



DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and Company for the financial year ended 31 January 2005.

PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing and trading of steel pipes and tubes. The principal activities of the subsidiary companies 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, investment holding and engineering and technical consultancy services.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit after tax	54,531,466	21,549,230
Minority interest	(7,987,032)	-
Net profit for the financial year	<u>46,544,434</u>	<u>21,549,230</u>

DIVIDEND

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 2004	
- Final dividend of 10% tax exempt paid on 23 July 2004	<u>16,066,810</u>

The Directors recommend the payment of a first and final dividend of 13% less 28% tax amounting to RM15,067,709 for the financial year ended 31 January 2005, 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 other than as disclosed in the financial statements.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company implemented an ESOS on 5 December 2003 for a period of 5 years. The ESOS is governed by the by-laws which were approved by the shareholders on 21 November 2003.

The salient features and other terms of the ESOS are set out in Note 19 to the financial statements.

The Company has been granted exemption by the Registrar of Companies from having to disclose in this report the name of the persons to whom options have been granted during the period and details of their holdings. This information has been separately filed with the Registrar of Companies.

ISSUE OF SHARES

During the financial year, 2,661,800 and 6,000 new ordinary shares of RM1.00 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's ESOS at an exercise price of RM 2.35 per share and RM1.94 per share respectively.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.



DIRECTORS' REPORT

(continued)

DIRECTORS

The Directors who have held office during the period since the date of the last report are :

Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman

Tunku Dato' Ya'acob bin Tunku Abdullah

Tunku Dato' Seri Iskandar bin Tunku Abdullah

Tunku Yahaya @ Yahya bin Tunku Abdullah

Dato' Jaffar bin Ahmad Indot

Lim Kim Chuan

Azlan bin Abdullah

Terence Francis Mahony

Lee Ching Kion

Tengku Ahmad Fuad bin Tengku Ahmad Burhanuddin

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

(appointed on 3.5.2005)

In accordance with Section 129(6) of the Companies Act 1965, Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman and Dato' Jaffar bin Ahmad Indot, retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Article 100 of the Company's Articles of Association, Tengku Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah, who was appointed to the board subsequent to the date of the last Annual General Meeting, retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 95 of the Company's Articles of Association, Tunku Ya'acob bin Tunku Abdullah, Azlan bin Abdullah and Terence Francis Mahony retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the options granted pursuant to the Company's ESOS.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 6 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 he is a member, or with a company in which he has a substantial financial interest.





DIRECTORS' REPORT

(continued)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares and option over shares in the Company and its related corporations are as follows :

Melewar Industrial Group Berhad

Number of ordinary shares of RM1 each

	At 1.2.2004	Bought	Sold	At 31.1.2005
Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman - deemed interest	50,000,000	2,500,000	-	52,500,000
Tunku Dato' Ya'acob bin Tunku Abdullah - deemed interest	50,000,000	2,300,000	-	52,300,000
- direct interest	-	200,000	-	200,000
Tunku Yahaya @ Yahya bin Tunku Abdullah - deemed interest	50,000,000	2,500,000	-	52,500,000
Tunku Dato' Seri Iskandar bin Tunku Abdullah - deemed interest	50,000,000	2,500,000	-	52,500,000
Lim Kim Chuan - direct interest	-	140,000	-	140,000
Azlan bin Abdullah - direct interest	-	100,000	-	100,000

Number of options over ordinary shares of RM1 each

	At 1.2.2004	Exercised	Lapsed	At 31.1.2005
Tunku Dato' Ya'acob bin Tunku Abdullah	500,000	(200,000)	-	300,000
Lim Kim Chuan	350,000	(140,000)	-	210,000
Azlan bin Abdullah	250,000	(100,000)	-	150,000



DIRECTORS' REPORT

[continued]

