaysian

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 33 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 is 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.

FANNY TAN BOON SIM

Chief Operations Officer, CRC Operations
Female | Aged 44 | Malaysian

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 at Amsteel Mills Sdn Bhd before shifting her career path to BlueScope Steel (M) Sdn Bhd from 2005 until 2011. She has 20 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 graduated with Bachelor of Science in Materials and Manufacturing Engineering from Sheffield Hallam University, UK and completed her Master's in Business Administration with high distinction from Victoria University, Australia. She is currently pursuing her Doctorate in Business Administration on a part-time basis at PPA Business School, France. 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.

GROUP FINANCIAL HIGHLIGHTS & FINANCIAL INDICATORS

	2018	2019	2020	2021	2022
Financial highlights of Statements of Comprehensive Income					
Revenue (RM mil)	793.4	694.5	596.1	736.7	745.9
EBITDA (RM mil)	44.3	12.8	13.0	90.3	86.3
Profit/(loss) before tax (RM mil)	22.5	(9.7)	(10.5)	68.3	64.5
Profit/(loss) after tax (RM mil)	16.1	(12.0)	(10.6)	53.8	52.7
Financial highlights of Statements of Financial Position					
Total assets (RM mil)	694.5	666.9	634.0	737.0	851.6
Total borrowings (RM mil)*	120.4	119.6	100.3	87.4	116.4
Shareholders equity (RM mil)	391.6	395.9	385.9	447.7	494.7
Financial indicators					
Return on equity (%)	4.1	(3.0)	(2.7)	12.0	10.7
Return on total assets (%)	2.3	(1.8)	(1.7)	7.3	6.2
Gearing ratio (Times)	0.31	0.30	0.26	0.20	0.24
Net earnings/(loss) per share (sen)	5.7	(3.9)	(3.2)	16.5	16.1
Net asset per share (RM)	1.38	1.21	1.18	1.37	1.51
Dividend per share (sen)	-	-	-	-	3.0
PE ratio	6.8	(7.6)	(8.8)	3.5	2.8
Share price as at FYE (RM)	0.385	0.300	0.285	0.570	0.455

* includes interest bearing trade payables

ANALYSIS OF SHAREHOLDINGS
As at 30 September 2022

Total Number of Issued Shares	-	327,057,599
Class of Shares	-	Ordinary Shares
No. of Shareholders	-	5,283
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	692	13.10	22,691	0.01
100 - 1,000	1,791	33.90	919,903	0.28
1,001 - 10,000	1,901	35.98	9,553,701	2.92
10,001 - 100,000	798	15.11	24,402,339	7.46
100,001 and below 5% of issued shares	100	1.89	49,698,700	15.20
5% and above of issued shares	1	0.02	242,460,265	74.13
Total	**5,283**	**100.00**	**327,057,599**	**100.00**

THIRTY LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2022

No.	Name	No. of Shares Held	[a]% of Shares
1.	Melewar Industrial Group Berhad	242,460,265	74.13
2.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Mettiz Capital Sdn Bhd)	7,686,400	2.35
3.	Cartaban Nominees (Asing) Sdn Bhd (Exempt An for Daiwa Capital Markets Singapore Limited)	5,370,000	1.64
4.	Tan Cheng Chai	4,379,000	1.34
5.	Cartaban Nominees (Asing) Sdn Bhd (Marubeni-Itochu Steel Inc.)	3,580,000	1.10
6.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Exempt An for UOB Kay Hian Pte Ltd)	3,300,000	1.01
7.	Ooi Chin Hock	2,108,000	0.64
8.	Teh Bee Gaik	1,318,600	0.40
9.	PM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Kong Kok Choy)	1,130,000	0.35
10.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Yong Choong Hing)	798,700	0.24
11.	Maybank Nominees (Tempatan) Sdn Bhd (Lee Keng Fai)	761,500	0.23
12.	DB (Malaysia) Nominee (Asing) Sdn Bhd (The Bank of New York Mellon for Ensign Peak Advisors Inc.)	666,000	0.20
13.	Wong Weng Tien	632,500	0.19
14.	Teoh Ko Chuan	450,000	0.14
15.	Maybank Nominees (Tempatan) Sdn Bhd (Ho Keat Soong)	450,000	0.14
16.	Tan Ah Sim @ Tan Siew Wah	410,000	0.13
17.	Kenanga Nominees (Asing) Sdn Bhd (Pledged Securities Account for Wu Teng Siong)	390,000	0.12
18.	Ng Teng Song	386,900	0.12
19.	Maybank Securities Nominees (Asing) Sdn Bhd (Maybank Securities Pte Ltd for Divyesh Nagindas Doshi)	385,200	0.12
20.	Lim Tee Chiew	350,000	0.11
21.	Ho Yit Lin @ Ho Yuet Ling	350,000	0.11
22.	Lim Kian Wat	333,000	0.10

ANALYSIS OF SHAREHOLDINGS
As at 30 September 2022
(CONTINUED)

THIRTY LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2022 (CONTINUED)

No.	Name	No. of Shares Held	[a]% of Shares
23.	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB for Cheah Chee Siong)	326,100	0.10
24.	Maybank Nominees (Asing) Sdn Bhd (Pledged Securities Account for Manikandamurthy Velayoudam)	325,000	0.10
25.	YPAM Capital Sdn Bhd	325,000	0.10
26.	Ang Lay Tin	320,000	0.10
27.	Tan Kian Ser	300,000	0.09
28.	Sim Keng Chor	300,000	0.09
29.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Suraj Singh Gill)	300,000	0.09
30.	Lim Saw Nee	300,000	0.09
	Total	**280,192,165**	**85.67**

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.

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2022

Name	Number of Shares Held			
	Direct	%[1]	Indirect	%[a]
Tunku Dato' Yaacob Khyra ("TY")	-	-	242,523,025	74.15[1]
Melewar Industrial Group Berhad ("MIG")	242,460,265	74.13	-	-
Melewar Equities (BVI) Ltd ("MEBVI")	-	-	242,460,265	74.13[2]
Melewar Khyra Sdn Bhd ("MKSB")	-	-	242,460,265	74.13[2]
Khyra Legacy Berhad ("KLB")	-	-	242,460,265	74.13[3]

DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2022

Name	Number of Shares Held			
	Direct	%[1]	Indirect	%[a]
TY	-	-	242,523,025	74.15[1]
Azlan bin Abdullah	53,900	0.02	-	-

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 and his major interests in Melewar Group Berhad who holds 0.02% in the total issued share capital of Mycron.

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

[3] 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.

ANALYSIS OF WARRANT HOLDINGS
As at 30 September 2022

Number of Warrants Issued	-	21,756,070
Number of Warrants Exercised	-	-
Number of Warrants Unexercised	-	21,756,070
Number of Warrants Holders	-	196
Exercise Price	-	RM0.60 per warrant
Exercise Period	-	28 January 2019 to 26 January 2024

No. of Size of Holdings	No. of Holders	% of Holders	No. of Warrants	% of Issued Warrants
Less than 100	15	7.65	548	0.00
100 - 1,000	64	32.65	29,400	0.13
1,001 - 10,000	77	39.29	408,700	1.88
10,001 - 100,000	38	19.39	989,400	4.55
100,001 and below 5% of issued warrants	1	0.51	139,300	0.64
5% and above of issued warrants	1	0.51	20,188,722	92.80
Director	0	0.00	0	0.00
Total	**196**	**100.00**	**21,756,070**	**100.00**

THIRTY LARGEST WARRANT HOLDERS AS AT 30 SEPTEMBER 2022

No.	Name	No. of Warrants Held	[(a)]% of Issued Warrants
1.	Melewar Industrial Group Berhad	20,188,722	92.80
2.	Cimsec Nominees (Tempatan) Sdn Bhd (Beneficiary : CIMB for Cheah Chee Siong)	139,300	0.64
3.	Shahrul Nizam Bin Mat Sahar	74,000	0.34
4.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary : Pledged securities account for Yong Choong Hing)	66,900	0.31
5.	Shamsul Kamal Bin Abdullah @ Mohd Khir	66,800	0.31
6.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary : Pledged securities account for Mohd Izzat Bin Iskandar)	63,400	0.29
7.	Nur Fateha Binti Anuar Tan	56,700	0.26
8.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary : Leong Wai Onn)	50,000	0.23
9.	Pang Yong Ging	43,700	0.20
10.	Leong Li Ping	35,000	0.16
11.	Ng Sook Kin	34,600	0.16
12.	HLIB Nominees (Tempatan) Sdn Bhd (Beneficiary : Pledged Securities Account for Lee Eng Min)	34,300	0.16
13.	Ch'ng Beng Wei	30,000	0.14
14.	Nor Asilah Binti Mohamed Zin	29,500	0.14
15.	Izzati Liyana Kook Binti Abdullah	26,500	0.12
16.	Tan Mei Chern	23,100	0.11
17.	Hiew Ming An	21,900	0.10
18.	Affendi Bin Abdullah	20,000	0.09
19.	CGS-CIMB Nominees (Asing) Sdn Bhd (Beneficiary : Pledged securities account for Walter Wurtz)	20,000	0.09
20.	Chen Lee Ming	20,000	0.09
21.	Kenanga Nominees (Tempatan) Sdn Bhd (Beneficiary : Exempt an for Phillip Securities Pte Ltd)	20,000	0.09
22.	Lee Kok Siang	20,000	0.09
23.	Teh Yee Liang	18,300	0.08

ANALYSIS OF WARRANT HOLDINGS
As at 30 September 2022
(CONTINUED)

THIRTY LARGEST WARRANT HOLDERS AS AT 30 SEPTEMBER 2022 (CONTINUED)

No.	Name	No. of Warrants Held	[a]% of Issued Warrants
24.	Kok Wei Jin	15,000	0.07
25.	Tan Choong Wei	15,000	0.07
26.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary : Low Yoon Choy)	14,200	0.07
27.	Mohd Zaki Bin Dollah	14,000	0.06
28.	Lim Jia Hui	13,500	0.06
29.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary : Yong Choong Hing)	13,300	0.06
30.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary : Pledged securities account for Mohd Nor Apandi Bin Che Wan)	13,000	0.06
	TOTAL	**21,200,722**	**97.45**

Note:

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

LIST OF SUBSTANTIAL WARRANT HOLDERS AS AT 30 SEPTEMBER 2022

	Number of Warrants Held			
Name	Direct	%[a]	Indirect	%[a]
Tunku Dato' Yaacob Khyra ("TY")			20,193,952	95.25[1]
Melewar Industrial Group Berhad ("MIG")	20,188,722	92.80	-	-
Melewar Equities (BVI) Ltd ("MEBVI")	-	-	20,188,722	92.80[2]
Melewar Khyra Sdn Bhd ("MKSB")	-	-	20,188,722	92.80[3]
Khyra Legacy Berhad ("KLB")	-	-	20,188,722	92.80[3]

DIRECTOR'S WARRANT HOLDINGS AS AT 30 SEPTEMBER 2022

	Number of Warrants Held			
Name	Direct	%[a]	Indirect	%[a]
TY	-	-	20,193,952	95.25[1]

Notes:

[a] The percentages of substantial warrant holders and Director's warrant holdings are calculated by dividing the warrants held by the respective substantial warrant holders and Director with the total number of issued warrants.

[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 and his major interests in Melewar Group Berhad who holds 0.02% of the total number of issued warrants of Mycron.

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

[3] 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Mycron Steel Berhad ("MSB" or "the Company") is pleased to present the Corporate Governance ("CG") Overview Statement of the Company for the financial year ended 30 June 2022. This CG Overview Statement is prepared pursuant to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board has been guided by the Malaysian Code on Corporate Governance 2021 ("MCCG") in its implementation of the CG practices while ensuring compliance with the MMLR of Bursa Securities and the Companies Act 2016 ("CA") as well as ensuring that the Group monitors developments in industry practice and complies with the other regulations where necessary and applicable.

The Board believes that good CG adds value to the business of the Group and will ensure that this practice continues. The Board of Directors believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business direction and strategy.

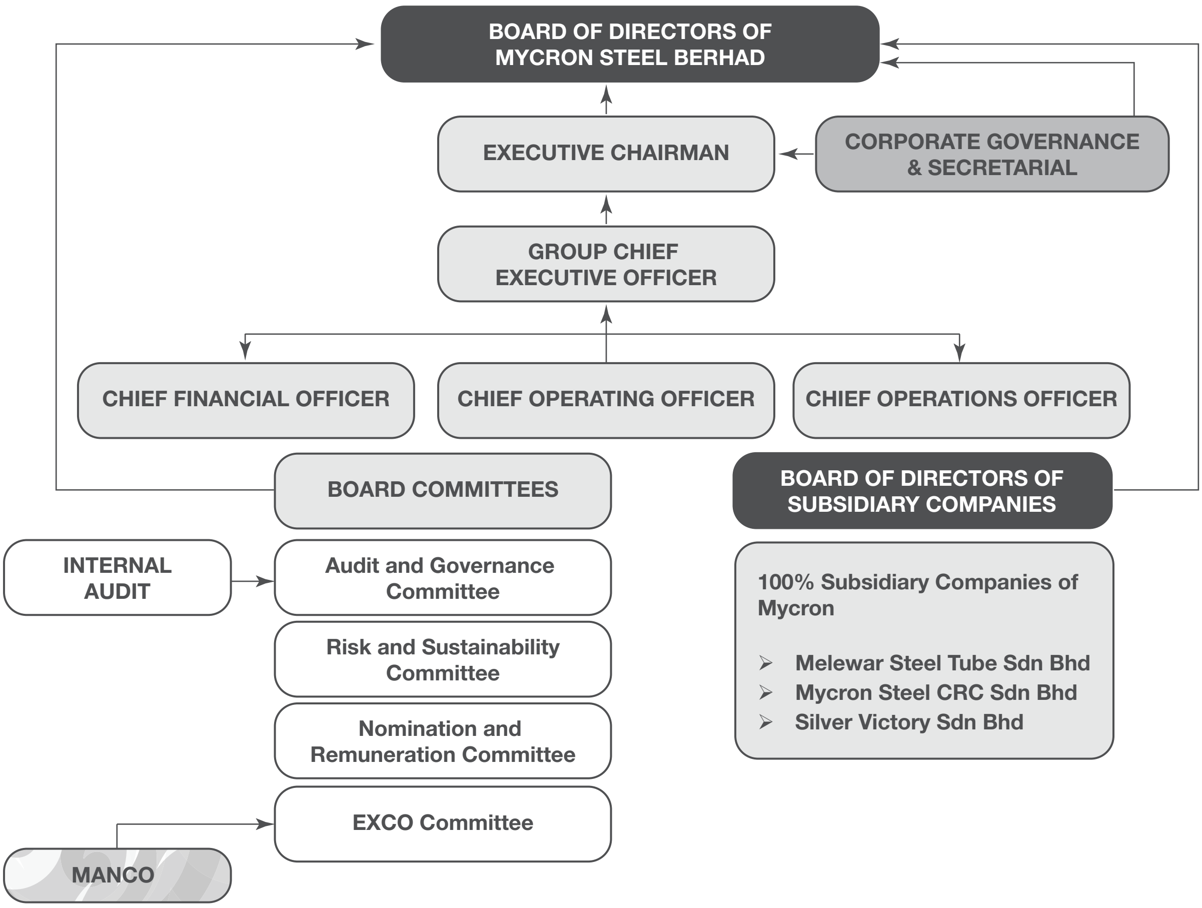
This CG Overview Statement should be read together with the CG Report, which is accessible on the Company's website at https://www.mycronsteel.com/corporate-governance.php as well on Bursa Securities website. It should also be read in conjunction with other statements in this Annual Report such as the Statement on Risk Management and Internal Control and the Audit and Governance Committee Report.

The Board is pleased to disclose the manner and the extent in which the principles and practices set out in the MCCG and governance standards in accordance with the MMLR of Bursa Securities have been adopted by the Company and the Group for all its business dealings and affairs throughout the financial year ended 30 June 2022.

The overview of the CG practices, which made reference to the three (3) key CG principles as set out in the MCCG throughout FY2022 are as follows:

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

MSB's Governance Structure is as follows:



CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 - BOARD RESPONSIBILITIES

1.1 Effective Board Leadership and Oversight

The Board is responsible for governing, guiding and overseeing the overall management of the Group and retains full and effective control over the affairs of the Group. It reviews the Group's policies and strategies, enforces standards of accountability, actively oversees the conduct, management and business affairs of MSB and monitors the Senior Management's performance.

The Board ensures the effective discharge of its fiduciary and leadership functions, as well as sustains long-term shareholder value while safeguarding the interests of all its stakeholders. It works closely with the Senior Management to ensure that the operations of MSB are conducted prudently within the relevant laws and regulations.

All members of the Board are aware of their responsibility to take decisions objectively to promote the success of the Group and to create long-term value for shareholders and other stakeholders. In performing its duties, the Board is guided by the Board Charter that sets out amongst others its roles, composition, responsibilities, powers, Board Committees and Board meeting procedures including division of responsibilities between the Board, the Board Committees, the Executive Chairman and the Group Chief Executive Officer ("GCEO"). The key elements of governance principles embedded in the Board Charter regulate the Board's conduct and guide the strategic initiatives of the Group.

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") which sets out the delegation of authority by our GCEO/Executive Chairman 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 subject 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"); and
- Nomination and Remuneration Committee ("NRC").

The respective Board Committees operate within clearly defined Terms of Reference ("TOR") setting out their duties and responsibilities. All deliberations, recommendations and decisions of the Board Committees are recorded and minutes subsequently confirmed by the Board Committees at the next Board Committee meeting. During Board meetings, the Chairman of the various Board Committees provide reports of the decisions and recommendations made at the Committee meetings and highlight to the Board if any further deliberation is required at Board level. The ultimate responsibility for decision making, however, lies with the Board.

These Board Committees are chaired by Independent Non-Executive Directors.

The Board will review the TOR of Board Committees from time to time to ensure that they are relevant and updated in line with the new policies or regulatory requirements.

The Board at its Board Meeting held in May 2022 undertook a rigorous review of the TOR of the various Committees as well as the policies adopted by the Group to align them to the MCCG 2021 guidelines and to be more comprehensive and practical wherever possible.

The Board views succession planning as also an important factor for business continuity. The Group has in place, an informal structure and practice to ensure key roles within the Group are supported by competent and calibred second-in-line to reduce the impact of abrupt departure of key personnel to the minimum possibility. There is a formal organisation structure for the Group with delineated lines of authority, responsibility and accountability. It fosters and promotes the continual development of key employees and ensures that key positions maintain some measure of continuity, thus enabling the Group to achieve business objectives. The succession planning of the Group is enhanced by the policies and standard operating procedures as well as job descriptions established for key business processes within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 1 - BOARD RESPONSIBILITIES (CONTINUED)

1.2 Division of Roles and Responsibilities

(i) The Chairman of the Board

The Group had adopted the recommended practice of the MCCG whereby the positions of the Chairman and the GCEO are held by different individuals.

The Board has elected Tunku Dato' Yaacob Khyra as the Company's Chairman whose main role is to provide leadership and guidance to the Board as well as to achieve the Group's strategic vision and also lead the Board in its collective oversight of Management. He is to also ensure effectiveness of the Board by encouraging active participation of all Board members and allowing dissenting views to be freely expressed.

Given that the Chairman, Tunku Dato' Yaacob Khyra who has a wealth of experience in the business operations of the Group, the history of the Group, its structure, business environment and the territories globally in which the Group operates, he also assumes the position of an Executive Chairman for continuing leadership.

(ii) GCEO

The GCEO, En Roshan Mahendran bin Abdullah is overall responsible for the business operations and day-to-day management of the Group and the implementation of the Board's policies and decisions.

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

(iii) Chairman of the Board in Board Committees

The Chairman of the Board should not be a member of the Board Committees pursuant to Practice 1.4 of the MCCG. The Company adopted this Practice 1.4 as Tunku Dato' Yaacob Khyra is not a member of any of the Board Committees.

(iv) Suitably Qualified and Competent Company Secretary

In compliance with Practice 1.5 of the MCCG, 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 CA.

The Company Secretary plays an advisory role to the Board particularly with regard to the Company's Constitution, Board policies and procedures as well as its compliance with regulatory requirements and legislations.

The Company Secretary attends all Board and Committee meetings and ensures that discussions and deliberations of the Board and Committees are properly documented and recorded in a timely manner, and subsequently communicated to the Management for appropriate actions. The Company Secretary further ensures that outstanding action items are properly tracked and monitored until such items are addressed and where necessary, reported to the Board.

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 the MMLR of Bursa Securities and the resultant implications to the Company and the Board in discharging their duties and responsibilities.

1.3 Access to Information and Meeting Materials

The Board recognises that the decision-making process is highly contingent on the quality of information furnished. All members of the Board have full unrestricted access to any information pertaining to the Group's business and affairs.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 1 - BOARD RESPONSIBILITIES (CONTINUED)

1.3 Access to Information and Meeting Materials (continued)

Prior to the scheduled Board and Committee meetings, a formal and structured agenda together with a set of Board and Committee papers are forwarded to all Directors at least five (5) working days before the relevant Board or Committee meetings to allow sufficient time for the Directors to review and analyse relevant information and if necessary, obtain further information on matters to be deliberated. The Board papers provide, among others, periodic financial information, operational issues 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 them to properly discharge their duties.

The Directors, whether acting as a full Board member or in their individual capacity, in the furtherance of their duties, may obtain independent professional advice at the Company's expense, in the event that circumstances warrant the same. The Company has in place internal procedures for the application and appointment process for the services of independent professional parties in the Board Charter.

1.4 Group Corporate Governance Framework

The Board formalised and adopted a Group Corporate Governance Framework ("the CG Framework") on 30 May 2022.

The CG Framework sets out various fundamental corporate governance principles, values and standards that shall guide the Board and Management teams within the Group and to describe the governance arrangements in place between MSB and its subsidiary companies so as to deliver efficiency, effectiveness, prudent governance and alignment across the Group which are based on the evolving corporate governance requirements instituted by the authorities. This is in line with the best practices laid out in the MCCG.

The CG Framework also acts as a source of reference and primary induction literature to Board members and Senior Management as it contains the Group Corporate Governance Framework, the Board Charter, the TOR of the various Committees and the other Policies adopted by the Company.

This CG Framework will be reviewed and updated in accordance with the needs of the Company and any new regulations. Any amendments to the CG Framework shall be approved by the Board.

- **Board Charter**

  The Board Charter, sets out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Charter serves as a reference point for Board activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company.

  The Board Charter will be reviewed periodically and updated by the Board to ensure it is kept up-to-date with changes in regulations and best practice and ensure its effectiveness and relevance to the Board's objectives and responsibilities.

  On 30 May 2022, the Board had reviewed and revised its Board Charter to incorporate the changes in MCCG, which is intended to strengthen the integrity and governance of the Group.

  The Board Charter and Terms of Reference of the Committees can be viewed on the Company's website at www.mycronsteel.com.

- **Code of Conduct and Ethics**

  With the commitment to maintaining a culture of high standard of ethical business behaviors as per Practice 3.1, the Code of Conduct and Ethics has been put in place for all Directors, Management and employees of the Group as a guide in discharging their duties and responsibilities by demonstrating healthy corporate culture, good judgment transparency, fairness and honesty as well as loyalty and ethics in the conduct of its business that are aligned with best practices and applicable laws, rules and regulations. The Company's Code of Conduct and Ethics is available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 1 - BOARD RESPONSIBILITIES (CONTINUED)

1.4 Group Corporate Governance Framework (continued)

- **Whistleblowing Policy**

  The Company's Whistleblowing 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 Whistleblowing Policy provides a mechanism for parties (such as staff, business associates, and members of the public) to channel their complaints or to provide information on fraud, wrongdoings, or non-compliance to any rule or procedure by employees or Management of the Group. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution.

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

  The Whistleblowing Policy has been updated and revised and approved by the Board on 30 May 2022 and is available on the Company's website at www.mycronsteel.com in line with Practice 3.2 of the MCCG.

  For financial year 2022, the Company did not receive any report or complaint of misconduct from employees, Management, public or stakeholders.

- **Conflict of Interest and Related Party Transactions**

  The Board is provided guidance on disclosure of conflict of interest and other disclosure information/ requirements to ensure that the Directors comply with the relevant regulations and practices. In order to address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Group has put in place appropriate procedures including requiring such Directors to abstain from participating in deliberations during meetings and abstaining from voting on any matter in which they may also be deemed as interested or conflicted.

  The Directors are responsible at all times to determine whether they have a potential or actual conflict of interest in relation to any matter, which comes before the Board. All Directors are required to make declarations on a quarterly basis whether they have any interest in transactions tabled at Board meetings and to abstain from the deliberation and voting on the related resolutions at the Board or any general meetings convened to consider the matter.

  The Directors of the Group are also required to disclose and confirm their directorships and shareholdings in the Group and any other entities where they have interests for the Group's monitoring on a quarterly basis or as and when required.

  The above guidelines are encapsulated in the Related Party Transactions Policy which was approved by the Board of Directors on 24 February 2021.

- **Anti-Fraud/Corruption Policy**

  In line with the Listing Requirements of Bursa Securities in relation to anti-corruption measures, an Anti-Fraud/ Corruption Policy has been adopted by the Group since 2020 which sets out the parameters and guidelines to prevent the occurrence of bribery and corrupt practices and to maintain integrity and work ethics in the conduct of the Group's business and operations.

  With the adoption of the Anti-Fraud/Corruption Policy, the Group practises zero tolerance policy against all forms of bribery and corruption. Employees, vendors and customers of the subsidiaries are made aware of, to understand and adhere to the Group's Anti-Fraud/Corruption Policy.

  The Anti-Fraud/Corruption Policy elaborates upon those principles and provides guidance to employees on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of conducting business.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 1 - BOARD RESPONSIBILITIES (CONTINUED)

1.4 Group Corporate Governance Framework (continued)

- **Anti-Fraud/Corruption Policy (continued)**

  The Anti-Fraud/Corruption Policy is also applicable to all employees, Directors, contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of Group.

  Continuous engagement activities are conducted to spread awareness of the policy and to address any concerns. For more information on the Anti-Fraud/Corruption Policy, please refer to the Company's website at www.mycronsteel.com.

  For financial year 2022, there was no incident of bribery and corruption that were reported to the Group.

  The Board had on 30 May 2022 reviewed and approved the revised Anti-Fraud/Corruption Policy together with the revised Code of Conduct and Ethics, Whistleblowing Policy, and Conflict of Interest Policy.

1.5 Strategic Management of Sustainability Matters

The Board considers sustainability a part of its strategic formulation and in addressing this matter has together with Management developed sustainability strategies, priorities and targets to be achieved for the Group.

The Management Committee ("MANCO"), which comprises heads of the Company's business units and divisions, will oversee all aspects of operational and sustainability risks with the initiation and identification of the risk issues. MANCO will then raise these issues to the Executive Committee who meets on a monthly basis to ensure that the matters are discussed in depth for the next course of actions. These issues will then be encapsulated in the Risk Report and reported to the RSC.

The sustainability initiatives and activities undertaken by the Group for the financial year ended 30 June 2022 are disclosed in the "Sustainability Statement" on Page 24, provided in this Annual Report.

In order to ensure the Board is kept abreast with sustainability issues and have sufficient understanding in sustainability matters relevant to the Group and its businesses, Directors are expected to attend sustainability-related programmes including conferences, seminars and trainings. This is to enable the Board to stay abreast and understand the sustainability issues, including climate-related risks and opportunities.

PART 2 - BOARD COMPOSITION

2.1 Composition

The Board composition is in compliance with Paragraph 3.04(1) and Paragraph 15.02(1) of the MMLR of Bursa Securities which stipulates that at least two Directors or 1/3 of the Board, whichever is higher, must be Independent Directors and also the recommendation by the MCCG to have at least half of the Board comprises Independent Directors.

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

As at the date of this CG Overview Statement, the Board, consists of seven (7) members as follows:

- one (1) Executive Chairman;
- one (1) Executive Director;
- one (1) Non-Independent Non-Executive Director; and
- four (4) Independent Non-Executive Directors.

