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Corporate Information

Domicile	:	Malaysia
Legal Form & Place of Incorporation	:	A public listed company incorporated in Malaysia under the Companies Act, 1965, and limited by shares
Directors	:	<p>Y.A.M. Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman</p> <ul style="list-style-type: none">• Non-Independent and Non-Executive Chairman <p>Y.M. Tunku Dato' Ya'acob bin Tunku Abdullah</p> <ul style="list-style-type: none">• Managing Director <p>Hiroyuki Suzuki</p> <ul style="list-style-type: none">• Non-Independent and Non-Executive Director <p>Yang Yen Fang</p> <ul style="list-style-type: none">• Non-Independent and Non-Executive Director <p>Liew Yew Meng</p> <ul style="list-style-type: none">• Executive Director <p>Yuji Wada</p> <ul style="list-style-type: none">• Non-Independent and Non-Executive Director <p>Saw Cheng Kim</p> <ul style="list-style-type: none">• Independent and Non-Executive Director <p>Azlan bin Abdullah</p> <ul style="list-style-type: none">• Independent and Non-Executive Director <p>Muk Sai Tat</p> <ul style="list-style-type: none">• Independent and Non-Executive Director <p>Y.M. Tengku Ahmad Fuad bin Tengku Ahmad Burhanuddin</p> <ul style="list-style-type: none">• Independent and Non-Executive Director
Secretary	:	Lily Yin Kam May
Audit Committee	:	<p>Azlan bin Abdullah</p> <ul style="list-style-type: none">• Chairman <p>Saw Cheng Kim</p> <ul style="list-style-type: none">• Member <p>Muk Sai Tat</p> <ul style="list-style-type: none">• Member <p>Y.M. Tengku Ahmad Fuad bin Tengku Ahmad Burhanuddin</p> <ul style="list-style-type: none">• Member
Registrar & Transfer Office	:	<p>Trace Management Services Sdn. Bhd. Suite 20.03, 20th Floor, Menara MAA No. 12, Jalan Dewan Bahasa 50460 Kuala Lumpur Telephone No.: 03-2141 3060 Telefax No.: 03-2141 3061</p>

Corporate Information (Continued)

Registered Office	:	Suite 20.03, 20th Floor, Menara MAA No. 12, Jalan Dewan Bahasa 50460 Kuala Lumpur Telephone No.: 03-2141 3060 Telefax No.: 03-2141 3061
Principal Place of Business	:	Lot 53, Persiaran Selangor 40200 Shah Alam, Selangor Telephone No.: 03-5519 2455 Telefax No.: 03-5519 2033
Solicitors	:	Zain & Co. 6th Floor, Bangunan Dato' Zainal Jalan Melaka 50100 Kuala Lumpur
Auditors	:	Moores Rowland Chartered Accountants Wisma Selangor Dredging, 7th Floor, South Block, 142-A, Jalan Ampang, 50450 Kuala Lumpur
Principal Bankers (In alphabetical order)	:	HSBC Bank Malaysia Berhad Malayan Banking Berhad RHB Bank Berhad Southern Bank Berhad
Stock Exchange Listing	:	The Kuala Lumpur Stock Exchange Stock Number 3778
Website	:	http://www.maruichi.com.my/
Email	:	maruichi @tm.net.my crim@maruichi.com.my

Notice of Thirty-Fourth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting of the Company will be held at The Auditorium, Podium 1, Menara MAA, No. 12, Jalan Dewan Bahasa, 50460 Kuala Lumpur, on Monday, 30 June 2003, at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the audited financial statements for the financial year ended 31 January 2003 together with the Reports of the Directors and of the Auditors thereon. **(Resolution 1)**
2. To approve the payment of a final tax exempt dividend of 5% for the financial year ended 31 January 2003. **(Resolution 2)**
3. (a) To approve Directors' Fees for the financial year ended 31 January 2003; **(Resolution 3)**
(b) To approve the increase in Non-Executive Directors' Fees from RM20,000 to RM30,000 for the financial year ending 31 January 2004. **(Resolution 4)**
4. To re-elect the following Directors who are over seventy years of age in accordance with Section 129(6) of the Companies Act, 1965, to hold office until the conclusion of the next Annual General Meeting:-
 - (i) Y.A.M. Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman **(Resolution 5)**
 - (ii) Madam Yang Yen Fang **(Resolution 6)**
 - (iii) Ms Saw Cheng Kim **(Resolution 7)**
5. To re-elect the following Directors who are retiring in accordance with Article 100 of the Company's Articles of Association as Directors of the Company, and who, being eligible, offer themselves for re-election:-
 - (i) Y.M. Tunku Dato' Ya'acob bin Tunku Abdullah **(Resolution 8)**
 - (ii) Mr Hiroyuki Suzuki **(Resolution 9)**
 - (iii) Encik Azlan bin Abdullah **(Resolution 10)**
 - (iv) Mr Muk Sai Tat **(Resolution 11)**
 - (v) Y.M. Tengku Ahmad Fuad bin Tengku Ahmad Burhanuddin **(Resolution 12)**

AS SPECIAL BUSINESS

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

ORDINARY RESOLUTION 1

- (i) **Change of Auditors** **(Resolution 13)**

That it be noted the receipt by the Company of a letter by a shareholder of the Company nominating Messrs PricewaterhouseCoopers as auditors in place of Messrs Moores Rowland.

"That in view of the said nomination letter, Messrs PricewaterhouseCoopers be and are hereby appointed auditors of the Company in place of the retiring auditors, Messrs Moores Rowland, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Notice of Thirty-Fourth Annual General Meeting (continued)

ORDINARY RESOLUTION 2

- (ii) **Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965** (Resolution 14)

"THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from the Kuala Lumpur Stock Exchange and other Governmental or regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965, to issue shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution shall not exceed ten percent (10%) of the issued share capital of the Company for the time being and such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

NOTICE OF CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN that the Register of Members will be closed from 2 July 2003 to 3 July 2003, both dates inclusive, to determine shareholders' entitlement to the dividend payment.

The final dividend, if approved, will be paid on 21 July 2003 to shareholders whose names appear in the Register of Members of the Company at the close of business on 1 July 2003.

A depositor shall qualify for entitlement only in respect of :-

- a) shares transferred into the depositor's securities account before 4.00 p.m. on 1 July 2003, in respect of ordinary transfers;
- b) shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

Lily Yin Kam May
(MAICSA 0878038)
Secretary

Kuala Lumpur
6 June 2003

Notice of Thirty-Fourth Annual General Meeting (continued)

NOTES :-

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one (1) proxy in respect of each securities account.
3. The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 20.03, 20th Floor, Menara MAA, No.12, Jalan Dewan Bahasa, 50460 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Any alteration in the form of proxy must be initialled.
6. Explanatory notes to Special Business of the Agenda 6 :-
 - a. **Ordinary Resolution No. 1 - Change of Auditors**
A Nomination Letter has been received by a shareholder of the Company, a copy of which has been appended in the Annual Report as Appendix 1 for easy reference, to appoint Messrs PricewaterhouseCoopers in place of the retiring auditors, Messrs Moores Rowland.
 - b. **Ordinary Resolution No. 2 - Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965.**
This resolution is proposed pursuant to Section 132D of the Companies Act, 1965, and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors deem fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Statement Accompanying the Notice of Annual General Meeting

1. Directors who are standing for re-election or re-appointment at the Thirty-Fourth Annual General Meeting of Maruichi Malaysia Steel Tube Berhad ("Maruichi"):-

- (i) Y.A.M. Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman
- (ii) Y.M. Tunku Dato' Ya'acob bin Tunku Abdullah
- (iii) Hiroyuki Suzuki
- (iv) Yang Yen Fang (F)
- (v) Saw Cheng Kim (F)
- (vi) Azlan bin Abdullah
- (vii) Muk Sai Tat
- (viii) Y.M. Tengku Ahmad Fuad bin Tengku Ahmad Burhanuddin

Details of Directors who are standing for re-election and re-appointment are set out in the Profile of Directors appearing in pages 10 to 14.

2. During the financial year ended 31 January 2003, a total of seven (7) Board of Directors' Meetings were held. The number of meetings attended by each Director is as follows:-

Name of Directors	No. of Meetings Attended / Held While in Office
Y.A.M. Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman (Appointed w.e.f. 07.10.2002)	3/3
Y.M. Tunku Dato Ya'acob bin Tunku Abdullah (Appointed w.e.f. 07.10.2002)	2/3
Hiroyuki Suzuki (Ceased as Alternate Director to Seiji Yoshimura on 07.04.2003 and appointed Director w.e.f. 07.04.2003)	3/7
Yang Yen Fang (Re-designated from Managing Director to Non-Independent and Non-Executive Director w.e.f. 11.10.2002)	5/7
Yuji Wada (Re-designated from Executive Director to Non-Independent and Non-Executive Director w.e.f. 31.01.2003)	6/7
Saw Cheng Kim	5/7
Liew Yew Meng	6/7
Azlan bin Abdullah (Appointed w.e.f. 23.09.2002)	4/4
Muk Sai Tat (Appointed w.e.f. 23.09.2002)	4/4
Y.M. Tengku Ahmad Fuad bin Tengku Ahmad Burhanuddin (Appointed w.e.f. 23.09.2002)	4/4
Chan Sang Whye (Ceased as the Alternate Director to Madam Keiko Nagayama w.e.f. 23.09.2002, appointed alternate to Madam Yang Yen Fang w.e.f. 11.10.2002 and resigned w.e.f. 12.05.2003)	6/7

Statement Accompanying the Notice of Annual General Meeting (continued)

Name of Directors	No. of Meetings Attended / Held While in Office
Seiji Yoshimura (Resigned w.e.f. 07.04.2003)	3/7
Zain Azahari bin Zainal Abidin (Resigned w.e.f. 11.10.2002)	4/5
Zain Azlan Idris bin Zain Azahari (Resigned w.e.f. 11.10.2002)	3/5
Keiko Nagayama (Resigned w.e.f. 23.09.2002)	2/3
John Tham Wai Mun (Resigned w.e.f. 23.09.2002)	3/3

3. The place, date and time of the Thirty-Fourth Annual General Meeting are as follows:-

Date	Time	Place
30 June 2003	10.00 a.m.	The Auditorium, Podium 1, Menara MAA No. 12, Jalan Dewan Bahasa, 50460 Kuala Lumpur

Appendix 1

MELEWAR EQUITIES (BVI) LTD

(Co. No. 95686)

Registered Address: P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands

Date: 24 March 2003

The Board of Directors
Maruichi Malaysia Steel Tube Berhad
Suite 20.03, 20th Floor, Menara MAA,
No. 12, Jalan Dewan Bahasa
50460 Kuala Lumpur

Dear Sirs,

CHANGE OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of the Company, hereby give notice of my intention to nominate Messrs PricewaterhouseCoopers for appointment as auditors of Maruichi Malaysia Steel Tube Berhad and its subsidiaries and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring auditors, Messrs Moores Rowland.

"That Messrs PricewaterhouseCoopers be and are hereby appointed auditors of the Company in place of the retiring auditors, Messrs Moores Rowland, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,
MELEWAR EQUITIES (BVI) LTD

Y.M. TUNKU DATO' YA'ACOB BIN TUNKU ABDULLAH
Director

Profile of Directors

Y.A.M. Tunku Tan Sri Abdullah Ibni Almarhum Tuanku Abdul Rahman

Aged 78, Malaysian

Non-Independent and Non-Executive Chairman

Y.A.M. Tunku Tan Sri Abdullah Ibni Almarhum Tuanku Abdul Rahman was appointed to the Board of Directors of Maruichi Malaysia Steel Tube Berhad ("Maruichi") on 7 October 2002, as a Non-Independent and Non-Executive Director and subsequently was appointed as Chairman of Maruichi on 11 October 2002.

Y.A.M. Tunku Tan Sri Abdullah's academic qualifications include a Diploma in Public Administration from University of Glasgow, Scotland, and a Diploma in Agriculture from Miyazaki, Japan. He actively served in the civil service for more than ten (10) years before being involved in politics. He was the member for Parliament in Rawang Constituency from 1964 to 1974 whilst presiding in several voluntary organisations such as the Malaysian Association of Youth Club and the Malaysia Youth Council from 1966 to 1972, the Asian Youth Council from 1972 to 1978 and was also an executive member of the World Assembly of Youth. He is currently the Chairman/Director of several public listed companies on the KLSE which include MAA Holdings Berhad, George Town Holdings Berhad and Datuk Keramat Holdings Berhad.

Y.A.M. Tunku Tan Sri Abdullah is an indirect substantial shareholder by virtue of his relationship with Y.M. Tunku Dato' Ya'acob, the Managing Director/Chief Executive Officer, who is the ultimate beneficial owner of Melewar Equities (BVI) Ltd, the substantial shareholder of Maruichi. His shareholding in the Company is disclosed in page 32 of the Directors' Report. Y.A.M. Tunku Tan Sri Abdullah does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

Y.M. Tunku Dato' Ya'acob Bin Tunku Abdullah

Aged 42, Malaysian

Managing Director/Chief Executive Officer

Y.M. Tunku Dato' Ya'acob Bin Tunku Abdullah is the Group Managing Director/Chief Executive Officer of Maruichi and was appointed to the Board of Directors of Maruichi on 7 October 2002. He also sits on the Board of MAA Holdings Berhad, Malaysian National Reinsurance Berhad, Toyochem Corporation Berhad, Melewar Group Berhad and several private limited companies.