Mycron Steel Berhad

	Number of ordinary shares of RM1 each			At 31.1.2005
	At 1.2.2004	Bought	Sold	
Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman - deemed interest	-	155,364,200	(42,355,034)	113,009,166
Tunku Dato' Ya'acob bin Tunku Abdullah - deemed interest	-	154,814,200	(42,355,034)	112,459,166
- direct interest	-	550,000	-	550,000
Tunku Dato' Seri Iskandar bin Tunku Abdullah - deemed interest	-	155,364,200	(42,355,034)	113,009,166
Tunku Yahaya @ Yahya bin Tunku Abdullah - deemed interest	-	155,364,200	(42,355,034)	113,009,166
Azlan bin Abdullah - direct interest	-	375,000	-	375,000
Lim Kim Chuan - direct interest	-	385,000	-	385,000

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and Company were made out, the Directors took reasonable steps :

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

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

- which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts, in the financial statements of the Group and Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or Company to meet their obligations when they fall due.



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

- (a) any charge on the assets of the Group or Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or Company which has arisen since the end of the financial year.

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 which would render any amount stated in the financial statements misleading.

In the opinion of the Directors,

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

SIGNIFICANT EVENTS DURING THE YEAR

Disposal of MSCRC to MSB

The Company on 11 August 2003 entered into a conditional sale and purchase agreement for the disposal of its entire equity interest in its wholly-owned subsidiary, Mycron Steel CRC Sdn Bhd ('MSCRC') to Mycron Steel Berhad ('MSB') for a sale consideration of RM134,061,998, to be satisfied by the issuance of 134,061,998 new MSB shares of RM1.00 each. The transaction was completed on 29 March 2004.

Capital distribution

The Company distributed 40,243,434 of MSB's ordinary shares it held to its shareholders on the basis of one (1) MSB share for every four (4) shares of the Company held by its shareholders. To facilitate this distribution, the Company had implemented a bonus issue to its shareholders by way of capitalisation of its assets revaluation reserve and retained profits. This bonus issue were immediately cancelled pursuant to Section 64 of the Companies Act, 1965 in return for the distribution of MSB shares to its shareholders. This was completed in June 2004.

Listing of MSB on the Main Board of the Bursa Securities

MSB on 25 May 2004 made a public offer of 44,938,000 new ordinary shares of RM1.00 each in MSB at an offer price of RM1.40 per new ordinary share in conjunction with the listing of and quotation of the entire enlarged issued and paid-up ordinary share capital of MSB on the Main Board of Bursa Securities. MSB was subsequently listed on 21 June 2004.

Acquisition of equity interest in Gindalbie Gold NL

The Company on 25 May 2004, accepted a share placement offer from Gindalbie Gold NL, Australia ("GBG") to subscribe for 12.84% of the enlarged issued and paid-up share capital of GBG comprising 27,000,000 ordinary shares in GBG for a cash consideration of AUD3,375,000 (equivalent to RM9,153,000). The investment in GBG was made via Melewar Steel Ventures Ltd, a new wholly-owned subsidiary of the Company incorporated in Labuan. The transaction was completed on 12 August 2004.

Acquisition of equity interest in Trenergy (Malaysia) Berhad

The Company on 17 January 2005, acquired 12,000,000 shares in Trenergy (Malaysia) Berhad ('Trenergy') representing approximately 16.03% of the issued and paid-up share capital of Trenergy through Melewar Steel Services Sdn Bhd, a wholly-owned subsidiary of MIG for a cash consideration of RM38,400,000.



DIRECTORS' REPORT

[continued]

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 4 May 2005.

**TUNKU TAN SRI ABDULLAH
IBNI ALMARHUM TUANKU ABDUL RAHMAN**

CHAIRMAN
4 May 2005

**TUNKU DATO' YA'ACOB
BIN TUNKU ABDULLAH**

MANAGING DIRECTOR





REPORT OF THE AUDITORS

TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD

We have audited the financial statements set out on pages 53 to 81. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those 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 assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB approved accounting standards in Malaysia so as to give a true and fair view of :
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and the Company as at 31 January 2005 and of the results and cash flows of the Group and the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

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.