The Independent Directors make up more than half of the Board, as recommended by the MCCG. Details of the Directors are set out in the Board of Directors' Profiles section in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

2.1 Composition (continued)

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

Directors	Designation
Tunku Dato' Yaacob Khyra	Executive Chairman
Roshan Mahendran bin Abdullah	Group Chief Executive Officer
Azlan bin Abdullah	Non-Independent Non-Executive Director
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	Independent Non-Executive Director
Datin Seri Raihanah Begum binti Abdul Rahman	Independent Non-Executive Director
Kwo Shih Kang	Senior Independent Non-Executive Director
Dato' Mohd Zahir bin Zahur Hussain *(Appointed 30 June 2022)*	Independent Non-Executive Director

Note: Tan Sri Datuk Seri Razman Md Hashim resigned as Director of the Company on 30 September 2022.

The Group considers its complement of Non-Executive Directors provide an effective Board with a mix of 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 are 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 in order to uphold their objectivity and fulfil their responsibility to provide check and balance to the Board.

Overall, the Board is satisfied with the current number and composition of its members and is of the view that the members represent a diverse set of academic background, skills, knowledge and experience that are necessary to support the Group's growth and success.

2.2 Tenure of Independent Director

Practice 5.3 of the MCCG recommends that the tenure of an independent director should not exceed a cumulative term limit of nine (9) years and upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. If the Board desires to retain them beyond nine (9) years, upon recommendation of the Nomination Committee, the Board should justify and seek annual shareholders' approval through a Two-Tier Voting Process.

In this respect, the Company has adopted in the Procedure for the Appointment and Removal of Directors that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon the completion of nine (9) years, an Independent Director may however continue to serve on the Board as a Non-Independent Director. This is echoed in the Board Charter.

The NRC had reviewed and assessed the independence of Independent Directors and their tenure of service. One (1) of the Independent Directors, Tan Sri Datuk Seri Razman Md Hashim who has served the Board for a cumulative term of more than nine (9) years has stepped down from the Board of Directors in September 2022 accordingly. The Board and Senior Management hereby record their appreciation and gratitude to Tan Sri Datuk Seri Razman Md Hashim for his valuable and long-serving contribution to the Board and to the Group.

The Procedure for the Appointment and Removal of Directors was reviewed and revised on 30 May 2022 to be in alignment with MCCG.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

2.3 Appointment of Board and Senior Management

Appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Profile of Directors and the Senior Management Team are set out in this Annual Report.

In February 2022, the Company had adopted a Directors' and Key Persons Fit and Proper Policy, to ensure that any person to be appointed or elected/re-elected as a Director of the Group shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required of the position in the most effective manner. This Policy shall be reviewed periodically by the Board. The Fit and Proper Policy is published on the Company's website.

2.4 Utilisation of Various Sources in Identification of Potential Candidates

The NRC is responsible for identifying, assessing and recommending to the Board suitably qualified candidates for directorship on the Board as well as members of the Board Committees.

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 was revised and approved by the Board on 30 May 2022. 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 NRC acknowledges that the selection and recommendation of suitable candidates to be appointed to the Board may also be from referrals from external independent sources available, such as Director's registry or independent search firms when necessary.

During the financial year, the NRC had reviewed the nomination of Dato' Mohd Zahir bin Zahur Hussain as Independent Non-Executive Director of the Company based on his profile, curriculum vitae, academic qualifications as well as considered his background, skills, experiences and competencies for appointment as an Independent Non-Executive Director of the Company.

The Board after taking into consideration of the NRC's recommendation, reviewed and approved the appointment of Dato' Mohd Zahir bin Zahur Hussain as Independent Non-Executive Director of the Company with effect from 30 June 2022.

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

Chairman :	Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah – Independent Non-Executive Director
	Tan Sri Datuk Seri Razman Md Hashim – Independent Non-Executive Director *(Resigned 30 September 2022)*
Members :	Datin Seri Raihanah Begum binti Abdul Rahman – Independent Non-Executive Director
	Kwo Shih Kang – Senior Independent Non-Executive Director *(Appointed 30 May 2022)*

The NRC is governed by its Terms of Reference which is available on the Company's website at www.mycronsteel.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

2.6 Gender Diversity Policy

The Board is supportive of the gender diversity in the boardroom as recommended by the MCCG. In considering Board appointment, the Board, through its NRC, believes in and provides equal opportunity to candidates who have the necessary skills, experience, commitment (including time commitment), core competencies and other qualities regardless of gender, ethnicity and age.

In this respect, the Board formalised the gender diversity policy on 24 October 2013. The Diversity Policy was last reviewed on 30 May 2022 and can be found on the Company's website at www.mycronsteel.com.

This policy is also in line with the amendments to the MMLR of Bursa Securities which mandates a listed company to have at least one (1) woman Director on its Board with effect from 1 June 2023. The Company is in compliance with this requirement.

The Board, through the NRC, will continue to observe the female participation in the Board and the Board will strive to meet the objective of the recommendation of the MCCG.

Currently, Datin Seri Raihanah Begum binti Abdul Rahman is the only female Director on the Board.

2.7 Annual Evaluation 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 NRC meeting held during the financial year, an evaluation was carried out through a set of questionnaires, and self-assessment with the results collated, summarised and reported to the Board by the Chairman. The Board, through the recent review and assessment of the NRC, confidently believes that the size and composition of the Board is appropriate, balance and that there is an appropriate mix of skills, experiences and expertise as well as possess appropriate competency to discharge its duties effectively.

In the case of Independent Directors, they had provided the NRC with written confirmation on their independence during the annual assessment exercise conducted for the financial year ended 30 June 2022. The Board was satisfied with the level of independence demonstrated by the Independent Directors and believed that the Independent Directors will continue to bring independent and objective judgment to Board deliberations.

In addition, the Directors are also being evaluated on their personal development and identified their strength and weaknesses in discharging their duties and responsibility as a member of the Board as well as continuously improving themselves to keep themselves updated to counter with the ever-changing environment. There were no major concerns from the results of the assessments.

In accordance with the Company's Constitution, newly appointed Directors shall hold office until the next following AGM. They shall then be eligible for re-election which would be put to a vote by shareholders in the next AGM subsequent to their appointment. The Constitution also provides that one-third (1/3) of the Board are required to retire at every Annual General Meeting and be subjected to re-election by shareholders and all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Summary of Activities Undertaken by the NRC in respect of Financial Year ended 30 June 2022

The NRC had discussed, inter-alia, the following matters in respect of financial year ended 30 June 2022:

(a) Conducted annual assessment on the effectiveness of the individual directors, 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, characters, experiences, integrity and competencies to effectively discharge the role as a Director for the financial year ended 30 June 2022 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.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

2.7 Annual Evaluation of the Directors, Board as a whole and Board Committees (continued)

Summary of Activities Undertaken by the NRC in respect of Financial Year ended 30 June 2022 (continued)

(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 the nomination and recommended to the Board, the appointment of Dato' Mohd Zahir bin Zahur Hussain as Independent Non-Executive Director of the Company.

(d) Reviewed, considered and recommended to the Board for approval, the re-election of Directors who retire by rotation pursuant to the Company's Constitution at the forthcoming 19th AGM. The Directors standing for retirement by rotation and subject to re-election at the forthcoming AGM are Tunku Dato' Yaacob Khyra, Azlan bin Abdullah and Dato' Mohd Zahir bin Zahur Hussain.

The profile of the retiring Directors, including their nature of interest with the Company, if any, are set out at the Directors' Profile section of the Annual Report.

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

(f) 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.

(g) Reviewed the remuneration policies applicable to Directors, GCEO and Senior Management.

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

(i) 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.

(j) Reviewed and recommended the adoption of :

(a) the revised TOR of the NRC;
(b) the Group Corporate Governance Framework;
(c) the revised Board Charter;
(d) the revised Anti-Fraud/Corruption Policy covering:
  (i) Code of Conduct and Ethics
  (ii) Conflict of Interest Policy
  (iii) Anti-Fraud Policy
  (iv) Anti-Corruption Policy
  (v) Whistleblowing Policy
  (vi) Related Party Transaction Policy
(e) the revised Fit and Proper Policy;
(f) the revised Directors' Training and Education Policy;
(g) the revised Procedure for Engagement of Professional Advisors by Directors;
(h) the revised Procedure for Appointment/Removal of Directors and the Review of the Effectiveness of Board and Individual Directors; and
(i) the revised Procedure for Determining the Remuneration of Directors.

(k) Reviewed and recommended the increase in Directors' fees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

2.8 Time Commitment of the Board

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 allow the Directors to better plan their schedule to fulfill their 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 Board met five (5) times during the financial year ended 30 June 2022. The attendance of each Director at the Board Meetings held during the financial year ended 30 June 2022 was as follows:

Executive Directors	No. of Attendance	%
1. Tunku Dato' Yaacob Khyra	5/5	100
2. Roshan Mahendran bin Abdullah	5/5	100
Non-Independent Non-Executive Director	**No. of Attendance**	**%**
1. 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	4/5	80
2. Tan Sri Datuk Seri Razman Md Hashim *(Resigned 30 September 2022)*	5/5	100
3. Datin Seri Raihanah Begum binti Abdul Rahman	5/5	100
4. Kwo Shih Kang	5/5	100
5. Dato' Mohd Zahir bin Zahur Hussain *(Appointed 30 June 2022)*	N/A	N/A

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. Due to the COVID-19 pandemic, there were a number of Board and Committee Meetings which were held virtually.

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 of Bursa Securities. 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.

None of the Directors was absent for more than 50% of the total Board meetings held under the financial year under review, hence complying with paragraph 15.05(3) of the MMLR of Bursa Securities.

2.9 Continuing Education and Training of Directors

As at the date of this CG Overview Statement, all the Directors have attended the Mandatory Accreditation Programme as required under the MMLR of Bursa Securities.

In line with Paragraph 15.08 of the Listing Requirements, the Directors acknowledge the importance and value of attending conferences, training programmes and seminars in order to keep themselves abreast of the latest developments in areas related to their duties and to be equipped with the necessary skills and knowledge to meet the challenges faced by the Board.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

2.9 Continuing Education and Training of Directors (continued)

As such, all Directors have complied with the Continuous Training Programme prescribed by Bursa Securities. Every Director is encouraged to evaluate their own training needs and undergo continuous training to equip himself/herself with enhanced knowledge and to effectively contribute to the Board.

Despite the COVID-19 pandemic, all Directors ensured continuous participation in virtual trainings and development programmes. During the financial year ended 30 June 2022, the following training programmes and seminars were attended by the Directors:

Members of the Board	List of Training Programmes/ Seminars/ Conferences Attended
Tunku Dato' Yaacob Khyra	(i) Becoming A Boardroom Star (ii) Stakeholder Communications (iii) Artificial Intelligence (AI) for Company Directors and Executives (iv) Trigger Finger & Carpal Tunnel Syndrome (v) AI for Non - AI Personnel – What Every Business Must Consider to Create Value
Roshan Mahendran bin Abdullah	(i) Stakeholder Communications
Azlan bin Abdullah	(i) Climate Change Reporting and Sustainability Trends – The Inter-Links Towards Addressing Sustainable Development Goals and Climate Change. (ii) Artificial Intelligence (AI) for Company Directors and Executives
Tan Sri Datuk Seri Razman Md Hashim	(i) Directors' Duties and Climate Change
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	(i) Board Retreat of Sime Darby Property Berhad: - Transforming through the Crisis (ii) PNB Knowledge Forum: - Rising Above COVID-19 Reimagining Work in Malaysia & Beyond (iii) Recent Updates to the Malaysian Code on Corporate Governance (iv) Sime Darby Property Berhad: Pre-Board Strategy Engagement i) Technology and Innovation: Designing for the Future of Construction ii) Productising Funds: Keppel Capital's Journey iii) The Rise of Industrial and Logistics Development iv) Addressing the Challenges and Untapped Opportunities in Affordable Housing (v) Malaysian Code of Corporate Governance 2021 and SC Guidelines on Directors' conduct – Implications to the Board of Directors and Management (vi) Sustainable Leadership Workshop (Part 1) (vii) Sustainable Investing ESG at the forefront

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 2 - BOARD COMPOSITION (CONTINUED)

2.9 Continuing Education and Training of Directors (continued)

Members of the Board	List of Training Programmes/ Seminars/ Conferences Attended
Datin Seri Raihanah Begum binti Abdul Rahman	(i) Sustainability and Its Impact on Organizations: What Directors Need to Know (ii) ICDM Board Audit Committee Dialogue & Networking (iii) Asia Talks – 'Malaysia First', a concept he is championing as Malaysia heads to the GE15 (iv) Audit Oversight Board Conversation with Audit Committees
Kwo Shih Kang	(i) Corporate Directors Summit 2021 - Governance 4.0 (ii) Audit Oversight Board Conversation with Audit Committees (iii) Securities Commission Guidelines on the Conduct of Directors of Listed Corporations and their Subsidiaries (iv) Sustainability and Its Impact on Organizations: What Directors Need to Know (v) ICDM Board Audit Committee Dialogue & Networking (vi) Protect Malaysia from Cyber Risks

In addition, the Directors are briefed/updated by the Senior Management, the Company Secretary, the External Auditors and Internal Audit Consultants on any changes to the statutory, corporate and regulatory requirement relating to Directors' duties and responsibilities or the discharge of their duties as Directors at Board and AGC Meetings. The External Auditors had also briefed the Board on the changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

PART 3 – REMUNERATION

3.1 Remuneration Policy

The Group's Remuneration Policy sets out the procedure of determining the remunerations of Directors (Executive and Non-Executive), Group Managing Director/Group Chief Executive Officer and Key Senior Officers which takes into account the demands, complexity and performance of the Group as well as skills and experience required for the position.

The objectives of this Remuneration Policy are to ensure that the Directors and Senior Management are offered an appropriate level and composition of remuneration and other benefits by taking into account the Group's desire to attract and retain the right talent and expertise with the aim to motivate the Directors and Senior Management to achieve the Group's long-term business objectives.

The remuneration package also takes into account the scope of duty and responsibilities; the conditions and experience required; the ethical values and strategic targets of the Company; the corporate and individual performances; and the current market rate within the industry and in comparable companies.

3.2 Remuneration of Directors and Senior Management

The determination of remuneration packages of the Executive Director and Non–Executive Directors including the 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.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 3 – REMUNERATION (CONTINUED)

3.2 Remuneration of Directors and Senior Management (continued)

In compliance with the provisions of the CA, 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.

The Non-Executive Directors are remunerated based on fixed annual Director's fees and fixed meeting allowances. All Non-Executive Directors are paid Directors' Fees of RM48,000 per annum each for serving as members of the Board. The Directors who serve on the AGC and RSC will also receive additional RM6,000 per annum for each committee that they serve in, in recognition of their commitment and additional time contributed. The Directors' fees are appropriate to their contribution, taking into consideration the effort, commitment and time spent as well as the responsibilities of the Directors.

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

Each of the Executive Director abstained from deliberating and voting on his/her own remuneration. For the FY2022, 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 increase in Directors' fees for the financial year ending 30 June 2023. The Board of Directors agreed for the Directors' fees be revised to RM60,000 per annum for the Non-Executive Directors and will recommend to the shareholders for approval at the forthcoming 19th AGM.

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.

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/her 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 19th AGM.

The Company notes that payments made to Executive Directors pursuant to a service contract need not be approved by shareholders as it is governed by Section 231 of the CA. As such, the Company will not be tabling any resolution on payment to Executive Directors at the Annual General Meeting of the Company.

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	1,499.5	370.2	28	-	-	280.5
Roshan Mahendran bin Abdullah	-	-	-	-	-	-
Non-Independent Non-Executive Director						
Azlan bin Abdullah	-	-	-	48	3	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 3 – REMUNERATION (CONTINUED)

3.2 Remuneration of Directors and Senior Management (continued)

Received from Company (continued)

Name	Salary (RM'000)	Bonus (RM'000)	Benefits-in-Kind* (RM'000)	Fees (RM'000)	Meeting Allowance (RM'000)	Others** (RM'000)
Independent Non-Executive Directors						
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	-	-	2.8	48	4	-
Tan Sri Datuk Seri Razman Md Hashim	-	-	0.1	60	9.5	-
Datin Seri Raihanah Begum binti Abdul Rahman	-	-	-	60	9.5	-
Kwo Shih Kang	-	-	-	60	7.5	-
Dato' Mohd Zahir bin Zahur Hussain *(Appointed 30 June 2022)*	-	-	-	-	-	-

Received from 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	-	-	-	-	-	-
Roshan Mahendran bin Abdullah	2,008.5	2,980.5	42.6	-	-	748.3
Non-Independent Non-Executive Director						
Azlan bin Abdullah	-	-	-	-	-	-
Independent Non-Executive Directors						
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	-	-	-	-	-	-
Tan Sri Datuk Seri Razman Md Hashim	-	-	-	-	-	-
Datin Seri Raihanah Begum binti Abdul Rahman	-	-	-	-	-	-
Kwo Shih Kang	-	-	-	-	-	-
Dato' Mohd Zahir bin Zahur Hussain *(Appointed 30 June 2022)*	-	-	-	-	-	-

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART 3 – REMUNERATION (CONTINUED)

3.3 Remuneration of Top Three Senior Management

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
RM950,001 to RM1,000,000	1
RM1,100,001 to RM1,150,000	1
RM1,250,001 to RM1,300,000	1

Although the MCCG recommends full disclosure by the Company of the remuneration of its Key Senior Management on named basis, the Board is of the view that it is not in its best interest to disclose confidential details of remuneration due to the confidentiality and sensitive nature of such information. As such, the Company has opted a disclosure of Key Senior Management's remuneration in bands of RM50,000 on an unnamed basis.

In setting the remuneration packages for Key Senior Management, the Company keeps in mind the remuneration and employment conditions within the industry and with comparable companies. The performance of Senior Management is evaluated on an annual basis and measured against pre-determined targets including their individual responsibilities, skills, expertise and contributions to the Group's performance. The Board will ensure that the remuneration for Senior Management is appropriately commensurated with their performance, in order to attract, retain and motivate them to contribute positively towards the Group's performance.

The Board will continuously undertake a robust internal process to ensure that the remuneration of Senior Management is competitive and fair.

The Company noted that the non-disclosure of the remuneration of the top five Senior Management is a departure from Practice 8.1 and 8.2 of the MCCG but nevertheless will consider the application of both practices when the Company is satisfied that there are adequate rules and regulations set in place by the authorities to protect the Company from losing its invaluable human assets/talents.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART 1 – AUDIT AND GOVERNANCE COMMITTEE

1.1 The Chairman of the AGC is not the Chairman of the Board

The AGC is chaired by an Independent Non-Executive Director, Mr Kwo Shih Kang, who is not the Chairman of the Board which therefore is in compliance with Practice 9.1 of the MCCG. The profile of the Chairman of the AGC is set out in the Profile of Directors of this Annual Report.

1.2 Former Key Audit Partner

The Terms of Reference of the AGC requires the former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AGC.

The updated Terms of Reference of the AGC are set out on the Company's website.

Currently, none of the members of the AGC were former audit partners overseeing the audit of the financial statements of the Group.

1.3 Assessment of Suitability and Independence of External Auditors

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

PART 1 – AUDIT AND GOVERNANCE COMMITTEE (CONTINUED)

1.3 Assessment of Suitability and Independence of External Auditors (continued)

During the financial year, the AGC had met the External Auditors two (2) times without the Executive Board members present. In compliance with Malaysian Institute of Accountants (“MIA”) by-laws, the Audit Partners are rotated every seven (7) 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 last Audit Partner rotation was in 2018.

The AGC is empowered by the Board to review all issues in relation to the re-appointment of External Auditors. During the financial year under review, the performance evaluation of the External Auditors was carried out by the AGC through a set of questionnaires with the answers collated, summarised and deliberated during the AGC meeting and recommended to the Board for re-appointment of the External Auditors.

The External Auditors have confirmed to the Board that they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements. The Board, through the AGC, has received a written declaration from the External Auditors of their independence throughout the term of their engagement in accordance with the terms of the relevant professional and regulatory requirements, including the by-laws of the MIA.

The revised Terms of Reference of AGC provides that any former Key Audit Partner to be appointed as a member of the Audit and Governance Committee, a cooling-off period of at least three (3) years will be observed by the Group.

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 19th AGM.

However, the Group had on 13 October 2022 received the letter from PwC of their intention not to seek re-appointment at the forthcoming AGM of the Company to be held in 2022. The major shareholder of the Company, MIG has nominated Messrs KPMG PLT to be the external auditors of the Group in place of PwC.

Details on the audit fees payable to PwC and summary of the activities of the AGC during the financial year are set out in the AGC Report in this Annual Report.

1.4 Composition of Audit and Governance Committee

The Board established the AGC since 1 June 2005 to provide assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities with regards to the accounting and financial reporting practices. The AGC also reviews the scope and results of internal and external auditing processes and monitors the effectiveness of the internal controls and risk management to ensure the Board makes properly informed decisions.

During the financial year, the AGC comprised of three (3) members, all of whom are Independent Non-Executive Directors.

This is in compliance with Paragraph 15.09 (1) (b) of the Listing Requirements, which stipulates that “all the audit committee members must be Non-Executive Directors, with a majority of them being Independent Directors”.

1.5 Qualification of the Audit and Governance Committee

All members of the AGC possess a diverse knowledge based on their background as well as commercial experiences to bring some objective and independent judgment in discharging their duties. All members of the AGC are financially literate and can understand matters under the purview of the AGC including the financial reporting processes of the Group. Their performance are reviewed by the NRC annually and recommended to the Board for approval.

The qualification and experience of the individual AGC members are disclosed in the Directors’ Profiles on pages 48 to 50 of this Annual Report.

The composition and summary of activities of the AGC during the financial year under review are disclosed in the AGC Report as set out on pages 94 to 101 of this Annual Report.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

2.1 Establishment of Risk Management and Internal Control Framework

The Board has the ultimate responsibility in reviewing the Group's risks, approving the risk management framework and overseeing the Group's strategic risk management and internal control system to safeguard shareholders' investments and the Group's assets. 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.

2.2 Features of its Risk Management and Internal Control Framework

The Board recognizes the importance of risk management and internal controls in the overall management process. An ongoing process has been established for identifying, evaluating and managing risks faced by the Group. The Statement on Risk Management and Internal Control which provides an overview of the Group's risk management and internal control framework is set out on pages 88 to 93 of this Annual Report.

2.3 Effective Governance, Risk Management and Internal Control Framework

The Board has the oversight responsibility of the adequacy and effectiveness of the Group's system of internal control which comprises the governance, risks and controls aspects. The Board believes that effective maintenance of the system is important to help the Group to achieve its various objectives at many levels and have considered the risks that the Group faces whilst balancing out the interest of its many stakeholders and protecting the Group's assets and investments.

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 Business Advisory 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.

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.

On 30 May 2022, the Internal Audit function of the Group was outsourced to a new independent external professional firm, Crowe Governance Sdn Bhd in place of Messrs Deloitte Business Advisory Sdn Bhd who has been the outsourced internal auditor since 2017.

The Internal Audit Consultants 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.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

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

PART 1 – ENGAGEMENT WITH STAKEHOLDER

1.1 Effective, Transparent and Regular Communication with its Stakeholders

The Company has in place a Corporate Disclosure Policies and Procedures ("CDPP") 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 Group maintains its corporate website at www.mycronsteel.com for shareholders and the public to access information relating to its businesses, financial performance, operations and corporate development through annual reports, quarterly reports, circulars and various announcements on a timely manner. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Company's website. Written communications are attended to within a reasonable time from the day of receipt.

On 30 May 2022, the Board has reviewed and approved the revised CDPP, to better define the policy aim, disclosure requirements and procedures.

The Board has identified Mr Kwo Shih Kang as the Senior Independent Director to whom queries or concerns regarding the Group may be conveyed.

(i) Mr Kwo Shih Kang can be contacted as follows:
Telephone number: +603–5510 6608 Facsimile number: +603–5510 3720
Email address: vincentkwo@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

1.2 Integrated Reporting

For the financial year under review, the Company does not fall within the definition of "Large Company" and hence, need not perform integrated reporting.

PART 2 – CONDUCT OF GENERAL MEETINGS

2.1 Notice of Annual General Meeting ("AGM")

The Company Secretary, by order of the Board, serves 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.

2.2 Attendance at AGM

All members of the Board, the Company Secretary, External Auditors and the Senior Management had attended the fully virtual 18th AGM through video conferencing.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

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

PART 2 – CONDUCT OF GENERAL MEETINGS (CONTINUED)

2.3 Leveraging on Technology to Facilitate Communication with Shareholders

The Company had leveraged on technology to facilitate voting in absentia and remote participation by shareholders at shareholders' meetings through hosting its fully virtual 18th AGM held on 30 November 2021.

2.4 Meaningful Engagement between Board, Senior Management and Shareholders

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.

If a member is unable to attend and vote in person at the General Meetings, the Company allows him/her to appoint proxies to attend and vote at the General Meetings on his/her behalf. A member may appoint any person, who may but need not be a member of the Company, to be his/her proxy without limitation and the proxy shall have the same rights as the member to speak at the General Meetings.

Notices of General Meetings, the related Circulars and the Annual Reports of the Company are sent to the shareholders in accordance with the regulatory and statutory provisions. Where special business items appear in the Notices of General Meetings, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact when shareholders deliberate on such resolution. The Notices of General Meetings are advertised in a national English newspaper within the prescribed deadlines.

For the AGM held in November 2021, the entire AGM proceedings were held through Remote Participation and Voting Facilities ("RPV") which is in compliance with Section 327 of the CA. The Administrative Details of the AGM as well as the e-Portal user guide with detailed registration and voting procedures were shared with the shareholders and the same were also published on the Company's website. All shareholders were encouraged to participate in the Company's AGM remotely to ensure a high level of accountability. Shareholders were given opportunities to raise questions and feedback on their views on issues affecting the Company and also to vote in AGM remotely.

Shareholders who participated remotely via live streaming at the 18th AGM were required to login to www.tracemanagement.com.my e-Portal for casting his/her vote online until the close of the voting session of the 18th AGM.

The Chairman of the 18th AGM ensured that sufficient opportunities were given to shareholders to raise issues relating to the affairs of the Company by providing ample time for the Question and Answer sessions during the 18th AGM. The representatives from External Auditors were also present via tele-conferencing to respond to queries raised by shareholders.

An independent scrutineer was appointed to validate the votes cast and results of each resolution put to vote were announced at the Meeting. The poll results, confirmed by the Chairman, were instantaneously displayed on-screen which were seen by shareholders who joined the meeting via electronic means.

An announcement detailing the poll results, including the total number of votes cast for and against each resolution and the respective percentages were announced via Bursa LINK on the same day after the conclusion of the general meeting.

The Senior Management is also present at the General Meetings to respond to shareholders' queries addressed to them during the meetings. The External Auditors and advisers of corporate exercises, where applicable, attend General Meetings upon invitation and are available to answer questions or clarify queries from shareholders relating to the subject matter.

In accordance with the MMLR, a summary of the key decisions and discussions arising from the AGM in November 2022 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

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

PART 2 – CONDUCT OF GENERAL MEETINGS (CONTINUED)

2.4 Meaningful engagement between Board, Senior Management and Shareholders (continued)

In line with Paragraph 8.29A of the MMLR, the Company has ensured that any resolution set out in the notice of any General Meeting, which may properly be moved and is intended to be moved at any General Meeting, is voted by poll. At the same time, the Company always appoints at least one (1) scrutineer to validate the votes cast at the General Meeting.

2.5 Publication of the Minutes of General Meeting

The Company's AGM remains one of the most important platforms for communication and engagement between the Company and its shareholders.

The recording of the proceedings in the form of minutes reflects the matters that were deliberated, explanations, agreements as well as resolutions reached between the shareholders and Directors of the Company in the AGM.

The Minutes of 18th AGM with the notation on the proceedings, issues and concerns raised by shareholders, and the responses by the Company were made available on the Company's website at www.mycronsteel.com within 30 business days after the conclusion of the 18th AGM, so as to provide useful information to shareholders and investors especially for the absentee shareholders in regard of the AGM.

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 MCCG has been applied. The Board has considered and is satisfied that the Company has fulfilled its obligation under the MCCG, the MMLR of Bursa Securities and all applicable laws and regulations throughout the financial year ended 30 June 2022.