Y.M. Tunku Dato' Ya'acob graduated with a Bachelor of Science (Hons) Degree in Economics and Accounting from City University, London. An accountant by training, he is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants. He started his career as an Auditor with Price Waterhouse, London, from 1982 to 1985 and subsequently joined Price Waterhouse Kuala Lumpur from 1986 to 1987. He joined Malaysian Assurance Alliance Berhad in 1987 as Chief General Manager and was transferred to MAA Holdings Berhad as Group Managing Director/Chief Executive Officer in 1999.

Y.M. Tunku Dato' Ya'acob sits on the executive board of several trade associations, specifically, as Chairman of the National Insurance Association of Malaysia (NIAM), the Vice-President of the Federation of Public Listed Companies (FPLC) and the President of the Financial Planning Association of Malaysia (FPAM).

Y.M. Tunku Dato' Ya'acob is the son of Y.A.M. Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman, the Chairman of the Company. His shareholding in the Company is disclosed in page 32 of the Directors' Report. Y.M. Tunku Dato' Ya'acob does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

Profile of Directors (continued)

Hiroyuki Suzuki
Aged 56, Japanese
Non-Independent and Non-Executive Director

Mr Hiroyuki Suzuki is a Non-Independent and Non-Executive Director of the Company who was appointed the Alternate Director to Mr Seiji Yoshimura on 11 July 2001. As a result of the resignation of Mr Seiji Yoshimura, Mr Hiroyuki Suzuki was appointed Director on 7 April 2003.

Mr Hiroyuki Suzuki holds a Bachelor's Degree in Mechanical Engineering from the University of Tokyo, Japan, and has over 22 years of experience in the engineering field. He joined Maruichi Steel Tube Ltd., Japan, in July 1980. Since 1980, he has served in various positions in Maruichi Steel Tube Ltd., Japan. He was the General Manager for the Maruichi Steel Tube Ltd., Japan Office in the United States of America in 1981 before his promotion as a Director to the Japan Office in 1983. In 1990, he was promoted to the position of Managing Director and General Manager of the Business Department. He was also the Senior Managing Director for the Eastern Territory in 1997 before assuming his present position as the Executive Vice President of Maruichi Steel Tube Ltd., Japan, in 1999.

Mr Hiroyuki Suzuki has no family relationship with any of the directors and/or major shareholders of the Company. His shareholding in the Company is disclosed in page 32 of the Directors' Report. Mr Hiroyuki Suzuki does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

Yang Yen Fang
Aged 72, Singaporean
Non-Independent and Non-Executive Director

Madam Yang Yen Fang is the founder of the Maruichi Group and was the Managing Director on incorporation of the Company on 24 February 1969 before relinquishing her position to that of a Non-Independent and Non-Executive Director of the Company on 11 October 2002.

Madam Yang Yen Fang has more than 34 years of experience in the steel industry and she was instrumental in the development and growth of Maruichi Group's business over the years.

Madam Yang has no family relationship with any of the directors and/or major shareholders of the Company. Her shareholding in the Company is disclosed in page 32 of the Directors' Report. Madam Yang does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

Profile of Directors (continued)

Liew Yew Meng
Aged 52, Malaysian
Executive Director

Mr Liew Yew Meng is an Executive Director of the Company. Mr Liew joined the Maruichi Group in October 1971 and is one of the pioneer staff members of the Group. He was appointed a Director of the Company on 13 April 1994.

Mr Liew has 32 years of experience in the steel pipes manufacturing industry.

Mr Liew has no family relationship with any of the directors and/or major shareholders of the Company. His shareholding in the Company is disclosed in page 32 of the Directors' Report. Mr Liew does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

Yuji Wada
Aged 58, Japanese
Non-Independent and Non-Executive Director

Mr Yuji Wada is a Non-Independent and Non-Executive Director of the Company. He joined the Board on 16 January 2001, as an Executive Director of the Company before being re-designated to his present designation on 31 January 2003.

Mr Yuji Wada holds a Bachelor's Degree in Business from the University of Wakayama, Japan, and has over 34 years of experience in the field of business. He joined Maruichi Steel Tube Ltd., Japan, on 21 March 1968. In the course of his duties for the period between 1968 to 2000 with Maruichi Steel Tube Ltd., Japan, he has been assigned to work in various divisions, such as the Pole Division (1975), Business Department (1977, 1985 and 1996), Maruichi American Corporation (1981) and Maruichi Malaysia Steel Tube Berhad (1990 and 2000).

Mr Yuji Wada does not have any shareholding in the Company.

Mr Yuji Wada has no family relationship with any of the directors and/or major shareholders of the Company. Mr Yuji Wada does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

Profile of Directors (continued)

Saw Cheng Kim
Aged 70, Malaysian
Independent and Non-Executive Director

Ms Saw Cheng Kim is an Independent and Non-Executive Director of the Company and also serves as a member of the Audit Committee and Nomination and Remuneration Committee. She was appointed to the Board on 13 April 1994.

Ms Saw has over 33 years of experience working in the banking industry and was a Sub-Manager of a bank when she retired from the service.

Ms Saw has no family relationship with any of the directors and/or major shareholders of the Company. Her shareholding in the Company is disclosed in page 32 of the Directors' Report. Ms Saw does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

Azlan bin Abdullah
Aged 45, Malaysian
Independent and Non-Executive Director

Encik Azlan bin Abdullah is an Independent and Non-Executive Director of the Company and the Chairman of the Audit Committee and Nomination and Remuneration Committee. He joined the Company on 23 September 2002. He also sits on the Board of Bandar Raya Developments Berhad, Malaysian General Investment Corporation Berhad and several other private limited companies.

Encik Azlan holds a Bachelor of Science Degree in Business Administration from Trinity University, San Antonio, Texas, USA, and a Master's Degree in Business Administration from Morehead State University, Kentucky, USA. He started his career in 1983 with Citibank N.A. In 1987, he joined United Asian Bank where he started and headed the Treasury Marketing Unit. He was subsequently promoted to Head of Priority Banking Division and Branch Manager of KL Main Branch in 1992. In 1994, he rejoined Citibank N.A. as a Vice President and was appointed the Managing Director of AACO Technologies Sdn Bhd., a position he presently still holds.

Encik Azlan does not have any shareholding in the Company.

Encik Azlan has no family relationship with any of the directors and/or major shareholders of the Company. Encik Azlan does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

Profile of Directors (continued)

Muk Sai Tat
Aged 40, Malaysian
Independent and Non-Executive Director

Mr Muk Sai Tat is an Independent and Non-Executive Director of the Company and also serves as a member of the Audit Committee and Nomination and Remuneration Committee. He was appointed to the Board on 23 September 2002. He also sits on the Boards of several private limited companies.

Mr Muk holds a Master's Degree in Business Administration from the University of Bath, United Kingdom, and is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). Mr Muk has over 18 years of working experience in the finance and accounting fields and has served in various organisations. His career started in audit with Price Waterhouse (1983-1990) and thereafter he was attached with Ogilvy & Mather (M) Sdn. Bhd. as an Accountant (1990-1991). Subsequently, he joined Eveready Battery Co. (M) Sdn Bhd as its, Accounting Manager (1991-1996) and Emerson Electric (M) Sdn Bhd as Financial Controller - South Asia Region (1996-1999), Pernas Otis Elevator Sdn. Bhd. as Chief Financial Officer/Financial Controller (1999-2000) and Skyline Concepts Sdn. Bhd. as Vice President-General Manager (2000-2001) before assuming his present position as the Group Chief Executive Officer of Concino Sdn. Bhd.

Mr Muk does not have any shareholding in the Company.

Mr Muk has no family relationship with any of the directors and/or major shareholders of the Company. Mr Muk does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

Y.M. Tengku Ahmad Fuad bin Tengku Ahmad Burhanuddin
Aged 27, Malaysian
Independent and Non-Executive Director

Y.M. Tengku Ahmad Fuad is an Independent and Non-Executive Director of the Company and also serves as a member of the Audit Committee and Nomination and Remuneration Committee. He joined the Company on 23 September 2002. He also sits on the Board of Serisar Industries Berhad and several other private limited companies.

Y.M. Tengku Ahmad Fuad holds a Bachelor of Arts Degree in Political Science from the Australian National University and a Bachelor of Arts (Hons) Degree in Law from Trinity Hall, the University of Cambridge, United Kingdom. Presently, he is an Executive Director of Serisar Industries Berhad, the Managing Director of Syarikat Setia Jaya Timber Sdn. Bhd. and Ariah Timber Products Sdn. Bhd.

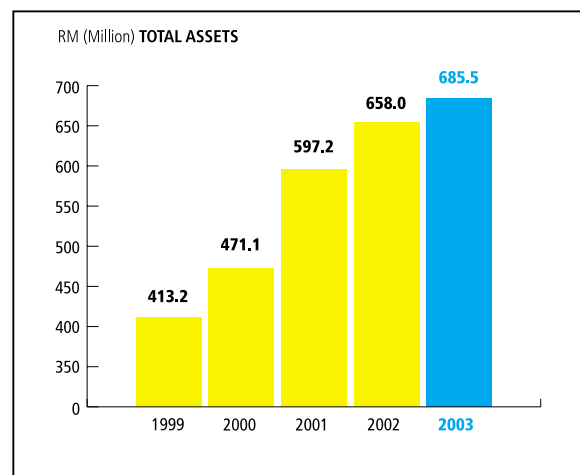
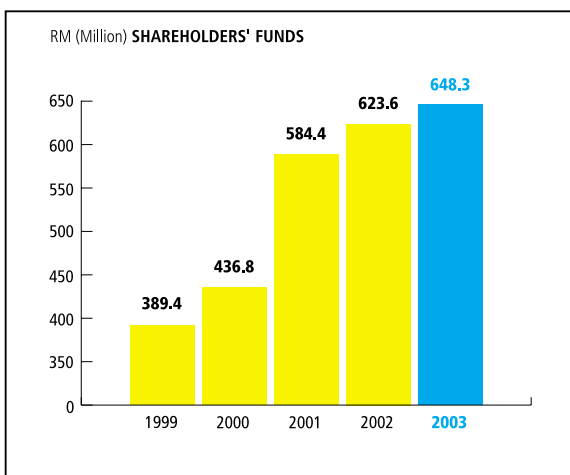
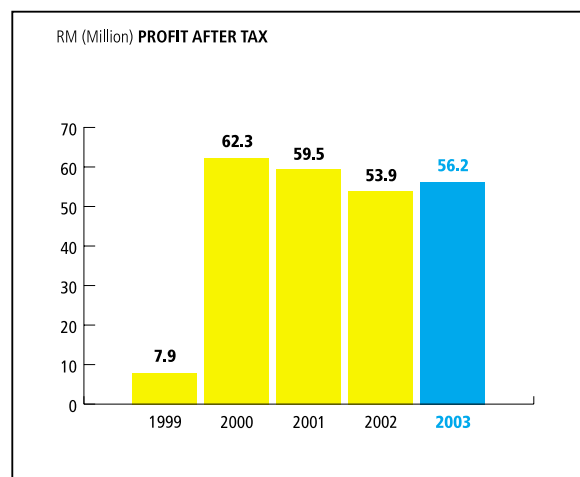
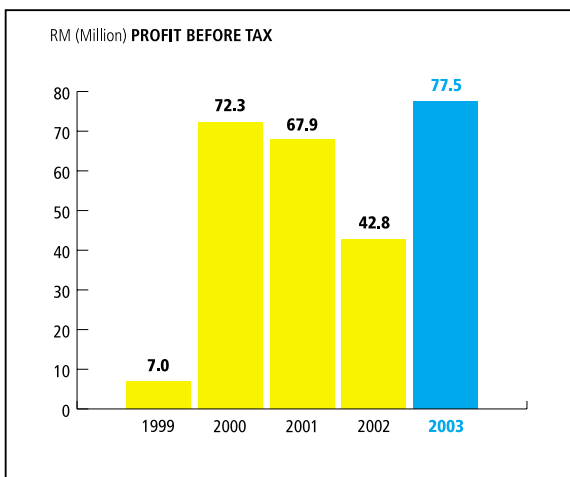
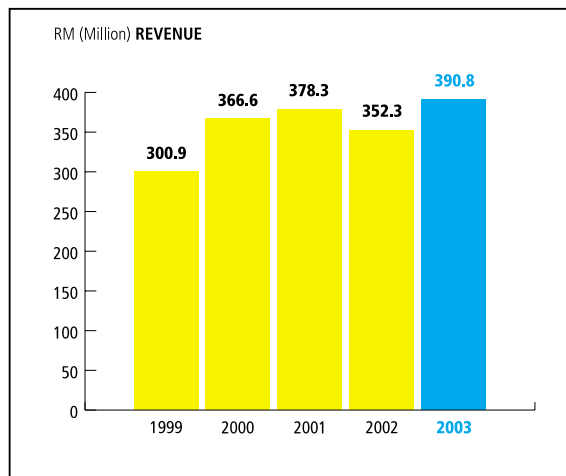
Y.M. Tengku Ahmad Fuad does not have any shareholding in the Company.