Our audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

ERIC OOI LIP AUN
(No. 1517/06/06 (J))
Partner of the firm

Kuala Lumpur

4 May 2005

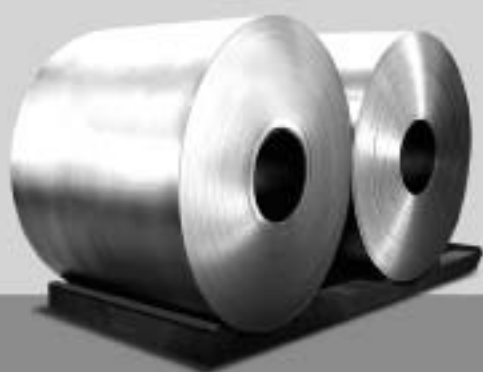


INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Gross revenue	4	598,721,663	462,254,868	289,401,311	213,711,631
Cost of sales		(504,643,289)	(389,327,992)	(246,356,721)	(181,586,125)
Gross profit		94,078,374	72,926,876	43,044,590	32,125,506
Other operating income		7,837,152	29,471,583	650,539	136,806,983
Selling and distribution costs		(6,363,309)	(5,205,308)	(4,347,041)	(3,311,794)
Administrative and general expenses		(19,906,659)	(13,488,929)	(9,052,524)	(9,767,028)
Profit from operations		75,645,558	83,704,222	30,295,564	155,853,667
Finance cost	5	(2,981,261)	(3,150,618)	(1,013,027)	(1,225,691)
Profit before tax	6	72,664,297	80,553,604	29,282,537	154,627,976
Tax	7	(18,132,831)	(16,113,488)	(7,733,307)	(6,613,027)
Profit after tax		54,531,466	64,440,116	21,549,230	148,014,949
Minority interest		(7,987,032)	150	-	-
Net profit for the financial year		46,544,434	64,440,266	21,549,230	148,014,949
Net dividends per share (sen)	21	9.4	209.6	9.4	209.6
Earnings per share	8				
- basic (sen)		29.0	40.7		
- diluted (sen)		28.8	40.6		





BALANCE SHEETS

AS AT 31 JANUARY 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
PROPERTY, PLANT AND EQUIPMENT	9	246,943,436	257,815,090	107,490,984	118,913,390
SUBSIDIARY COMPANIES	10	-	-	66,633,170	81,652,900
OTHER INVESTMENTS	11	51,054,146	849,000	3,501,148	760,600
DEFERRED TAX ASSET	12	-	500,000	-	-
CURRENT ASSETS					
Inventories	13	175,115,368	100,366,541	85,136,008	50,910,512
Trade and other receivables	14	122,156,381	82,027,762	55,940,280	43,804,465
Amount owing by subsidiary companies	15	-	-	38,141,613	19,257,201
Tax recoverable		1,288,047	1,876,930	1,194,859	1,713,388
Deposits with licensed financial institutions	16	5,850,000	30,812,280	2,450,000	29,000,000
Cash and bank balances	16	18,808,447	10,522,160	10,906,902	3,052,075
		<u>323,218,243</u>	<u>225,605,673</u>	<u>193,769,662</u>	<u>147,737,641</u>
Less:					
CURRENT LIABILITIES					
Trade and other payables	17	14,016,214	20,341,113	4,233,478	12,900,415
Amount owing to a subsidiary company	15	-	-	7,081,368	4,679,720
Tax payable		452,335	214,908	-	-
Borrowings	18	119,560,784	82,159,000	56,559,382	20,570,000
		<u>134,029,333</u>	<u>102,715,021</u>	<u>67,874,228</u>	<u>38,150,135</u>
NET CURRENT ASSETS		<u>189,188,910</u>	<u>122,890,652</u>	<u>125,895,434</u>	<u>109,587,506</u>
		<u>487,186,492</u>	<u>382,054,742</u>	<u>303,520,736</u>	<u>310,914,396</u>
Financed by:					
SHARE CAPITAL	19	160,979,800	158,312,000	160,979,800	158,312,000
RESERVES	20	44,187,415	72,193,125	18,844,328	35,591,418
RETAINED PROFITS		146,238,639	128,605,785	104,121,089	96,959,339
SHAREHOLDERS' EQUITY		<u>351,405,854</u>	<u>359,110,910</u>	<u>283,945,217</u>	<u>290,862,757</u>
MINORITY INTEREST		105,947,378	-	-	-
DEFERRED TAX LIABILITIES	12	29,833,260	22,943,832	19,575,519	20,051,639
		<u>487,186,492</u>	<u>382,054,742</u>	<u>303,520,736</u>	<u>310,914,396</u>