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 2022 amounted to RM387,500.00 and RM138,400.00 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 2022 amounted to RM12,000.00 and RM12,000.00 respectively.

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2022

On 30 November 2021, the Company sought approval for a shareholders' mandate for Mycron Group to enter into RRPTs (as defined in the Circular to Shareholders dated 29 October 2021) 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 2022 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 (01/07/2021 – 30/06/2022) RM
				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 Director** Tunku Dato' Yaacob Khyra ("TY")	TY is deemed interested in Trace by virtue of his major interests in Melewar Group Berhad ("MGB"), who in turn is the holding company of Trace; MGB is the family owned investment holding company.	Nil	196,108

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

5. **RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)**

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 (01/07/2021 – 30/06/2022) RM
				Director	Major Shareholder	
1.	MAACA Legal Advisory Sdn Bhd ("MAACA Legal Advisory")	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 Legal Advisory. TY is a beneficiary of a trust known as KLB, being the holding company of MEBVI and MKSB.	MAACA Legal Advisory 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

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 (01/07/2021 – 30/06/2022) RM
				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 74.13 % shareholding in Mycron.	Nil

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

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

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2021 – 30/06/2022) RM
				Director	Major Shareholder	
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 74.13 % shareholding in Mycron.	Nil
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 74.13 % shareholding in Mycron.	Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

5. **RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)**

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

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2021 – 30/06/2022) RM
				Director	Major Shareholder	
4.	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 74.13 % shareholding in Mycron.	1,500,000
5.	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 74.13 % shareholding in Mycron.	Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

5. **RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)**

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

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2021 – 30/06/2022) RM
				Director	Major Shareholder	
6.	MIG	Rental charged by the Related Party to MST for the use of the factory belonging to MIG. (Lot 10 and Lot 49)	**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 74.13 % shareholding in Mycron.	3,808,425
7.	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 74.13 % shareholding in Mycron.	Nil
8.	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 74.13 % shareholding in Mycron.	1,500,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

5. **RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)**

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

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2021 – 30/06/2022) RM
				Director	Major Shareholder	
9.	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 74.13 % shareholding in Mycron.	Nil
10.	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 74.13 % shareholding in Mycron.	1,315,242

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

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

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2021 – 30/06/2022) RM
				Director	Major Shareholder	
11.	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 74.13 % shareholding in Mycron.	318,332
12.	Melewar Steel UK Ltd ("MSUK")	Purchase 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 74.13 % shareholding in Mycron	Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

5. **RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)**

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

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2021 – 30/06/2022) RM
				Director	Major Shareholder	
13.	Jack Nathan Limited ("JNL")	Purchase 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 74.13 % shareholding in Mycron	Nil

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

Type of Financial Assistant	Related Party	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (01/07/2021 – 30/06/2022) RM
			Director	Major Shareholder	
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 74.13 % shareholding in Mycron.	Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Company and the Group are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the requirements of the Companies Act 2016 and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Company and the Group are prepared with reasonable accuracy from the accounting records of the Company and of the Group so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2022.

In preparing the annual audited financial statements, the Directors have:

(a) applied the appropriate and relevant accounting policies on a consistent basis;
(b) made judgments and estimates that are reasonable and prudent; and
(c) prepared the annual audited financial statements on a going concern basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Mycron Steel Berhad ("MSB" or "the Company") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 30 June 2022, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and in accordance with the principles and recommendations relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance ("MCCG") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The statement below outlines the nature and scope of risk management and internal control of the Company during the financial year under review.

BOARD RESPONSIBILITY

The Board is aware that its principal responsibilities, as outlined in the Guidance of the MCCG, include, inter-alia, the following:

- ensure there is a sound framework for internal control and risk management;
- understanding and identifying principal risks of the business and ensuring the implementation of appropriate controls and mitigation measures;
- sets the risk appetite, within which the management is expected to operate; and
- reviewing the adequacy and integrity of the management information and internal control system of the Company.

In fulfilling its oversight responsibility, the Board, assisted by its Audit and Governance Committee ("AGC") and Risk and Sustainability Committee ("RSC"), reviews the adequacy, effectiveness and integrity of the Group's risk management system and internal control system. These two Committees support the Board by ensuring that the Management implements and maintains a sound system of risk management and internal control and that risk management is embedded in all aspects of the Group's activities to mitigate and/or reduce the overall risk exposure associated with the activities of the Group.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The process has been in place during the year up to the date of approval of this statement and is subject to review by the Board. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The risk management and internal control system is subject to the Board's regular review via the independent Internal Audit function with a view towards appraising and ascertaining the relevancy, adequacy and effectiveness of the controls in place in key operational and business areas as identified in the annual Audit Plan.

RISK AND SUSTAINABILITY COMMITTEE

The RSC was established by the Board on 31 March 2004. The members of the RSC as at the date of this Annual Report are as follows:

Chairman : Datin Seri Raihanah Begum binti Abdul Rahman

Members : Kwo Shih Kang
: Dato' Mohd Zahir bin Zahur Hussain
(Appointed 29 August 2022)

Note: Tan Sri Datuk Seri Razman Md Hashim resigned as member of the RSC on 30 September 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONTINUED)

RISK AND SUSTAINABILITY COMMITTEE (CONTINUED)

During the financial year ended 30 June 2022, four (4) RSC meetings were held. The details of attendance of each Committee member are as follows:

Name of Committee Members	Total Meetings Attended
Datin Seri Raihanah Begum binti Abdul Rahman *(Chairman, Independent Non-Executive Director)*	4/4
Kwo Shih Kang *(Senior Independent Non-Executive Director)*	4/4
Tan Sri Datuk Seri Razman Md Hashim *(Independent Non-Executive Director) (Resigned 30 September 2022)*	4/4
Dato' Mohd Zahir bin Zahur Hussain *(Independent Non-Executive Director)* *(Appointed 29 August 2022)*	N/A

RISK MANAGEMENT AND RISK GOVERNANCE STRUCTURE

The main components of the Group's risk governance and structure consists of the Board, the AGC and the RSC. The adequacy and effectiveness of risk management and internal controls are reviewed by the AGC and RSC through internal audits conducted. During the financial year, the internal audits were outsourced to external service provider, Messrs Deloitte Business Advisory Sdn Bhd ("Deloitte"). Internal control issues as well as actions taken by Management to address these issues are tabled by the outsourced service providers for deliberation during the AGC meetings.

The Group has also in place Standard Operating Policies ("SOP") and Internal Control Procedures ("ICP") for its main business highlighting the control objectives, policies, procedures, authority and responsibility. The 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 that the Internal Controls Systems are operating adequately and effectively, in all material aspects. Regular Management and operational meetings are held to deliberate key risks and the appropriate mitigating controls. This ongoing process is undertaken at all active subsidiaries of the Group.

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.

In compliance with the Guidelines for Directors of Listed Issuers which was issued by the Bursa Securities, the Board shall re-evaluate on a regular basis the Group's existing risk management process to ensure it is appropriate for the Group's requirements.

RISK MANAGEMENT FRAMEWORK

The Risk Coordinator coordinates with the risk owners to identify and document major risks, assess the potential impact and likelihood of occurrence and mitigating controls including sustainability issues through the adoption of risk management framework. Under the risk management framework, the Group aims:

(a) To provide guidance to the Group and facilitate a structured approach in identifying, evaluating and managing significant risks covering both operational and environmental, social and governance ("ESG") issues.

(b) To manage and monitor the Group's day-to-day operational risks which includes those relating to supply chain, production, marketing, safety & health and compliance with laws and regulations and various certifications and quality accreditations at the business unit level and guided by standard operating procedures.

(c) To manage and monitor the Group's exposure to various financial risks relating to credit, liquidity, interest rates and foreign currency exchange rates. The Group's risk management objectives and policies, coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in Note 5 to the Financial Statements of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONTINUED)

RISK MANAGEMENT FRAMEWORK (CONTINUED)

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.

The following are initiatives undertaken by the RSC during the year:

- Reviewed the Terms of Reference on 30 May 2022 to be in line with the Malaysian Code on Corporate Governance ("MCCG") 2021 especially in relation to the Company committing to comply with the ESG issues;

- Reviewed and enhanced the Anti-Fraud/Corruption Policy covering the following areas to serve as a document to guide the ethics and conducts for all Directors/Management and employees of the Company and its subsidiaries:

  (i) Code of Conduct and Ethics
  (ii) Conflict of Interest Policy
  (iii) Anti-Fraud Policy
  (iv) Anti-Corruption Policy
  (v) Whistleblowing Policy

- Reviewed the Risk Profile of the Group and action plans to be undertaken to manage the principal risks of the Group including the ESG issues;

- Monitored the action plans derived by the "Risk Owners" to address principal risks of the Group;

- Discussed and identified other key areas of improvement to be implemented for better optimisation of the facilities, equipment and machinery used by the Group; and

- Reviewed the Statement on Risk Management and Internal Control which provides an overview of the state of internal controls and risk management within the Group which would be reviewed by the External Auditors prior to the Board's approval for inclusion in the Annual Report.

The Board confirms that the process for identifying, evaluating and managing significant risks in the Group has been adequately addressed by Management. For the financial year under review, there was no material loss resulted from significant control weaknesses. The Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives.

KEY FEATURES OF THE COMPANY'S INTERNAL CONTROL SYSTEM

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 2022 are summarised as follows:

(a) Organisation Structure and Authorisation Procedures

The Board has set an organizational structure to govern and manage the decision process in the MSB Group. The Authority Limits are set out to govern the approvals and authorisation by the Board and the different levels of Management to ensure accountability, segregation of duties and control over the Group's financial commitments.

The Authority Limits and authorisation levels are built into the internal control systems to ensure proper checks and authorisation of transactions at each control area throughout the process chain.

The operating structure of the MSB Group is aligned to business requirements. It has defined lines of responsibilities to ensure that component tasks are handled by different employees. With segregation of duties, employees' accountability can be enhanced and the risk of error and fraud can be minimised.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

KEY FEATURES OF THE COMPANY'S INTERNAL CONTROL SYSTEM (CONTINUED)

(b) Internal Control Procedures

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

- Internal Control Procedure
- Petty Cash Procedure
- Staff Transport Allowances
- Organisation's Motor Vehicles
- Staff Expense Reimbursement
- Outstation and Overseas Travel
- Employee Advance Control 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, General Procurement and Miscellaneous Items Purchase Procedure
- Sales Procedure
- Internal Security Procedure
- Intercompany Transactions/Loans/Advances Procedure
- FX Risk Management
- Manual Journal Transaction Procedure
- Miscellaneous Payments Procedures

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

(c) External Bodies Certification

The operating subsidiaries (MST and MSCRC) are certified and are in compliance with the ISO 9001:2015 (Quality Management System). Besides that, products relating to certification such as SIRIM Eco-label (SIRIM ECO 032:2020) and ISO 14024, Type 1 under Green Label Certification are also obtained by one of the operating subsidiaries (MSCRC) to further improve its operation and product quality. MSCRC is working towards ISO 14001:2015 (Environmental Management System) and ISO 50001:2018 (Energy Management System).

(d) Human Resources

Job descriptions and responsibilities are clearly defined and communicated. Manpower requirement planning is carried out regularly together with the respective business and operation units to optimise staff resources and increase efficiency. Continuous emphasis is placed on enhancing the competency level and quality of employees across all functions through mentoring, training and skills development and upgrading programmes to enhance their skills, knowledge and competencies.

(e) Internal Audit Function

The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business functions of the Group, and in accordance with the internal audit plan approved by the Audit and Governance Committee ("AGC"). The internal audit independently reviews the system of internal controls implemented by Management within the Group. The internal audit provides an assessment of the adequacy and integrity of the Group's system of internal controls and provides recommendations, if any, for the improvement of the control policies and procedures.

Internal audit efforts are directed towards areas with significant risks as identified by Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONTINUED)

KEY FEATURES OF THE COMPANY'S INTERNAL CONTROL SYSTEM (CONTINUED)

(e) Internal Audit Function (continued)

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.

(f) 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 based on the prevailing economic conditions and their potential impact and risks on the Group's business activities and to take the necessary measures on a timely basis, where possible and appropriate.

(g) Risk Management Process

As part of the Risk Management process, the Company adopted the implementation of a Risk Register with which the principal business risk is identified and regularly updated to reflect on-going changes in the risk profile.

These on-going monitoring and reviews of the risk register are undertaken on a quarterly basis by the Management to assess the continued applicability and relevance of the risks already identified and to re-rate these risks where necessary; as well as to identify emerging risks or new risk factors, if any, faced by the Group as a whole based on a consistent risk likelihood and impact criteria applied across the Group.

The other key elements of the Group's Internal Controls are as follows:

(i) The Group has set in place a Whistleblowing Policy which outlines the Group's commitment towards enabling employees and stakeholders to raise concerns in a responsible and confidential manner in regards to any wrongdoings without being subject to victimisation or discriminate treatment.

(ii) The Group has established an Anti-Fraud/Corruption Policy to provide guidance to all Directors, employees including external parties whom have business dealings with the Group on matters involving bribery and corruption practices.

(iii) The Executive Directors are closely involved in the running of business and operations of the Group and they report to the Board on significant changes in the business and external environment which affect the operations of the Group, if any.

(iv) Code of Conducts endorsed by the Board are communicated to all employees in the Group as an integral part of MSB's governance regime that sets out the ethical principles and expected standard of conducts in conducting business and the compliance with applicable laws and regulations for all of its Directors and employees within the Group.

(v) Training and development programs were established to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.

(vi) Changes in the regional and global economic conditions, such as trade tensions and other global headwinds that could result in uncertainties and volatilities in the economic environment, which may have an adverse effect on the demand or components, and hence on the Group's financial performance and operations. The Group manages these economic risks through keeping ourselves abreast with the economic and market development, maintaining good relationship with customers and closely following latest news on customers' products performance and business.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONTINUED)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, 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.

In line with the Guidelines, the Group Chief Executive Officer ("GCEO"), Chief Financial Officer ("CFO"), Chief Operating Officer ("COO") and Chief Operations Officer ("COOn") 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, COO, COOn 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.

AUDIT AND GOVERNANCE COMMITTEE REPORT

The Board of Directors ("Board") of Mycron Steel Berhad ("MSB" or "the Company") is pleased to present the Audit and Governance Committee Report including a summary of the activities of the Audit and Governance Committee ("AGC") which provides insights into the manner in which the AGC discharged its function for the Group for the financial year ended 30 June 2022 in the areas of corporate governance, internal controls and financial reporting.

The objective of the AGC, as a Committee of the Board is to assist the Board in the effective discharge of its fiduciary responsibilities on corporate governance, financial reporting and internal control system of the Company and its subsidiaries ("the Group"). The primary functions of the AGC, include, among others, the following:

(a) Assess the Group's process relating to its risks and control environment;
(b) Oversee financial reporting; and
(c) Evaluate the internal and external audit process.

TERMS OF REFERENCE

The Terms of Reference ("TOR") of the AGC are aligned with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and recommendations of the Malaysian Code on Corporate Governance ("MCCG"). The terms of reference of the AGC has been revised and updated on 30 May 2022.

The TOR of the AGC is available on the Company's website at www.mycronsteel.com pursuant to Paragraph 15.11 of the MMLR of Bursa Securities.

COMPOSITION

As at the date of this Annual Report, the AGC comprises of 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 MMLR of Bursa Securities and Practice 9.4 of the MCCG. No Alternate Director is appointed as a member of the AGC.

The current composition of the AGC, their respective designations are as follows:

Designation	Name	Directorship
Chairman	Kwo Shih Kang	Senior Independent Non-Executive Director
Members	Datin Seri Raihanah Begum binti Abdul Rahman	Independent Non-Executive Director
	Dato' Mohd Zahir bin Zahur Hussain *(Appointed 29 August 2022)*	Independent Non-Executive Director

Note: Tan Sri Datuk Seri Razman Md Hashim resigned as member of the AGC on 30 September 2022.

The AGC Chairman, Mr Kwo Shih Kang, is a graduate from CASS Business School, London with a Master of Business Administration, majoring in Finance. He is also a Fellow of the Society of Actuaries, USA. Mr Kwo Shih Kang is also a Registered Financial Planner. Thus, the Company has complied with Paragraph 15.09(1)(c) of the MMLR of Bursa Securities.

The Chairman of the AGC is not the Chairman of the Board which is in line with Practice 9.1 of the MCCG.

The Company recognised the need to uphold independence of its External Auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AGC of the Company were former Key Audit Partners of the External Auditors appointed by the Group. The Company will observe a cooling-off period of at least (3) three years in the event any potential candidate to be appointed as a member of the AGC was a Key Audit Partner of the External Auditors of the Group.

All members of the AGC are adequately financially equipped and are able to understand financial statements to effectively discharge their duties and responsibilities as members of the AGC. The qualification and experience of the individual AGC members are disclosed in the Directors' Profiles set out on pages 48 to 50 in the Annual Report.

During the financial year 2022, all members of the AGC had undertaken the relevant training programmes to keep themselves abreast of the latest development in statutory laws, regulations and best practices to enable them to effectively discharge their duties. The list of trainings attended is disclosed in the Corporate Governance Overview Statement in this Annual Report.

MEETINGS AND ATTENDANCE

The AGC shall meet at least four (4) times annually or more frequently as circumstances dictate. The Group Chief Executive Officer ("GCEO") was 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, representatives of the External Auditors and Internal Audit Consultants attended meetings upon the invitation of the AGC.

The Company Secretary shall be the secretary to the AGC. All deliberations during the AGC meetings, including the issues tabled and decisions based on justified substantiated rationale were properly recorded. Minutes of the AGC meetings were tabled for confirmation at the following AGC 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 Auditors or Internal Audit Consultants and those matters which require the decision and/or approval of the Board.

During the financial year ended 30 June 2022, there were five (5) AGC Meetings held and the number of meetings attended by each AGC member were as follows:

Members	No. of Meetings Attended	%
Kwo Shih Kang	5/5	100
Tan Sri Datuk Seri Razman Md Hashim *(Resigned 30 September 2022)*	5/5	100
Datin Seri Raihanah Begum binti Abdul Rahman	5/5	100
Dato' Mohd Zahir bin Zahur Hussain *(Appointed 29 August 2022)*	N/A	N/A

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. At the meeting, matters to be addressed by Management raised at the meetings are issued by the Company Secretary on the decisions made and action required. These are then circulated to Management for their onward action.

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 operations of the Company. Conversely, the External Auditors and Internal Audit Consultants may also respectively request a meeting with the AGC if they consider it necessary.

The composition of the AGC is reviewed by the Nomination and Remuneration Committee ("NRC") annually and appropriate recommendations are made to the Board, if any are required.

The NRC had on 29 August 2022 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.

AUDIT AND GOVERNANCE COMMITTEE REPORT
(CONTINUED)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2022

In line with the TOR, the AGC held five (5) meetings during the financial year and carried out the following activities:

<table>
<tr>
<td>Financial Reporting</td>
<td>
(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 Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”), the requirements of 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) In its review of the quarterly results and audited financial statements, the AGC also took note of the changes of accounting standards and impacts on the financial performance or position of the Group with adoption of the new accounting standards. The following were the primary areas of financial reporting judgement and disclosure considered by the AGC in relation to financial statements for the financial year ended 30 June 2022 based on the assessment made by PwC on the macroeconomic changes which could affect the business of the Group:

(i) Impact on decrease in steel prices

There was a decrease in Hot Rolled Coil steel prices as at 31 December 2021 which could lead to increase in risk of material misstatement in revenue recognition. As such, PwC would need to carry out a more focused assessment on revenue recognition of sales transactions in the incorrect accounting period.

(c) 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 variance 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; and
➢ Position of the gearing ratio of the Company.

(d) 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.

(e) Reviewed and ascertained that the audited annual financial statements do not contain any material 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 Group and of the Company.
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AUDIT AND GOVERNANCE COMMITTEE REPORT
(CONTINUED)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2022 (CONTINUED)

External Audit and Interim Review	(a) On 30 May 2022, the External Auditor presented the Audit Plan for the financial year ended 30 June 2022 which outlined the engagement team, audit timetable, group scoping, areas of audit emphasis and their engagement letter. The External Auditors briefed the AGC on developments in laws and regulations as well as new accounting and auditing standards. At the meeting, the External Auditors confirmed their independence in relation to the audit engagement for the financial year ended 2022, in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"). The External Auditors had also presented their 2021 Transparency Report. PwC's Transparency Report which provided insights into how the Firm puts audit quality at the heart of everything PwC do in their Assurance Practice. It not only spells out their audit methodology but also describes what they do in maintaining the right culture, equipping their people with the right training and investing in cutting edge audit tools - in PwC's quest to maintain audit quality. Particularly for this year, focus is also on how PwC redefined their strategy given the pressures and challenges their clients are facing as the COVID-19 pandemic rages. (b) The AGC had on 29 August 2022, reviewed with the External Auditors, the significant auditing and accounting matters in respect of their audit for the financial year ended 30 June 2022. In the said meeting, the AGC reviewed with the External Auditors on the internal control recommendations, the new accounting standards and other developments in laws and regulations. (c) The AGC had in August 2022 conducted a review of the External Auditors' performance, suitability and independence of the External Auditors and terms of engagement before recommending their re-appointment and remuneration. In ensuring independence, the AGC :- - took into consideration the criteria stipulated under Paragraph 15.21 of the MMLR when deciding on the External Auditors; and - ensured audit partner responsible for external audit of MSB is subject to rotation at least every seven (7) financial years in accordance with the MIA By-Laws which requires that the engagement partner involved in the external audit should not remain in a key audit role beyond seven (7) years. The last audit partner rotation was in 2018. (d) At the August 2022 meeting, the AGC reviewed the provision of audit and non-audit fees by the External Auditors for the financial year 2022. The AGC, having reviewed the nature and amount of the non-audit fees, was satisfied that the non-audit services would not impair the independence of the External Auditors. The details of the audit fees and non-audit fees paid to the External Auditors for the financial year ended 2022 are set out in the Corporate Governance Overview Statement of this Annual Report. (e) The AGC reviewed with the External Auditors the final draft of Financial Statements for the financial year ended 30 June 2022 ("FS"), in October 2022 including the status and outcome of their audit findings and key audit matters to be disclosed in the FS.

AUDIT AND GOVERNANCE COMMITTEE REPORT
(CONTINUED)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2022 (CONTINUED)

External Audit and Interim Review (continued)	(f) The AGC held two (2) private sessions with the External Auditors in August 2021 and May 2022 without the presence of the Executive Board members and Management, for a greater exchange of free views and opinion concerning audit matters. There were no major concerns raised by the External Auditors that needed the attention of the Board of Directors. (g) The AGC had reviewed 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 which would be reviewed by the External Auditors prior to the Board's approval for inclusion in the Annual Report. (h) 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.
Internal Control and Internal Audit	(a) Reviewed and approved the Internal Audit Consultants' Annual Internal Audit Plan (2021/2022) and ensured principal risks, key entities, scope and functions were adequately identified and covered in the plan which was tabled at the AGC meeting held on November 2020. (b) Reviewed and evaluated the overall adequacy and effectiveness of the risk management and the Group's internal control system on a quarterly basis through review of results of work performed by the Internal Audit Consultants and discussions with Management. (c) Significant issues were discussed at length with the presence of relevant Management team members to ensure satisfactory and timely remediation actions have been committed by Management to address identified risks. (d) Monitored the implementation of action plans agreed by Management on outstanding audit findings on a quarterly basis to ensure that all actions have been implemented in the related areas based on the committed timelines. (e) 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. (f) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function. (g) Reviewed and debated on the recommendations made by the Internal Audit Consultants on the auditable areas where further improvements are required with subsequent recommendation to the Board on steps to improve the system of internal control derived from the findings of the Internal Audit Consultants. (h) Reviewed the change of outsourced internal audit service provider in view that Deloitte Business Advisory Sdn Bhd ("Deloitte") has served 6 years from 2017 to June 2022 and based on the interview carried out on various internal audit service providers, the AGC had decided to recommend Crowe Governance Sdn Bhd to be engaged in place of Deloitte. (i) Reviewed the Internal Audit Plan for the financial years 2023-2027 for recommendations to the Board for approval proposed by the new Internal Audit Consultants to ensure adequate scope and coverage of the Group's activities based on identified and assessed key risk areas in August 2022. Also considered the adequacy of the manpower sufficiency of the new internal audit service provider to perform the activities envisaged in the Internal Audit Plan.

AUDIT AND GOVERNANCE COMMITTEE REPORT
(CONTINUED)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2022 (CONTINUED)

Corporate Governance	(a) Reviewed the related party transactions entered into by the Group, including the policies and procedures for reviewing recurrent related party transactions of a revenue or trading nature, to ensure all the recurrent related party transactions entered into by the Group are not more favourable to the transacting parties than those normally available to the public and are not to the detriment of the minority shareholders. (b) Reviewed the revised Terms of Reference of the Audit and Governance Committee to incorporate the policy for a cooling-off period for appointment of a former partner of the external audit firm and to incorporate the relevant changes highlighted in MCCG 2021, which is intended to strengthen the integrity and governance of the Group. (c) Reviewed and recommended the adoption of the revised Communication Policy. (d) Reviewed and recommended the adoption of the revised Corporate Disclosure Policies and Procedures. (e) Reviewed the following draft Circular to Shareholders and recommended the same to the Board for approval: (i) Proposed renewal and new shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Provision of Financial Assistance. (f) 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. (g) Conducted a self-assessment exercise to evaluate the AGC's own effectiveness in discharging their duties and responsibilities for the period ended 30 June 2022 and submitted the evaluation to the Nomination and Remuneration Committee for assessment.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

For good corporate governance, Internal Auditors are to rotate or change from time to time. On 30 May 2022, the Committee and the Board of Directors agreed for the Internal Audit ("IA") function of the Group to be outsourced to a new independent external professional firm, Crowe Governance Sdn Bhd ("Crowe") in place of Messrs Deloitte Business Advisory Sdn Bhd ("Deloitte" or "Internal Audit Consultant") who has been the outsourced internal auditor since 2017.

All internal audit functions during the financial year were conducted by Deloitte.

Deloitte reports directly to the AGC and assists the Board to review and assess the adequacy of the key business processes in place for each of the auditable area that they have been tasked to look into as well as to be in compliance with applicable rules and regulations to ensure a sound internal control system is established and 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 controls addressing those risks are reviewed on timely basis. 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.

AUDIT AND GOVERNANCE COMMITTEE REPORT
(CONTINUED)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION (CONTINUED)

During the financial year ended 30 June 2022, 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 2021/2022:

A) Carried out by Deloitte

Companies	Key Areas	Activities
Mycron Steel CRC Sdn Bhd ("MSCRC") Melewar Steel Tube Sdn Bhd ("MST")	Procurement to Payment Management	Reviewed the process and controls pertaining to the following: ➢ Compliance with established Policies and Procedures and identified any areas of improvement, where applicable; ➢ Governance over order processing (i.e. segregation of duties and approval/ authorisation); ➢ Vendor sourcing, evaluation and selection; ➢ Receipt of goods and/ or services; ➢ Processing payment to Vendors; and ➢ Monitoring of long outstanding orders.
Mycron Steel Berhad ("MSB")	IT Governance Review	Reviewed the internal control procedures pertaining to the following: ➢ Compliance with the established policies and procedures in relation to information system management; ➢ Change management; ➢ Anti-virus management; ➢ Audit trails controls; ➢ Backup management and restoration; and ➢ Disaster recovery plan.
MSB	Anti-Corruption Gap Assessment Review and Follow-up Review Report.	Principle 1 - Top Level Commitment ➢ Reviewed relevant Governance Framework and Policies; e.g. Whistle-blowing Policy, Code of Conduct, Anti-Bribery and Anti-Corruption Policy; ➢ Reviewed MIGB's core value, vision and mission; and ➢ Reviewed matters discussed at the Board of Directors ("Board") and Management meetings related to governance and anti-corruption. Principle 2 - Risk Assessment ➢ Reviewed the Enterprise Risk Management framework and procedures; ➢ Reviewed fraud and corruption risk assessment result (likelihood, impact, rating); and ➢ Reviewed relevant risk mitigation action plans and designated controls. Principle 3 - Undertake Control Measures ➢ Reviewed MIGB's processes which includes Standard Operating Procedures; i.e. Limit of Authority, Tender/ Procurement; ➢ Reviewed MIGB's organisational and departmental structure including approving authority; and ➢ Reviewed results of internal controls compliance check and/or audit review.