Y.M. Tengku Ahmad Fuad has no family relationship with any of the directors and/or major shareholders of the Company. Y.M. Tengku Ahmad Fuad does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

Group Financial Highlights

	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
1. Results of Operations										
Revenue	346,955	388,286	451,587	433,243	461,451	300,900	366,594	378,328	352,320	390,849
Profit Before Tax	37,397	44,398	58,019	55,959	55,358	7,026	72,296	67,913	42,823	77,534
Profit After Tax	27,708	36,723	45,733	44,783	44,974	7,880	62,251	59,502	53,936	56,202
2. Balance Sheet										
Share Capital	78,476	78,883	78,943	79,023	79,046	79,046	79,046	79,046	79,046	158,092
Bonus Shares	0	0	0	0	0	0	0	0	0	79,046
Issue During the Year	476	407	60	80	23	0	0	0	0	0
Shareholders' Funds	240,109	272,200	311,594	350,130	388,387	389,438	436,788	584,410	623,612	648,339
Total Assets	394,059	388,608	428,912	411,783	476,344	413,209	471,053	597,243	658,035	685,514
3. Financial Ratio										
Return on Equity (%)	11.54	13.49	14.68	12.79	11.58	2.02	14.25	10.18	8.65	8.67
Debts/Equity (Times)	0.63	0.42	0.37	0.17	0.22	0.05	0.07	0.01	0.05	0.05
Current Ratio (Times)	2.57	1.72	1.91	3.18	3.01	9.75	9.15	37.34	12.00	12.56
Liquidity Ratio (Times)	1.36	1.17	1.01	1.76	1.47	6.78	6.80	23.76	9.37	9.03
Dividend Cover (Times)	4.33	5.53	6.89	6.74	6.58	1.15	4.22	4.04	3.41	3.55
Pre-Tax Return on Average Shareholders' Funds (%)	16.38	17.33	19.88	16.91	14.99	1.81	17.50	13.30	7.09	12.19
Pre-Tax Profit to Revenue (%)	10.78	11.43	12.85	12.92	12.00	2.33	19.72	17.95	12.15	19.84
4. Per Share										
Net Tangible Asset per Share (RM)	3.05	3.45	3.95	4.43	4.91	4.93	5.53	7.39	7.89	4.10
Gross Earnings per Share (sen)	47.8	56.4	73.5	70.8	70.0	8.9	91.5	85.9	54.2	49.0
Net Earnings per Share (sen)	35.4	46.6	57.9	56.7	56.9	10.0	78.8	75.3	68.2	35.6
5. Dividends										
Interim (%) (Tax Exempt)	-	-	-	-	-	-	-	-	10.0	5.0
Final (%) (Tax Exempt)	-	-	-	-	-	-	-	-	10.0	5.0
First and Final (%)	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	-	-
Special (%) (Tax Exempt)	-	-	-	-	-	-	10.0	10.0	-	-

Group Financial Highlights (continued)



Analysis of Shareholdings

AS AT 30 APRIL 2003

Authorised Share Capital	-	RM500,000,000
Issued and Paid-up Capital	-	RM158,092,000
Class of Shares	-	Ordinary Shares of RM1 each
Voting Rights	-	1 Vote Per Ordinary Share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 1,000	58	1.77	20,448	0.01
1,000 - 10,000	2,761	84.25	9,386,040	5.94
10,001 - 100,000	391	11.93	10,432,232	6.60
100,001 to less than 5% of issued shares	63	1.93	42,291,880	26.75
5% and above of issued shares	4	0.12	95,961,400	60.70
Total	3,277	100.00	158,092,000	100.00

Thirty Largest Shareholders

As at 30 April 2003

Name	Ordinary Shares of RM1/- each	% of Issued Capital
1. Thong & Kay Hian Nominees (Tempatan) Sdn. Bhd. Beneficiary: Trans-Pacific Credit Pte Ltd for Melewar Equities (BVI) Ltd	37,354,000	23.63
2. Maruichi Steel Tube Ltd	23,400,000	14.80
3. Employees Provident Fund Board	21,095,400	13.34
4. Sumitomo Corporation	9,360,000	5.92
5. Malaysian Assurance Alliance Berhad	7,896,000	4.99
6. Malaysia National Insurance Berhad	5,428,000	3.43
7. Thong & Kay Hian Nominees (Tempatan) Sdn. Bhd. Beneficiary: UOB Kay Hian Pte Ltd for Melewar Equities Sdn. Bhd.	4,750,000	3.00
8. Nissho Iwai Corporation	4,680,000	2.96

Analysis of Shareholdings (continued)

AS AT 30 APRIL 2003

	Name	Ordinary Shares of RM1/- each	% of Issued Capital
9.	Permodalan Nasional Berhad	2,650,000	1.68
10.	Takaful Nasional Sdn Bhd	2,274,000	1.44
11.	Pertubuhan Keselamatan Sosial	2,162,000	1.37
12.	BBMB Securities Nominees (Tempatan) Sdn. Bhd. Beneficiary: Petroliam Nasional Berhad	874,000	0.55
13.	Bumiputra-Commerce Trustee Berhad Beneficiary: Amanah Saham Darul Iman	850,000	0.54
14.	Zain Azahari bin Zainal Abidin	709,228	0.45
15.	Ang Beng Poh	550,000	0.35
16.	Palani Appan Subramanian	526,000	0.33
17.	Public Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Zet Enterprise Sdn. Bhd.	505,000	0.32
18.	HSBC Nominees (Tempatan) Sdn. Bhd. Beneficiary: HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	464,000	0.29
19.	Lee Hau Hian	436,000	0.28
20.	Daiman bin Jamaluddin	420,000	0.27
21.	Charming Vanguard Sdn. Bhd.	378,000	0.24
22.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Beneficiary: UBS AG Singapore for Star Traders Group Ltd.	340,000	0.22
23.	Mayban Nominees (Tempatan) Sdn. Bhd. Beneficiary: Mayban Trustees Berhad for Amanah Saham Bank Islam Tabung Pertama	337,000	0.21
24.	Nik Hatmah binti Nik Hassan	327,998	0.21
25.	HLG Nominee (Asing) Sdn. Bhd. Beneficiary: IBB Securities Sdn. Bhd.	300,000	0.19
26.	Saw Cheng Kim	290,000	0.18

Analysis of Shareholdings (continued)

AS AT 30 APRIL 2003

	Name	Ordinary Shares of RM1/- each	% of Issued Capital
27.	HLG Nominee (Tempatan) Sdn. Bhd. Beneficiary: HLG Asset Management Sdn Bhd for Pertubuhan Keselamatan Sosial	286,000	0.18
28.	PRB Nominees (Tempatan) Sdn. Bhd. Beneficiary: Rubber Industry Smallholders Development Authority	240,000	0.15
29.	RHB Nominees (Asing) Sdn. Bhd. Beneficiary: Sarasin-Rabo Nominees (Singapore) Pte Ltd for HSBC International Trustee (S) Ltd	238,000	0.15
30.	Botly Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged Securities Account for Koon Yew Yin	225,000	0.14
	Total	129,345,626	81.82

List of Substantial Shareholders

As at 30 April 2003

Name	Number of Shares Held			
	Direct	%	Indirect	%
Melewar Equities (BVI) Ltd	-	-	37,354,000	23.63
Maruichi Steel Tube Ltd	23,400,000	14.80	-	-
Employees Provident Fund Board	21,095,400	13.34	-	-
Sumitomo Corporation	9,360,000	5.92	-	-
Y.A.M. Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman	-	-	50,000,000	31.62
Y.M. Tunku Dato' Ya'acob bin Tunku Abdullah	-	-	50,000,000	31.62
Mr Hiroyuki Suzuki	-	-	23,400,000	14.80

Directors' Shareholdings

As at 30 April 2003

Name	Number of Shares Held			
	Direct	%	Indirect	%
Y.A.M. Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman	-	-	50,000,000	31.62
Y.M. Tunku Dato' Ya'acob bin Tunku Abdullah	-	-	50,000,000	31.62
Mr Hiroyuki Suzuki	-	-	23,400,000	14.80
Mdm Yang Yen Fang	119,992	0.08	-	-
Ms Saw Cheng Kim	290,000	0.18	-	-
Mr Liew Yew Meng	75,000	0.05	104,000	0.07

Chairman's Statement

On behalf of the Board of Directors, I have pleasure in presenting the Group's Annual and Audited Accounts for the year ended 31 January 2003.

Results

For the year under review, the Group achieved a revenue of RM390.8 million which is 11% higher compared to the previous year. This was brought about by an increase in sales volume as well as better selling prices. Sales of steel tubes amounted to RM238.7 million (2002 : RM238.3 million) whilst sales of cold rolled coils amounted to RM201.1 million (2002 : RM160.2 million).

In terms of earnings, the Group registered a pre-tax profit of RM77.5 million which is a significant achievement as compared with the preceding year's pre-tax profit of RM42.8 million. Of this amount steel tubes contributed RM43.1 million (2002 : RM22.4 million) in profits, whilst cold rolled coils contributed RM33.9 million (2002 : RM19.1 million) in profits.

The performance of both divisions were considered satisfactory and demand for our products continue to be strong.

Nevertheless, the performance of the Group has historically been linked to the development of the country, in particular, the construction industry's performance. Given the continued strong demand from the construction industry as a result of the Government's 'pump-priming' stimulus strategy, and the country's forecasted Gross Domestic Product (GDP) growth of 4.0% this year, the Group would expect to achieve a satisfactory result in the next financial year ending 31 January 2004.

Dividend

In addition to the 5% Tax Exempt Interim Dividend paid on 6 February 2003, a Final Dividend of 5% Tax Exempt totaling RM7,904,600 has been recommended by the Board of Directors, subject to shareholders' approval at the forthcoming Annual General Meeting to be held on 30 June 2003.

Acknowledgement

On behalf of the Board of Directors, I wish to thank all our staff and management for their hard work and dedication, whose efforts as always have contributed to the good results achieved for the financial year ended 31 January 2003.

Y.A.M. Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman
Chairman

6 June 2003

Statement on Corporate Governance

The Board of Directors of Maruichi Malaysia Steel Tube Berhad is committed to ensure that a high standard of corporate governance is practised throughout the Group in discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The manner in which the Corporate Governance framework is applied is summarised as follows:-

A. Directors

i) The Board

The Board assumes the responsibility for the strategic direction of the Group and oversees the conduct and performance of the Group by reviewing and approving strategies, business plans and annual budget.

The Board has delegated specific responsibilities to two sub-committees, namely Audit and Nomination and Remuneration Committees. These Committees have the authority to examine particular issues and will report to the Board with their recommendations. The Board, however, makes the final decision on all matters in the best interest of the Company.

ii) Composition

The Board currently has 10 members comprising of the following:-

- 1 non-executive and non-independent Chairman
- 1 Managing Director
- 3 non-executive and non-independent Directors
- 1 executive and non-independent Director
- 4 non-executive and independent Directors

The composition of the Board reflects a balance of Executive, Non-Executive and Independent Directors with a wide range of technical skills in the steel industry, as well as business, financial and legal experience. The profile of the Directors are set out on pages 10 to 14.

In addition, the Board has appointed Encik Azlan bin Abdullah as the Senior Independent Director to whom all concerns may be conveyed.

iii) Board Meetings

The Board meets regularly and during the financial year ended 31 January 2003, seven meetings were held. The following is the record of attendance of the Directors:-

Statement on Corporate Governance (continued)

Executive Directors		Total
1.	Y.M. Tunku Dato' Ya'acob bin Tunku Abdullah (Appointed w.e.f. 07.10.2002)	2/3
2.	Mr Liew Yew Meng	6/7
3.	Mr John Tham Wai Mun (Resigned w.e.f. 23.09.2002)	3/3
Non-Executive Directors		Total
1.	Y.A.M. Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman (Appointed w.e.f. 07.10.2002)	3/3
2.	Mr Hiroyuki Suzuki (Ceased as the Alternate Director to Mr Seiji Yoshimura and appointed as Director w.e.f. 07.04.2003)	3/7
3.	Madam Yang Yen Fang (Re-designated from Managing Director to Non-Executive and Non-Independent Director w.e.f. 11.10.2002)	5/7
4.	Mr Yuji Wada (Re-designated from Executive Director to Non-Independent Non-Executive Director w.e.f. 31.01.2003)	6/7
5.	Ms Saw Cheng Kim	5/7
6.	Encik Azlan bin Abdullah (Appointed w.e.f. 23.09.2002)	4/4
7.	Mr Muk Sai Tat (Appointed w.e.f. 23.09.2002)	4/4
8.	Y.M. Tengku Ahmad Fuad bin Tengku Ahmad Burhanuddin (Appointed w.e.f. 23.09.2002)	4/4
9.	Mr Seiji Yoshimura (Resigned w.e.f. 07.04.2003)	3/7
10.	Encik Zain Azahari bin Zainal Abidin (Resigned w.e.f. 11.10.2002)	4/5
11.	Encik Zain Azlan Idris bin Zain Azahari (Resigned w.e.f. 11.10.2002)	3/5
12.	Madam Keiko Nagayama (Resigned w.e.f. 23.09.2002)	2/3
Alternate Director		Total
1.	Mr Chan Sang Whye (Ceased as the Alternate Director to Madam Keiko Nagayama w.e.f. 23.09.2002, appointed alternate to Madam Yang Yen Fang w.e.f. 11.10.2002 and resigned w.e.f. 12.05.2003)	6/7

iv) Supply of Information

The Board Members are given board papers with appropriate support documentation in a timely fashion prior to each Board Meeting to enable them to function effectively and allow Directors to discharge their responsibilities accordingly. These include a periodic financial and operational report, proposals for capital expenditure and proposals for investment.

All directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed. In addition, the Directors may obtain independent professional advice at the Company's expense, where necessary, in the furtherance of their duties.

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

Statement on Corporate Governance (continued)

v) Appointments to the Board

A Nomination and Remuneration Committee was set up on 28 March 2003 and will be responsible for recommending board appointments and assessment of directors on an on-going basis.

The members of the Nomination and Remuneration Committee comprises of the following members:-

- i) Encik Azlan bin Abdullah (Chairman)
- ii) Mr Muk Sai Tat
- iii) Ms Saw Cheng Kim
- iv) Y.M. Tengku Ahmad Fuad bin Tengku Ahmad Burhanuddin

vi) Re-election

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

B. Directors' Remuneration

For the financial year ended 31 January 2003, the Board was directly responsible for setting the policy framework and for making recommendations on remuneration packages and benefits extended to the Chairman and all the Directors.

Maruichi recognises the need to have a competitive remuneration package to attract and retain Directors of the calibre needed to lead the Group successfully. In the case of the Executive Directors, their remuneration is linked to level of responsibilities, experience, contributions and individual as well as Group performance. For the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibility undertaken by them.

Directors' fees recommended by the Board will be presented to shareholders for approval at the Annual General Meeting.

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

Types of Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000
Salaries	928	275
Allowances	-	120
Bonuses	916	46
Fees	-	83
Benefits-In-Kind	99	7
Other Emoluments	1,131	3,049
Total	3,074	3,580

Statement on Corporate Governance (continued)

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Less than RM50,000	-	8
RM50,001 to RM100,000	-	1
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	1	-
RM450,001 to RM500,000	1	-
RM650,001 to RM700,000	1	-
RM1,350,001 to RM1,400,000	1	-
RM3,350,001 to RM3,400,000	-	1*

* This represents the total remuneration of a director who has been redesignated from an executive director to a non-executive director during the year.

C. Shareholders

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

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

D. Accountability and Audit

i) Internal Control

Statement on Internal Control

1. Introduction

The Board of Maruichi Malaysia Steel Tube Berhad approved the following statement which outlines the state of internal control of the Group for the year under review, in accordance with Paragraph 15.27(b) of the KLSE Listing Requirements.

2. Board's Responsibility

The Board affirms its overall responsibility for the Group's system of internal controls and for reviewing its effectiveness, adequacy and integrity. Due to the limitations that are inherent in any system of internal control, the Board is aware that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Statement on Corporate Governance (continued)

3. Key Elements of Risk Management and Internal Control

The Board has reviewed the effectiveness of the Group's system of internal controls and risk management processes and the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process is regularly reviewed by the Board. Key elements of which are as follows:-

- a. The internal audit department has prepared a 'risk-based' internal audit plan which considers all the critical and high impact areas within the business operations. During the financial year, internal audits on various audit areas as per the approved internal audit plan were carried out by the internal audit department. Any weaknesses identified during the reviews were reported to the Audit Committee and improvement measures were recommended to strengthen controls. This provides assurance regarding the adequacy and the integrity of the internal controls system.
- b. The Group's operations are accredited with ISO9002 international quality system standard and such quality management system provides the Group with improved control of key processes and a foundation for improving quality and customer satisfaction. During the financial year, the Group was in the process of upgrading the ISO9002:1994 to a newer version, i.e. ISO9001:2000.
- c. The Group has an appropriate organisational structure for planning, executing and controlling business operations which enables adequate monitoring of the activities and ensures effective flow of information across the Group.
- d. The Management is responsible for the identification and evaluation of key risks applicable to their areas of business on a continuous basis. Risks identified are reported in a timely manner during the periodic management meetings to enable corrective actions to be taken.
- e. Lines of responsibility and delegations of authority are clearly defined which include amongst others approval of capital expenditure and investment programmes.
- f. The Executive Directors and Management monitor the Group's performance via key performance indicators, monthly management report and periodic management meetings. Any exceptions noted will be duly investigated and reported.
- g. Key processes of the Group are governed by policies and procedures.
- h. The Group has in place a Safety and Health Committee to review the occupational safety and health procedures.
- i. The Audit Committee meets at least four times a year and, within its limit, reviews the effectiveness of the Group's system of internal controls. The Committee receives reports from the internal audit department and management.

4. Controls Weaknesses

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

Statement on Corporate Governance (continued)

ii) Relationship with the Auditors

The Board through the Audit Committee has established a transparent and appropriate relationship with the Company auditors. The Audit Committee meets with the auditors on a quarterly basis.

iii) Financial Reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board of Directors has ensured that the financial statements present a balanced and understandable assessment of the Company and the Group's position and prospects.

iv) Directors' Responsibility Statement in respect of Financial Statements

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

The Directors considered the following in preparing the financial statements:-

- selecting suitable accounting policies and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- stating whether applicable approved accounting standards have been followed.

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

E. Additional Information

During the financial year under review:-

- there were no:-
 - corporate exercises in which funds had been raised
 - share buy backs
 - options, warrants or convertible securities exercised
 - ADR or GDR programmes sponsored by the Company
 - sanctions and or penalties imposed on the Company or its subsidiaries, directors or management by any relevant authority
 - profit estimates, forecasts or projections or unaudited results released which differ by 10 per cent or more from the audited results
 - profit guarantees given in respect of the Company
 - material contracts between the Company and its subsidiaries that involve directors' or major shareholders' interests
 - loans between the Company and its subsidiaries that involve directors' or major shareholders' interests
- the Company and the Group have the policy of revaluing their land and building at least once in every five years.
- non-audit fees paid by the Group to the external auditors during the financial year amounted to RM10,021.00.

Audit Committee Report

Members and Meetings

Chairman of the Audit Committee

Encik Azlan bin Abdullah (Independent and Non-Executive Director)

Members of the Audit Committee

Mr Muk Sai Tat (Independent and Non-Executive Director)

Y.M. Tengku Ahmad Fuad bin Tengku Ahmad Burhanuddin (Independent and Non-Executive Director)

Ms Saw Cheng Kim (Independent and Non-Executive Director)

Secretary

The Company Secretary is the Secretary of the Audit Committee.

During the financial year ended 31 January 2003, four Audit Committee meetings were held. The details of attendance of each Committee member are as follow:-

Name	Total
Encik Azlan bin Abdullah (<i>Appointed w.e.f. 11.10.2002</i>)	2/2
Mr Muk Sai Tat (<i>Appointed w.e.f. 11.10.2002</i>)	2/2
Y.M. Tengku Ahmad Fuad bin Tengku Ahmad Burhanuddin (<i>Appointed w.e.f. 11.10.2002</i>)	2/2
Encik Zain Azahari bin Zainal Abidin (<i>Resigned w.e.f. 11.10.2002</i>)	2/3
Madam Yang Yen Fang (<i>Resigned w.e.f. 11.10.2002</i>)	3/3
Ms Saw Cheng Kim	3/4

Terms of Reference

The terms of reference of the Committee are as follows:-

Formation

- The Board of Directors of Maruichi Malaysia Steel Tube Berhad ("the Company") established an Audit Committee ("the Committee") on 15 April 1994.

Membership

- The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three members of which the majority of them must consist of Independent Directors. At least one of the Committee members must be a member of the Malaysian Institute of Accountants, or such other qualifications, and experience as approved by the Kuala Lumpur Stock Exchange.

No member of the Committee shall be:-

- An Alternate Director, or
- A spouse, parent, brother, sister, son or adopted son, daughter or adopted daughter of an Executive Director of the Company or of any related corporation, or
- Spouse of brother, sister, son or adopted son, daughter or adopted daughter of an Executive Director of the Company or of any related corporation, or
- Any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of the Committee.

Audit Committee Report (continued)

3. The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director.
4. If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.
5. The term of office of Committee members should be reviewed by the Board no less than every three years.

Authority

6. The Committee is authorised by the Board to investigate any activity within its terms of reference and has the right to any resources which are required to perform its duties. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
7. The Committee is authorised by the Board to obtain outside legal or other independent professional advice to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
8. The Committee is authorised by the Board to have direct communication channels with the external auditors and person(s) carrying out the internal audit function. It is also authorised to convene meetings with the external auditors whenever deemed necessary.

Functions

9. The functions of the Committee shall be:-
 - (a) to review the following and report the same to the Board of Directors :
 - (i) with the external auditors, the audit plan;
 - (ii) with the external auditors, the evaluation of the system of internal controls;
 - (iii) with the external auditors, the audit report;
 - (iv) the assistance given by the Company's officers to the external auditors;
 - (v) the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - (vi) the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (vii) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on :
 - changes in or implementation of major accounting policy;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
 - (viii) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (ix) any letter of resignation from the external auditors of the Company; and
 - (x) whether there is reason (supported by grounds) to believe that the external auditors of the Company are not suitable for reappointment; and
 - (b) to consider the nomination of external auditors together with such other functions as may be agreed to by the Committee and the Board of Directors.

Audit Committee Report (continued)

Attendance at Meetings

10. The Finance Manager, Group Internal Auditor, a representative of the external auditors and other authorised officers shall normally attend meetings. Other Board members may attend meetings upon the invitation of the Committee.
11. The Company Secretary shall be the Secretary of the Committee.

Frequency of Meetings

12. (a) Meetings shall be held not less than four times a year. The external auditors may request a meeting if they consider it necessary.

(b) In order to form a quorum in respect of a meeting of the Committee, the majority of members present must be Independent Directors.

Reporting Procedures

13. The Secretary shall circulate the minutes of meeting of the Committee to all members of the Board.

Summary of Activities of the Committee during the Financial Year ended 31 January 2003

During the financial year, the Audit Committee reviewed the internal control policies and procedures, quarterly report and financial statements of the Group. The Committee had also met with the External Auditors and discussed the nature and scope of audit, reviewed reports before recommending for the Board of Directors' approval, considered any significant changes in accounting and auditing issues.

Internal Audit Function

The Board recognises the importance of an Internal Audit Function to assist the Directors in maintaining a sound system of internal controls within the Group to safeguard the shareholders' investment and the Company's assets. As a result, the Company set up an Internal Audit Function during the financial year of 2002.

The Head of the Internal Audit Department shall have unrestricted access to the Committee Members and report to the Committee whose scope of responsibility includes overseeing the development and the establishment of the Internal Audit Function.

The summary of the activities of the Internal Audit Department for the year ended 31 January 2003 is as follows:-

- a) Conducted risk-based audits of strategic business units of the Group, which cover reviews of the operational and financial internal controls,
- b) Issued audit reports to the Audit Committee Members and Management that identify weaknesses of system of internal controls and propose recommendations for improvement,
- c) Acted on suggestions made by the Audit Committee and/or senior management on concerns over operations or control,
- d) Attended Audit Committee meeting to table and discuss the audit reports and follow up on matters raised, and
- e) Attended training from time to time to keep abreast with the latest development of internal auditing.

Directors' Report

FOR THE YEAR ENDED 31 JANUARY 2003

The directors have pleasure in submitting their report and the audited financial statements of the Company and of the Group for the year ended 31 January 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacturing and trading of steel pipes and tubes. The principal activities of the subsidiaries consist of manufacturing and trading of cold rolled steel sheets in coils as well as steel and iron products, provision of engineering and management services and investment holding.

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

RESULTS	Group	Company
Net profit for the year	RM56,201,621	RM44,132,711

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 31 January 2002 as disclosed in the directors' report of that financial year	
- Interim dividend of 10% tax exempt paid on 4 February 2002	7,904,600
- Final dividend of 10% tax exempt paid on 2 August 2002	7,904,600
	<u>15,809,200</u>
In respect of the financial year ended 31 January 2003	
- Interim dividend of 5% tax exempt paid on 6 February 2003	7,904,600

The directors recommend the payment of a final dividend of 5% tax exempt amounting to RM7,904,600 for the financial year ended 31 January 2003, subject to the approval of the shareholders at the forthcoming Annual General Meeting ("AGM").

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the statements of changes in equity.

Directors' Report (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM79,046,000 to RM158,092,000 through a bonus issue of 79,046,000 new ordinary shares of RM1 each on the basis of one (1) new ordinary share for every one (1) existing ordinary share held, credited as fully paid-up effected by way of the capitalisation of the entire share premium account of RM62,881,240 and an amount of RM16,164,760 from the retained profit account of the Company. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

No debentures were issued by the Company during the financial year under review.

REPURCHASE OF SHARES

At the Extraordinary General Meeting ("EGM") held on 11 July 2000, the shareholders approved the share buy-back of up to 10% of the issued and paid-up share capital of the Company.