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2005

	Share capital RM	Treasury shares RM	Share premium RM	Asset revaluation reserve RM	Distributable			Total
					Retained profits RM	Dividends RM	Sub-total RM	
At 1 February 2004	158,312,000	-	297,000	71,896,125	112,774,585	15,831,200	128,605,785	359,110,910
Revaluation net of tax	-	-	-	56,722	-	-	-	56,722
Realisation of assets revaluation surplus on disposal of property, plant and equipment	-	-	-	(2,679,329)	2,679,329	-	2,679,329	-
Dilution of interest in subsidiary due to public issue of shares	-	-	-	(11,258,620)	11,258,620	-	11,258,620	-
Net gain not recognised in income statement	-	-	-	(13,881,227)	13,937,949	-	13,937,949	56,722
Issue of shares from exercise of share option	2,667,800	-	3,599,070	-	-	-	-	6,266,870
Net profit for the financial year	-	-	-	-	46,544,434	-	46,544,434	46,544,434
Dividend paid	-	-	-	-	(235,610)	(15,831,200)	(16,066,810)	(16,066,810)
Distribution of shares in subsidiary to shareholders	-	-	-	(17,000,000)	(26,782,719)	-	(26,782,719)	(43,782,719)
Shares repurchased	-	(723,553)	-	-	-	-	-	(723,553)
Proposed first and final Dividend of - 13% less 28% tax	-	-	-	-	(15,067,709)	15,067,709	-	-
At 31 January 2005	<u>160,979,800</u>	<u>(723,553)</u>	<u>3,896,070</u>	<u>41,014,898</u>	<u>131,170,930</u>	<u>15,067,709</u>	<u>146,238,639</u>	<u>351,405,854</u>

	Share capital RM	Share premium RM	Asset revaluation reserve RM	Distributable			Total
				Retained profits RM	Dividends RM	Sub-total RM	
At 1 February 2003	158,092,000	-	76,650,656	379,717,151	15,809,200	395,526,351	630,269,007
Revaluation deficit net of tax	-	-	(4,754,531)	-	-	-	(4,754,531)
Net loss not recognised in income statement	-	-	(4,754,531)	-	-	-	(4,754,531)
Issue of shares from exercise of share option	220,000	297,000	-	-	-	-	517,000
Net profit for the financial year	-	-	-	64,440,266	-	64,440,266	64,440,266
Dividend paid	-	-	-	-	(15,809,200)	(15,809,200)	(15,809,200)
Interim dividend paid	-	-	-	(315,551,632)	-	(315,551,632)	(315,551,632)
Proposed final dividend of 10% tax exempt	-	-	-	(15,831,200)	15,831,200	-	-
At 31 January 2004	<u>158,312,000</u>	<u>297,000</u>	<u>71,896,125</u>	<u>112,774,585</u>	<u>15,831,200</u>	<u>128,605,785</u>	<u>359,110,910</u>



STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2005

	Share capital RM	Treasury shares RM	Share premium RM	Asset revaluation reserve RM	Distributable			Total
					Retained profits RM	Dividends RM	Sub-total RM	
At 1 February 2004	158,312,000	-	297,000	35,294,418	81,128,139	15,831,200	96,959,339	290,862,757
Revaluation net of tax	-	-	-	56,722	-	-	-	56,722
Realisation of assets revaluation surplus on disposal of property, plant and equipment	-	-	-	(2,679,329)	2,679,329	-	2,679,329	-
Net gain not recognised in income statement	-	-	-	(2,622,607)	2,679,329	-	2,679,329	56,722
Issue of shares from exercise of share option	2,667,800	-	3,599,070	-	-	-	-	6,266,870
Net profit for the financial year	-	-	-	-	21,549,230	-	21,549,230	21,549,230
Distribution of shares in subsidiary to shareholders	-	-	-	(17,000,000)	(999,999)	-	(999,999)	(17,999,999)
Dividends paid	-	-	-	-	(235,610)	(15,831,200)	(16,066,810)	(16,066,810)
Shares repurchased	-	(723,553)	-	-	-	-	-	(723,553)
Proposed first and final dividend of - 13% less 28% tax	-	-	-	-	(15,067,709)	15,067,709	-	-
At 31 January 2005	<u>160,979,800</u>	<u>(723,553)</u>	<u>3,896,070</u>	<u>15,671,811</u>	<u>89,053,380</u>	<u>15,067,709</u>	<u>104,121,089</u>	<u>283,945,217</u>

	Share capital RM	Share premium RM	Asset revaluation reserve RM	Distributable			Total
				Retained profits RM	Dividends RM	Sub-total RM	
At 1 February 2003	158,092,000	-	43,680,916	258,940,099	15,809,200	274,749,299	476,522,215
Revaluation deficit net of tax	-	-	(2,830,575)	-	-	-	(2,830,575)
Realisation of revaluation surplus on disposal of property, plant and equipment	-	-	(5,555,923)	5,555,923	-	5,555,923	-
Net loss not recognised in income statement	-	-	(8,386,498)	5,555,923	-	5,555,923	(2,830,575)
Issue of shares from exercise of share option	220,000	297,000	-	-	-	-	517,000
Net profit for the financial year	-	-	-	148,014,949	-	148,014,949	148,014,949
Dividends paid - balance brought forward	-	-	-	-	(15,809,200)	(15,809,200)	(15,809,200)
Interim dividend payable	-	-	-	(315,551,632)	-	(315,551,632)	(315,551,632)
Proposed final dividend of 10% tax exempt	-	-	-	(15,831,200)	15,831,200	-	-
At 31 January 2004	<u>158,312,000</u>	<u>297,000</u>	<u>35,294,418</u>	<u>81,128,139</u>	<u>15,831,200</u>	<u>96,959,339</u>	<u>290,862,757</u>



CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2005

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	72,664,297	80,553,604	29,282,537	154,627,976
Adjustments for:				
Depreciation	15,394,151	14,958,428	5,601,324	5,334,849
Gain on disposal of property, plant and equipment	(552,564)	(110,050)	(96,179)	(50,000)
Property, plant and equipment written off	370	-	-	-
Gain on disposal of quoted investments	(209,851)	(25,288,231)	(99,681)	(25,288,231)
Loss on disposal of unquoted investments	174,000	-	174,000	-
Gain on deemed dilution of interest in subsidiary	(5,679,014)	-	-	-
Allowance for doubtful debts written back	-	(2,118,607)	-	(2,118,607)
Allowance for doubtful debts	2,428,517	902,287	612,149	902,287
Dividend income	(4,000)	(232,000)	(4,000)	(108,500,000)
Interest income	(750,141)	(3,642,646)	(389,677)	(2,872,752)
Interest expense	2,981,261	3,150,618	1,013,027	1,225,691
Operating profit before working capital changes	86,447,026	68,173,403	36,093,500	23,261,213
Changes in inventories	(74,748,827)	13,254,801	(34,225,496)	8,070,463
Changes in receivables	(42,557,136)	187,043	(12,747,964)	8,671,276
Changes in payables	(6,324,899)	(9,695,211)	(8,666,937)	(6,645,037)
Cash (used in)/generated from operations	(37,183,836)	71,920,036	(19,546,897)	33,357,915
Interest paid	(2,981,261)	(3,150,618)	(1,013,027)	(1,225,691)
Interest received	750,141	3,642,646	389,677	2,872,752
Tax paid	(9,337,663)	(10,972,561)	(7,111,471)	(10,455,766)
Net cash (used in)/generated from operating activities	(48,752,619)	61,439,503	(27,281,718)	24,549,210



CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2005
(continued)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in subsidiary	-	-	(2,980,267)	(2,000,350)
Purchase of property, plant and equipment	(12,628,906)	(5,155,179)	(1,446,243)	(3,183,151)
Proceeds from disposal of property, plant and equipment	8,135,898	136,767	6,840,800	8,469,004
Proceeds from disposal of Investment	292,748	26,428,231	94,180	26,428,231
Purchase of investment	(50,462,043)	-	(2,909,048)	-
Dividends received	4,000	232,000	4,000	108,424,960
(Advances to)/repayment from subsidiary companies	-	-	(16,482,764)	43,378,547
Issue of shares: - minority interest	59,856,638	150	-	-
Net cash (used in)/generated from Investing activities	(5,198,335)	21,641,969	(16,879,342)	181,517,241
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares: - exercise of share option	6,266,870	517,000	6,266,870	517,000
Dividends paid	(16,066,810)	(331,360,832)	(16,066,810)	(331,360,832)
Proceeds from borrowings	37,401,784	82,159,000	35,989,380	20,570,000
Repurchase of own shares	(723,553)	-	(723,553)	-
Net cash generated from/ (used in) financing activities	26,878,291	(248,684,832)	25,465,887	(310,273,832)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,675,993)	(165,603,360)	(18,695,173)	(104,207,381)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	41,334,440	206,937,800	32,052,075	136,259,456
CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note 16)	24,658,447	41,334,440	13,356,902	32,052,075



1 GENERAL INFORMATION

The principal activities of the Company are 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, investment holding and engineering and technical consultancy services.

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

The number of employees in the Group and Company at the end of the financial year was 358 and 198 (2004: 340 and 185) respectively.

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

The registered office of the Company is:

Suite 20.03, 20th Floor
Menara MAA
No. 12 Jalan Dewan Bahasa
50460 Kuala Lumpur

The principal place of business of the Company is:

Lot 53 Persiaran Selangor
40200 Shah Alam
Selangor Darul Ehsan

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies of the Group are summarised as below :

(a) Basis of preparation

The financial statements are prepared under the historical cost convention modified to include the revaluation of land and buildings, unless otherwise indicated in the accounting policies set out below.

The financial statements comply with MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

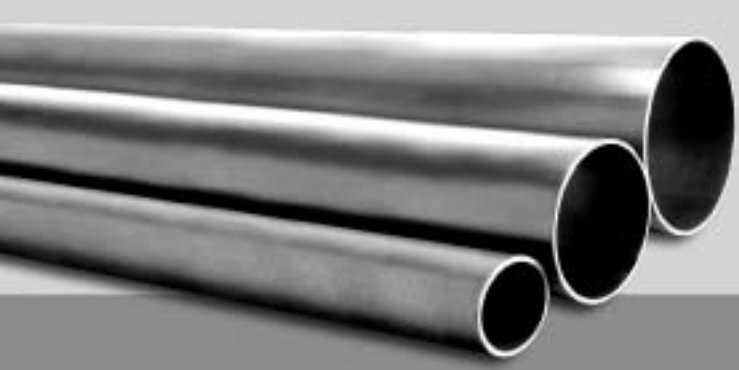
The preparation of financial statements in conformity with the provisions of the Companies Act 1965 and the MASB approved accounting standards in Malaysia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

(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.

Investment in subsidiary companies are stated at cost and written down when, in the opinion of the Directors, there is an impairment in value of the investments.





NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

(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. All material inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are also eliminated unless cost cannot be recovered.