AUDIT AND GOVERNANCE COMMITTEE REPORT (CONTINUED)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION (CONTINUED)

A) Carried out by Deloitte (continued)

Companies	Key Areas	Activities
MSB (continued)	Anti-Corruption Gap Assessment Review and Follow-up Review Report. (continued)	Principle 4 - Systematic Review, Monitoring and Enforcement ➢ Reviewed the frequency of monitoring on corruption matters; and ➢ Reviewed the reporting and escalation process for any control weaknesses and whistle-blowing. Principle 5 - Training and Communication ➢ Assessed the awareness of employees on Whistle-blowing Policy, Code of Conduct and Anti-Bribery and Anti-Corruption Policy; ➢ Reviewed the orientation and training modules; ➢ Reviewed the list audience of the orientation and trainings; and ➢ Reviewed the available documentation related to integrity and governance on corruption.
MSCRC MST	Maintenance Management	Reviewed and evaluated the processes and controls pertaining to the following: ➢ Compliance with established Policies and Procedures and identified any areas of improvement, where applicable; ➢ Spare parts inventory management, including purchase requisition and its relevant approvals, tracking of inventory movement, monitoring of inventory balance and ageing; ➢ Adequacy of insurance coverage and claim management for equipment and machinery; ➢ Monitoring of general maintenance/ repair cost versus cost of replacing the equipment; and ➢ Analysis on age of equipment and expected life cycle with or without repairs/ upgrade to better pinpoint what equipment needs to be maintained, upgraded, or replaced immediately.

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 were required.

The AGC 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 RM28,500.00 for the financial year ended 30 June 2022.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

DIRECTORS

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

Tunku Dato' Yaacob Khyra
Roshan Mahendran bin Abdullah
Azlan bin Abdullah
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah
Datin Seri Raihanah Begum binti Abdul Rahman
Kwo Shih Kang
Dato' Mohd Zahir bin Zahur Hussain (Appointed on 30 June 2022)
Tan Sri Datuk Seri Razman Md Hashim bin Che Din Md Hashim (Resigned on 30 September 2022)

In accordance with Article 96(1) of the Company's Constitution, Tunku Dato' Yaacob Khyra and Azlan bin Abdullah and Article 103 of the Company's Constitution, Dato' Mohd Zahir bin Zahur Hussain are to retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Pursuant to Section 253 of the Companies Act 2016, the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are as follows:

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

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

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	52,728,482	9,935,182

RESERVE AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures for the financial year ended 30 June 2022.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or any of its subsidiaries is a party, being arrangements with the object of enabling the Directors of the Company or any of its subsidiaries 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 those benefits shown under Directors' Remuneration section below) 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' INTERESTS

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

	Number of ordinary shares			
	At 01.07.2021	Acquired	Disposed	At 30.06.2022
Melewar Industrial Group Berhad (Ultimate holding company)				
Tunku Dato' Yaacob Khyra				
- deemed indirect interest [i]	168,572,764	-	-	168,572,764
Azlan bin Abdullah				
- direct interest	133,333	-	-	133,333

[i] 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. which are the Major/Substantial Shareholders of Melewar Industrial Group Berhad.

	Number of ordinary shares			
	At 01.07.2021	Acquired	Disposed	At 30.06.2022
Mycron Steel Berhad (the Company)				
Tunku Dato' Yaacob Khyra				
- deemed indirect interest [ii]	242,523,025	-	-	242,523,025
Azlan bin Abdullah				
- direct interest	53,900	-	-	53,900

[ii] 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. which are the Major/Substantial Shareholders of Melewar Industrial Group Berhad, a Major Shareholder 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 companies during the financial year.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

DIVIDENDS

The dividends on ordinary shares declared since the end of the Company's previous financial year are as follows:

	RM
In respect of the financial year ended 30 June 2022 on 327,057,599 ordinary shares:	
- Interim single-tier tax-exempt dividend of 3 sen per share, declared on 29 June 2022, paid on 19 August 2022	9,811,728

The Directors do not recommend the payment of final dividend for the financial year ended 30 June 2022.

DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received/receivable by Directors of the Company from the Company and its subsidiaries are as follows:

	Received/ Receivable from the Company	Received/ Receivable from Subsidiaries	Group
	RM	RM	RM
Non-Executive Directors			
- fees	276,000	-	276,000
- other emoluments	36,495	-	36,495
Executive Directors			
- salaries, bonuses and other emoluments	1,869,714	4,988,962	6,858,676
- defined contribution plan	280,466	748,346	1,028,812
- estimated monetary value of benefits-in-kind	28,000	42,605	70,605
	2,490,675	5,779,913	8,270,588

INDEMNITY AND INSURANCE COSTS

The Directors and Officers of the Group and of 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 sum insured was determined by the Company after taking into account the diversified nature of the Group's businesses. The premium borne by the Group and the Company for the D&O coverage during the financial year was both approximately RM25,500 (2021: RM14,450).

EVENTS WHICH OCCURRED DURING AND AFTER THE REPORTING DATE

Details of the events which occurred during and after the reporting date are set out in Note 39 to the financial statements.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

OTHER STATUTORY INFORMATION

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

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of loss allowance for impairment of receivables and satisfied themselves that all known bad debts had been written off and that adequate loss allowance for impairment of receivables had been made for doubtful debts; and

(b) to ensure that any current assets, 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.

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

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

(c) 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.

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

(a) any charge 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; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability 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.

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.

In the opinion of the Directors:

(a) except as disclosed in the financial statements, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made, other than the subsequent events as disclosed in Note 36 to the financial statements.

IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Directors regard Melewar Industrial Group Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad as both the Company's immediate and ultimate holding company.

SUBSIDIARIES

Details of subsidiaries are set out in Note 15 to the financial statements.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

AUDITORS' REMUNERATION

Auditors' remuneration for the financial year ended 30 June 2022 is as follows:

	Group RM	Company RM
PricewaterhouseCoopers PLT		
- Statutory audit	387,500	138,400
- Non-audit services	12,000	12,000

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), will not be seeking re-appointment at the forthcoming Annual General Meeting.

This report was approved by the Board of Directors on 21 October 2022. Signed on behalf of the Board of Directors:

TUNKU DATO' YAACOB KHYRA
EXECUTIVE CHAIRMAN

ROSHAN MAHENDRAN BIN ABDULLAH
GROUP CHIEF EXECUTIVE OFFICER/
EXECUTIVE DIRECTOR

Kuala Lumpur

STATEMENT BY DIRECTORS

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

We, Tunku Dato' Yaacob Khyra and Roshan Mahendran bin Abdullah, being 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 115 to 197 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 2022 and the financial performance of the Group and of the Company for the financial year ended 30 June 2022 on that date in accordance with 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 21 October 2022.

TUNKU DATO' YAACOB KHYRA
EXECUTIVE CHAIRMAN

ROSHAN MAHENDRAN BIN ABDULLAH
GROUP CHIEF EXECUTIVE OFFICER/
EXECUTIVE DIRECTOR

STATUTORY DECLARATION

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

I, Choo Kah Yean, being 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 115 to 197 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960, in Malaysia.

CHOO KAH YEAN
CHIEF FINANCIAL OFFICER

Subscribed and solemnly declared by the abovenamed, Choo Kah Yean (MIA No.: 24018) before me, at Wilayah Persekutuan Kuala Lumpur on 21 October 2022.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MYCRON STEEL BERHAD
(Registration No. 200301020399 (622819-D))
(Incorporated in Malaysia)

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 2022, 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 2022 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 115 to 197.

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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("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 of 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 financial 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MYCRON STEEL BERHAD
(Registration No. 200301020399 (622819-D))
(Incorporated in Malaysia)
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Valuation of land and buildings, plant, machinery and electrical installation The Group carries its land (comprising of both freehold and leasehold land) and buildings, plant, machinery and electrical installation at their fair values. As at 30 June 2022, the carrying amount of the Group's freehold land and buildings, plant, machinery and electrical installation classified under property, plant and equipment; and leasehold land under right-of-use assets are RM306.7 million and RM23.5 million (2021: RM289.5 million and RM23.0 million) respectively. During the financial year, the Group recorded impairment losses on buildings of RM0.8 million and impairment loss on plant, machinery and electrical installation of RM2.3 million respectively. The Group also recorded revaluation surplus of RM4.0 million on freehold land, RM0.9 million on leasehold land, RM1.2 million on plant, machinery and electrical installation and RM1.5 million revaluation loss on buildings respectively. The revaluation of the Group's land and buildings, plant, machinery and electrical installation is carried out by the Directors based on the valuation performed by an independent professional valuer on an annual basis. The fair values of the land were determined based on adjusted market comparison by reference to observable prices in the active market or recent market transactions. The fair values of the buildings, plant, machinery and electrical installation were determined based on depreciated replacement cost method, based on the current cost of replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. We focused on the valuation of the land and buildings as the valuation is inherently subjective due to the individual nature of each property and its location. The valuation of plant, machinery and electrical installation is inherently subjective due to the physical wear and tear and technological development of the individual assets at the point of valuation. Refer to Note 4 - Critical Accounting Estimates and Judgements, Note 13 - Property, Plant and Equipment and Note 14 - Leases to the financial statements.	With respect to Director's revaluation of land and buildings, plant, machinery and electrical installation, we performed the following procedures: • Obtained the valuation reports for the land and buildings, plant, machinery and electrical installation which were prepared by the independent professional valuer. We assessed the competency, capabilities and objectivity of the valuer by considering their professional background, reputation and experience in valuation of assets in the industry where the Group operates. • Discussed with the valuer to understand the methodologies adopted in determining the valuation price of the assets under valuation. We discussed with the valuer to understand the appropriateness of the adjustments made to the observable prices in the active market or recent market transactions in determining the valuation of the land. We discussed with the valuer to understand the appropriateness of the deductions made to the current cost of replacement in determining the valuation of the buildings, plant, machinery and electrical installation. Based on the above procedures performed, we did not note any material exceptions.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MYCRON STEEL BERHAD
(Registration No. 200301020399 (622819-D))
(Incorporated in Malaysia)
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of property, plant and equipment and right-of-use ("ROU") assets The Directors of the Company carried out impairment assessment in accordance with MFRS 136 on the Group's property, plant and equipment and ROU assets as a result of the existence of an impairment indicator as the Group's market capitalisation value is below the total carrying amount of its net assets. The Directors have considered that the valuation method used to fair value the land, i.e. fair value, is appropriate to determine the recoverable amount of land as it approximates the impairment assessment method allowed by MFRS 136 in determination of the recoverable amount, i.e. fair value less costs of disposal. For the buildings, plant, machinery and electrical installation where their revaluation is performed based on "Depreciated replacement cost method" and other non-financial assets not subjected to revaluation, the Directors had performed an impairment assessment based on the value-in-use ("VIU") method to determine their respective recoverable amount. The use of VIU involved significant estimates of the future financial results of the business, in particular, the key assumptions on sales volume growth rates, gross profit margins and pre-tax discount rates used in the future cash flows forecasts. We focused on these areas because there are significant judgements and estimates made in relation to the impairment assessment performed by the Directors on the Group's property, plant and equipment and ROU assets.	With respect to management's impairment assessment based on VIU, we performed the following procedures: • Obtained an understanding of management's business plans approved by the Board of Directors; • Checked the appropriateness of management's identification of cash generating units ("CGUs"); • Checked the 5-year detailed cash flows projections for the three different scenarios (i.e. best case, medium case and worst case) prepared by management to the budget and cash flows projections approved by the Board of Directors; • Assessed the reliability of management's forecast comparing historical trends of actual financial performances against previous forecasted results; • Checked the key assumptions used by management in the VIU calculations, in particular revenue cash flows projections and gross profit margins by comparing to historical trends and relevant industry forecasts; • Checked that the terminal growth rate did not exceed the long-term average growth rates of the similar industry; • Checked the pre-tax discount rates used by comparing the rate to independent computation by auditors' expert; • Checked the reasonableness of probabilities used by management by comparing to the historical performance; • Checked the weighted average computation of the recoverable amount based on the expected probabilities of the possible outcomes; • Checked the outcome of the related sensitivity analysis based on range of possible changes determined by management to corroborate that any reasonable changes on these key assumptions would not give rise to an impairment; and • Assessed the adequacy of the disclosures in the financial statements. Based on the above procedures performed, no material exceptions were noted from the results of management's impairment assessment.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MYCRON STEEL BERHAD
(Registration No. 200301020399 (622819-D))
(Incorporated in Malaysia)
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Net realisable value of inventories As at 30 June 2022, the Group has inventory balances of RM275.8 million comprising the raw materials, work-in-progress, finished goods and consumables. During the financial year, the Group recognised a RM10.0 million write-down on its inventories (representing 8.1% of gross carrying amount) to the net realisable value in the Cold Rolled Coil ("CRC") segment. The Group carries its inventories at the lower of weighted average cost and net realisable value. The cost of finished goods and work-in-progress comprises the cost of materials, direct labour, and other direct costs and an appropriate proportion of variable and fixed overhead expenditure allocated on the basis of normal operating capacity. We focused on the recoverability of the inventories within the CRC segment due to the declining price trend of Hot Rolled Coil since the peak price in April 2022, with the decrease in price extending by more than 30% from the peak price subsequent to the financial year end (up to latest practical date). We also focused on the recoverability of these inventories due to the significant estimates involved in determining the net realisable value of the inventories, which is dependent on the expected selling price of the finished goods subsequent to the financial year end. Refer to Note 4 - Critical Accounting Estimates and Judgements and Note 17 - Inventories to the financial statements.	With respect to management's assessment of the net realisable value of the inventories within the CRC segment, we performed the following procedures: • Obtained an understanding on management's basis of write down of inventories to its net realisable value; • Held discussions with management to understand and corroborate the assumptions applied in estimating the net realisable value of inventories; • Evaluated the appropriateness of the method and estimates used by management to estimate the net realisable values; • Performed substantive testing to check the contracted sales order listing subsequent to the financial year end to the sales contract with the customer; • Compared the selling prices in the contracted sales order listing subsequent to the financial year end to the weighted average cost of the inventories as at 30 June 2022; and • Assessed the adequacy of the disclosures in the financial statements. Based on the above procedures performed, we did not note any material exceptions.

We have determined that there are no key audit matters to report for the Company.

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 all other sections of the 2022 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MYCRON STEEL BERHAD
(Registration No. 200301020399 (622819-D))
(Incorporated in Malaysia)
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements (continued)

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 of 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 on 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.

(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, actions taken to eliminate threats or safeguards applied.

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 financial 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MYCRON STEEL BERHAD
(Registration No. 200301020399 (622819-D))
(Incorporated in Malaysia)
(CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

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

MANJIT SINGH A/L HAJANDER SINGH
02954/03/2023 J
Chartered Accountant

Kuala Lumpur
21 October 2022

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	GROUP 2022 RM	GROUP 2021 RM	COMPANY 2022 RM	COMPANY 2021 RM
Revenue	7	745,875,354	736,672,804	5,291,172	4,170,296
Cost of sales		(622,203,434)	(632,773,118)	(3,953,296)	(2,977,630)
Impairment on inventories	17	(9,974,697)	-	-	-
Gross profit		113,697,223	103,899,686	1,337,876	1,192,666
Other operating (expense)/income		(4,702,979)	(58,877)	9,761,559	11,400
Selling and distribution expenses		(4,492,428)	(5,974,634)	-	-
Administrative expenses		(32,570,505)	(22,397,341)	(918,122)	(861,096)
Impairment on property, plant and equipment	13	(3,151,308)	(4,342,858)	-	-
Profit from operations		68,780,003	71,125,976	10,181,313	342,970
Finance income	8	1,311,186	1,166,789	1,517	1,583
Finance costs	8	(5,595,419)	(3,978,153)	(27,816)	(22,659)
Finance (costs)/income – net		(4,284,233)	(2,811,364)	(26,299)	(21,076)
Profit before tax	9	64,495,770	68,314,612	10,155,014	321,894
Tax expense	11	(11,767,288)	(14,496,442)	(219,832)	(184,210)
Net profit for the financial year		52,728,482	53,818,170	9,935,182	137,684
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
- Revaluation surplus on property, plant and equipment and right-of-use assets, net of tax	31	4,080,985	7,991,129	-	-
Total comprehensive income for the financial year		56,809,467	61,809,299	9,935,182	137,684
Net profit for the financial year attributable to owners of the Company		52,728,482	53,818,170	9,935,182	137,684
Total comprehensive income for the financial year attributable to owners of the Company		56,809,467	61,809,299	9,935,182	137,684
Earnings per share attributable to owners of the Company					
- basic and diluted (sen)	12	16.12	16.46		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	GROUP 2022 RM	GROUP 2021 RM	COMPANY 2022 RM	COMPANY 2021 RM
NON-CURRENT ASSETS					
Property, plant and equipment	13	312,192,517	314,898,698	441,744	667,071
Right-of-use assets	14	49,910,894	41,679,222	-	-
Subsidiaries	15	-	-	221,974,480	221,968,100
Intangible assets	16	20,000,000	20,000,000	-	-
		382,103,411	376,577,920	222,416,224	222,635,171
CURRENT ASSETS					
Inventories	17	275,752,705	225,500,381	-	-
Receivables, deposits and prepayments	18	74,516,481	41,937,267	4,500	4,500
Financial assets at fair value through profit or loss	19	2,600,000	-	2,600,000	-
Amounts due from subsidiaries	20	-	-	851,985	369,539
Amounts due from related companies	21	1,200	1,200	-	-
Derivative financial assets	22	4,815,229	2,019,630	-	-
Cash and cash equivalents	23	111,795,897	90,931,176	10,438,879	416,528
Current tax recoverable		52,665	22,589	-	-
		469,534,177	360,412,243	13,895,364	790,567
LESS: CURRENT LIABILITIES					
Payables and accrued liabilities	24	166,890,125	120,081,246	435,532	490,171
Dividend payable	25	9,811,728	-	9,811,728	-
Contract liabilities	26	7,437,261	22,990,671	-	-
Amount due to ultimate holding company	27	5,964	380,917	-	400
Amounts due to subsidiaries	20	-	-	6,455,811	3,255,072
Amount due to a related company	21	186,822	-	-	-
Derivative financial liabilities	22	7,518	3,282	-	-
Borrowings	28	80,135,268	59,956,090	130,008	170,877
Lease liabilities	14	3,692,977	2,951,930	-	-
Current tax provision		1,456,700	2,616,959	37,048	26,233
		269,624,363	208,981,095	16,870,127	3,942,753
NET CURRENT ASSETS/(LIABILITIES)		199,909,814	151,431,148	(2,974,763)	(3,152,186)
		582,013,225	528,009,068	219,441,461	219,482,985

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

(CONTINUED)

	Note	GROUP 2022 RM	GROUP 2021 RM	COMPANY 2022 RM	COMPANY 2021 RM
CAPITAL AND RESERVE ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	29	217,676,829	217,676,829	217,676,829	217,676,829
Warrant reserve	30	1,740,486	1,740,486	1,740,486	1,740,486
Asset revaluation reserve	31	42,783,080	38,702,095	-	-
Retained profits/(Accumulated losses)		232,461,672	189,544,918	(15,616)	(139,070)
TOTAL EQUITY		494,662,067	447,664,328	219,401,699	219,278,245
NON-CURRENT LIABILITIES					
Borrowings	28	22,519,897	27,464,876	32,462	193,040
Lease liabilities	14	22,760,963	15,801,893	-	-
Deferred income on grant	32	5,883,958	6,036,458	-	-
Deferred tax liabilities	33	36,186,340	31,041,513	7,300	11,700
		87,351,158	80,344,740	39,762	204,740
		582,013,225	528,009,068	219,441,461	219,482,985

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

GROUP

		Attributable to owners of the Company				
	Note	**Share capital RM**	**Warrant reserve RM**	**Asset revaluation reserve RM**	**Retained profits RM**	**Total RM**
At 1 July 2021		217,676,829	1,740,486	38,702,095	189,544,918	447,664,328
Net profit for the financial year		-	-	-	52,728,482	52,728,482
Other comprehensive income for the financial year, net of tax:						
- Revaluation surplus on property, plant and equipment and right-of-use assets, net of tax	31	-	-	4,080,985	-	4,080,985
Total comprehensive income for the financial year		-	-	4,080,985	52,728,482	56,809,467
Transactions with owners:						
Dividend payable	25	-	-	-	(9,811,728)	(9,811,728)
At 30 June 2022		217,676,829	1,740,486	42,783,080	232,461,672	494,662,067

		Attributable to owners of the Company				
	Note	**Share capital RM**	**Warrant reserve RM**	**Asset revaluation reserve RM**	**Retained profits RM**	**Total RM**
At 1 July 2020		217,676,829	1,740,486	30,710,966	135,726,748	385,855,029
Net profit for the financial year		-	-	-	53,818,170	53,818,170
Other comprehensive income for the financial year, net of tax:						
- Revaluation surplus on property, plant and equipment and right-of-use assets, net of tax	31	-	-	7,991,129	-	7,991,129
Total comprehensive income for the financial year		-	-	7,991,129	53,818,170	61,809,299
At 30 June 2021		217,676,829	1,740,486	38,702,095	189,544,918	447,664,328

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

COMPANY

	Note	Share capital RM	Warrant reserve RM	Accumulated losses RM	Total RM
At 1 July 2021		217,676,829	1,740,486	(139,070)	219,278,245
Net profit for the financial year		-	-	9,935,182	9,935,182
Transactions with owners:					
Dividend payable	25	-	-	(9,811,728)	(9,811,728)
At 30 June 2022		217,676,829	1,740,486	(15,616)	219,401,699
At 1 July 2020		217,676,829	1,740,486	(276,754)	219,140,561
Net profit for the financial year		-	-	137,684	137,684
At 30 June 2021		217,676,829	1,740,486	(139,070)	219,278,245

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		GROUP		COMPANY	
	Note	2022	2021	2022	2021
		RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		64,495,770	68,314,612	10,155,014	321,894
Adjustments for:					
Property, plant and equipment:					
- depreciation	9	13,972,807	14,444,978	99,885	105,339
- (gain)/loss on disposals	9	(90,796)	(67,858)	54,442	-
- impairment loss	9	3,151,308	4,342,858	-	-
Depreciation on right-of-use assets	9	3,713,770	3,424,998	-	-
Net unrealised foreign exchange loss	9	433,606	24,863	-	-
Gain on rent concession	9	(22,972)	(45,945)	-	-
Gain on lease termination	9	(762,977)	-	-	-
Amortisation of deferred income on grant	9	(152,500)	(63,542)	-	-
Interest income	8	(1,311,186)	(1,166,789)	(1,517)	(1,583)
Interest expense:					
- borrowings	8	4,793,891	3,334,813	27,816	22,659
- lease liabilities	8	801,528	643,340	-	-
Impairment on receivables	5(c)	413,487	42,538	-	-
Impairment on inventories	9	9,974,697	-	-	-
Fair value loss on financial assets at fair value through profit or loss	9	600,000	-	600,000	-
Share of fair value loss on financial assets at fair value through profit and loss by subsidiaries	9	-	-	(600,000)	-
Dividend income	9	-	-	(9,816,000)	-
		100,010,433	93,228,866	519,640	448,309
Changes in working capital:					
- inventories		(60,227,021)	(68,371,684)	-	-
- receivables, deposits and prepayments		(32,381,849)	33,823,700	-	11,894
- payables and accrued liabilities		43,333,824	(16,731,980)	(54,639)	173,773
- contract liabilities		(15,553,410)	21,531,690	-	-
- intercompany balances		(188,131)	(1,046,021)	117,893	(458,336)
Cash generated from operations		34,993,846	62,434,571	582,894	175,640
Tax paid		(8,378,950)	(4,741,960)	(213,417)	(180,768)
Tax refunded		14,265	-	-	-
Net cash generated from/(used in) operating activities		26,629,161	57,692,611	369,477	(5,128)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(CONTINUED)

	Note	GROUP 2022 RM	GROUP 2021 RM	COMPANY 2022 RM	COMPANY 2021 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Property, plant and equipment:					
- Purchases		(10,584,956)	(14,645,117)	-	-
- Proceeds from disposals		501,084	264,861	71,000	-
- Proceed from grant	32	-	6,100,000	-	-
Investment in quoted shares	19	(3,200,000)	-	(3,200,000)	-
Dividend received	9	-	-	9,816,000	-
Investment in a subsidiary	15	-	-	(6,380)	-
Repayment from a subsidiary		-	-	-	63,903
Interest received		1,311,186	1,166,789	1,517	1,583
Net cash (used in)/generated from investing activities		(11,972,686)	(7,113,467)	6,682,137	65,486
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of borrowings		321,864,857	178,698,411	-	-
Repayment of borrowings		(306,987,869)	(165,253,213)	(201,447)	(170,877)
Lease payments		(3,006,897)	(2,802,519)	-	-
Interest paid:					
- borrowings		(4,921,378)	(4,200,576)	(27,816)	(22,659)
- lease liabilities		(801,528)	(643,340)	-	-
Advances from a subsidiary	34	-	-	3,200,000	-
Net cash generated from/(used in) financing activities		6,147,185	5,798,763	2,970,737	(193,536)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		20,803,660	56,377,907	10,022,351	(133,178)
EFFECTS OF CHANGES IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS		61,061	(1,611)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		90,931,176	34,554,880	416,528	549,706
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	23	111,795,897	90,931,176	10,438,879	416,528

During the financial year, the Group has a non-cash purchase of plant, machinery and electrical installation of RM4,000 (2021: Nil) by trade-in arrangement and RM357,211 (2021: Nil) by means of hire-purchase arrangements. Included in the Group's additions to property, plant and equipment is finance costs capitalised amounting to RM159,661 (2021: RM306,593) (Note 13).

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(CONTINUED)

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

	Bankers' acceptance RM	Lease liabilities RM	Term loan RM	Hire purchase creditors RM	Mortgage loan RM	Total RM
Group						
At 1 July 2021	51,090,000	18,753,823	18,809,691	1,279,765	16,241,510	106,174,789
Cash flows:						
Drawdown of borrowings	318,827,000	-	3,037,857	-	-	321,864,857
Repayment of borrowings	(297,982,000)	-	(5,833,332)	(1,206,460)	(1,966,077)	(306,987,869)
Interest paid	(3,324,458)	(801,528)	(752,512)	(66,257)	(624,514)	(5,569,269)
Lease payments	-	(3,006,897)	-	-	-	(3,006,897)
Working capital changes	16,604	-	-	-	-	16,604
Non-cash changes:						
Interest charged	3,307,854	801,528	752,512	66,257	624,514	5,552,665
Gain on rent concession (Note 14)	-	(22,972)	-	-	-	(22,972)
Additions during the year	-	26,782,879	-	357,211	-	27,140,090
Termination of lease	-	(15,289,916)	-	-	-	(15,289,916)
Gain on lease termination (Note 14)	-	(762,977)	-	-	-	(762,977)
At 30 June 2022	71,935,000	26,453,940	16,014,216	430,516	14,275,433	129,109,105

	Bankers' acceptance RM	Lease liabilities RM	Factoring RM	Term loan RM	Hire purchase creditors RM	Mortgage loan RM	Total RM
Group							
At 1 July 2020	31,200,000	11,453,932	4,442,085	16,686,279	3,526,799	18,120,605	85,429,700
Cash flows:							
Drawdown of borrowings	172,200,000	-	-	6,498,411	-	-	178,698,411
Repayment of borrowings	(152,310,000)	-	(4,442,085)	(4,374,999)	(2,247,034)	(1,879,095)	(165,253,213)
Interest paid	(2,041,294)	(643,340)	(73,995)	(760,772)	(152,067)	(720,603)	(4,392,071)
Lease payments	-	(2,802,519)	-	-	-	-	(2,802,519)
Working capital changes	307,563	-	-	-	-	-	307,563
Non-cash changes:							
Interest charged	1,733,731	643,340	73,995	760,772	152,067	720,603	4,084,508
Gain on rent concession (Note 14)	-	(45,945)	-	-	-	-	(45,945)
Lease modifications (Note 14)	-	10,148,355	-	-	-	-	10,148,355
At 30 June 2021	51,090,000	18,753,823	-	18,809,691	1,279,765	16,241,510	106,174,789

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

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

	Hire purchase creditors RM
Company	
At 1 July 2021	363,917
Cash flows:	
Repayment of borrowings	(201,447)
Interest paid	(27,816)
Non-cash changes:	
Interest charged	27,816
At 30 June 2022	162,470
Company	
At 1 July 2020	534,794
Cash flows:	
Repayment of borrowings	(170,877)
Interest paid	(22,659)
Non-cash changes:	
Interest charged	22,659
At 30 June 2021	363,917

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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

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

The 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
Seksyen 16
40200 Shah Alam
Selangor Darul Ehsan

As at 30 June 2022, 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 21 October 2022.