The authority from the shareholders for the share buy-back expired and was subsequently renewed at the EGMs held on 11 July 2001 and 11 July 2002. This authority will expire at the conclusion of the forthcoming AGM. To date, the Company has not purchased any of its own shares.

DIRECTORS

The directors in office since the date of the last report are:-

Y.A.M. Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman	(Chairman, appointed on 7-10-2002)
Y.M. Tunku Dato' Ya'acob bin Tunku Abdullah	(Managing Director/Chief Executive Officer, appointed on 7-10-2002)
Mr Liew Yew Meng	(Executive Director)
Mr Muk Sai Tat	(appointed on 23-9-2002)
Encik Azlan bin Abdullah	(appointed on 23-9-2002)
Y.M. Tengku Ahmad Fuad bin Tengku Ahmad Burhanuddin	(appointed on 23-9-2002)
Mr Seiji Yoshimura	(alternate: Mr Hiroyuki Suzuki)
Madam Yang Yen Fang	(alternate: Mr Chan Sang Whye, appointed on 11-10-2002)
Mr Yuji Wada	
Ms Saw Cheng Kim	
Mr John Tham Wai Mun	(resigned on 23-9-2002)
Madam Keiko Nagayama	(resigned on 23-9-2002, alternate: Mr Chan Sang Whye, ceased on 23-9-2002)
Encik Zain Azahari Bin Zainal Abidin	(resigned on 11-10-2002)
Encik Zain Azlan Idris Bin Zain Azahari	(resigned on 11-10-2002)

The board recommends that pursuant to Section 129(6) of the Companies Act, 1965, Y.A.M. Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman, Mr Seiji Yoshimura, Madam Yang Yen Fang and Ms Saw Cheng Kim be re-appointed as directors of the Company and to hold office until the next AGM.

In accordance with the Company's Articles of Association, Y.M. Tunku Dato' Ya'acob bin Tunku Abdullah, Mr Muk Sai Tat, Encik Azlan bin Abdullah and Y.M. Tengku Ahmad Fuad bin Tengku Ahmad Burhanuddin, who were appointed to the board subsequent to the date of the last AGM, retire at the forthcoming AGM. All the retiring directors, being eligible, offer themselves for re-election.

Directors' Report (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

DIRECTORS' INTERESTS IN SHARES

According to the register of directors' shareholdings required to be kept under Section 134 of the Companies Act, 1965, none of the directors who held office at the end of the financial year held any shares or had any interests in shares in the Company and its related corporations during the financial year except as follows:

Directors	Number of ordinary shares of RM1 each				
	At 1-2-2002 or date of appointment	Bonus issue	Bought	Sold	At 31-1-2003
Y.A.M. Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman					
- direct interest	-	-	-	-	-
- deemed interest	-	-	50,000,000	-	50,000,000
Y.M. Tunku Dato' Ya'acob bin Tunku Abdullah					
- direct interest	-	-	-	-	-
- deemed interest	-	-	50,000,000	-	50,000,000
Mr Liew Yew Meng					
- direct interest	28,000	28,000	19,000	-	75,000
- deemed interest	703,500	703,500	104,000	1,407,000	104,000
Mr Seiji Yoshimura					
- direct interest	-	-	-	-	-
- deemed interest	11,700,000	11,700,000	-	-	23,400,000
Madam Yang Yen Fang					
- direct interest	3,858,996	3,858,996	-	7,598,000	119,992
- deemed interest	13,227,923	13,227,923	-	26,455,846	-
Ms Saw Cheng Kim					
- direct interest	145,000	145,000	-	-	290,000
- deemed interest	-	-	-	-	-
Mr Hiroyuki Suzuki					
- direct interest	-	-	-	-	-
- deemed interest	11,700,000	11,700,000	-	-	23,400,000
Mr Chan Sang Whye					
- direct interest	-	-	-	-	-
- deemed interest	1,985,500	1,985,500	-	3,971,000	-

Directors' Report (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than as disclosed in Notes 16 and 20 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Company and of the Group were made out, the directors took reasonable steps:-
- (i) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts but that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Company and of the Group had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:-
- (i) which would render it necessary to write off any debt or the amount of the allowance for doubtful debts in the financial statements of the Company and of the Group inadequate to any substantial extent, or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Company and of the Group misleading, or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate.
- (c) At the date of this report, there does not exist:-
- (i) any charge on the assets of the Company or its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person, or
 - (ii) any contingent liability of the Company or its subsidiary companies which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Company or its subsidiary companies 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 or its subsidiary companies to meet their obligations as and when they fall due.
- (e) At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company and of the Group which would render any amount stated in the respective financial statements misleading.

Directors' Report (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

- (f) In the opinion of the directors:-
- (i) the results of the operations of the Company and of the Group for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

AUDITORS

The auditors, Moores Rowland, Chartered Accountants, have expressed their willingness to continue in office.

On behalf of the Directors

Y.A.M. TUNKU TAN SRI ABDULLAH IBNI
ALMARHUM TUANKU ABDUL RAHMAN
Chairman

Y.M. TUNKU DATO' YA'ACOB BIN TUNKU
ABDULLAH
Managing Director

28 March 2003

Report of the Auditors to the Members

We have audited the financial statements set out on pages 36 to 63. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as an evaluation of the overall presentation of the financial statements. We believe our audit has provided us with a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements have been properly drawn up:
 - (i) so as to give a true and fair view of the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements of the Company and of the Group;
 - (ii) in accordance with the provisions of the Act so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 January 2003 and of their results and cash flows for the year ended on that date; and
 - (iii) in accordance with applicable approved accounting standards; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report of Kayun Steel Sdn. Bhd., being a newly acquired subsidiary company of which we have not acted as auditors.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualifications and did not include any comment made under Section 174(3) of the Act.

MOORES ROWLAND
No. AF: 0539
Chartered Accountants

GAN MORN GHUAT
No. 1499/5/03 (J)
Partner

28 March 2003

Balance Sheets

AS AT 31 JANUARY 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
PROPERTY, PLANT AND EQUIPMENT	3	270,624,586	281,995,014	130,539,669	137,185,553
SUBSIDIARY COMPANIES	4	-	-	79,652,550	61,652,550
OTHER INVESTMENTS	5	1,507,000	1,507,000	1,418,600	1,418,600
DEFERRED TAX ASSET	6	9,387,000	19,000,000	-	-
CURRENT ASSETS					
Inventories	7	113,621,342	77,744,552	58,980,975	50,006,598
Trade and other receivables	8	83,255,486	83,004,471	53,516,420	58,628,478
Amount owing by subsidiary companies	9	-	-	60,154,073	71,397,960
Tax recoverable		180,824	2,728,078	-	2,721,162
Time deposits	10	195,830,303	183,078,883	128,820,000	94,300,000
Cash and bank balances		11,107,497	8,977,228	7,439,456	8,717,810
		403,995,452	355,533,212	308,910,924	285,772,008
Less:					
CURRENT LIABILITIES					
Trade and other payables	11	30,036,324	29,492,625	19,545,452	16,163,614
Amount owing to a subsidiary company	9	-	-	2,198,045	1,727,781
Tax payable		2,134,113	146,689	2,117,419	-
		32,170,437	29,639,314	23,860,916	17,891,395
NET CURRENT ASSETS		371,825,015	325,893,898	285,050,008	267,880,613
		653,343,601	628,395,912	496,660,827	468,137,316
Financed by:					
SHARE CAPITAL	12	158,092,000	79,046,000	158,092,000	79,046,000
RESERVES	13	95,560,662	158,441,902	59,693,474	122,574,714
RETAINED PROFIT		394,685,939	386,124,010	273,975,353	261,816,602
SHAREHOLDERS' EQUITY		648,338,601	623,611,912	491,760,827	463,437,316
DEFERRED TAX LIABILITIES	14	5,005,000	4,784,000	4,900,000	4,700,000
		653,343,601	628,395,912	496,660,827	468,137,316

Notes to and forming part of the financial statements are set out on pages 42 to 63.
Auditor's Report - Page 35

Income Statements

FOR THE YEAR ENDED 31 JANUARY 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
Gross revenue	15	390,849,153	352,320,419	238,715,988	238,341,430
Cost of sales		(296,519,620)	(297,416,589)	(183,203,147)	(204,981,580)
Gross profit		94,329,533	54,903,830	55,512,841	33,359,850
Other operating income		6,731,988	6,609,211	17,760,699	16,412,891
Selling and distribution costs		(6,829,760)	(6,695,209)	(4,147,561)	(4,107,502)
Administrative and general expenses		(16,698,198)	(11,994,840)	(13,698,586)	(11,040,776)
Profit before tax	16	77,533,563	42,822,992	55,427,393	34,624,463
Tax (expense)/income	17	(21,331,942)	11,113,071	(11,294,682)	(7,150,000)
Net profit for the year		56,201,621	53,936,063	44,132,711	27,474,463
Net dividends per share (sen)		10.00	20.00	10.00	20.00
Earnings per share	18	35.55 sen	34.12 sen		

Notes to and forming part of the financial statements are set out on pages 42 to 63.
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Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 JANUARY 2003

	Share capital RM	Share premium RM	Asset revaluation reserve RM Retained profit		Sub-total RM	Total RM
				Undistributed RM	Dividends RM		
At 1 February 2001	79,046,000	62,881,240	95,560,662	332,187,947	14,734,174	346,922,121	584,410,023
Net profit for the year	-	-	-	53,936,063	-	53,936,063	53,936,063
Dividends paid							
- balance brought forward	-	-	-	-	(14,734,174)	(14,734,174)	(14,734,174)
Interim dividend payable of 10% tax exempt	-	-	-	(7,904,600)	7,904,600	-	-
Proposed final dividend of 10% tax exempt	-	-	-	(7,904,600)	7,904,600	-	-
At 31 January 2002	79,046,000	62,881,240	95,560,662	370,314,810	15,809,200	386,124,010	623,611,912
Issue of share capital							
- Bonus issue of 1 : 1	79,046,000	(62,881,240)	-	(16,164,760)	-	(16,164,760)	-
Net profit for the year	-	-	-	56,201,621	-	56,201,621	56,201,621
Goodwill on acquisition of subsidiary company written off	-	-	-	(15,665,732)	-	(15,665,732)	(15,665,732)
Dividends paid							
- balance brought forward	-	-	-	-	(15,809,200)	(15,809,200)	(15,809,200)
Interim dividend payable of 5% tax exempt	-	-	-	(7,904,600)	7,904,600	-	-
Proposed final dividend of 5% tax exempt	-	-	-	(7,904,600)	7,904,600	-	-
At 31 January 2003	158,092,000	-	95,560,662	378,876,739	15,809,200	394,685,939	648,338,601

Notes to and forming part of the financial statements are set out on pages 42 to 63.
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Statement of Changes in Equity

FOR THE YEAR ENDED 31 JANUARY 2003

	Share capital RM	Share premium RM	Asset revaluation reserve RM Retained profit		Sub-total RM	Total RM
				Undistributed RM	Dividends RM		
At 1 February 2001	79,046,000	62,881,240	59,693,474	234,342,139	14,734,174	249,076,313	450,697,027
Net profit for the year	-	-	-	27,474,463	-	27,474,463	27,474,463
Dividends paid							
- balance brought forward	-	-	-	-	(14,734,174)	(14,734,174)	(14,734,174)
Interim dividend payable of 10% tax exempt	-	-	-	(7,904,600)	7,904,600	-	-
Proposed final dividend of 10% tax exempt	-	-	-	(7,904,600)	7,904,600	-	-
At 31 January 2002	79,046,000	62,881,240	59,693,474	246,007,402	15,809,200	261,816,602	463,437,316
Issue of share capital							
- Bonus issue of 1 : 1	79,046,000	(62,881,240)	-	(16,164,760)	-	(16,164,760)	-
Net profit for the year	-	-	-	44,132,711	-	44,132,711	44,132,711
Dividends paid							
- balance brought forward	-	-	-	-	(15,809,200)	(15,809,200)	(15,809,200)
Interim dividend payable of 5% tax exempt	-	-	-	(7,904,600)	7,904,600	-	-
Proposed final dividend of 5% tax exempt	-	-	-	(7,904,600)	7,904,600	-	-
At 31 January 2003	158,092,000	-	59,693,474	258,166,153	15,809,200	273,975,353	491,760,827

Notes to and forming part of the financial statements are set out on pages 42 to 63.
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Cash Flow Statements