2 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 on the revaluation of 'land and buildings' and 'plant, machinery and electrical installation', 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 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 4 to the financial statements.

Amendments to published standards that are effective

The Group has applied the following amendments for the first time for the financial year beginning on 1 July 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2'

  The Group has adopted Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2' for the first time in the June 2022 financial statements, which resulted in changes in accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2'

The Group adopted the Phase 2 amendments and applied the practical expedient to update the effective interest rate for instruments measured at amortised cost and lessees applying the temporary exemption from MFRS 9 to account for the changes in contractual cash flows that is a direct consequence of interbank offered rate ('IBOR') reform. As a result, no immediate gain or loss is recognised in profit or loss.

The amendments also provide reliefs that enable and require the Group to continue the hedge accounting in circumstances when the Group updates the hedge documentation to reflect changes in hedged items and hedging instruments which are required by IBOR reform.

The Group does not have any financial instruments linked to IBOR reform. The adoption of these amendments did not have any impact on the Group's financial statements.

Amendments to standards and interpretations that have been issued but not yet effective

A number of new amendments to standards and interpretations are effective for financial year beginning after 1 July 2022. None of these is expected to have a significant effect on the financial statements of the Group, except the following set out below:

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to MFRS 116 'Proceeds before intended use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

Amendments to standards and interpretations that have been issued but not yet effective (continued)

A number of new amendments to standards and interpretations are effective for financial year beginning after 1 July 2023. None of these is expected to have a significant effect on the financial statements of the Group, except the following set out below:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

  The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

- Amendments to MFRS 101 and MFRS Practice Statement 2 on 'Disclosure of Accounting Policies' requires companies to disclose material accounting policies rather than significant accounting policies and provides guidance on the concept of materiality to accounting policy disclosures. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications.

  The amendments shall be applied prospectively.

- Amendments to MFRS 108 on 'Definition of Accounting Estimates' clarifies that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors.

  An entity shall apply the amendments to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the first annual reporting period in which it applies the amendments.

The Group has started a preliminary assessment on the effects of the above amendments to published standards and the impact is still being assessed.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

3.1 Basis of consolidation

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(i) Subsidiaries (continued)

Intercompany 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 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.

(iv) Acquisitions

The Group applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. 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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Investment in subsidiaries in separate financial statements

In the Company's separate financial statements, 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.

3.3 Property, plant and equipment

(i) Measurement basis

Property, plant and equipment are initially stated at cost. Freehold land, buildings, 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 amounts. 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 freehold land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserve 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 de-recognised.

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.

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 3.5 on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (continued)

(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 commences when the assets are ready for its intended use.

3.4 Leases

Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(i) Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to Note 3.4(iv) below).

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Initial direct costs; and
- Decommissioning or restoration costs, if any.

ROU assets that are leasehold land properties are subsequently measured based on 'fair value' determination by independent certified real-estate valuers. The ROU assets are generally depreciated over the shorter of assets' useful lives or the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the term of the lease. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

ROU assets are presented as a separate line item in the statement of financial position. The Group does not have ROU assets that meet the definition of investment properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Leases (continued)

Accounting by lessee (continued)

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

The Group present the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance costs in profit or loss.

(iv) Reassessment of lease liabilities

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When adjustments to lease payments take effect, the lease liability is remeasured and adjusted against the ROU assets.

The Group applies practical expedient to account for a COVID-19-related rent concession that meets all of the following conditions in the same way as they would if they were not lease modification:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

The Group accounts for COVID-19 related rent concession as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs. Impacts of rent concessions are presented within other operating expense.

(v) Short term leases and leases of low value assets

Short term leases are leases with a lease term of 12 months or less. Low value assets comprise small items of office equipment. Payments associated with short term leases of equipment and all leases of low value assets are recognised on a straight-line basis as an expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Leases (continued)

Accounting by lessor

As a lessor, the Group determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment.

Operating leases

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

3.5 Impairment of non-financial assets

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (through profit or loss); and
- those to be measured at amortised cost

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment and principal and interest ("SPPI").

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are recognised in profit or loss in the period which it arises.

(ii) FVTPL

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss in the period which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management have elected to present fair value gains and losses on equity investments in other comprehensive income ("OCI"), there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in profit or loss in the period which it arises.

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial assets (continued)

Subsequent measurement - Impairment for debt instruments

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have the following types of financial instruments that are subject to the ECL model:

- Trade receivables
- Other receivables
- Intercompany balances
- Financial guarantee contracts

Whilst cash and cash equivalents and derivative financial assets placed with licensed banks are also subject to the impairment requirements of MFRS 9, the credit risks and any impetus for credit impairment has been determined to be immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holders, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL approach can be classified into the categories below:

(i) General 3-stage approach for other receivables, intercompany balances and financial guarantee contracts issued

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

(ii) Simplified approach for trade receivables

The Group applied the MFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables. The Group's provision matrix is based on its historical credit loss experience with trade receivables of similar credit risk characteristics, adjusted for forward-looking factors specific to the category of debtors and the economic environment.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial assets (continued)

Significant increase in credit risk (continued)

The following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

(i) Quantitative criteria:

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 60 days of when they fall due.

(ii) Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due in-relation to its 'overdue-days matrix'.

(ii) Individual assessment

Trade receivables which are in default or credit-impaired, other receivables, intercompany balances and financial guarantee contracts are assessed on individual basis for ECL measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial assets (continued)

Write-off

(i) Trade receivables

Trade receivables are written off from credit impairment allowance account when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses in profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other receivables, intercompany balances and financial guarantee contracts

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

3.7 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.

3.8 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 3.6 on financial assets.

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 hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 6. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Derivative financial instruments and hedging activities (continued)

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.

3.9 Intangible assets

The Group carries an intangible asset relating to the licences, patents and trademarks from the consolidation of its acquired Steel Tube subsidiary.

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. Licences, patents and trademarks 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.

3.10 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.

3.11 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 and 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.

3.12 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into and definitions of a financial liability.

Financial liabilities, within the scope of MFRS 9 ‘Financial Instruments’, are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities which are subsequently measured at fair value through profit or loss or amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Financial liabilities (continued)

(i) Financial liabilities subsequently measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative financial liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Financial liabilities subsequently measured at amortised cost

The Group's financial liabilities subsequently measured at amortised cost include trade payables, other payables, amount due to related companies and borrowings.

These financial liabilities are recognised initially at fair value less transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

Financial liabilities are classified as current liabilities for those having maturity dates of no more than 12 months after the end of the reporting period, and the balance is classified as non-current.

A financial liability is de-recognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another form the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.13 Trade payables

Trade payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties. Trade payables are subsequently measured at amortised cost using the effective interest method.

3.14 Provisions

Provisions are recognised when the Group 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Share capital

Ordinary shares are classified as equity. Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company on or before the end of the reporting date but not distributed at the end of the reporting date.

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the financial year in which the dividends are approved.

Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.16 Revenue recognition

Revenue from contracts with customers

(i) Sale of steel products (cold rolled coils, steel tubes and pipes and scraps)

The Group manufactures and sells a range of steel products to customers. Sales from the sale of steel products are recognised when control of the products has been transferred (i.e. when the products are delivered to the customer); and when the customers has the full discretion to direct the use or movement over the products and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sale of steel products is recognised based on terms specified in the contracts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made on credit terms which are consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group's obligation to transfer goods or services to a customer for which the Group has received consideration in advance from customer is presented as contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue recognition (continued)

Revenue from contracts with customers (continued)

(ii) Processing service income

The Group offers tolling service to its customers. Tolling service relates to when customers provide steel products for further processing (e.g. galvanisation, pipe-forming, pickling & oiling). Revenue from providing such services is recognised in the accounting period in which service is rendered.

There is no element of financing present as the sales is made on credit terms of up to 90 days, which is consistent with industry practice.

(iii) Management fees income

The Company offers management service to its subsidiaries. Revenue from providing such service is recognised in the accounting period in which service is rendered.

Other income

(i) Interest income

Interest income is recognised using the effective interest method.

(ii) Dividend income (for Company)

Dividend income is recognised when the Company's right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

3.17 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.

3.18 Current and deferred income tax

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Current and deferred income tax (continued)

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.

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.

3.19 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.

All foreign exchange gains and losses are presented in profit or loss on a net basis within "other operating expense or income".

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.

3.20 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.

NOTES TO THE FINANCIAL STATEMENTS

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 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 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. The Group does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

3.22 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.

Financial guarantee contracts are 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.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

3.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset, until such time all the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

3.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss as other operating income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income on grant and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

3.25 Contract liabilities

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers, including contract specific non-refundable deposits. The balance is classified as contract liabilities under current liabilities in the statement of financial position.

4 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) Revaluation of certain property, plant and equipment and right-of-use assets

As disclosed in Notes 13 and 14 to the financial statements, the Group carries its freehold and leasehold land (classified as right-of-use assets) and buildings, plant, machinery and electrical installation at their fair values. On an annual basis, the Group appoints independent professional firms to determine the fair valuation of these property, plant and equipment and right-of-use assets 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.

The valuation of land and buildings is inherently subjective due to the individual nature of each property and its location. The valuation of plant, machinery and electrical installation is inherently subjective due to the physical wear and tear and technological development of the individual assets at the point of valuation.

(b) Impairment of non-financial assets

In assessing the impairment of Cash-Generating Units ("CGU"), the Group and the Company compare the carrying amount of these assets with its recoverable amount, measured at the higher of fair value less costs to sell and the value-in-use. In measuring the value-in-use based on the CGU's discounted cash flows, certain assumptions and estimates are applied as disclosed in Notes 13, 15 and 16 to the financial statements.

The recoverability of inventory is an area of focus due to the significant estimates involved in determining the net realisable value of the inventories, which is dependent on the expected selling price of the finished goods subsequent to the financial year end. In assessing the impairment on inventory as disclosed in Note 17, the Group compares for any deficiency in the estimated Net Realisable Value ("NRV") of finished goods against their carrying inventory value at and after the close of the current reporting period for each entity. In estimating the NRV at the close of the reporting period, the 'outstanding forward sales contracted average price' is inferred as the evidence of NRV. In determining the NRV after the close of the reporting period (to compute any impairment as adjusting event under MFRS 110), the average price of sales contracted up to end September 2022 (as the latest practical date) is inferred as evidence of NRV on uncovered/uncommitted inventory volume.

(c) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences or unutilised tax losses and tax credits (including reinvestment allowance) can be utilised. This involves judgement regarding future taxable profits of a particular entities within the Group in which the deferred tax asset has been recognised. With effect from the tax assessment year 2019, the allowable carrying forward period on unutilised tax losses and reinvestment allowances has been amended from 7 consecutive years to 10 consecutive years. Estimating future taxable profits and the utilisation of tax losses and reinvestment allowances over the allowed time-period involve significant assumptions. During the financial year, the Group has recognised deferred tax assets arising from unutilised tax losses, reinvestment allowances and other deductible temporary differences as disclosed in Note 33 to the financial statements.

(d) Lease options

The Group considers all economic factors and circumstances in assuming whether renewal option and/or an early termination option under any lease/ rental agreements are exercised or not in determining the lease duration. Where multiple renewal options are allowed, the Group only includes the immediate next renewal period in computing the lease term, as opposed to assuming an infinite period. Management's judgements are exercised in affirming the aforementioned assumption.

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(CONTINUED)

5 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 and Sustainability Committee which reports to the Board.

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 intangible assets including deferred tax if any) plus interest bearing debts as capital resources (which totalled to RM627.2 million at the close of the current financial year), and has a policy to maintain the debt-equity ratio below 1.0 or in accordance with its financial covenants - whichever is lower. 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 capital adequacy 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, which excludes lease 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, capital deployed in the Group has increased by around RM81 million (from equity capital RM52 million up by 11%; and interest-bearing debt capital RM29 million up by 33%) which were mainly deployed to finance higher inventory value (up by RM50 million) and trade receivables (up by RM32 million) mainly driven by higher steel raw material prices.

The Group's debt-equity ratio closed at 0.23 times for the current reporting period compared to the preceding period's close at 0.20.

Towards the 4th quarter of the current financial year, the Steel Tube subsidiary obtained a fresh multi-tradeline offer of RM25 million from a new lender to complement and diversify exist portfolio of lenders. This remains under documentation processing at the close of the current financial year. The utilisation of this fresh-line in the future will not necessarily increase the indebtedness of the Group.

Overall, the Board is of the opinion that the Group's capital deployed and available for deployment has adequate headroom for the business purposes intended.

(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 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 when due 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 71% and 82% respectively. The said subsidiaries have adequate short-term assets to meet short-term liabilities as reflected in the Group's current ratio of 1.74 times at the close of the current reporting period (compared to 1.72 times for the preceding period).

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

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 can be attributed to 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 a liquidity covenant on the minimum allowable 'Debt Service Cover Ratio'. For the reporting period, the Cold Rolled Coil subsidiary and the Steel Tube subsidiary complied with the liquidity covenant imposed.

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 Coil subsidiary and the Steel Tube subsidiary have a total trade credit-line of USD45.3 million (RM199.6 million) and USD23.2 million (RM102.2 million) respectively from key suppliers.

The Group's steel operations started the current financial year in mandatory business shutdown for 6 weeks (continuing from the preceding financial year's shutdown from 1 June) under the Full Movement Control Order ("FMCO") to address the nation's COVID-19 infection surge. The shutdown disrupted cash flows from lost sales, inventory build-up, and delayed collections; and had substantially elevated liquidity risks. Nevertheless, the Group was able to meet all financial obligations when due during and after the shutdown period – without any rescheduling of its financial obligations. The Group ended the financial year with surplus cash flow from operations (before changes in working capital) of RM100.0 million (2021: RM93.2 million).

At the reporting date, the Company's exposure to liquidity risk arises from corporate guarantees issued on the subsidiary's outstanding bank debts of RM35.0 million (2021: RM18.8 million), and on the Steel Tube subsidiary's outstanding bank debts of RM67.2 million (2021: RM67.3 million). The Directors are of the opinion that the default risk by the subsidiaries on both the aforementioned is negligible.

The total balance undrawn banking trade-line facilities for the subsidiaries at the reporting date is around RM146.2 million (2021: RM133.0 million).

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

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 RM	Contractual interest rate per annum	Contractual cash flows RM	Current RM	1 – 2 years RM	2 – 3 years RM	> 3 years RM
At 30 June 2022							
Non-derivative financial liabilities:							
Bankers' acceptance	71,935,000	3.17% - 4.82%	72,440,225	72,440,225	-	-	-
Term loan	16,014,216	4.15% - 4.44%	17,049,461	6,429,464	6,178,848	4,441,149	-
Hire-purchase creditors	430,516	2.29% - 2.55%	464,116	342,819	108,797	12,500	-
Mortgage loan	14,275,433	4.06% - 4.33%	16,201,097	2,605,697	2,589,600	2,589,600	8,416,200
Trade payables	13,728,267	3.93%	13,901,209	13,901,209	-	-	-
Payables and accrued liabilities (excluding derivatives and payroll liabilities)	146,924,219	-	146,924,219	146,924,219	-	-	-
Dividend payable	9,811,728	-	9,811,728	9,811,728	-	-	-
Amount due to ultimate holding company	5,964	-	5,964	5,964	-	-	-
Amount due to a related company	186,822	-	186,822	186,822	-	-	-
Lease liabilities	26,453,940	-	29,820,000	5,040,000	5,040,000	5,040,000	14,700,000
	299,766,105		306,804,841	257,688,147	13,917,245	12,083,249	23,116,200
Derivative financial liabilities	7,518		7,518	7,518	-	-	-
	299,773,623		306,812,359	257,695,665	13,917,245	12,083,249	23,116,200

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

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 RM	Contractual interest rate per annum	Contractual cash flows RM	Current RM	1 – 2 years RM	2 – 3 years RM	> 3 years RM
At 30 June 2021							
Non-derivative financial liabilities:							
Bankers' acceptance	51,090,000	3.19% - 4.11%	51,521,788	51,521,788	-	-	-
Term loan	18,809,691	4.06% - 4.41%	20,165,896	6,521,688	6,281,263	6,039,605	1,323,340
Hire-purchase creditors	1,279,765	2.29% - 2.85%	1,354,190	1,108,566	209,417	36,207	-
Mortgage loan	16,241,510	4.07% - 4.42%	18,804,186	2,602,761	2,592,228	2,592,228	11,016,969
Payables and accrued liabilities (excluding derivatives and payroll liabilities)	115,816,600	-	115,816,600	115,816,600	-	-	-
Amount due to ultimate holding company	380,917	-	380,917	380,917	-	-	-
Lease liabilities	18,753,823	-	21,231,918	3,698,552	3,721,524	3,721,524	10,090,318
	222,372,306		229,275,495	181,650,872	12,804,432	12,389,564	22,430,627
Derivative financial liabilities	3,282	-	3,282	3,282	-	-	-
	222,375,588		229,278,777	181,654,154	12,804,432	12,389,564	22,430,627

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

5 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 financial year's reporting date as comparison based on contractual undiscounted repayment obligations are set out in the table below:

COMPANY	Carrying amount RM	Contractual interest rate per annum	Contractual cash flows RM	Current RM	1 – 2 years RM	> 2 years RM
At 30 June 2022						
Payables and accrued liabilities (excluding payroll liabilities)	214,351	-	214,351	214,351	-	-
Dividend payable	9,811,728	-	9,811,728	9,811,728	-	-
Hire-purchase creditors	162,470	2.29%	181,090	144,893	36,197	-
Amounts due to subsidiaries	6,455,811	-	6,455,811	6,455,811	-	-
Financial guarantee contracts	-	-	248,390,000	248,390,000	-	-
	16,644,360		265,052,980	265,016,783	36,197	-
At 30 June 2021						
Payables and accrued liabilities (excluding payroll liabilities)	282,910	-	282,910	282,910	-	-
Hire-purchase creditors	363,917	2.29% – 2.72%	411,025	193,536	181,292	36,197
Amount due to ultimate holding company	400	-	400	400	-	-
Amounts due to subsidiaries	3,255,072	-	3,255,072	3,255,072	-	-
Financial guarantee contracts	-	-	219,151,000	219,151,000	-	-
	3,902,299		223,100,407	222,882,918	181,292	36,197

(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, receivables, deposits and prepayments 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.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

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 Coil and the Steel Tube subsidiaries represent about 98.0% (2021: 91%) and 71.6% (2021: 55%) 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 (2021: 3) external customers that contributes to more than 10% of the respective subsidiaries' revenue. The revenue contributed by the said customers amounted to RM181.6 million (2021: RM161.1 million). Nevertheless, management obtains corporate guarantees and personal indemnities from trade debtors where possible in managing exposure to credit risk.

The Group's and the Company's major classes of financial assets are as disclosed in Note 35 to the financial statements. The Group and the Company have four types of financial instruments that are subject to the Expected Credit Loss ("ECL") model under MFRS 9:

- Trade receivables
- Other receivables
- Intercompany balances
- Financial guarantee contracts

Whilst cash and cash equivalents and derivative financial assets placed with licensed banks are also subject to the impairment requirements of MFRS 9, the credit risks and any impetus for credit impairment has been determined to be immaterial. Credit risk measurement with regards to the mentioned categories of financial instruments are as below.

(i) Trade receivables

The Group adopts MFRS 9 prescribed 'simplified approach' in measuring ECL which estimates a lifetime expected credit loss allowance for all trade receivables. Information on the Group's accounting policy on impairment of trade receivables using the 'simplified approach' basing on aging brackets in estimating ECL is disclosed in Note 3.6 to the financial statements.

(ii) Other receivables, intercompany balances and financial guarantee contracts

The Group and the Company use four categories to reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group and the Company's expected credit loss is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected losses. Where the expected lifetime on an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Debtors for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation.	Lifetime expected losses
Non-performing	There is evidence indicating the assets are credit-impaired.	Lifetime expected losses
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.	Asset is written off

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(CONTINUED)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

(ii) Other receivables, intercompany balances and financial guarantee contracts (continued)

Based on the above, loss allowance is measured on either 12 months ECL or lifetime ECL, by considering the likelihood that the debtor would not be able to repay during the contractual period, the percentage of contractual cash flows that will not be collected if default happens and the outstanding amount that is exposed to default risk. In addition, forward looking information such as the macroeconomic conditions has been incorporated into the determination of expected credit losses.

Refer to Note 18 to the financial statements on the carrying amount of the other receivables presented by the categories of credit risk rating.

For the Group and the Company's intercompany balances that are repayable on demand, the calculation of ECL is based on the following assumptions:

- If the borrower has sufficient accessible highly liquid assets to repay the loan if demanded at the reporting date, the ECL is likely to be immaterial;
- If the borrower could not repay the loan if demanded at the reporting date, the Group and the Company considers the expected manner of recovery to measure the ECL. The recovery manner could be either through 'repayment over time' or a fire sale of less liquid assets by the borrower; and
- If the recovery strategies indicate that the Group and the Company would fully recover the outstanding balance of the loan, the ECL would be limited to the effect of the discounting of the amount due on the loan, at the loan's effective interest rates, over the period until the amount is fully recovered.

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowance was identified based on 12 months ECL.

The Group's collateral at the end of the reporting period for its financial instruments is summarised as follows:

	Net exposure RM	Collateral and credit enhancement RM	Maximum exposure (net of impairment) RM
2022			
Trade receivables	15,177,061	55,764,540	70,941,601
Other receivables	1,828,717	-	1,828,717
Refundable deposits	1,088,733	-	1,088,733
Amounts due from related companies	1,200	-	1,200
Derivative financial assets	4,815,229	-	4,815,229
Deposits with licensed banks	91,339,115	-	91,339,115
Cash and bank balances	20,456,782	-	20,456,782
Financial assets at fair value through profit or loss	2,600,000	-	2,600,000
	137,306,837	55,764,540	193,071,377

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

The Group's collateral at the end of the reporting period for its financial instruments is summarised as follows: (continued)

	Net exposure RM	Collateral and credit enhancement RM	Maximum exposure (net of impairment) RM
2021			
Trade receivables	6,496,759	32,423,865	38,920,624
Other receivables	562,487	-	562,487
Refundable deposits	1,742,149	-	1,742,149
Amounts due from related companies	1,200	-	1,200
Derivative financial assets	2,019,630	-	2,019,630
Deposits with licensed banks	82,224,019	-	82,224,019
Cash and bank balances	8,707,157	-	8,707,157
	101,753,401	32,423,865	134,177,266

Certain trade receivables of the Group are secured by financial guarantees given by corporates, shareholders or directors of the receivables. There were no instances during the financial year whereby loss allowances were not recognised due to the utilisation of these collaterals and credit enhancements.

The Company's 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.

Financial assets that are impaired

Movement of the Group's allowance for impairment of trade and other receivables and amounts due from related companies is as follows:

GROUP	Trade receivables (Note 18) RM	Other receivables (Note 18) RM	Amounts due from related companies (Note 21) RM	Total RM
1 July 2021	418,144	219,800	745,994	1,383,938
Allowance for impairment during the financial year	-	413,487	-	413,487
Write off	(169,843)	-	(745,994)	(915,837)
30 June 2022	248,301	633,287	-	881,588
1 July 2020	375,606	219,800	745,994	1,341,400
Allowance for impairment during the financial year	42,538	-	-	42,538
30 June 2021	418,144	219,800	745,994	1,383,938

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

For the financial year, a prepayment to a supplier (under other receivables) of the Steel Tube subsidiary was determined to be non-performing, in default, and credit impaired. Accordingly, ECL (lifetime expected losses) of RM413,487 was recorded.

No major ECL was deemed required other than the aforementioned.

Assessment on the recoverability of provision-allowance carried forward of the Steel Tube subsidiary from the preceding financial year, has determined that the carrying provision allowance on trade receivables of RM169,843, and on ‘amounts due from related companies’ of RM745,994 are not recoverable; and as such, corresponding full write-off are made in the current financial year.

No allowance for impairment of trade and other receivables and intercompany balance have been recognised by the Company during the financial year or in the preceding financial year.

(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 in 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 instruments, and fixed rate trade and credit instruments (utilised to finance raw coil material purchases and credit sales). The floating rate loan instrument is subjected to the lender’s revision of its cost-of-funds (usually in-line with Overnight Policy Rate (“OPR”) changes) in computing the interest rate. The fixed rate trade and credit instruments are short-term (not exceeding 120 days) and subject to re-pricing upon new drawdown.

Bank Negara Malaysia has increased the OPR twice at 25 basis point each towards July 2022 - pushing the OPR to 2.25% from 1.75% at the start. Correspondingly, interest rate risk in the current financial year 2022 has increased with a higher effective average cost of borrowing at 4.7% compared to financial year 2021 at 3.6%. The Directors of the Company are of the view that the interest rate risk will continue to rise in tandem with the global/regional interest-rate trend to contain inflation and to tighten liquidity tied to pandemic recovery.

The Group also has interest-earning financial asset instruments which comprised mainly of fixed interest-bearing short-term deposits subject to frequent re-pricing. Similarly, the Group recorded marginally higher interest income from these. 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:

	2022 RM	2021 RM
<u>Current</u>		
Fixed rate borrowings, denominated in RM	72,251,155	52,148,805
Floating rate borrowings, denominated in RM	7,884,113	7,807,285
Fixed rate credit from supplier, denominated in RM (Note 24)	13,728,267	-
<u>Non-current</u>		
Fixed rate borrowings, denominated in RM	114,361	220,960
Floating rate borrowings, denominated in RM	22,405,536	27,243,916
	116,383,432	87,420,966

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Interest rate risk (continued)

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 2022 would decrease by RM230,201 (2021: RM266,389). A 1% lower interest rate would have the equal but opposite effect to the aforementioned amounts. There is no risk impact to the Company as the borrowings are all fixed rate borrowings.

(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 Coil 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 8%) 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 Coil 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. 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.

FX was particularly volatile in the 2nd half of the current financial year driven by quantitative tightening and sharp interest-rate increases (to tame raging inflation) in major western economies particularly the USA. As a result, the Ringgit Malaysia has weakened sharply by more than 620 basis points against the USD over the current reporting period. The Group's FX risk management activities have significantly hedged against the said FX volatility over the current financial year as shown in the table below. Further disclosures are made in Note 22 on derivatives.

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(CONTINUED)

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Foreign currency exchange risk (continued)

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:

			2022			2021
FX fair value	**Unrealised**	**Realised**	**Total**	**Unrealised**	**Realised**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
FX hedging instrument						
Not hedge accounted	(1)	3	2	(3)	7	4
Hedge accounted	4,809	655	5,463	2,019	(5,123)	(3,103)
	4,808	658	5,465	2,016	(5,116)	(3,099)
FX hedged items						
Not hedge accounted	(432)	(96)	(528)	(22)	178	156
Hedge accounted	(4,809)	(654)	(5,463)	(2,019)	5,123	3,103
	(5,241)	(750)	(5,991)	(2,041)	5,301	3,259
Net FX (loss)/gain	(433)	(92)	(526)	(25)	185	160

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 SGD**	**Total**
As at 30 June 2022			
Financial assets			
Receivables, deposits and prepayments	-	10,562,001	10,562,001
Cash and bank balances	442,832	1,448,963	1,891,795
	442,832	12,010,964	12,453,796
Less: Financial liability			
Payables and accrued liabilities	(134,182,229)	-	(134,182,229)
Net financial (liability)/assets	(133,739,397)	12,010,964	(121,728,433)
Off balance sheet			
Contracted commitments	(12,514,537)	-	(12,514,537)
Less: Forward foreign currency contracts at notional value at closing rate	121,148,967	(1,135,416)	120,013,551
Net currency exposure	(25,104,967)	10,875,548	(14,229,419)

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5 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: (continued)

	From USD	From SGD	Total
As at 30 June 2021			
Financial assets			
Receivables, deposits and prepayments	23,599	4,643,190	4,666,789
Cash and bank balances	368,657	1,616,213	1,984,870
	392,256	6,259,403	6,651,659
Less: Financial liability			
Payables and accrued liabilities	(105,891,643)	-	(105,891,643)
Net financial (liability)/assets	(105,499,387)	6,259,403	(99,239,984)
Off balance sheet			
Contracted commitments	(113,555,524)	-	(113,555,524)
Less: Forward foreign currency contracts at notional value at closing rate	198,067,749	(648,207)	197,419,542
Net currency exposure	(20,987,162)	5,611,196	(15,375,966)

'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 and equity to a reasonably possible change in the US Dollar ("USD") and Singapore Dollar ("SGD") exchange rates against RM, with all other variables in particular interest rates held constant.

	Increase/ (Decrease) in Profit and Equity 2022 RM	Increase/ (Decrease) in Profit and Equity 2021 RM
GROUP		
RM appreciates against USD by 2% (2021: 2%)	381,595	319,005
RM appreciates against SGD by 2% (2021: 2%)	(165,308)	(85,290)

A 2% (2021: 2%) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(CONTINUED)

6 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.

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/(liabilities) that are measured at fair value at the reporting date:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30 June 2022				
Financial assets				
Financial assets at fair value through profit or loss	2,600,000	-	-	2,600,000
Derivative financial assets	-	4,815,229	-	4,815,229
Total financial assets	2,600,000	4,815,229	-	7,415,229
Financial liability				
Derivative financial liabilities	-	(7,518)	-	(7,518)
30 June 2021				
Financial asset				
Derivative financial assets	-	2,019,630	-	2,019,630
Financial liability				
Derivative financial liabilities	-	(3,282)	-	(3,282)

The 'financial assets at fair value through profit or loss' comprise of investment in quoted shares (see Note 19), which are fair valued by way of marking-to-active market using the quoted closing price on Bursa Malaysia.

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 market (forward) rates published or quoted by counterparty financial institutions. 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 3.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

7 REVENUE

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Revenue from contracts with customers:				
- sale of goods	731,503,466	724,564,318	-	-
- processing service income	14,371,888	12,108,486	-	-
- management fees income	-	-	5,291,172	4,170,296
	745,875,354	736,672,804	5,291,172	4,170,296

Further disaggregation of revenue from contracts with customers by timing and sub-categories are as follows:

	Timing of Revenue Recognition			
	At a point-in-time		**Over time**	**Total**
	Local	**Abroad**	**Local**	
	RM	**RM**	**RM**	**RM**
Group				
2022				
Sale of steel products:				
- cold rolled coils	427,333,295	-	-	427,333,295
- steel tube and pipes	267,427,706	24,721,719	-	292,149,425
- scraps	12,020,746	-	-	12,020,746
Processing service income	-	-	14,371,888	14,371,888
	706,781,747	24,721,719	14,371,888	745,875,354
2021				
Sale of steel products:				
- cold rolled coils	441,867,523	-	-	441,867,523
- steel tube and pipes	251,889,846	18,702,500	-	270,592,346
- scraps	12,104,449	-	-	12,104,449
Processing service income	-	-	12,108,486	12,108,486
	705,861,818	18,702,500	12,108,486	736,672,804

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(CONTINUED)

7 REVENUE (CONTINUED)

	2022 RM	2021 RM
Company		
Revenue from contracts with customers		
Management fees income		
- recognised over time	5,291,172	4,170,296

There were no costs incurred to obtain contracts with customers.

8 FINANCE INCOME AND COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Finance income on:				
Interest on deposits with licensed banks	(1,311,186)	(1,166,789)	(1,517)	(1,583)
Finance costs on:				
Interest expenses on:				
- borrowings	4,684,880	3,289,101	-	-
- suppliers' credit	202,415	200,238	-	-
- hire-purchase	66,257	152,067	27,816	22,659
- lease liabilities *[a]	801,528	643,340	-	-
	5,755,080	4,284,746	27,816	22,659
Less: Interest expense capitalised in property, plant and equipment (Note 13)	(159,661)	(306,593)	-	-
Total finance costs	5,595,419	3,978,153	27,816	22,659
Finance costs/(income) - net	4,284,233	2,811,364	26,299	21,076

[a] This is an implicit interest charge on lease liabilities representing the discounted lease commitment streams over the remaining term of the leases pursuant to the adoption of MFRS 16. See Note 14.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

9 PROFIT BEFORE TAX

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax is arrived at after charging/ (crediting):				
Auditors' remuneration:				
- statutory audit	387,500	370,200	138,400	135,700
- non-audit services	12,000	28,800	12,000	13,800
Changes in inventories of finished goods and work-in-progress	(40,663,997)	(1,537,085)	-	-
Raw materials consumed	628,234,023	582,620,041	-	-
Gain on rent concession (Note 14)	(22,972)	(45,945)	-	-
Consumables (inventories) consumed	12,881,130	14,443,527	-	-
Property, plant and equipment (Note 13):				
- depreciation	13,972,807	14,444,978	99,885	105,339
- (gain)/loss on disposals	(90,796)	(67,858)	54,442	-
- impairment loss	3,151,308	4,342,858	-	-
Depreciation on right-of-use assets *(a)	3,713,770	3,424,998	-	-
Gain on lease termination (Note 14)	(762,977)	-	-	-
Fair value loss on financial assets at fair value through profit and loss (Note 19)	600,000	-	600,000	-
Share of fair value loss on financial assets at fair value through profit and loss by subsidiaries (Note 19)	-	-	(600,000)	-
Impairment on inventories (Note 17)	9,974,697	-	-	-
Impairment on receivables (Note 5(c))	413,487	42,538	-	-
Maintenance of plant and machinery	8,681,445	8,941,867	-	-
Shutdown overheads *(b)	5,906,789	3,696,210	-	-
Amortisation of deferred income on grant (Note 32)	(152,500)	(63,542)	-	-
Staff costs (excluding remuneration of Executive Directors):				
- salaries, bonuses and allowances	32,687,606	29,019,977	1,223,978	1,326,650
- defined contribution plan	4,991,100	3,548,593	207,185	191,485
- others	1,810,332	1,170,902	61,859	93,588
Dividend income received from subsidiaries	-	-	(9,816,000)	-
Wages subsidy *(c)	(524,400)	(577,200)	-	(11,400)
Insurance Claim Recovery *(d)	(602,381)	(2,537,473)	-	-
Net unrealised foreign exchange loss	433,606	24,863	-	-
Net realised (loss)/gain on foreign exchange	92,315	(184,683)	-	-

(a) The rental expense on the rented land and buildings deemed as an operating lease is now represented through the depreciation of the right-of-use assets on the aforementioned lease and the implicit interest charge on the corresponding lease liabilities. See Note 14.

(b) The Group incurred RM5,906,789 (2021: RM3,696,210) of unabsorbed factories' fixed overheads and direct labour costs during the mandatory COVID-19 shutdown period of 6 weeks (2021: 4 weeks) where production capacity was incapacitated.

(c) The Group received wage subsidy aid under the Prihatin Perkeso Program Subsidi Upah pursuant to the COVID-19 pandemic.

(d) One of the steel operations had a major equipment failure incident which affected net income due to business interruption and rectification cost outlay. A successful insurance claim on its 'machine breakdown and consequential-loss policy' was made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

10 DIRECTORS' REMUNERATION

The aggregate amount of emoluments received/receivable by Directors of the Company from the Company and its subsidiaries are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-Executive Directors:				
- fees	276,000	319,414	276,000	319,414
- other emoluments	36,495	37,949	36,495	37,949
Executive Directors:				
- salaries, bonuses and other emoluments	6,858,676	2,876,653	1,869,714	818,768
- defined contribution plan	1,028,812	431,500	280,466	122,817
- estimated monetary value of benefits-in-kind	70,605	69,630	28,000	28,000
	8,270,588	3,735,146	2,490,675	1,326,948

The number of Directors whose total remuneration fall within the following bands are as follows:

	Number of Directors			
	Executive		Non-Executive	
	2022	2021	2022	2021
Range of remuneration				
RM50,001 to RM100,000	-	-	5	6
RM950,001 to RM1,000,000	-	1	-	-
RM2,150,001 to RM2,220,000	1	-	-	-
RM2,400,001 to RM2,450,000	-	1	-	-
RM5,750,001 to RM5,800,000	1	-	-	-
	2	2	5	6

11 TAX EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Current Malaysian tax:				
- current tax expense	7,523,542	7,950,238	224,232	184,210
- over provision in prior financial year	(349,192)	(262,680)	-	-
	7,174,350	7,687,558	224,232	184,210
Deferred tax: (Note 33)				
- origination and reversal of temporary differences	4,592,938	6,808,884	(4,400)	-
Tax expense	11,767,288	14,496,442	219,832	184,210

NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)

11 TAX EXPENSE (CONTINUED)

The explanation of the relationship between tax expense and profit before tax is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit before tax	64,495,770	68,314,612	10,155,014	321,894
Tax calculated at the Malaysian tax rate of 24% (2021: 24%)	15,478,985	16,395,507	2,437,203	77,255
Tax effects of:				
- expenses not deductible for tax purposes	2,113,215	1,645,556	125,402	106,955
- income not subject to tax	(1,430,089)	(547,885)	(2,342,773)	-
- reinvestment allowance claimed	(2,659,731)	-	-	-
- over provision in prior financial year	(349,192)	(262,680)	-	-
- tax losses and allowances recognised as deferred tax assets (Note 33)	(1,385,900)	(2,734,056)	-	-
Tax expense	11,767,288	14,496,442	219,832	184,210

12 EARNINGS PER SHARE

(a) Basic earnings per share

	Group	
	2022	2021
Net profit attributable to owners of the Company (RM)	52,728,482	53,818,170
Weighted average number of ordinary shares	327,057,599	327,057,599
Basic earnings per share (sen)	16.12	16.46

(b) Diluted earnings per share

Diluted earnings per share ("EPS") is determined to be the same as the basic EPS since the issued and listed warrants are in an anti-dilutive position given that its exercisable price (at 60 sen) is above the listed market price of the mother share at the close of the current (and previous) financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Plant, machinery and electrical installation	Motor vehicles	Furniture, fittings and office equipment	Construction/ Installation in progress	Total
	RM	RM	RM	RM	RM	RM	RM
GROUP							
Cost/Valuation							
At 1 July 2021							
- cost	-	-	-	3,224,039	6,353,695	20,637,605	30,215,339
- valuation	65,000,000	54,000,000	196,361,544	-	-	-	315,361,544
	65,000,000	54,000,000	196,361,544	3,224,039	6,353,695	20,637,605	345,576,883
Additions	-	-	6,662,947	116,811	561,951	3,764,119	11,105,828
Disposals	-	-	(680,974)	(910,594)	(74,084)	-	(1,665,652)
Write offs	-	-	(18,046)	-	(8,366)	-	(26,412)
Reclassification	-	-	23,053,692	-	412,273	(23,465,965)	-
Revaluation during the financial year	4,000,000	(1,465,465)	1,191,859	-	-	-	3,726,394
Effects of elimination of accumulated depreciation on revaluation	-	(2,228,411)	(10,258,459)	-	-	-	(12,486,870)
At 30 June 2022	69,000,000	50,306,124	216,312,563	2,430,256	7,245,469	935,759	346,230,171
Less: Accumulated depreciation							
At 1 July 2021	-	-	-	1,371,774	3,470,511	-	4,842,285
Charge for the financial year (Note 9)	-	2,228,411	10,812,323	323,555	608,518	-	13,972,807
Disposals	-	-	(549,899)	(627,696)	(73,769)	-	(1,251,364)
Write offs	-	-	(3,965)	-	(5,140)	-	(9,105)
Effects of elimination of accumulated depreciation on revaluation	-	(2,228,411)	(10,258,459)	-	-	-	(12,486,870)
At 30 June 2022	-	-	-	1,067,633	4,000,120	-	5,067,753

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Construction/ Installation in progress RM	Total RM
GROUP							
Less: Accumulated impairment losses							
At 1 July 2021	-	-	25,833,188	2,385	327	-	25,835,900
Charge for the financial year (Note 9)	-	806,124	2,341,958	-	3,226	-	3,151,308
Write offs	-	-	(14,081)	-	(3,226)	-	(17,307)
At 30 June 2022	-	806,124	28,161,065	2,385	327	-	28,969,901
Net book value							
At 30 June 2022	69,000,000	49,500,000	188,151,498	1,360,238	3,245,022	935,759	312,192,517
Representing:							
- cost	-	-	-	1,360,238	3,245,022	935,759	5,541,019
- valuation	69,000,000	49,500,000	188,151,498	-	-	-	306,651,498
	69,000,000	49,500,000	188,151,498	1,360,238	3,245,022	935,759	312,192,517

Included in the Group's additions to property, plant and equipment is finance costs amounting to RM159,661 capitalised at an average capitalisation rate of 1.77% for the financial year ended 30 June 2022.

	Freehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Construction/ Installation in progress RM	Total RM
GROUP							
Cost/Valuation							
At 1 July 2020							
- cost	-	-	-	3,359,560	6,122,143	12,043,527	21,525,230
- valuation	60,000,000	55,300,000	200,254,018	-	-	-	315,554,018
	60,000,000	55,300,000	200,254,018	3,359,560	6,122,143	12,043,527	337,079,248
Additions	-	20,440	5,495,977	31,500	168,339	9,235,454	14,951,710
Disposals	-	-	(908,955)	(164,472)	(5,631)	-	(1,079,058)
Write offs	-	-	(391,328)	(2,549)	(2,473)	-	(396,350)
Reclassification	-	93,082	476,977	-	71,317	(641,376)	-
Revaluation during the financial year	5,000,000	790,522	1,929,698	-	-	-	7,720,220
Effects of elimination of accumulated depreciation on revaluation	-	(2,204,044)	(10,494,843)	-	-	-	(12,698,887)
At 30 June 2021	65,000,000	54,000,000	196,361,544	3,224,039	6,353,695	20,637,605	345,576,883

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Construction/ Installation in progress RM	Total RM
GROUP							
Less: Accumulated depreciation							
At 1 July 2020	-	-	-	1,091,171	2,895,814	-	3,986,985
Charge for the financial year (Note 9)	-	2,204,044	11,298,913	359,220	582,801	-	14,444,978
Disposals	-	-	(800,356)	(76,068)	(5,631)	-	(882,055)
Write offs	-	-	(3,714)	(2,549)	(2,473)	-	(8,736)
Effects of elimination of accumulated depreciation on revaluation	-	(2,204,044)	(10,494,843)	-	-	-	(12,698,887)
At 30 June 2021	-	-	-	1,371,774	3,470,511	-	4,842,285
Less: Accumulated impairment losses							
At 1 July 2020	-	-	21,880,656	-	-	-	21,880,656
Charge for the financial year (Note 9)	-	-	4,340,146	2,385	327	-	4,342,858
Write offs	-	-	(387,614)	-	-	-	(387,614)
At 30 June 2021	-	-	25,833,188	2,385	327	-	25,835,900
Net book value							
At 30 June 2021	65,000,000	54,000,000	170,528,356	1,849,880	2,882,857	20,637,605	314,898,698
Representing:							
- cost	-	-	-	1,849,880	2,882,857	20,637,605	25,370,342
- valuation	65,000,000	54,000,000	170,528,356	-	-	-	289,528,356
	65,000,000	54,000,000	170,528,356	1,849,880	2,882,857	20,637,605	314,898,698

Included in the Group's additions to property, plant and equipment is finance costs amounting to RM306,593 capitalised at an average capitalisation rate of 4.48% for the financial year ended 30 June 2021.

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(CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles RM	Furniture, fittings and office equipment RM	Total RM
COMPANY			
At 30 June 2022			
Cost			
At 1 July 2021	1,053,393	180,512	1,233,905
Disposals	(327,238)	-	(327,238)
At 30 June 2022	726,155	180,512	906,667
Less: Accumulated depreciation			
At 1 July 2021	386,322	180,512	566,834
Charge for the financial year (Note 9)	99,885	-	99,885
Disposals	(201,796)	-	(201,796)
At 30 June 2022	284,411	180,512	464,923
Net book value			
At 30 June 2022	441,744	-	441,744
At 30 June 2021			
Cost			
At 1 July 2020/30 June 2021	1,053,393	180,512	1,233,905
Less: Accumulated depreciation			
At 1 July 2020	280,983	180,512	461,495
Charge for the financial year (Note 9)	105,339	-	105,339
At 30 June 2021	386,322	180,512	566,834
Net book value			
At 30 June 2021	667,071	-	667,071

(a) Valuation of certain property, plant and equipment and a ROU asset

Freehold land, buildings, plant, machinery and electrical installation of the Group were revalued in the financial year ended 30 June 2022 by an independent firm of professional valuers, CBRE WTW Valuation & Advisory Sdn. Bhd. (formerly known as C H Williams Talhar & Wong Sdn. Bhd.), based on adjusted market comparison and depreciated replacement cost methods respectively in ascertaining their fair values. The leasehold land classified as ROU asset continues to be measured using the same revaluation model by the aforementioned valuer-firm.

Arising from the valuation above, the total revaluation surplus on property, plant and equipment amounting to RM3,726,394 (2021: RM7,720,220) and revaluation surplus on ROU asset (Note 14) amounting to RM906,480 (2021: RM1,873,372) were recognised during the financial year, with a corresponding revaluation reserve, adjusted for deferred tax, amounting to RM4,080,985 (2021: RM7,991,129) been recognised in the other comprehensive income. The net revaluation deficit amounting to RM3,151,308 (2021: RM4,342,858) was taken up as impairment in profit or loss.

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(CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Valuation of certain property, plant and equipment and a ROU asset (continued)

The construction of the Group's Cold Rolled Coil subsidiary's Acid Regeneration Plant ("ARP") which has been significantly delayed due to the COVID-19 curbs, was completed and commissioned during the current financial year.

Cost progression of the Group's major capital expenditure projects classified under 'Construction/Installation in Progress' are as follows:

	ARP RM	Others RM	Total RM
2022			
At 1 July 2021	19,981,676	655,929	20,637,605
Additions during the year	3,059,086	705,033	3,764,119
Reclassification	(23,040,762)	(425,203)	(23,465,965)
At 30 June 2022	-	935,759	935,759
2021			
At 1 July 2020	11,189,964	853,563	12,043,527
Additions during the year	8,791,712	443,742	9,235,454
Reclassification	-	(641,376)	(641,376)
At 30 June 2021	19,981,676	655,929	20,637,605
Budgeted cost to completion	76%		

Property, plant and equipment amounting to RM311,750,771 (2021: RM314,231,628) of the steel subsidiaries are pledged for banking facilities.

At the close of the current financial year, the fair value of 'Buildings' and 'Plant, Machinery and Electrical Installation' located on leasehold land and rented properties classified under ROU assets totalled to RM23,010,000 (2021: RM24,290,000).

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	
	2022 RM	2021 RM
Freehold land	31,300,000	31,300,000
Buildings	47,236,926	49,962,150
Plant, machinery and electrical installation	194,397,107	178,255,278
	272,934,033	259,517,428

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(CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Valuation of certain property, plant and equipment and a ROU asset (continued)

The fair value of certain property, plant and equipment and a ROU asset are 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 valuers have relied on the following methodologies:

(i) Freehold land and leasehold land - adjusted market comparison method by reference to observable prices per square foot (“psf”) in an active market or recent market transactions (Level 3).

(ii) Buildings and plant, machinery and electrical installation - depreciated replacement cost method, which is based on the current cost of replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation (Level 3).

The valuers have considered the impact of COVID-19 when determining the fair values of the abovementioned assets.

(b) Asset acquired under hire-purchase arrangements

Additions to plant, machinery and electrical installation of the Group during the financial year includes those acquired by means of hire-purchase arrangements totalling RM357,211 (2021: Nil).

As at 30 June 2022, the net book value of the property, plant and equipment under hire-purchase arrangements in the Group and the Company is RM1,229,417 (2021: RM5,215,396) and RM441,744 (2021: RM514,360) respectively.

(c) Fair value measurements using significant unobservable inputs (Level 3)

	2022 RM	2021 RM
Plant, machinery and electrical installation		
At 1 July	170,528,356	178,373,362
Additions	6,662,947	5,495,977
Disposals	(131,075)	(108,599)
Revaluation during the financial year	1,191,859	1,929,698
Impairment charge for the financial year	(2,341,958)	(4,340,146)
Depreciation charged during the year	(10,812,323)	(11,298,913)
Transfer from construction/installation in progress	23,053,692	476,977
At 30 June	188,151,498	170,528,356

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 2022	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Plant, machinery and electrical installation	RM188,151,498	Depreciated replacement cost method	Useful life of 18 years	The longer the useful life, the higher the fair value.

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(CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Fair value measurements using significant unobservable inputs (Level 3) (continued)

The external valuation of the Level 3 plant, machinery and electrical installation have been performed using depreciated replacement cost method. 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 2022, if the unobservable input based on the useful life of the plant, machinery and electrical installation increases/(decreases) by one year, the fair value of the plant, machinery and electrical installation would increase/(decrease) by approximately RM10.8 million (2021: RM11.3 million) respectively.

	2022 RM	2021 RM
Land and buildings		
At 1 July	119,000,000	115,300,000
Additions	-	20,440
Revaluation during the financial year	2,534,535	5,790,522
Depreciation charged during the year	(2,228,411)	(2,204,044)
Impairment charged for the financial year	(806,124)	-
Transfer from construction/installation in progress	-	93,082
At 30 June	118,500,000	119,000,000

The unobservable inputs used to determine the fair value of land, which includes leasehold land classified under ROU assets, is the adjusted price psf (ranging from RM90 to RM120 psf) which are adjusted by key attributes such as property size and location. The higher the price psf, the higher the fair value of the subject property.

The unobservable inputs used to determine the fair value of buildings is the adjusted depreciated building cost psf (ranging from RM49 to RM105 psf) which are adjusted by key attributes such as property size and building condition. The higher the cost psf, the higher the fair value of the subject property.

In assessing the reasonableness of the fair value of the land, building, plant, machinery and electrical installation that has been determined by the external valuer, management had separately assessed these plant, machinery and electrical installation as separate Cash-Generating Units ("CGU's"). Management had determined the recoverable amount of these plant, machinery and electrical installation based on the discounted cash flows of the CGU's using the value-in-use ("VIU") model which was built based on the expected value method.

It was determined that no impairment was necessary as the indicative recoverable amount is higher than its carrying amount.

The VIU assessments included the following key assumptions:

Assumption	2022 rates		2021 rates	
	MCRC	MST	MCRC	MST
Projection period	28 years	18 years	27 years	18 years
Pre-tax discount rate	9.5%	9.5%	9.5%	9.5%
Sales volume growth rate	0% - 3%	0% - 2%	0% - 3%	0% - 3%

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 CGU's recoverable amount over its carrying amount.

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(CONTINUED)

14 LEASES

Information on the Group's leases and accounting changes over the current financial year are outlined below:

		Right-of-use ("ROU") assets		Lease liabilities	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
At 1 July					
Leasehold land	(a)	23,000,000	21,500,000	-	-
Rented properties	(b)	18,679,222	11,582,493	18,753,823	11,453,932
Total		41,679,222	33,082,493	18,753,823	11,453,932
Changes to ROU assets					
Revaluation of leasehold land	(c)	906,480	1,873,372		
Depreciation (Note 9):	(d)				
- leasehold land		(406,480)	(373,372)		
- rented properties		(3,307,290)	(3,051,626)		
Effect of lease modification	(b)	-	10,148,355		
Termination	(b)	(15,743,917)	-		
Additions	(b)	26,782,879	-		
Total		8,231,672	8,596,729		
Changes to lease liabilities					
Interest expense (Note 8)	(e)			801,528	643,340
Interest payments	(f)			(801,528)	(643,340)
Lease payments	(f)			(3,006,897)	(2,802,519)
Effect of lease modification	(b)			-	10,148,355
Termination	(b)			(15,289,916)	-
Gain on lease termination charged to profit or loss	(b)			(762,977)	-
Additions of lease liabilities	(b)			26,782,879	-
COVID-19 rent concession	(b)			(22,972)	(45,945)
Total				7,700,117	7,299,891
At 30 June					
Leasehold land		23,500,000	23,000,000	-	-
Rented properties		26,410,894	18,679,222	26,453,940	18,753,823
Total	(g)	49,910,894	41,679,222	26,453,940	18,753,823

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

14 LEASES (CONTINUED)

Notes:

(a) The Group's Steel Tube subsidiary is the registered titled owner of a leasehold land on Lot 53, Persiaran Selangor, Shah Alam, on which its factory plant was erected. The property lessor is the Selangor State Government and has a remaining leasehold period of 56 years (Lease expiry date: 22 May 2078). There is no corresponding lease liability payable to the lessor. This leasehold land is pledged for a banking facility.

The net book value of this leasehold land that would have been included in the financial statements had this asset been carried at deemed costs less accumulated depreciation is RM18,098,681 (2021: RM18,424,294).

(b) The Group's Steel Tube subsidiary rents two plots of factory land and buildings from its ultimate holding company with lease details as outlined below. As a tenant, the subsidiary does not have ownership rights to full 'risk and reward' of the property.

In Financial Year 2022

Both leases were terminated on 31 May 2022, and new leases incepted upon with-effect-from 1 June 2022. The main changes are rent rates, expiry date, and the treatment of deposits at expiry.

Until 31 May 2022 upon termination

	Description	Monthly fixed rent	Deposits paid	Next expiry date	Next renewal option period
		RM	RM		
i)	HSD 168510, Town of Shah Alam	204,930	300,000	30-Apr-2024	3 years
ii)	Lot No.95 Sec 15, Town of Shah Alam	105,197	154,000	30-Apr-2024	3 years

a. The deposits were deductible against rent instalments towards termination/expiry of lease; and as such, were included in the discounted lease payment cash flow stream in computing the 'Lease Liabilities'. However, the deposits were not utilised upon termination with full rent paid.

b. The termination of the leases resulted in the derecognition of the carrying amounts of ROU assets and lease liabilities, recognition of deposit receivable, and the differences as gain to profit or loss.

From 1 June 2022 new lease

	Description	Monthly fixed rent	Deposits paid	Next expiry date	Next renewal option period
		RM	RM		
i)	HSD 168510, Town of Shah Alam	245,000	300,000	31-May-2025	3 years
ii)	Lot No.95 Sec 15, Town of Shah Alam	175,000	154,000	31-May-2025	3 years

a. The inception of these new leases resulted in the recognition of the corresponding ROU asset and lease liabilities based on the new terms.

b. The deposits paid are refundable and not intended to be applied against rent instalments towards termination/expiry of lease; and as such, were not included in the discounted lease payment cash flow stream in computing the 'Lease Liabilities'. The discount rate applied in the computation of the lease liabilities at 4.08% p.a. (previously at 4.42% p.a.) corresponds to the lessee's current estimated incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS
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14 LEASES (CONTINUED)

Notes: (continued)

(b) The Group's Steel Tube subsidiary rents two plots of factory land and buildings from its ultimate holding company with lease details as outlined below. As a tenant, the subsidiary does not have ownership rights to full 'risk and reward' of the property. (continued)

In Financial Year 2021

Both leases were modified on renewal with-effect-from 1 May 2021 with rent hikes and tenure reset.

Until 30 April 2021

	Description	Monthly fixed rent RM	Deposits paid RM	Next expiry date	Next renewal option period
i)	HSD 168510, Town of Shah Alam	189,750	300,000	30-Apr-2021	3 years
ii)	Lot No.95 Sec 15, Town of Shah Alam	97,405	154,000	30-Apr-2021	3 years

From 1 May 2021

	Description	Monthly fixed rent RM	Deposits paid RM	Next expiry date	Next renewal option period
i)	HSD 168510, Town of Shah Alam	204,930	300,000	30-Apr-2024	3 years
ii)	Lot No.95 Sec 15, Town of Shah Alam	105,197	154,000	30-Apr-2024	3 years

a. On renewal of the leases, the lease liabilities were recomputed based on the renewed terms using the lessee's estimated incremental borrowing rate at that point of 4.42% p.a. (previously at 5.8% p.a.). The impacting changes to ROU assets and lease liabilities arising from the aforementioned with-effect-from 1 May 2021 are disclosed as 'effect of lease modification' in the analysis.