FOR THE YEAR ENDED 31 JANUARY 2003

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	77,533,563	42,822,992	55,427,393	34,624,463
Adjustments for:				
Depreciation	17,927,697	17,617,749	8,465,901	7,554,493
Gain on disposal of property, plant and equipment	(31,000)	(57,732)	(31,000)	(26,500)
Allowance for doubtful debts	-	3,321,968	-	3,321,968
Allowance for doubtful debts written back	(150,000)	-	(150,000)	-
Dividend income	(235,744)	(120,399)	(12,500,000)	(12,386,000)
Interest income	(6,256,181)	(6,244,567)	(4,979,699)	(3,942,174)
Operating profit before working capital changes	88,788,335	57,340,011	46,232,595	29,146,250
Changes in inventories	(33,177,879)	32,653,018	(8,974,377)	7,294,974
Changes in receivables	468,264	(7,238,678)	5,262,058	(8,739,914)
Changes in payables	(17,442)	23,329,526	3,852,102	12,748,327
Cash generated from operations	56,061,278	106,083,877	46,372,378	40,449,637
Interest received	6,256,181	6,244,567	4,979,699	3,942,174
Tax paid	(6,899,295)	(12,354,167)	(6,181,061)	(11,529,835)
Net cash from operating activities	55,418,164	99,974,277	45,171,016	32,861,976
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(5,872,447)	(7,722,948)	(3,471,364)	(6,742,520)
Purchase of a new subsidiary company, net of cash (Note 19)	(17,608,866)	-	(18,000,000)	-
Proceeds from disposal of property, plant and equipment	1,682,347	284,800	1,682,347	139,800
Dividends received	235,220	120,399	12,424,960	12,310,960
Repayment from/(Advances to) subsidiary companies	-	-	11,243,887	(17,323,414)
Net cash (used in)/from investing activities	(21,563,746)	(7,317,749)	3,879,830	(11,615,174)

Notes to and forming part of the financial statements are set out on pages 42 to 63.
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Cash Flow Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of term loan	(3,163,529)	-	-	-
Dividends paid	(15,809,200)	(14,734,174)	(15,809,200)	(14,734,174)
Net cash used in financing activities	(18,972,729)	(14,734,174)	(15,809,200)	(14,734,174)
NET CHANGES IN CASH AND CASH EQUIVALENTS				
	14,881,689	77,922,354	33,241,646	6,512,628
CASH AND CASH EQUIVALENTS BROUGHT FORWARD				
	192,056,111	114,133,757	103,017,810	96,505,182
CASH AND CASH EQUIVALENTS CARRIED FORWARD				
	206,937,800	192,056,111	136,259,456	103,017,810
Represented by:				
TIME DEPOSITS	195,830,303	183,078,883	128,820,000	94,300,000
CASH AND BANK BALANCES	11,107,497	8,977,228	7,439,456	8,717,810
	206,937,800	192,056,111	136,259,456	103,017,810

Notes to and forming part of the financial statements are set out on pages 42 to 63.
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Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 31 JANUARY 2003

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared under the historical cost convention modified to include the valuation of certain property, plant and equipment, unless otherwise indicated in the accounting policies set out below.

The financial statements comply with applicable approved accounting standards issued or adopted by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965.

(b) Subsidiary companies

A subsidiary company is a company in which the Company has the power to control the financial and operating policies so as to obtain benefits from its activities.

The Company's interests in subsidiary companies are stated at cost, and are written down when there is an impairment loss that is other than temporary on the value of such investments. The impairment loss is charged to the income statement.

(c) Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and all its subsidiary companies made up to the end of the financial year except for the financial statements of the newly acquired subsidiary company, Kayun Steel Sdn. Bhd. which are made up to 31 December 2002. All material inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. The financial statements of all subsidiary companies are consolidated on the acquisition method of accounting and the results of the subsidiary companies acquired or disposed of are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

At the date of acquisition, the fair values of the net assets of the subsidiary companies are determined and these values are reflected in the financial statements.

(d) Goodwill or discount on acquisition

The difference between the acquisition cost and the fair values of attributable net assets acquired at the dates of acquisition is reflected as either goodwill or discount on acquisition as appropriate.

Goodwill or discount on acquisition is written off/credited in the year of acquisition against retained profit in the consolidated statement of changes in equity.

(e) Property, plant and equipment

(i) Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss except for the freehold and certain leasehold properties which are stated at valuation carried out in year 2000 less accumulated depreciation and accumulated impairment loss.

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

The Group revalues its properties comprising land and buildings at least once in every five years. Surplus arising from revaluation is dealt with through the asset revaluation reserve account. Any deficit arising is set-off against the asset revaluation reserve to the extent of a previous increase for the same property. In all cases, a decrease in carrying amount will be charged to the income statement.

(ii) Depreciation

Freehold land is not amortised while leasehold land is amortised over the remaining lease periods of between 39 and 97 years.

Leasehold apartment is amortised over the remaining lease period of 64 years.

Depreciation is calculated to write off the cost or amount of valuation of other property, plant and equipment on the straight line basis over their estimated useful lives at the following annual rates:-

Buildings	2%
Plant, machinery and electrical installation	5% - 10%
Motor vehicles, furniture, fittings and equipment	5% - 20%

(f) Other investments

Other investments are stated at cost and held for long term. The investments are written down when there is an impairment loss that is other than temporary on the value of such investments. The impairment loss is charged to the income statement.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and in the case of finished goods and work-in-progress comprises cost of materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

(h) Receivables

Receivables are stated at their nominal values and an allowance is made for any receivables considered to be doubtful of collection. Known bad debts are written off.

(i) Payables

Payables are stated at their nominal values which are the fair values of the consideration to be paid in the future for goods and services received.

(j) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares is accounted for as a deduction from share premium, otherwise, it is charged to the income statement.

Dividends on the ordinary shares, when declared or proposed by the directors of the Company are disclosed within the components of equity. Upon approval and when paid, such dividends will be accounted for in the shareholders' equity as an appropriation of retained profit in the financial year in which the dividends are paid.

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

(k) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is measured using the discounted future cash flows expected to be generated from continuing use of the asset.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss, if any, is charged to the income statement.

Any subsequent increase in recoverable amount of an asset is recognised as reversal of previous impairment loss and should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(l) Foreign currencies

Transactions in foreign currencies during the financial year are converted to Ringgit Malaysia at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the closing rates. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of transactions.

The closing rates used in translation are as follows:-

Currency		2003 RM	2002 RM
USD1.00	=	3.80	3.80
SGD1.00	=	2.18	2.07

(m) Income recognition

Income is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the income can be measured reliably, on the following basis:-

(i) Sale of goods

Sale of goods is recognised when significant risks and rewards of ownership have been transferred to the customers.

(ii) Processing service income

Processing service income is recognised on an accrual basis when services are rendered.

(iii) Dividend income

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

(iv) Interest income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

(v) Rental income

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

(n) Tax expense

The tax expense in the income statement represents taxation at current tax rate based on profit earned during the year.

Deferred taxation is provided on the liability method for taxation deferred in respect of all material timing differences except where it is thought reasonably probable that the tax effects of such deferrals will continue in the foreseeable future. Deferred tax benefits are recognised where there is a reasonable expectation of realisation in the near future.

(o) Cash equivalents

Cash equivalents comprise cash and bank balances, deposits held on call with financial institutions and short term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

(p) Financial instruments

The recognised financial instruments of the Group comprise cash and liquid resources, receivables and payables that arise directly from its operations, non-trade receivables and trade payables arising from transactions entered into in the normal course of business with companies within the Group, equity investments held for long term strategic purposes as well as ordinary shares. The accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied, are disclosed above. These financial instruments are recognised when a contractual relationship has been established. The information on the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes to the financial statements. There are no financial instruments not recognised in the balance sheet.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objectives are to ensure that the Group creates value and maximises returns to its shareholders.

Financial risk management is carried out through risk reviews, internal control systems, benchmarking the industry's best practices and adherence to Group's financial risk management policies.

The Group has been financing its operations mainly from internally generated funds.

The Group does not find it necessary to enter into derivative transactions based on its current level of operations.

The main risks arising from the financial instruments of the Group are credit risk, interest rate risk, market risk and foreign currency exchange risk. The management of the Group monitors the financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. The management reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged during the financial year.

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

- **Credit risk**

Credit risk arises when sales are made and services are rendered on deferred credit terms and when surplus cash is invested.

The Group has credit policies in place to manage the credit risk exposure. The risk is managed through the application of the Group's extensive credit management procedures which include the application of credit evaluation, credit approvals, adherence to credit limits, regular monitoring and follow up procedures.

As regards to surplus cash, the Group invests its cash assets safely and profitably by depositing them with licensed financial institutions.

The Group considers the risk of material loss from the non-performance on the part of a financial counterparty to be negligible.

- **Interest rate risk**

The Group is exposed to interest rate risk in respect of its time deposits placed with financial institutions. This risk is managed through the use of fixed rate financial instruments. It is the policy of the Group not to trade in interest swap agreements.

- **Market risk**

The Group's exposure to market risk arises mainly from changes in market price of its quoted investments. The management of the Group regards the market risk to be negligible and having a minimal impact to the Group as the investments are held for long term purposes.

- **Foreign currency exchange risk**

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

The Group has not hedged against the translation exposure as it does not form a significant proportion of the Group's gross assets.

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land & buildings RM	Long term leasehold land & buildings RM	Short term leasehold land & buildings RM	Plant, machinery & electrical installation RM	Motor vehicles, furniture, fittings & equipment RM	Capital work-in-progress RM	Total RM
2003							
Cost/Valuation At 1 February							
Cost	-	-	-	257,270,987	5,829,011	11,878,434	274,978,432
Valuation	89,337,000	79,733,000	4,713,000	-	-	-	173,783,000
	89,337,000	79,733,000	4,713,000	257,270,987	5,829,011	11,878,434	448,761,432
Additions	-	2,249,738	-	1,440,418	712,477	1,469,814	5,872,447
Disposals	-	-	-	-	(81,044)	(1,651,347)	(1,732,391)
Transfers	-	-	-	8,265,587	-	(8,265,587)	-
Write-off	-	-	-	-	(52,847)	-	(52,847)
Acquisition of subsidiary	-	1,467,764	-	2,810,125	278,419	-	4,556,308
At 31 January							
Cost	-	3,717,502	-	269,787,117	6,686,016	3,431,314	283,621,949
Valuation	89,337,000	79,733,000	4,713,000	-	-	-	173,783,000
	89,337,000	83,450,502	4,713,000	269,787,117	6,686,016	3,431,314	457,404,949
Accumulated depreciation							
At 1 February	877,119	1,602,790	140,704	160,070,182	4,075,623	-	166,766,418
Charge for the year	701,695	1,282,232	112,563	15,052,505	778,702	-	17,927,697
Disposals	-	-	-	-	(81,044)	-	(81,044)
Write-off	-	-	-	-	(52,847)	-	(52,847)
Acquisition of subsidiary	-	44,087	-	1,913,092	262,960	-	2,220,139
At 31 January	1,578,814	2,929,109	253,267	177,035,779	4,983,394	-	186,780,363
Net book value at 31 January							
Cost	-	3,673,415	-	92,751,338	1,702,622	3,431,314	101,558,689
Valuation	87,758,186	76,847,978	4,459,733	-	-	-	169,065,897
	87,758,186	80,521,393	4,459,733	92,751,338	1,702,622	3,431,314	270,624,586
2002							
Net book value at 31 January							
Cost	-	-	-	97,200,805	1,753,388	11,878,434	110,832,627
Valuation	88,459,881	78,130,210	4,572,296	-	-	-	171,162,387
	88,459,881	78,130,210	4,572,296	97,200,805	1,753,388	11,878,434	281,995,014
Depreciation charge for the year	701,694	1,282,232	112,563	14,819,512	701,748	-	17,617,749

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

Company	Freehold land	Long term leasehold land & buildings	Short term leasehold land & buildings	Plant, machinery & electrical installation	Motor vehicles, furniture, fittings & equipment	Capital work-in-progress	Total
2003	RM	RM	RM	RM	RM	RM	RM
Cost/Valuation At 1 February							
Cost	-	-	-	89,380,528	5,683,609	11,878,434	106,942,571
Valuation	22,354,575	72,288,000	4,713,000	-	-	-	99,355,575
	22,354,575	72,288,000	4,713,000	89,380,528	5,683,609	11,878,434	206,298,146
Additions	-	-	-	1,440,418	561,132	1,469,814	3,471,364
Disposals	-	-	-	-	(81,044)	(1,651,347)	(1,732,391)
Transfers	-	-	-	8,265,587	-	(8,265,587)	-
Write-off	-	-	-	-	(52,847)	-	(52,847)
At 31 January							
Cost	-	-	-	99,086,533	6,110,850	3,431,314	108,628,697
Valuation	22,354,575	72,288,000	4,713,000	-	-	-	99,355,575
	22,354,575	72,288,000	4,713,000	99,086,533	6,110,850	3,431,314	207,984,272
Accumulated depreciation							
At 1 February	-	1,450,408	140,704	63,555,897	3,965,584	-	69,112,593
Charge for the year	-	1,160,327	112,563	6,442,020	750,991	-	8,465,901
Disposals	-	-	-	-	(81,044)	-	(81,044)
Write-off	-	-	-	-	(52,847)	-	(52,847)
At 31 January	-	2,610,735	253,267	69,997,917	4,582,684	-	77,444,603
Net book value at 31 January							
Cost	-	-	-	29,088,616	1,528,166	3,431,314	34,048,096
Valuation	22,354,575	69,677,265	4,459,733	-	-	-	96,491,573
	22,354,575	69,677,265	4,459,733	29,088,616	1,528,166	3,431,314	130,539,669
2002							
Net book value at 31 January							
Cost	-	-	-	25,824,631	1,718,025	11,878,434	39,421,090
Valuation	22,354,575	70,837,592	4,572,296	-	-	-	97,764,463
	22,354,575	70,837,592	4,572,296	25,824,631	1,718,025	11,878,434	137,185,553
Depreciation charge for the year	-	1,160,327	112,563	5,590,577	691,026	-	7,554,493

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

The long term leases are those which have an unexpired period of 50 years or more and short term leases are those which have an unexpired period of less than 50 years.