The lessor granted a concession to defer the said rent increase from May to July 2021 at the request of the lessee in wake of the states-wide Pandemic lockdown around that period (Note 39). The rent concession amount recognised to reflect those changes in lease payment for the said months cutting across both the current and the preceding financial periods are disclosed as 'COVID-19 rent concession' in the analysis.

(c) This amount represents the revaluation gain on the leasehold land which is subjected to monthly depreciation based on its remaining lease life, and re-measured at fair value at Level 3 of the fair value hierarchy towards the close of the financial year. The assumptions used in the valuation of ROU assets are consistent with the assumptions used for land and buildings as disclosed in Note 13 to the financial statements.

(d) This amount represents the depreciation of the ROU assets on straight-line basis over the term of the lease and assumed renewal period where applicable.

(e) This amount represents the implicit effective interest charged on the carrying amount of lease liabilities on a reducing balance monthly rest basis. This implicit interest expense - equivalent to the assumed discount rate used - is excluded from any financial covenant ratios computation.

(f) This amount represents the contractual rent payments for the rented properties which denotes as settlement of the amortised lease liabilities and corresponding implicit interest expense over the current financial year.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

14 LEASES (CONTINUED)

Notes: (continued)

(g) The ROU assets are classified under non-current assets in the statement of financial position, whilst the lease liabilities are segregated into current and non-current liabilities as follows:

	2022 RM	2021 RM
Current	3,692,977	2,951,930
Non-current	22,760,963	15,801,893
	26,453,940	18,753,823

There are no variable payment terms on the above leases. In cases where the Group is not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

The Group does not have any lease arrangement to report as a 'Lessor'. The Company does not have any lease arrangement to report as a 'Lessee' nor 'Lessor'.

15 SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Unquoted shares, at cost		
- Mycron Steel CRC Sdn. Bhd. ("MCRC")	134,061,998	134,061,998
- Melewar Steel Tube Sdn. Bhd. ("MST")	55,201,472	55,201,472
- Silver Victory Sdn. Bhd.	6,380	-
Investments in subsidiaries, at cost	189,269,850	189,263,470
Amount due from MCRC	32,704,630	32,704,630
	221,974,480	221,968,100

The amount due from MCRC was reclassified as 'Investment in subsidiaries' since financial year 2009 as it is the intention of the Company to treat this amount as a long-term source of capital and not recall the amount due from the subsidiary for the next 12 months from the financial year end. Information about the exposure to credit risk is disclosed in Note 5(c) to the financial statements.

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(CONTINUED)

15 SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name	Principal activities	Group's equity interest 2022 %	Group's equity interest 2021 %
Mycron Steel CRC Sdn. Bhd. ("MCRC")	Manufacturing and trading of steel cold rolled coils	100	100
Melewar Steel Tube Sdn. Bhd. ("MST")	Manufacturing and trading of steel tubes and pipes	100	100
Silver Victory Sdn. Bhd.	Trading and export of steel related products	100	-
Subsidiary of MCRC			
Silver Victory Sdn. Bhd.	Trading and export of steel related products	-	100

During the financial year, the Company has acquired 100% interest in Silver Victory Sdn. Bhd. from its Cold Rolled Coil subsidiary at a consideration of RM6,380.

All subsidiaries' principal place of business and country of incorporation are Malaysia and are audited by PricewaterhouseCoopers PLT, Malaysia.

Investments in Mycron Steel CRC Sdn. Bhd. ("MCRC") and Melewar Steel Tube Sdn. Bhd. ("MST")

The cost of investment in MCRC amounting to RM134 million and the cost of investment in MST amounting to RM55 million have been assessed for impairment based on a VIU model which was built based on an expected value method to determine its recoverable amount. The indicative recoverable amount (based on its VIU) of the respective investments is higher than their carrying amount.

The VIU assessments were performed based on a 5-year cashflow projection extrapolated to perpetuity using a terminal growth rate which was based on the following key assumptions:

Assumption	Rates 2022 MCRC	Rates 2022 MST	Rates 2021 MCRC	Rates 2021 MST
Terminal growth rate	4%	4%	3%	3%
Pre-tax discount rate	14.65%	14.65%	10.43%	10.43%
Sales volume growth rate	0% - 3%	0% - 2%	0% - 3%	0% - 3%

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 cost of investments' recoverable amount over their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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16 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 were acquired (from the ultimate holding company) and held by Melewar Steel Tube Sdn. Bhd. ("MST") since May 2014.

These licences, patents and trademarks are renewable perpetually at minimal cost. Accordingly, they are determined to 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. This valuation technique is categorised under Level 3 of the fair value hierarchy. A 5-year cashflow 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.

The FVLCTS computation adopted the following assumptions:

Assumption	Rate		Approach used to determine value
	2022	2021	
Royalty in-lieu rate	1.19% of revenue	1.19% of revenue	Based on the agreed rate between seller and buyer, after taking into consideration of industry average rate
Pre-tax discount rate	9.50%	9.50%	Reflects the specific risk relating to the relevant industries and country in which the company operates
Growth rate	0%	0%	Conservative scenario

The Group has also performed a VIU assessment to determine the recoverable amount of the intangible assets as part of the Steel Tube subsidiary's CGU. The key assumptions applied in the said VIU assessment is disclosed in Note 13(c) to the financial statements.

17 INVENTORIES

	Group	
	2022	2021
	RM	RM
Raw materials	177,232,759	160,069,419
Consumables	5,589,946	3,190,262
Work-in-progress	5,488,376	6,394,129
Finished goods	97,416,321	55,846,571
	285,727,402	225,500,381
Impairment on inventories	(9,974,697)	-
	275,752,705	225,500,381

Included in raw materials are goods-in-transit amounting to RM296,698 (2021: RM16,534,042).

17 INVENTORIES (CONTINUED)

Hot Rolled Coil - being the main raw material for both the Cold Rolled Coil and Steel Tube segments, has been on a declining price trend since April 2022, with the drop extending by more than 30% from its peak beyond the current financial year end. This affects the net realisable value of the steel segments' uncommitted finished goods inventory. Even-though the net realised and realisable value of finished goods inventories were consistently above carrying amount in the current financial year, sales contracted by the Cold Rolled Coil subsidiary in the subsequent period (up to latest practical date) indicate otherwise - necessitating the impairment of its uncommitted inventories to net realisable value amounting to RM9,974,697 (representing 8.1% of gross carrying amount of inventories for Cold Rolled Coil subsidiary) in the current financial year. The Steel Tube subsidiary was not affected. Both the subsidiaries have an uncommitted inventory position of around 57.9% at closing.

Total carrying inventory amount (before impairment) as at financial year ended 2022 is around 26.7% higher than the preceding financial year ended 2021. This is attributed to 35% higher inventory tonnage volume holding by the Steel Tube subsidiary, and 21% higher average carrying cost of inventory per tonne as at financial year ended 2022 compared to financial year ended 2021.

Inventories expensed to 'cost of sales' during the current financial year amounted to RM610,425,853 (2021: RM595,526,483).

18 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Trade receivables	71,189,902	39,338,768	-	-
Less: Accumulated impairment	(248,301)	(418,144)	-	-
	70,941,601	38,920,624	-	-
Other receivables	2,416,566	778,700	-	-
Less: Accumulated impairment	(633,287)	(219,800)	-	-
	1,783,279	558,900		-
Staff loans	45,438	3,587	-	-
Deposits	1,088,733	1,742,149	4,500	4,500
Prepayments	657,430	712,007	-	-
	1,791,601	2,457,743	4,500	4,500
Total receivables, deposits and prepayments	74,516,481	41,937,267	4,500	4,500

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18 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

The impact on the carrying amount of other receivables presented by the categories of credit risk rating are as follows:

	Performing RM	Under-performing RM	Non-performing RM	Total RM
Group				
2022				
Gross carrying amount	1,783,279	-	633,287	2,416,566
Loss allowance	-	-	(633,287)	(633,287)
Net carrying amount	1,783,279	-	-	1,783,279
2021				
Gross carrying amount	558,900	-	219,800	778,700
Loss allowance	-	-	(219,800)	(219,800)
Net carrying amount	558,900	-	-	558,900

Information about the impairment and exposure to credit risk is disclosed in Note 5(c) to the financial statements.

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group/Company	
	2022 RM	2021 RM
Quoted shares		
At 1 July	-	-
Additions	3,200,000	-
Changes in fair value (Note 9)	(600,000)	-
At 30 June	2,600,000	-

On 14 June 2022, the Company subscribed for 10 million Unitrade Industries Berhad's ("Unitrade") Initial Public Offerings ("IPO") shares at 32 sen per share for a total outlay of RM 3.2 million, which represented around 0.64% of Unitrade's enlarged post-IPO share capital. The investment represents 0.7% of the Group's financial year ended 30 June 2021 audited net asset value.

The investment was made by the Company at the recommendation of its steel subsidiaries on the agreement that the steel subsidiaries bear the capital gains/(losses) of the said investment. The Company stands to benefit from its direct 100% holdings in the steel subsidiaries, and also any dividends arising from the said investment.

Unitrade is the Steel Tube subsidiary's single largest customer with a long business-relation history. Unitrade is unrelated to the Group or any of its Directors or management. Unitrade's share price closed at 26 sen per share on 30 June 2022, resulting in a mark-to-market loss of RM0.6 million charged to the Group's statement of comprehensive income in the current financial quarter. In the Company's statement of comprehensive income, the mark-to-market loss was compensated by a charge against the steel subsidiaries as reported in 'Other Operating Income'.

This investment is also reflected in Note 6 as a financial instrument fair valued at Level 1 hierarchy. There is no holding-period moratorium on the investment, and the Company is free to deal as it sees fit.

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20 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

Amounts due from subsidiaries which arose mainly from management fee charges and reimbursable payments are unsecured, interest free and repayable upon demand.

The amounts due to subsidiaries also include the balance of RM3.3 million due to the Steel Tube subsidiary being the assumed debt as part of the purchase consideration for the acquisition of the former in April 2015. This amount owing is unsecured, interest free and repayable upon demand.

21 AMOUNTS DUE FROM/(TO) RELATED COMPANIES

	Group	
	2022	2021
	RM	RM
Amounts due from related companies	1,200	747,194
Less: Accumulated impairment	-	(745,994)
	1,200	1,200
Amount due to a related company	186,822	-

Amounts due from related companies which arose solely from trade transactions are unsecured, interest free and subject to credit terms of 30 days (2021: 30 days). Amount due to a related company which arose from both trade transactions and expenditures paid-on-behalf is unsecured, interest free and repayable upon demand.

22 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group			
	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	RM	RM	RM	RM
Forward foreign currency exchange contract – fair value through profit and loss (not designated)	6,096	(7,518)	321	(3,282)
Forward foreign currency exchange contract – fair value through profit and loss (designated)	4,809,133	-	2,019,309	-
	4,815,229	(7,518)	2,019,630	(3,282)

The Group's derivatives comprise solely of Currency Exchange Forward Contracts incepted to hedge its foreign currency exposures arising mainly from purchases of raw materials in USD and partially from export sales in SGD, as disclosed in Note 5(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 9 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.

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22 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 2022

Forward foreign currency exchange contracts as hedge instrument					Contracted payment obligation and/or trade payables as hedge item				
			Fair value					Fair value	
Maturity period of contract	Notional value long	Average contracted rate	Financial assets	Financial liabilities	Maturity period of contract	Notional value short	Average basis rate	Financial assets	Financial liabilities
	USD	USD/RM	RM	RM		USD	USD/RM	RM	RM
July 2022	10,637,000	4.2118	2,071,105	-	July 2022	10,637,000	4.2118	-	(2,071,105)
August 2022	12,916,000	4.2331	2,237,767	-	August 2022	12,916,000	4.2331	-	(2,237,767)
September 2022	1,000,000	4.2528	151,692	-	September 2022	1,000,000	4.2528	-	(151,692)
October 2022	2,944,000	4.2838	348,569	-	October 2022	2,944,000	4.2838	-	(348,569)
Total	27,497,000		4,809,133	-	Total	27,497,000		-	(4,809,133)

Net fair value gain from the hedging instruments of RM4.8 million and the corresponding net fair value loss from the hedged item of RM4.8 million are taken-up in the statement of comprehensive income.

As at 30 June 2021

Forward foreign currency exchange contracts as hedge instrument					Contracted payment obligation and/or trade payables as hedge item				
			Fair value					Fair value	
Maturity period of contract	Notional value long	Average contracted rate	Financial assets	Financial liabilities	Maturity period of contract	Notional value short	Average basis rate	Financial assets	Financial liabilities
	USD	USD/RM	RM	RM		USD	USD/RM	RM	RM
July 2021	16,498,500	4.1034	938,598	-	July 2021	16,498,500	4.1034	-	(938,598)
August 2021	13,674,000	4.1120	721,534	-	August 2021	13,674,000	4.1120	-	(721,534)
September 2021	11,632,000	4.1582	147,261	-	September 2021	11,632,000	4.1582	-	(147,261)
October 2021	812,000	4.1583	13,560	-	October 2021	812,000	4.1583	-	(13,560)
November 2021	4,922,000	4.1400	198,356	-	November 2021	4,922,000	4.1400	-	(198,356)
Total	47,538,500		2,019,309	-	Total	47,538,500		-	(2,019,309)

Net fair value gain from the hedging instruments of RM2.0 million and the corresponding net fair value loss from the hedged item of RM2.0 million are taken-up in the statement of comprehensive income.

22 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

(ii) Derivatives not designated and not hedge accounted

As at 30 June 2022

Forward foreign currency exchange contracts as undesignated hedge instrument

Maturity period of contract	Notional value short	Average contracted rate	Fair value Financial assets	Fair value Financial liabilities
	SGD	SGD/RM	RM	RM
July 2022	60,000	3.1063	-	(2,955)
August 2022	60,000	3.1043	-	(3,027)
September 2022	60,000	3.1429	870	(1,536)
October 2022	60,000	3.1744	1,262	-
November 2022	60,000	3.1751	1,318	-
December 2022	60,000	3.1970	2,646	-
Total	360,000		6,096	(7,518)

As at 30 June 2021

Forward foreign currency exchange contracts as undesignated hedge instrument

Maturity period of contract	Notional value short	Average contracted rate	Fair value Financial assets	Fair value Financial liabilities
	SGD	SGD/RM	RM	RM
July 2021	60,000	3.0573	-	(1,515)
August 2021	60,000	3.0682	-	(1,056)
September 2021	60,000	3.0772	-	(711)
October 2021	30,000	3.1030	321	-
Total	210,000		321	(3,282)

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 foreign exchange 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 gain of around RM0.7 million (2021: loss of RM5.1 million) from its Foreign Exchange Forward Contracts with a corresponding realised net foreign exchange loss of RM0.8 million (2021: gain of RM5.3 million) on its hedge items over the current financial year. The Group's net gain/(loss) position on foreign exchange is disclosed in Note 9 to the financial statements.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
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23 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash in hand	4,469	3,890	2	2
Bank balances	20,452,313	8,703,267	10,088,877	416,526
Deposits with licensed banks	91,339,115	82,224,019	350,000	-
Cash and cash equivalents	111,795,897	90,931,176	10,438,879	416,528

The weighted average interest income rates effective at the reporting date are as follows:

	Group		Company	
	2022 % per annum	2021 % per annum	2022 % per annum	2021 % per annum
Bank balances	0.11	0.11	-	-
Deposits with licensed banks	1.60	1.51	1.60	-

Bank balances are deposits held at call with licensed banks. The Group's and Company's deposits with licensed banks have placement periods ranging between 1 and 45 days (2021: 1 and 69 days).

24 PAYABLES AND ACCRUED LIABILITIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables	150,505,523	107,681,470	-	-
Other payables	7,473,539	5,397,824	299,132	138,594
Accruals	7,890,228	6,701,952	136,400	351,577
Deposit received	1,020,835	300,000	-	-
	166,890,125	120,081,246	435,532	490,171

Trade payables include interest bearing suppliers' credit with balances amounting to RM13,728,267 (2021: Nil). These credit facilities have interest bearing credit periods of up to 150 days (2021: Nil).

The remaining payables and accrued liabilities are generally interest free and within accorded interest free credit periods ranging between 7 to 60 days (2021: 7 to 60 days).

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25 DIVIDEND

	Group/Company 2022 RM
In respect of the financial year ended 30 June 2022:	
- interim single-tier tax-exempt dividend of 3 sen per share, declared on 29 June 2022, paid on 19 August 2022	9,811,728

The interim single-tier tax-exempt dividend of 3 sen per share amounting to RM9.8 million declared for entitlement date 22 July 2022 was paid out on 19 August 2022 in the next financial year (2021: Nil). No further dividend was declared for the current financial year. The dividend-sum approximates 18.6% pay-out on financial year ended 2022 net earnings.

26 CONTRACT LIABILITIES

	Group	
	2022 RM	2021 RM
Contract liabilities	7,437,261	22,990,671

The contract liabilities reflect the Group's outstanding obligations in relation to consideration received from contracts comprising mostly of upfront non-refundable deposits.

Significant changes to the contract liabilities during the financial year are as follows:

	Group	
	2022 RM	2021 RM
At 1 July	22,990,671	1,458,981
- deposit received during the financial year	72,446,136	37,560,069
- revenue recognised during the financial year	(87,999,546)	(16,028,379)
At 30 June	7,437,261	22,990,671
Composition of closing contract liabilities:		
- payment received or receivable for work not performed	7,437,261	22,990,671

The Group applies the practical expedient in MFRS 15 "Revenue from Contracts with Customers" for not disclosing the aggregate amount of the revenue expected to be recognised in the future as the contracted performance obligation would be fulfilled in less than one year.

Revenue from contract with customers of the Group of RM22,990,671 (2021: RM1,458,981) recognised in the current financial year relates to brought forward contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

27 AMOUNT DUE TO ULTIMATE HOLDING COMPANY

Amount due to ultimate holding company is mainly due to payments-on-behalf and is unsecured, interest free and repayable upon demand.

28 BORROWINGS

The Group's and Company's borrowings at the close of the respective financial periods are disclosed below:

		Group		Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
Current					
Bankers' acceptance	(i)	71,935,000	51,090,000	-	-
Term loan	(i)	5,833,332	5,833,332	-	-
Hire-purchase creditors	(ii)	316,155	1,058,805	130,008	170,877
Mortgage loan	(iii)	2,050,781	1,973,953	-	-
		80,135,268	59,956,090	130,008	170,877
Non-current					
Term loan	(i)	10,180,884	12,976,359	-	-
Hire-purchase creditors	(ii)	114,361	220,960	32,462	193,040
Mortgage loan	(iii)	12,224,652	14,267,557	-	-
		22,519,897	27,464,876	32,462	193,040
Combined					
Bankers' acceptance		71,935,000	51,090,000	-	-
Term loan		16,014,216	18,809,691	-	-
Hire-purchase creditors		430,516	1,279,765	162,470	363,917
Mortgage loan		14,275,433	16,241,510	-	-
Total		102,655,165	87,420,966	162,470	363,917

The Group's total interest cost attributed to the above borrowings for the current financial year is RM4.8 million (2021: RM3.4 million). Certain interest during the financial year had been capitalised to property, plant and equipment as disclosed in Note 13. Neither the Group nor the Company have any overdue position on the outstanding borrowings from financial institutions.

The carrying amounts of the borrowings approximate their fair values as at the reporting date.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

28 BORROWINGS (CONTINUED)

Contractual terms of borrowings

	Contractual interest rate at reporting date per annum	Functional currency/ currency exposure	Total carrying amount RM	Maturity profile < 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	> 4 years RM
GROUP								
At 30 June 2022								
Secured								
Bankers' acceptance	3.17% - 4.82%	RM	71,935,000	71,935,000	-	-	-	-
Term loan	4.15% - 4.44%	RM	16,014,216	5,833,332	5,833,332	4,347,552	-	-
Hire-purchase creditors	2.29% - 2.55%	RM	430,516	316,155	102,091	12,270	-	-
Mortgage loan	4.06% - 4.33%	RM	14,275,433	2,050,781	2,129,288	2,218,091	2,310,598	5,566,675
			102,655,165	80,135,268	8,064,711	6,577,913	2,310,598	5,566,675
At 30 June 2021								
Secured								
Bankers' acceptance	3.19% - 4.11%	RM	51,090,000	51,090,000	-	-	-	-
Term loan	4.06% - 4.41%	RM	18,809,691	5,833,332	5,833,332	5,833,332	1,309,695	-
Hire-purchase creditors	2.29% - 2.85%	RM	1,279,765	1,058,805	188,498	32,462	-	-
Mortgage loan	4.07% - 4.42%	RM	16,241,510	1,973,953	2,044,405	2,129,976	2,219,128	7,874,048
			87,420,966	59,956,090	8,066,235	7,995,770	3,528,823	7,874,048
COMPANY								
At 30 June 2022								
Secured								
Hire-purchase creditors	2.29%	RM	162,470	130,008	32,462	-	-	-
At 30 June 2021								
Secured								
Hire-purchase creditors	2.29% – 2.72%	RM	363,917	170,877	160,578	32,462	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

28 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 Coil subsidiary. A portion of the bankers' acceptance is secured with fixed and floating charge via a separate debenture by the Steel Tube subsidiary (refer Note 13).

(ii) The hire-purchase creditors at the reporting date are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Future minimum payments of hire-purchase creditors:				
Payable within one year	342,819	1,108,566	144,893	193,536
Payable between one and two years	108,797	209,417	36,197	181,292
Payable between two and three years	12,500	36,207	-	36,207
	464,116	1,354,190	181,090	411,035
Less: Future finance charges	(33,600)	(74,425)	(18,620)	(47,118)
Carrying amount	430,516	1,279,765	162,470	363,917
Carrying amount of hire-purchase creditors:				
Payable within one year	316,155	1,058,805	130,008	170,877
Payable between one and two years	102,091	188,498	32,462	160,578
Payable between two and three years	12,270	32,462	-	32,462
	430,516	1,279,765	162,470	363,917

Hire-purchase creditors are effectively secured as the rights to assets revert to the lessors in the event of default.

(iii) The mortgage loan drawn down by the Steel Tube subsidiary is secured against a corporate guarantee from the Company and a first party fixed charge on the leasehold land and building.

The weighted average contractual interest rates of borrowings at the reporting date are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	% per annum	**% per annum**	**% per annum**	**% per annum**
Bankers' acceptance	3.63	3.48	-	-
Term loan	4.25	4.20	-	-
Hire-purchase creditors	2.37	2.59	2.29	2.42
Mortgage loan	4.09	4.13	-	-

The stated contractual interest rate for the hire-purchase is at 'flat-rate', whilst the rest are on 'reducing balance' basis.

The Group and the subsidiaries complied with all the relevant covenants set out in the respective facility agreements for the current (and preceding) financial year(s). Refer to Notes 5 (a) and (b) for further details.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

29 SHARE CAPITAL

	Group/Company			
	2022		2021	
	Number of shares	Nominal value RM	Number of shares	Nominal value RM
Issued and fully paid with no par value				
At 1 July/ 30 June	327,057,599	217,676,829	327,057,599	217,676,829

The nominal value of the rights shares is net of warrant reserve.

30 WARRANT RESERVE

	Group/Company			
	2022		2021	
	Number of warrants	Nominal value RM	Number of warrants	Nominal value RM
At 1 July/ 30 June	21,756,070	1,740,486	21,756,070	1,740,486

Salient terms:

(a) The warrants can be exercised any time during the tenure of 5 years commencing from the date of issuance on 28 January 2019 to 26 January 2024 (“Exercise Period”). Warrants not exercised during the Exercise Period will lapse and cease to be valid; and

(b) Each warrant entitles holder to subscribe for one new ordinary share in the Company at the exercise price of RM0.60 at any time during the Exercise Period.

These issued warrants represent the obligation of the Company to issue new shares at the determined exercise price upon election by the holder, normally under circumstances when the traded market price of the mother share exceeds the ‘exercise price.’

The Company allocates a portion of the monies raised from the Rights issue to represent the fair value of these issued free warrants as reserve to meet the aforementioned obligation. The Company has determined at initial recognition the value of the warrant reserve at RM0.08 per warrant (or RM1,740,486) based on the Black-Scholes model which took into consideration of the underlying variables such as the mother share-price, time-to-maturity, exercise price, and risk-free rate at the initial listing date. As at 30 June 2022, the carrying amount of the warrant reserve remained that same at initial recognition, as no warrant was exercised by holders during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(CONTINUED)

31 ASSET REVALUATION RESERVE

	Group	
	2022	**2021**
	RM	**RM**
At 1 July	38,702,095	30,710,966
Revaluation surplus on:		
- property, plant and equipment	3,726,394	7,720,220
- right-of-use assets	906,480	1,873,372
Deferred tax	(551,889)	(1,602,463)
Credited to other comprehensive income	4,080,985	7,991,129
At 30 June	42,783,080	38,702,095

The asset revaluation reserve is used to record changes on fair value surplus of the Group's property, plant and equipment (see Note 13) and its right-of-use asset (leasehold land) (see Note 14) pursuant to its annual independent revaluation. 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 3.3 for details.

32 DEFERRED INCOME ON GRANT

	Group	
	2022	**2021**
	RM	**RM**
At 1 July	6,036,458	-
- additions	-	6,100,000
- recognised in profit or loss (Note 9)	(152,500)	(63,542)
At 30 June	5,883,958	6,036,458
Analysed as:		
- Non-current	5,883,958	6,036,458

During the previous financial year, the Group received a government grant of RM6,100,000 under the Domestic Investment Strategic Fund for its qualifying 'high technology' investments in plant and equipment totaling RM21,518,882 incurred since 2019 until current. The grant received is recorded as 'deferred income on grant' under non-current liabilities and to be amortised to profit or loss over the useful life of the assets in tandem with its depreciation.

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(CONTINUED)

33 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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Deferred tax liabilities				
- deferred tax liabilities to be settled after more than 12 months	(36,186,340)	(31,041,513)	(7,300)	(11,700)
At 1 July	(31,041,513)	(22,630,166)	(11,700)	(11,700)
Credited/(Debited) to profit or loss (Note 11):				
- property, plant and equipment	(657,954)	(2,891,468)	4,400	-
- unutilised tax losses	(1,009,770)	480,684	-	-
- unutilised reinvestment allowance	(2,930,163)	(4,363,306)	-	-
- lease liabilities	1,848,028	1,751,974	-	-
- right-of-use assets	(1,843,079)	(1,786,768)	-	-
	(4,592,938)	(6,808,884)	4,400	-
Debited to equity:				
- property, plant and equipment	(334,333)	(1,152,854)	-	-
- right-of-use assets	(217,556)	(449,609)	-	-
	(551,889)	(1,602,463)	-	-
At 30 June	(36,186,340)	(31,041,513)	(7,300)	(11,700)
Subject to income tax:				
Deferred tax assets (before offsetting):				
- unutilised tax losses	2,585,947	3,595,717	-	-
- unutilised reinvestment allowance	10,522,689	13,452,852	-	-
- lease liabilities	6,348,946	4,500,918	-	-
	19,457,582	21,549,487	-	-
Offsetting	(19,457,582)	(21,549,487)	-	-
Deferred tax assets (after offsetting)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

33 DEFERRED TAX (CONTINUED)

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position: (continued)

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Deferred tax liabilities (before offsetting):				
- property, plant and equipment	(37,709,928)	(37,117,641)	(7,300)	(11,700)
- intangible assets	(4,800,000)	(4,800,000)	-	-
- right-of-use assets	(7,652,968)	(5,592,333)	-	-
	(50,162,896)	(47,509,974)	(7,300)	(11,700)
Offsetting	19,457,582	21,549,487	-	-
	(30,705,314)	(25,960,487)	(7,300)	(11,700)
Subject to real property gain tax:				
Deferred tax liability:				
- property, plant and equipment	(5,481,026)	(5,081,026)	-	-
Deferred tax liabilities (after offsetting)	(36,186,340)	(31,041,513)	(7,300)	(11,700)
Deferred tax liabilities (cumulative amount charged to equity)	(6,812,961)	(6,240,889)	-	-

In accordance with the Malaysia Finance Act 2018 gazetted on 27 December 2018, the Group's unutilised tax losses and reinvestment allowance will be imposed a time limit of utilisation where any accumulated unutilised tax losses brought forward from year of assessment 2019 can only be carried forward another 7 consecutive years of assessment. Similarly, any unutilised reinvestment allowance can only be carried forward another 7 consecutive years of assessment upon expiry of qualifying period. Effective from tax assessment year 2019, the allowable carry forward period for absorption has been extended by legislature from 7 consecutive years to 10 consecutive years.

As such, the expiry-financial-years profile for the Group's unutilised tax losses and unutilised capital allowances for which no deferred tax asset has been recognised in the statement of financial position are as follows:

	Group	
	2022	**2021**
	RM	**RM**
Unutilised tax losses		
2025	-	525,029
2026	-	4,930,574
2027	-	318,981
	-	5,774,584
Unutilised capital allowances	1,302,920	1,302,920
	1,302,920	7,077,504
Deferred tax assets not recognised at 24% (2021: 24%)	312,701	1,698,601

Deferred tax assets were not recognised as the Group does not have foreseeable taxable profits against which the unutilised tax losses and unutilised capital allowances can be utilised.

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34 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:

Entities	Relationship
Melewar Industrial Group Berhad	Ultimate holding company
Melewar Steel Mills 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 which certain Directors have deemed financial interests
Maax Factor Sdn. Bhd.	A company which certain Directors have deemed financial interests

(a) Significant transactions with related parties during the financial year are as follows (stated as debit or (credit) against the counterparty):

Entity	Type of transaction	Group 2022 RM	Group 2021 RM
Trade related: paid/payable			
Ultimate holding company			
Melewar Industrial Group Berhad	Rental for lease of properties, net discount	(3,808,425)	(3,445,860)
Melewar Industrial Group Berhad	Management fees	(3,000,000)	(2,724,300)
Melewar Industrial Group Berhad	Secondment fees	(676,460)	(553,200)
Melewar Industrial Group Berhad	Payment made	7,461,913	6,723,360
Melewar Industrial Group Berhad	Dividend	(7,273,808)	-
Related party			
Melewar Steel Mills Sdn. Bhd.	Scrap handling commission	(1,633,574)	(2,008,997)
Melewar Steel Mills Sdn. Bhd.	Payment made	1,466,753	2,748,616
Non-trade related: paid/payable			
Related parties			
Trace Management Services Sdn. Bhd.	Corporate secretarial services	(196,108)	(233,109)
Maax Factor Sdn. Bhd.	Factoring (repaid)	-	(4,442,085)

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(CONTINUED)

34 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) against the counterparty): (continued)

Entity	Type of transaction	Company 2022 RM	Company 2021 RM
Trade related: received/receivable			
Subsidiaries			
Mycron Steel CRC Sdn. Bhd.	Management fees	4,722,568	3,723,049
Mycron Steel CRC Sdn. Bhd.	Payment received	(5,010,380)	(3,277,654)
Mycron Steel CRC Sdn. Bhd.	Dividend received	(6,378,000)	-
Melewar Steel Tube Sdn. Bhd.	Management fees	568,604	447,247
Melewar Steel Tube Sdn. Bhd.	Payment received	(466,467)	(432,781)
Melewar Steel Tube Sdn. Bhd.	Dividend received	(3,438,000)	-
Non-trade related: received/receivable			
Subsidiary			
Mycron Steel CRC Sdn. Bhd.	Advances received	(3,200,000)	-
Non-trade related: paid/payable			
Related party			
Trace Management Services Sdn. Bhd.	Corporate secretarial services	(188,606)	(225,964)

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

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Amount due to ultimate holding company				
Melewar Industrial Group Berhad	5,964	380,917	-	400
Amounts due from subsidiaries				
Melewar Steel Tube Sdn. Bhd.	-	-	475,426	73,290
Mycron Steel CRC Sdn. Bhd.	-	-	326,559	296,249
Silver Victory Sdn. Bhd.	-	-	50,000	-
	-	-	851,985	369,539
Amount due from a related company				
Melewar Steel Mills Sdn. Bhd.	1,200	1,200	-	-
Amounts due to subsidiaries				
Mycron Steel CRC Sdn. Bhd.	-	-	3,200,739	-
Melewar Steel Tube Sdn. Bhd.	-	-	3,255,072	3,255,072
	-	-	6,455,811	3,255,072
Amount due to a related company				
Melewar Steel Mills Sdn. Bhd.	186,822	-	-	-

There are no material outstanding balances with other related parties as at financial year end.

34 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(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 the Non-Director Executives and Executive Directors are set out below.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-Director Executives:				
- salaries, and bonuses	2,753,385	1,797,400	-	-
- allowances	182,400	-	-	-
- defined contribution plan	432,811	262,059	-	
Executive Directors:				
- fees, salaries, and bonuses	6,858,676	2,876,653	1,869,714	818,768
- defined contribution plan	1,028,812	431,500	280,466	122,817
- estimated monetary value of benefits-in-kind	70,605	69,630	28,000	28,000
	11,326,689	5,437,242	2,178,180	969,585

Remuneration details on the Non-Executive Directors are disclosed in Note 10 to the financial statements.

35 SEGMENTAL ANALYSES

The Cold Rolled Coil segment is in the business of manufacturing and sale of cold rolled coils.

The Steel Tube segment is in the business of manufacturing and sale of steel pipes and tubes.

‘Others’ comprise investment holding company.

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 based on ‘arms-length’ terms and conditions as agreed between the related parties.

Geographic segment is not applicable as the businesses of the Group are substantially carried out in Malaysia.

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35 SEGMENTAL ANALYSES (CONTINUED)

	Cold Rolled Coil RM	Steel Tube RM	Others RM	Total RM
2022				
Revenue				
Total revenue	496,591,727	294,998,992	5,291,172	796,881,891
Inter segment	(45,715,365)	-	(5,291,172)	(51,006,537)
External revenue	450,876,362	294,998,992	-	745,875,354
Segmented by steel products:				
- cold rolled coils	427,333,295	-	-	427,333,295
- steel tube and pipes	-	292,149,425	-	292,149,425
- scraps	11,077,986	942,760	-	12,020,746
Processing service income	12,465,081	1,906,807	-	14,371,888
External revenue	450,876,362	294,998,992	-	745,875,354
Segment results				
Profit from operations	37,608,525	31,121,646	10,181,313	78,911,484
Finance income	1,123,455	186,214	1,517	1,311,186
Finance costs	(1,599,429)	(3,968,174)	(27,816)	(5,595,419)
Total profit before tax	37,132,551	27,339,686	10,155,014	74,627,251
Consolidation elimination ^	(315,481)	-	(9,816,000)	(10,131,481)
External profit before tax	36,817,070	27,339,686	339,014	64,495,770
Tax expense	(4,885,736)	(6,661,720)	(219,832)	(11,767,288)
Net profit after tax	31,931,334	20,677,966	119,182	52,728,482
Total segment assets	498,475,454	367,861,229	236,311,588	1,102,648,271
Consolidation elimination *	(9,339,385)	(23,712,726)	(222,826,466)	(255,878,577)
Net segment assets	489,136,069	344,148,503	13,485,122	846,769,694

^ Related to elimination of unrealised profit on closing inventories (RM0.3 million) and elimination of dividend income (RM9.8 million).

* Major items included intercompany balances elimination (RM23.8 million), elimination of cost of investment (RM222.0 million), elimination of goodwill from the Steel Tube subsidiary (RM7.5 million), elimination of unrealised profit on closing inventories (RM2.6 million) and elimination of deposit (RM1.6 million).

35 SEGMENTAL ANALYSES (CONTINUED)

	Cold Rolled Coil RM	Steel Tube RM	Others RM	Total RM
2022				
Other information				
Depreciation on property, plant and equipment	10,472,060	3,400,862	99,885	13,972,807
Depreciation on ROU assets	-	3,713,770	-	3,713,770
Impairment on property, plant and equipment	2,812,687	338,621	-	3,151,308
Impairment on inventories	9,974,697	-	-	9,974,697
Shutdown overheads	3,962,804	1,943,985	-	5,906,789
Additions of property, plant and equipment	8,406,073	2,699,755	-	11,105,828
Additions of ROU assets	-	26,782,879	-	26,782,879
Termination of ROU assets	-	(15,743,917)	-	(15,743,917)
2021				
Revenue				
Total revenue	499,778,836	272,948,923	4,170,296	776,898,055
Inter segment	(36,054,955)	-	(4,170,296)	(40,225,251)
External revenue	463,723,881	272,948,923	-	736,672,804
Segmented by steel products:				
- cold rolled coils	441,867,523	-	-	441,867,523
- steel tube and pipes	-	270,592,346	-	270,592,346
- scraps	11,447,726	656,723	-	12,104,449
Processing service income	10,408,632	1,699,854	-	12,108,486
External revenue	463,723,881	272,948,923	-	736,672,804
Segment results				
Profit from operations	40,995,757	31,779,314	332,123	73,107,194
Finance income	851,407	312,813	2,569	1,166,789
Finance costs	(1,227,473)	(2,728,021)	(22,659)	(3,978,153)
Total profit before tax	40,619,691	29,364,106	312,033	70,295,830
Consolidation elimination ^	(1,981,218)	-	-	(1,981,218)
External profit before tax	38,638,473	29,364,106	312,033	68,314,612
Tax expense	(6,940,578)	(7,370,580)	(185,284)	(14,496,442)
Net profit after tax	31,697,895	21,993,526	126,749	53,818,170
Total segment assets	478,114,783	274,568,004	223,434,688	976,117,475
Consolidation elimination *	(8,063,417)	(10,768,475)	(222,337,639)	(241,169,531)
Net segment assets	470,051,366	263,799,529	1,097,049	734,947,944

^ Related to elimination of unrealised profit on closing inventories (RM2.0 million).

* Major items included intercompany balances elimination (RM9.3 million), elimination of cost of investment (RM222.0 million), elimination of goodwill from the Steel Tube subsidiary (RM7.5 million) and elimination of unrealised profit on closing inventories (RM2.3 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

35 SEGMENTAL ANALYSES (CONTINUED)

	Cold Rolled Coil RM	Steel Tube RM	Others RM	Total RM
2021				
Other information				
Depreciation on property, plant and equipment	11,077,420	3,262,219	105,339	14,444,978
Depreciation on ROU assets	-	3,424,998	-	3,424,998
Impairment on property, plant and equipment	3,400,364	942,494	-	4,342,858
Shutdown overheads	2,188,814	1,507,396	-	3,696,210
Additions of property, plant and equipment	12,588,122	2,363,588	-	14,951,710

A reconciliation of the segment assets to the total assets is as follows:

	2022 RM	2021 RM
Segment assets	846,769,694	734,947,944
Derivative financial assets	4,815,229	2,019,630
Current tax recoverable	52,665	22,589
	851,637,588	736,990,163

Information about major customers

Revenue from two major customers amounting to RM69.7 million (2021: RM49.5 million) and RM111.9 million (2021: RM83.6 million) contributed to 24% (2021: 18%) of the Group's revenue. These two major customers are each from the Cold Rolled Coil segment and the Steel Tube segment.

36 FINANCIAL GUARANTEES

As at 30 June 2022, 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 RM131.0 million (2021: RM118.8 million) and RM117.4 million (2021: RM100.4 million) respectively.

37 LITIGATION, COMMITMENT AND CONTINGENCY

(a) At the end of the financial year, the Group's Cold Rolled Coil subsidiary and Steel Tube subsidiary have an outstanding capital commitment that has been approved and contracted for of around RM2.9 million and RM1.5 million respectively, for the upgrading of its existing plant and machineries. 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) 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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

38 FINANCIAL INSTRUMENTS BY CATEGORY

	2022		2021	
	At amortised cost	Fair value through profit or loss	At amortised cost	Fair value through profit or loss
	RM	RM	RM	RM
Group				
Financial assets per statement of financial position:				
Current assets:				
Financial assets at fair value through profit or loss	-	2,600,000	-	-
Derivative financial assets	-	4,815,229	-	2,019,630
Receivables and deposits	73,859,051	-	41,225,260	-
Cash and cash equivalents	111,795,897		90,931,176	-
Amounts due from related companies	1,200	-	1,200	-
Total financial assets	185,656,148	7,415,229	132,157,636	2,019,630
Financial liabilities per statement of financial position:				
Current liabilities:				
Derivative financial liabilities	-	7,518	-	3,282
Payables and accrued liabilities (excluding payroll liabilities)	160,753,315	-	116,419,902	-
Dividend payable	9,811,728	-	-	-
Borrowings	80,135,268	-	59,956,090	-
Lease liabilities	3,692,977	-	2,951,930	-
Amount due to ultimate holding company	5,964	-	380,917	-
Amount due to a related company	186,822	-	-	-
Non-current liabilities:				
Borrowings	22,519,897	-	27,464,876	-
Lease liabilities	22,760,963	-	15,801,893	-
Total financial liabilities	299,866,934	7,518	222,975,608	3,282

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022
(CONTINUED)

38 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	2022		2021	
	At amortised cost	Fair value through profit or loss	At amortised cost	Fair value through profit or loss
	RM	RM	RM	RM
Company				
Financial assets per statement of financial position:				
Current assets:				
Financial assets at fair value through profit or loss	-	2,600,000	-	-
Receivables and deposits	4,500	-	4,500	-
Cash and cash equivalents	10,438,879		416,528	-
Amounts due from subsidiaries	851,985	-	369,539	-
Total financial assets	11,295,364	2,600,000	790,567	-
Financial liabilities per statement of financial position:				
Current liabilities:				
Payables and accrued liabilities (excluding payroll liabilities)	214,351	-	282,910	-
Dividend payable	9,811,728	-	-	-
Borrowings	130,008	-	170,877	-
Amount due to ultimate holding company	-	-	400	-
Amounts due to subsidiaries	6,455,811	-	3,255,072	-
	16,611,898	-	3,709,259	-
Non-current liability:				
Borrowings	32,462	-	193,040	-
Total financial liabilities	16,644,360	-	3,902,299	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(CONTINUED)

39 EVENTS WHICH OCCURRED DURING AND AFTER THE REPORTING DATE

a) COVID-19 Impact

The COVID-19 outbreak since March 2020 remained a significant event with states-wide lockdown lasting 6 weeks (July to mid-August 2021) in the 1st half of the current financial year; and the rise in COVID-19 infection cases amongst staffs in the 2nd half (130 cases or 76% of full financial year 2022 cases) following the ease of restrictions and the proliferation of the more contagious Omicron variant.

The Group had considered the impact of COVID-19 and market volatility in preparing these financial statements -particularly on valuations and cashflow estimates where judgement is applied. COVID-19 health and economic risks impacting the Group's financials have subsided considerably with its near-full vaccination rate, reopened borders, and transitioned to 'endemic-phase' towards the tail-end of financial year 2022. There are no adjusting events related to this.

b) Steel Price Trend

Domestic steel prices entered into a bearish downward trend mirroring regional and global steel prices from its peak in April 2022 into the next financial year (stabilising towards mid-August) with a more than 30% drop. The sharp decline is attributed to a series of unfortunate global events, and have trigger an adjusting event on inventory impairment impacting the Group's financials by RM10.0 million for the current financial year 2022. See Note 17 for further details. The Group had applied judgement and estimates in determining the said impairment sum.

PROPERTIES OWNED BY MYCRON STEEL BERHAD AND ITS SUBSIDIARIES

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)	32	112,000,000
Lot 53, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor.	22.5.2078	Factory cum office building	196,301 sq.ft. (4.51 acres)	31	30,000,000

Note: The above property was revalued in 2022.
* Based on surveyed land area.
^ From the date of Certificate of Fitness for Occupation.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 19TH ANNUAL GENERAL MEETING ("AGM") of the Company will be held electronically in its entirety via Remote Participation and Voting facilities at the broadcast venue at Astana Meeting Room, 15th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur on Thursday, 1 December 2022 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 2022 together with the Reports of the Directors and the Auditors thereon. ***[Please refer to Explanatory Note A]***	
2. To approve the payment of Directors' fees amounting to RM420,000.00 for the period from 1 January 2023 to 31 December 2023 to be payable quarterly in arrears to the Non-Executive Directors of the Company.	**1**
3. To approve an amount of up to RM90,000.00 as benefits payable to the Non-Executive Directors of the Company for the period from 1 January 2023 to 31 December 2023. ***[Please refer to Explanatory Note B]***	**2**
4. To re-elect the following Directors who are retiring in accordance with Article 96(1) of the Company's Constitution and who, being eligible, offer themselves for re-election:	
(i) Tunku Dato' Yaacob Khyra	**3**
(ii) Azlan bin Abdullah	**4**
5. To re-elect Dato' Mohd Zahir bin Zahur Hussain who is retiring pursuant to Article 103 of the Company's Constitution and who, being eligible, offers himself for re-election.	**5**

AS SPECIAL BUSINESS

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

(a) Change of Auditors **6**

That it be noted Messrs PricewaterhouseCoopers PLT, the retiring Auditors have indicated that they do not wish to seek for re-appointment as Auditors of the Company for the financial year ending 30 June 2023.

Notice of Nomination pursuant to Section 271(4) of the Companies Act 2016 ("the Act") (a copy of which is annexed and marked as "Appendix I" in the Annual Report 2022) has been received by the Company for the nomination of Messrs KPMG PLT as Auditors in place of the retiring Auditors, Messrs PricewaterhouseCoopers PLT.

"THAT Messrs KPMG PLT of Level 10, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor be and are hereby appointed as the new Auditors of the Company for the financial year ending 30 June 2023, in place of the retiring Auditors, Messrs PricewaterhouseCoopers PLT to hold office until the conclusion of the next AGM at a remuneration to be determined by the Directors."

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING
(CONTINUED)

(b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature with Trace Management Services Sdn Bhd **7**

"THAT approval be hereby given for the renewal of the mandate granted by the shareholders of the Company on 30 November 2021 pursuant to Paragraph 10.09 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), authorising the Company and/or its subsidiaries to enter into the recurrent related party transaction ("RRPT") of a revenue or trading nature as set out in Section 3.3(A)(i) of the Circular to Shareholders dated 31 October 2022 ("the Circular"), with Trace Management Services Sdn Bhd ("the Related Party") mentioned therein which are necessary, for the Company and/or its subsidiaries' for day-to-day operations which are carried out in the ordinary course of business on terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of minority shareholders.

THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until:-

(i) 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

(ii) the expiration of the period within which the next AGM of the Company 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

(iii) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company;

whichever is the earlier.

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

(c) Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **8**

THAT the mandate granted by the shareholders of the Company on 30 November 2021 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 Mycron Group's day-to-day operations as set out in Sections 3.3(A)(ii) and 3.3(B) of the Circular with the related parties mentioned therein, be and are hereby renewed, AND THAT mandate be and is hereby granted by the shareholders of the Company to apply to the new RRPTs as set out in Section 3.3(C) of the Circular with the related parties mentioned therein, provided that:

(i) 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

(ii) 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:

(i) 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

(ii) 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

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING
(CONTINUED)

(iii) 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."

(d) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act 9

"THAT, subject always to the Act, the Constitution 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 2022

NOTES:-

1. *The 19th AGM will be conducted electronically in its entirety via Remote Participation and Voting ("RPV") facilities which are available on the website at www.tracemanagement.com.my. Please follow the procedures provided in the Administrative Details of 19th AGM in order to register, participate and vote remotely via the RPV facilities.*

2. *The Broadcast Venue of the 19th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the meeting to be at the main venue of the meeting. No shareholders/proxies from the public should be physically present at the Broadcast Venue on the day of the 19th AGM.*

3. *Members may submit questions to the Board of Directors prior to the 19th AGM to the Investor Relations at roshan@mycronsteel.com, kychoo@melewar-mig.com or lily@crestcorp.com.my no later than 10.00 a.m. on Tuesday, 29 November 2022 or to use the Question and Answer platform to transmit questions to Board of Directors via RPV facilities during live streaming.*

4. *Since the 19th AGM will be conducted electronically in its entirety via RPV facilities, a member entitled to attend and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form.*

5. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

6. *Where a member is an Exempt Authorised Nominee which holds ordinary 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 shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

7. *The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer or attorney so authorized.*

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING
(CONTINUED)

8. *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 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

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

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

11. *For the purpose of determining a member who shall be entitled to attend this 19th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 72(4)(a), 72(4)(b) and 72(4)(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 23 November 2022. Only a depositor whose name appears on the Record of Depositors as at 23 November 2022 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.*

12. *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) Benefits Payable to Non-Executive Directors (Ordinary Resolution 2)

    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 2 is to seek shareholders' approval for payment of Directors' Benefits (excluding Directors' fees) to the Non-Executive Directors for the period from 1 January 2023 to 31 December 2023.

    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.

13. *Explanatory Notes to Special Business of Agenda 6 :-*

    (C) Change of Auditors (Ordinary Resolution 6)

    Notice of Nomination pursuant to Section 271(4) of the Companies Act 2016 (a copy of which is annexed and marked as "Appendix I" in the Annual Report 2022) has been received by the Company for the nomination of Messrs. KPMG PLT as Auditors in place of the retiring Auditors, Messrs. PricewaterhouseCoopers PLT.

    (D) Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Ordinary Resolutions 7 and 8)

    The Proposed Ordinary Resolutions 7 and 8, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING
(CONTINUED)

(E) Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act (Ordinary Resolution 9)

The Ordinary Resolution proposed under Resolution 9 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 9, 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 18th AGM held on 30 November 2021 and which will lapse at the conclusion of the 19th AGM to be held on 1 December 2022.

14. Poll Voting

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

The detailed information on Special Business of Agenda 6 except for Ordinary Resolutions 6 and 9 as mentioned above is set out in the Circular to Shareholders of the Company dated 31 October 2022 which is despatched together with the Company's 2022 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 reappointment in Agenda 4 and 5 of the Notice of the 19th AGM of the Company are set out in the Directors' Profile on pages 44 to 50 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 55 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 E of the Notice of the 19th AGM of the Company.

APPENDIX I

MELEWAR INDUSTRIAL GROUP BERHAD 196901000102 (8444-W)
Head Office: 15th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, Malaysia.
• Tel: 603-6250 6000 • Fax: 603-6257 1555 • e-mail: enquiry@melewar-mig.com • website: www.melewar-mig.com

Date : 14 October 2022

The Board of Directors
Mycron Steel Berhad
Suite 11.05, 11th Floor,
No. 566 Jalan Ipoh,
51200 Kuala Lumpur

Attention: Ms Lily Yin Kam May, the Company Secretary of Mycron Steel Berhad

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS KPMG PLT FOR APPOINTMENT AS AUDITORS

We, Melewar Industrial Group Berhad, being the major shareholder of Mycron Steel Berhad hereby give notice pursuant to Section 271(4) of the Companies Act 2016 of our nomination of Messrs KPMG PLT (LLP0010081-LCA & AF 0758) as auditors of the Company in place of Messrs PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), who has indicated its intention not to seek re-appointment at the forthcoming Nineteenth (19th) Annual General Meeting ("AGM") of the Company to be held in 2022.

Therefore, we propose that the following ordinary resolution be considered at the forthcoming 19th AGM of the Company:-

"THAT Messrs. KPMG PLT of Level 10, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor be and are hereby appointed as the new Auditors of the Company for the financial year ending 30 June 2023, in place of the retiring Auditors, Messrs PricewaterhouseCoopers PLT to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Thank you.

Yours faithfully
for and on behalf of
Melewar Industrial Group Berhad

TUNKU DATO' YAACOB KHYRA
Director

FORM OF PROXY
(please refer to the notes behind)

NOTICE
There will be no distribution of e-vouchers

MYCRON STEEL BERHAD
(Reg. No.: 200301020399 (622819-D))
(Incorporated in Malaysia)

No. of shares held	CDS Account No.

I/We ______________________________ NRIC No./Passport No./Reg. No./CDS No.: ______________
(Full Name as per NRIC/Passport/Certificate of Incorporation in capital letters)

of ____
(Full Address and Contact No.)

being a member/members of **MYCRON STEEL BERHAD** hereby appoint * **Chairman of the meeting** or

Name of Proxy:		**NRIC No./Passport No. of proxy:**	
Full Address:		**Contact No. & email address:**	

or failing him/her

Name of Proxy:		**NRIC No./Passport No. of proxy:**	
Full Address:		**Contact No. & email address:**	

as ***my/our proxy** to vote for ***me/us** and on ***my/our behalf** at the **19th Annual General Meeting ("AGM")** of the Company to be conducted electronically in its entirety via Remote Participation and Voting ("RPV") facilities at the Broadcast Venue at Astana Meeting Room, 15th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur on **Thursday, 1 December 2022 at 10.00 a.m.** or at any adjournment thereof on the following resolutions referred to in the Notice of 19th AGM. My/our proxy is to vote as indicated below:-

		FIRST PROXY		SECOND PROXY	
		Against	For	Against	For
Resolution	**Ordinary Business**				
1	To approve the payment of Directors' fees amounting to RM420,000.00 for the period from 1 January 2023 to 31 December 2023 to be payable quarterly in arrears to the Non-Executive Directors of the Company.				
2	To approve an amount of up to RM90,000.00 as benefits payable to the Non-Executive Directors of the Company for the period from 1 January 2023 to 31 December 2023.				
	To re-elect the following Directors who are retiring in accordance with Article 96(1) of the Company's Constitution and who, being eligible, offer themselves for re-election:				
3	Tunku Dato' Yaacob Khyra				
4	Azlan bin Abdullah				
5	To re-elect Dato' Mohd Zahir bin Zahur Hussain who is retiring pursuant to Article 103 of the Company's Constitution.				
	Special Business				
6	To appoint Messrs KPMG PLT as Auditors of the Company in place of the retiring Auditors, Messrs PricewaterhouseCoopers PLT, and to authorise the Directors to determine their remuneration.				
7	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction with Trace Management Services Sdn Bhd.				
8	To approve the Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions.				
9	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.				

[Please indicate with a "✓" or "x" in the spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy/ Proxies will vote or abstain 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 ______________________ 2022

____
[Signature of Shareholder(s)/Common Seal]

NOTES:-

1. *The 19th AGM will be conducted electronically in its entirety via Remote Participation and Voting ("RPV") facilities which are available on the website at www.tracemanagement.com.my. Please follow the procedures provided in the Administrative Details of 19th AGM in order to register, participate and vote remotely via the RPV facilities.*
2. *The Broadcast Venue of the 19th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the meeting to be at the main venue of the meeting. No shareholders/proxies from the public should be physically present at the Broadcast Venue on the day of the 19th AGM.*
3. *Members may submit questions to the Board of Directors prior to the 19th AGM to the Investor Relations at roshan@mycronsteel.com, kychoo@melewar-mig.com or lily@crestcorp.com.my no later than 10.00 a.m. on Tuesday, 29 November 2022 or to use the Question and Answer platform to transmit questions to Board of Directors via RPV facilities during live streaming.*
4. *Since the 19th AGM will be conducted electronically in its entirety via RPV facilities, a member entitled to attend and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form.*
5. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
6. *Where a member is an Exempt Authorised Nominee which holds ordinary 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 shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
7. *The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer or attorney so authorized.*
8. *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 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
9. *Any alteration in the form of proxy must be initialled.*
10. *Form of Proxy sent through facsimile transmission shall not be accepted.*
11. *For the purpose of determining a member who shall be entitled to attend this 19th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 72(4)(a), 72(4)(b) and 72(4)(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 23 November 2022. Only a depositor whose name appears on the Record of Depositors as at 23 November 2022 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.*

Please strike out whichever is not desired.

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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

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MYCRON STEEL BERHAD
Reg. No.: 200301020399 (622819-D)

Lot 717, Jalan Sungai Rasau, Seksyen 16,
40200 Shah Alam, Selangor, Malaysia.

Tel : 603 - 5510 6608 **Fax** : 603 - 5510 3720

Email : enquiry@mycronsteel.com