The freehold and leasehold properties stated at valuation were revalued by the directors based on a valuation carried out by an independent firm of professional valuers in 2000 on the open market value basis. The resultant revaluation surpluses amounting to RM54,713,743 for the Company and RM88,119,386 for the Group (including adjustments for revaluation in accumulated depreciation) had been credited directly to the asset revaluation reserve account.

The net carrying amounts of the revalued freehold and leasehold properties that would have been included in the financial statements had these properties been carried at cost less accumulated depreciation are as follows:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Freehold properties	46,823,562	47,656,603	8,816,436	8,816,436
Long term leasehold properties	22,396,127	22,948,913	20,049,609	20,488,504
Short term leasehold properties	779,611	809,623	779,611	809,623
	69,999,300	71,415,139	29,645,656	30,114,563

Certain freehold and leasehold properties of the Group and the Company with the following net carrying amounts are charged to a licensed bank for banking facilities granted to the Company.

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Freehold properties	65,403,611	66,105,306	-	-
Long term leasehold properties	34,584,076	35,140,373	27,365,159	27,847,755
Short term leasehold properties	4,459,733	4,572,296	4,459,733	4,572,296
	104,447,420	105,817,975	31,824,892	32,420,051

The banking facilities were not utilised by the Company at year end.

4. SUBSIDIARY COMPANIES

	Company	
	2003 RM	2002 RM
Unquoted shares, at cost	79,652,550	61,652,550

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

The subsidiary companies, which are all incorporated in Malaysia are as follows:

Name	Gross equity interest		Principal activities
	2003 %	2002 %	
Cold Rolling Industry (Malaysia) Sdn. Bhd.	100	100	Manufacturing and trading of cold rolled steel sheets in coils
Tokyo Steel Wire Sdn. Bhd.	100	100	Provision of engineering services
Maruichi Management Services Sdn. Bhd.	100	100	Investment holding and provision of management services
Maruichi (Malaysia) Realty Sdn. Bhd.	100	100	Property investment
* Kayun Steel Sdn. Bhd.	100	-	Manufacturing, distributing and trading in steel and iron products

* *Subsidiary not audited by Moores Rowland*

The financial statements of the newly acquired subsidiary company, Kayun Steel Sdn. Bhd. ("Kayun Steel") are consolidated based on its audited financial statements made up to the financial year 31 December 2002. The results for the one month ended 31 January 2003 are not included in the consolidated financial statements as the amount involved is not material.

5. OTHER INVESTMENTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Shares in corporations, at cost				
- quoted in Malaysia	95,800	95,800	7,400	7,400
- unquoted	1,411,200	1,411,200	1,411,200	1,411,200
	1,507,000	1,507,000	1,418,600	1,418,600
Market value of quoted shares	121,613	108,455	2,020	2,380

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

6. DEFERRED TAX ASSET

	Group	
	2003 RM	2002 RM
At 1 February	19,000,000	-
Transfer (to)/from income statement	(9,613,000)	19,000,000
At 31 January	<u>9,387,000</u>	<u>19,000,000</u>

Deferred tax asset represents future tax benefits and deductible timing differences recognised in a subsidiary company as there is a reasonable expectation that sufficient future taxable income will be generated to allow such benefits to be realised.

The future tax benefits and deductible timing differences recognised are as follows:-

	Group	
	2003 RM	2002 RM
Unabsorbed capital allowances	8,897,000	14,580,000
Deductible timing difference between net book value and tax written down value of property, plant and equipment	370,000	4,290,000
Other deductible timing differences	120,000	130,000
	<u>9,387,000</u>	<u>19,000,000</u>

7. INVENTORIES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Inventories stated at cost comprise:				
Raw materials	68,549,738	47,800,211	32,227,418	30,975,209
Work-in-progress	5,413,220	4,771,268	-	-
Finished goods	38,673,076	24,404,126	26,615,673	18,789,926
Consumables	985,308	768,947	137,884	241,463
	<u>113,621,342</u>	<u>77,744,552</u>	<u>58,980,975</u>	<u>50,006,598</u>

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Gross trade receivables	74,662,020	72,129,806	45,493,009	49,361,020
Less:				
Allowance for doubtful debts	3,676,795	4,591,968	3,676,795	4,591,968
	70,985,225	67,537,838	41,816,214	44,769,052
Other receivables	1,879,513	5,181,367	1,520,189	3,696,003
Deposits	10,265,048	10,207,601	10,136,757	10,123,478
Prepayments	125,700	77,665	43,260	39,945
	83,255,486	83,004,471	53,516,420	58,628,478
The currency exposure profile of trade receivables is as follows:				
- Ringgit Malaysia	69,578,792	65,883,192	40,409,781	43,114,406
- Singapore Dollar	1,373,449	1,654,646	1,373,449	1,654,646
- US Dollar	32,984	-	32,984	-
	70,985,225	67,537,838	41,816,214	44,769,052

All other receivables are denominated in Ringgit Malaysia.

Trade receivables comprise amounts receivables from the sales of goods and services rendered to customers. Other receivables are from the normal business transactions of the Group.

All trade receivables are granted credit periods of between 30 and 90 days.

9. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

The amount owing by the subsidiary companies has no fixed terms of repayment. The amount owing represents unsecured advances which are interest free except for an amount of RM40,000,000 (2002 : Nil) which was charged effective interest rates of between 4.00% and 4.05% per annum by the Company. The RM40,000,000 was placed by certain subsidiaries as time deposits in licensed financial institutions earning the same effective interest rates.

The amount owing to a subsidiary company represents trade payables which are unsecured, interest free and have a credit period of 30 days.

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

10. TIME DEPOSITS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Time deposits are placed with				
- licensed banks	173,383,678	118,556,513	125,820,000	49,300,000
- licensed finance companies	22,446,625	64,522,370	3,000,000	45,000,000
	195,830,303	183,078,883	128,820,000	94,300,000

All time deposits are denominated in Ringgit Malaysia and earn effective interest rates of between 2.20% and 4.25% (2002 : 2.67% and 4.35%) per annum. All the time deposits have maturity periods of less than one year.

11. TRADE AND OTHER PAYABLES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Trade payables	19,368,063	22,301,652	13,473,140	11,683,712
Other payables	3,022,607	3,329,131	1,646,577	1,946,411
Accruals	7,573,349	3,796,537	4,353,430	2,468,186
Deposits	72,305	65,305	72,305	65,305
	30,036,324	29,492,625	19,545,452	16,163,614
The currency exposure profile of trade payables is as follows:-				
Ringgit Malaysia	18,988,203	22,301,652	13,093,280	11,683,712
US Dollar	379,860	-	379,860	-
	19,368,063	22,301,652	13,473,140	11,683,712

All other payables are denominated in Ringgit Malaysia.

Trade payables represent amounts outstanding for trade purchases. Other payables are from the normal business transactions of the Group. The normal credit periods granted by trade creditors are between 7 days and 90 days.

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

12. SHARE CAPITAL

	2003		2002	
	Number of shares	Nominal value RM	Number of shares	Nominal value RM
Authorised				
Ordinary shares of RM1 each				
At 1 February	500,000,000	500,000,000	100,000,000	100,000,000
Increase during the year	-	-	400,000,000	400,000,000
At 31 January	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
Ordinary shares of RM1 each				
At 1 February	79,046,000	79,046,000	79,046,000	79,046,000
Bonus issue of 1 : 1	79,046,000	79,046,000	-	-
At 31 January	158,092,000	158,092,000	79,046,000	79,046,000

The bonus issue of 79,046,000 ordinary shares of RM1 each during the financial year was by way of capitalisation of the entire share premium account of RM62,881,240 and the balance of RM16,164,760 from the retained profit account of the Company.

13. RESERVES, NON-DISTRIBUTABLE

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Share premium	-	62,881,240	-	62,881,240
Asset revaluation reserve	95,560,662	95,560,662	59,693,474	59,693,474
	95,560,662	158,441,902	59,693,474	122,574,714

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

14. DEFERRED TAX LIABILITIES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
At 1 February	4,784,000	4,534,000	4,700,000	4,450,000
Transfer from income statement	221,000	250,000	200,000	250,000
At 31 January	5,005,000	4,784,000	4,900,000	4,700,000

The deferred tax liabilities comprise:-

Taxable timing differences between net book value and tax written down value of property, plant and equipment	5,305,000	5,114,000	5,200,000	5,030,000
Other deductible timing differences	(300,000)	(330,000)	(300,000)	(330,000)
	5,005,000	4,784,000	4,900,000	4,700,000

All material timing differences have been accounted for by the Group except that deferred tax liability is not provided on the surplus arising from the revaluation of properties as it is not the intention of the directors to dispose of these properties.

15. GROSS REVENUE

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Sale of goods	387,031,963	349,409,201	234,942,023	235,458,067
Processing service income	3,771,841	2,865,214	3,773,965	2,883,363
Dividend and interest income	45,349	46,004	-	-
	390,849,153	352,320,419	238,715,988	238,341,430

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

16. PROFIT BEFORE TAX

Profit before tax is stated
after charging:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Allowance for doubtful debts	-	3,321,968	-	3,321,968
Auditors' remuneration				
- current year	70,300	66,300	43,000	43,000
- underestimated in prior year	4,000	6,000	-	3,000
Depreciation	17,927,697	17,617,749	8,465,901	7,554,493
Directors' remuneration				
- fees	83,000	95,000	83,000	80,000
- other emoluments	6,464,943	3,026,146	6,464,943	2,930,688
Legal fees charged by a firm in which certain former directors of the Company have financial interests	-	20,000	-	20,000
Rental of premises	66,645	66,645	418,005	418,005

and crediting:

Allowance for doubtful debts written back	150,000	-	150,000	-
Gain on disposal of property, plant and equipment	31,000	57,732	31,000	26,500
Gross dividend income				
- subsidiary companies	-	-	12,268,000	12,268,000
- investments quoted in Malaysia	3,744	2,399	-	-
- unquoted investments	232,000	118,000	232,000	118,000
Interest income				
- subsidiary companies	-	-	2,428,291	-
- time deposits	6,041,493	5,955,897	2,336,720	3,653,504
- trade receivables	214,688	288,670	214,688	288,670
Realised gain on foreign exchange	442,580	282,966	442,580	282,966
Rental income	100,000	58,217	100,000	58,217

The estimated monetary value of benefits-in-kind received by the directors otherwise than in cash from the Group and the Company both amounted to RM106,548 (2002 : RM126,837 and RM122,631 respectively).

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

17. TAX EXPENSE

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Current tax expense				
- current year	(11,644,260)	(7,608,360)	(11,241,000)	(6,900,000)
- over/(under) estimated in prior year	146,318	(28,569)	146,318	-
	(11,497,942)	(7,636,929)	(11,094,682)	(6,900,000)
Deferred tax (expense)/income				
- current year	(9,834,000)	19,500,000	(200,000)	500,000
- underestimated in prior year	-	(750,000)	-	(750,000)
	(21,331,942)	11,113,071	(11,294,682)	(7,150,000)

The effective tax rate of the Group in previous financial year was low compared to the statutory rate because of the availability of capital allowances and unabsorbed capital allowances brought forward in a subsidiary company of which approximately RM27,500,000 had been utilised to set-off against the adjusted profit of the said subsidiary company.

The effective tax rate of the Company is low compared to the statutory rate because of the availability of tax incentives and tax exempt dividend income.

Based on estimated tax credits and tax exempt income available and the prevailing tax rate applicable to dividends, the entire unappropriated profit of the Company is available for distribution by way of dividends without incurring additional tax liability.

18. EARNINGS PER SHARE

Earnings per share is calculated based on profit after tax of the Group of RM56,201,621 (2002 : RM53,936,063) and on 158,092,000 (2002 : 158,092,000) shares in issue during the financial year after adjusting for bonus issue.

Earnings per share have been restated and retrospectively adjusted for the previous financial year as a result of a 1 for 1 bonus issue during the financial year under review.

19. ACQUISITION OF SUBSIDIARY COMPANY

In accordance with the conditional share sale agreement dated 22 November 2002, the Company acquired the entire issued and paid-up share capital of Kayun Steel, representing 3,019,733 ordinary shares of RM1 each at a cash consideration of RM18,000,000. The effective date of consolidation is 31 December 2002. The principal activity of the newly acquired subsidiary company is manufacturing, distributing and trading in steel and iron products. The acquisition was accounted for using the acquisition method of accounting. The goodwill on acquisition arising from the acquisition is RM15,665,732.

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

The effects of acquisition of Kayun Steel on the consolidated net profit, the consolidated financial position and the consolidated cash flow statement from the date of acquisition are as follows:

(a) Effect on consolidated net profit for the year

The acquisition of Kayun Steel has no effect on the consolidated net profit for the year.

(b) Effect on consolidated financial position

	RM
Non-current assets	2,336,169
Current assets	3,722,769
Current liabilities	(3,724,670)
	<hr/>
Increase in Group's share of net assets	2,334,268
	<hr/>

(c) Effect on consolidated cash flow statement

	RM
Net assets acquired	
Non-current assets	2,336,169
Current assets	3,722,769
Current liabilities	(3,724,670)
Goodwill on acquisition	15,665,732
	<hr/>
Total purchase consideration	18,000,000
Less:	
Cash and cash equivalents	(391,134)
	<hr/>
Net cash flows on acquisition	17,608,866
	<hr/>

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

20. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group has a controlling related party relationship with its subsidiary companies.

The Group also has related party relationship with the following related parties:-

- (a) A company in which a director of the Company, Madam Yang Yen Fang and former directors of the Company, En. Zain Azahari Bin Zainal Abidin and En. Zain Azlan Idris Bin Zain Azahari have financial interests:-
- Sumiputeh Steel Centre Sdn. Bhd.
- (b) Major corporate shareholders of the Company
- Sumitomo Corporation
 - Maruichi Steel Tube Ltd.
- (c) A subsidiary company of Maruichi Steel Tube Ltd.
- Maruichi Kohan Ltd.
- (d) A company in which a director of the Company, Madam Yang Yen Fang and former directors of the Company, En. Zain Azahari Bin Zainal Abidin and En. Zain Azlan Idris Bin Zain Azahari have financial interests:-
- Dimana Sdn. Bhd.
- (e) A legal firm in which two former directors of the Company, En. Zain Azahari Bin Zainal Abidin and En. Zain Azlan Idris Bin Zain Azahari are partners
- Zain & Co

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

Transactions with related parties during the financial year are as follows:-

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Purchases from:				
- Cold Rolling Industry (Malaysia) Sdn Bhd	-	-	48,983,597	46,228,905
- Sumitomo Corporation	278,746	1,825,435	278,746	1,825,435
- Sumiputeh Steel Centre Sdn. Bhd.	707,008	927,825	614,914	830,032
- Maruichi Kohan Ltd.	5,461,947	6,384,266	5,461,947	6,384,266
Forwarding charges by Dimana Sdn. Bhd.	2,749,271	2,426,379	498,965	463,739
Royalties charged by Maruichi Steel Tube Ltd.	1,223,368	1,320,053	-	-
Maintenance services provided by Tokyo Steel Wire Sdn. Bhd.	-	-	919,615	915,316
Rental of premises charged by Tokyo Steel Wire Sdn. Bhd.	-	-	360,000	360,000
Management services provided by Maruichi Management Services Sdn. Bhd.	-	-	12,000	12,000
Legal fees charged by Zain & Co	-	20,000	-	20,000
Sales to:				
- Sumiputeh Steel Centre Sdn. Bhd.	20,767,493	14,613,959	-	-
- Cold Rolling Industry (Malaysia) Sdn. Bhd.	-	-	11,893	13,600
Processing service charges to:				
- Sumiputeh Steel Centre Sdn. Bhd.	3,457,209	2,707,277	3,457,209	2,707,277
- Cold Rolling Industry (Malaysia) Sdn. Bhd.	-	-	2,124	18,150
Interest charged to:				
- Tokyo Steel Wire Sdn. Bhd.	-	-	813,301	-
- Maruichi Management Services Sdn. Bhd.	-	-	739,474	-
- Maruichi (Malaysia) Realty Sdn. Bhd.	-	-	875,516	-

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business.

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

Non-trade balances at year end with the subsidiaries are as follows:

	Company	
	2003 RM	2002 RM
Outstanding advances owing by		
- Cold Rolling Industry (Malaysia) Sdn Bhd	12,000,000	42,000,000
- Tokyo Steel Wire Sdn Bhd	2,784,467	29,392,960
- Maruichi (Malaysia) Realty Sdn Bhd	23,032,822	5,000
- Maruichi Management Services Sdn Bhd	18,036,784	-
- Kayun Steel Sdn Bhd	4,300,000	-

21. EMPLOYEES INFORMATION

	Group		Company	
	2003	2002	2003	2002
Staff costs	RM18,672,990	RM13,775,912	RM14,868,464	RM10,264,948
Number of employees at year end	307	305	202	199

22. CAPITAL COMMITMENT

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Approved capital expenditure contracted but not provided for in the financial statements	-	1,440,000	-	1,440,000

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

23. SEGMENT ANALYSIS

No segment analysis is presented as the Group is involved in a single industry segment relating to the manufacturing of steel products. The business of the Group is entirely carried out in Malaysia.

24. FINANCIAL INSTRUMENTS

(a) Credit risk

The entire financial assets of the Group are exposed to credit risk except for cash in hand, cash at banks and time deposits which are placed with licensed financial institutions in Malaysia. The Group's exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and period. Concentration of credit risk with respect to trade receivables is limited due to a wide spread of customers in various industries.

The Group does not require collateral in respect of financial assets. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(b) Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The effective interest rates for the interest earning financial assets at balance sheet date are disclosed in the respective notes to the financial statements.

(c) Market risk

The Group's exposure to market risk arises from changes in market price of its quoted investments. The management intends to hold the quoted investments for long term purposes, thus any short term unfavourable changes in market price has minimal impact to the Group.

(d) Foreign currency exchange risk

The Group's exposure to currency risk is monitored on an ongoing basis. The concentration of currency risk with respect to trade receivables and payables is minimal as the USD is pegged to Ringgit Malaysia.

The Group has not hedged against receivables which are denominated in Singapore Dollar as the marginal fluctuation of such rate is estimated to have minimal impact to the Group.

Notes to and Forming Part of the Financial Statements (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

(e) Fair values

The carrying amounts of the financial assets and liabilities of the Group and the Company at 31 January 2003 approximated their fair values except as stated below:

	Group		Company	
	Carrying amounts RM	Fair value RM	Carrying amounts RM	Fair value RM
Other investments				
Shares, at cost				
- quoted in Malaysia	95,800	121,613*	7,400	2,020*
- unquoted	1,411,200	**	1,411,200	**

* The quoted shares in Malaysia which are held for long term purposes are stated at its original cost. They are not stated at their fair values as the directors of the Company are of the opinion that the impairment loss at balance sheet date is only temporary as the market prices do not reflect the long term intrinsic values of these investments. The directors had evaluated these investments and based on past earnings and dividend streams, the carrying amounts would be recovered when sentiments and confidence in the local capital markets improve.

** It is not practicable to estimate the fair values of unquoted shares without incurring excessive costs. These investments are carried at their original costs in the balance sheet. At year end, the net tangible assets values of these investments based on the audited financial statements of the companies were RM20,854,800.

25. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Company and of the Group were authorised for issue by the directors on 28 March 2003.

Statement by Directors

In the opinion of the directors, the financial statements set out on pages 36 to 63 are drawn up:

- (a) so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 January 2003 and of their results and cash flows for the year then ended; and
- (b) in accordance with applicable approved accounting standards.

On behalf of the Directors

Y.A.M. TUNKU TAN SRI ABDULLAH IBNI
ALMARHUM TUANKU ABDUL RAHMAN
Chairman

Y.M. TUNKU DATO' YA'ACOB BIN TUNKU
ABDULLAH
Managing Director

28 March 2003

Statutory Declaration

I, Y.M. Tunku Dato' Ya'acob Bin Tunku Abdullah, being the director primarily responsible for the financial management of Maruichi Malaysia Steel Tube Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 36 to 63 are 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.

Subscribed and solemnly declared at)
Kuala Lumpur in the Federal Territory)
this 28 March 2003)
)
)
) Y.M. TUNKU DATO' YA'ACOB BIN TUNKU ABDULLAH

Before me:

LEONG TUCK ONN
Commissioner for Oaths

Properties Owned by Maruichi Malaysia Steel Tube Berhad & 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 53, Persiaran Selangor, 40200 Shah Alam,	22.5.2078	Factory cum office building.	196,144 sq.ft. (4.5 acres)	13	17,681,000
Lot 7, Jalan Gudang 2/9, 40200 Shah Alam, Selangor.	17.7.2068	Factory building.	43,000 sq.ft. (1 acre)	34	2,801,000
Lot 49, Jalan Utas, 40200 Shah Alam, Selangor.	13.4.2072	Factory building.	316,300 sq.ft. (7.3. acres)	29	26,030,000
Lot 10, Persiaran Selangor, 40200 Shah Alam, Selangor.	11.5.2085	Factory building.	220,437 sq.ft. (5 acres)	23	17,726,000
Lot 16, Jalan Pengapit 15/19, 40200 Shah Alam, Selangor.	8.4.2078	Factory building.	94,000 sq.ft. (2.1 acres)	25	7,172,000
Lot 717, Jalan Sungai Rasau, Seksyen 16, 40200 Shah Alam, Selangor.	Freehold	Factory cum office building.	781,423 sq.ft. (17.94 acres)	14	76,484,000
PLO 17, Jalan Gangsa, Kawasan Perindustrian, Pasir Gudang, 81700 Pasir Gudang, Johor.	5.5.2039	Industrial building for rental income.	217,800 sq.ft. (5 acres)	23	4,460,000
No.P.T. 17401, No.P.T. 17402, Mukim Kapar, Daerah Klang, Selangor.	Freehold	Vacant Industrial land.	283,140 sq.ft. (6.5 acres)	-	11,274,000

Properties Owned by Maruichi Malaysia Steel Tube Berhad & Its Subsidiaries (continued)

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 30 & Lot 36, Section 5, Phase 2B, Pulau Indah, Industrial Park, West Port, Selangor.	24.2.2097	Vacant Industrial land.	278,348 sq.ft. (6.39 acres)	-	5,438,000
<i>Note: The above properties were revalued in 2000</i>					
* Lot 2953, Mukim Kelemak, Daerah Alor Gajah, Melaka.	27.9.2082	Factory cum office building.	66,022 sq.ft. (1.5 acres)	17	738,000
<i>*Note: The above property was acquired in 1990</i>					
** No.60, Jalan Petaling Utama 9, Taman Petaling Utama, 46000 Petaling Jaya, Selangor.	4.3.2085	Shopoffice for office use and rental income.	6,600 sq.ft.	10	686,000
** Flat 28, Consort House, 26 Queensway, Paddington, London, W2 3RX.	23.3.2066	Apartment for corporate use.	Approximately 900 sq.ft.	33	2,250,000

*** Note: The above properties were acquired in 2002*

FORM OF PROXY

I / We
of
being (a) member(s) of the Company hereby appoint
of
or failing him
of

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Fourth Annual General Meeting of the Company to be held on 30 June 2003 and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

		FOR	AGAINST	ABSTAIN
RESOLUTION 1	RECEIVING OF REPORT AND FINANCIAL STATEMENTS			
RESOLUTION 2	DECLARATION OF DIVIDEND			
RESOLUTION 3	(A) TO APPROVE DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2003			
RESOLUTION 4	(B) TO APPROVE THE INCREASE IN NON-EXECUTIVE DIRECTORS' FEES FROM RM20,000 TO RM30,000 FOR THE FINANCIAL YEAR ENDING 31 JANUARY 2004			
RESOLUTION 5	RE-APPOINTMENT OF THE FOLLOWING DIRECTORS UNDER SECTION 129(6) OF THE COMPANIES ACT, 1965 - Y.A.M. TUNKU TAN SRI ABDULLAH IBNI ALMARHUM TUANKU ABDUL RAHMAN			
RESOLUTION 6	- YANG YEN FANG			
RESOLUTION 7	- SAW CHENG KIM			
	RE-ELECTION OF THE FOLLOWING DIRECTORS RETIRING UNDER ARTICLE 100			
RESOLUTION 8	- Y.M. TUNKU DATO' YA'ACOB BIN TUNKU ABDULLAH			
RESOLUTION 9	- HIROYUKI SUZUKI			
RESOLUTION 10	- AZLAN BIN ABDULLAH			
RESOLUTION 11	- MUK SAI TAT			
RESOLUTION 12	- Y.M. TENGKU AHMAD FUAD BIN TENGKU AHMAD BURHANUDDIN			
RESOLUTION 13	TO APPOINT MESSRS PRICEWATERHOUSECOOPERS AS AUDITORS OF THE COMPANY IN PLACE OF MESSRS MOORES ROWLAND			
RESOLUTION 14	TO AUTHORISE THE DIRECTORS TO ISSUE SHARES IN THE COMPANY PURSUANT TO S132D OF THE COMPANIES ACT, 1965			

Please indicate with an "X" in the appropriate spaces provided above on how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote as he deems fit, or, at his discretion, abstain from voting.

Signed this day of 2003

Signature _____

Shareholding	
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NOTES :-

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one (1) proxy in respect of each securities account.
3. The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 20.03, 20th Floor, Menara MAA, No.12, Jalan Dewan Bahasa, 50460 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Any alteration in the form of proxy must be initialled.
6. Explanatory notes to Special Business of the Agenda 6 :-
 - a. **Ordinary Resolution No. 1 - Change of Auditors**
A Nomination Letter has been received by a shareholder of the Company, a copy of which has been appended in the Annual report as Appendix 1 for easy reference, to appoint Messrs PricewaterhouseCoopers in place of the retiring auditors, Messrs Moores Rowlands.
 - b. **Ordinary Resolution No. 2 - Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965.**
This resolution is proposed pursuant to Section 132D of the Companies Act, 1965, and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors deem fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.