The financial statements of the subsidiary companies are consolidated on the acquisition method of accounting. Under the acquisition method of accounting, subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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 consolidated financial statements. The difference between the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary companies acquired at the date of acquisition is reflected as goodwill or negative goodwill.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

(d) Goodwill or reserve on acquisition

The difference between the acquisition cost and the Group's share of the fair value of attributable net assets acquired at the dates of acquisition is reflected as either goodwill or reserve on acquisition as appropriate.

Goodwill or reserve on acquisition is written off / credited in the year of acquisition against reserves 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 leasehold properties which are stated at valuation less accumulated depreciation and accumulated impairment loss.

The Group revalues its properties comprising land and buildings at least once in every five years. Additions of land and buildings are stated at cost in the intervening 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 other cases, a decrease in carrying amount will be charged immediately to the income statement.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indication exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

(ii) Depreciation

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

Leasehold properties are depreciated 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 shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified. On disposal of an investment, the differences between net disposal proceeds and its carrying amount is charged / credited 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 cost basis. 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 carried at anticipated realisable value. An estimate is made on doubtful debts based on a review of all outstanding amounts on a periodic basis. Bad debts are written off during the financial year in which they are identified.

(i) Payables

Payables are stated at invoiced 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 equity.

Dividends on the ordinary shares, when declared 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 distributable reserves in the financial year in which the dividends are paid.

(k) Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. 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.





NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

(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 :

	2005 RM	2004 RM
USD1.00	3.80	3.80
SGD1.00	2.30	2.23

(m) Revenue recognition

Revenue 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

Sales 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.

(v) Rental income

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

(vi) Consultancy and project services

Consultancy and project services income is recognised based on percentage of completion basis.

(n) Income taxes

The tax expense in the income statement comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at balance sheet date.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.



(o) Cash and cash equivalents

Cash and 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 in the individual policy statement above.

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 assets and liabilities not recognised in the balance sheet.

(q) Employees' Benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave and bonuses are accrued in the period in which the associated services are rendered by the employees of the Company.

(ii) Defined contribution plan

The Group contributes to the Employee Provident Fund which is a defined contribution plan regulated and managed by the government. The contributions are charged to the income statement in the period to which they relate.

3 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 does not find it necessary to enter into derivative transactions based on its current level 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 from managing each of these risks and they are summarised below. These policies have remained unchanged during the financial year.

(a) 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, credit periods, 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 counter-party to be negligible.





NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

(b) 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 rate swap agreements.

The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable 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 mainly from changes in market price of its quoted investments. The management of the Group regards the market risk to be negligible and having minimal impact on the Group as the investments are held for long term purposes.

(d) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result 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 transaction.

(e) Liquidity and cash flow risk

The Group has prudent liquidity risk management of maintaining sufficient cash flow and does not face significant exposure from this risk.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available from time to time.

4 GROSS REVENUE

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Sale of goods	577,252,711	456,795,000	284,664,375	209,261,646
Processing service income	5,068,074	5,339,295	4,736,936	4,449,985
Dividend and interest income	7,150	7,773	-	-
Consultancy and project services	16,393,728	112,800	-	-
	<u>598,721,663</u>	<u>462,254,868</u>	<u>289,401,311</u>	<u>213,711,631</u>

5 FINANCE COST

Finance cost is in respect of the interest expense incurred on banker's acceptances, revolving credit and other borrowings taken by the Group and the Company during the financial year (refer Note 18).



NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

6 PROFIT BEFORE TAX

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Profit before tax is stated after charging:				
Allowance for doubtful debts	2,428,517	902,287	612,149	902,287
Auditors' remuneration				
- current year	120,100	87,150	53,000	48,000
- underestimated in prior year	-	8,000	-	5,000
Depreciation	15,394,151	14,958,428	5,601,324	5,334,849
Directors' remuneration				
- fees	624,000	665,000	480,000	495,000
- other emoluments	2,532,662	2,003,210	979,100	1,307,019
Staff costs	15,090,495	13,930,291	8,658,837	8,956,505
Rental of premises	155,940	87,015	405,000	522,700
Loss on disposal of unquoted investment	174,000	-	174,000	-
and crediting:				
Allowance for doubtful debts written back	-	2,118,607	-	2,118,607
Gain on disposal of property, plant and equipment	552,564	110,050	96,179	50,000
Gain on disposal of quoted investments	209,851	25,288,231	99,681	25,288,231
Gain on deemed dilution of interest in subsidiary	5,679,014	-	-	-
Gross dividend income				
- subsidiary companies	-	-	-	108,268,000
- investment quoted in Malaysia	7,150	4,680	-	-
- unquoted investments	4,000	232,000	4,000	232,000
Interest income				
- subsidiary companies	-	-	-	313,471
- time deposits	750,141	3,639,432	389,677	2,556,067
- trade receivables	-	3,214	-	3,214
Realised foreign exchange gain	214,243	409,520	-	383,080
Rental income	248,000	96,000	235,000	96,000

The estimated monetary value of benefits-in-kind received by the directors otherwise than in cash from the Group and the Company amounted to RM109,083 and RM69,952 (2004: RM66,265 and RM63,610) respectively.

The contribution to Employee Provident Fund included in staff cost and directors' remuneration amounted to RM1,852,840 (2004: RM1,796,090) for the Group and RM1,073,401 (2004: RM1,168,117) for the Company.



NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

7 TAX

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Current tax:				
- Malaysian tax	10,163,975	7,357,250	7,630,000	6,700,000
Deferred tax	7,968,856	8,756,238	103,307	(86,973)
	<u>18,132,831</u>	<u>16,113,488</u>	<u>7,733,307</u>	<u>6,613,027</u>
Profit from ordinary activities before tax	<u>72,664,297</u>	<u>80,553,604</u>	<u>29,282,537</u>	<u>154,627,976</u>
Tax calculated at the Malaysian tax rate of 28% (2004: 28%)	20,346,003	22,555,009	8,199,110	43,295,833
Tax effects of:				
- expenses not deductible for tax purposes	690,134	2,330,992	416,108	2,121,200
- income not subject to tax	(1,694,188)	(7,088,507)	(27,911)	(37,399,665)
- change in tax rate	-	(10,181)	-	-
- previously unrecognised tax losses	(355,118)	(1,673,825)	-	(1,404,341)
- Utilisation of reinvestment allowance	(854,000)	-	(854,000)	-
Tax expense	<u>18,132,831</u>	<u>16,113,488</u>	<u>7,733,307</u>	<u>6,613,027</u>

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



NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

8 EARNINGS PER SHARE

(a) Basic earnings per share

	Group	
	2005 RM	2004 RM
Net profit attributable to ordinary shareholders	46,544,434	64,440,266
Number of ordinary shares in issue at beginning of financial year	158,312,000	158,092,000
Effect of exercise of ESOS	2,248,283	18,333
Effect of share repurchase	(203,800)	-
Weighted average number of ordinary shares	160,356,483	158,110,333
Basic earnings per ordinary share (sen)	29.0	40.7

(b) Diluted earnings per share

	Group	
	2005 RM	2004 RM
Net profit attributable to ordinary shareholders	46,544,434	64,440,266
Weighted average number of ordinary shares calculated above	160,356,483	158,110,333
ESOS :		
Weighted average number of unissued shares		
- based on exercise price	5,639,200	8,307,000
- based on average fair value	(4,655,340)	(7,566,453)
Weighted average number of ordinary shares (diluted)	161,340,343	158,850,880
Diluted earnings per ordinary share (sen)	28.8	40.6



NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

9 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM	Long term leasehold land and buildings RM	Short term leasehold land and buildings RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
2005							
Cost/valuation							
At 1 February 2004							
Cost	1,775,000	3,717,502	-	270,388,428	8,808,839	4,623,575	289,313,344
Valuation	82,340,684	79,733,000	4,713,000	-	-	-	166,786,684
Total	84,115,684	83,450,502	4,713,000	270,388,428	8,808,839	4,623,575	456,100,028
Additions	-	6,474,789	-	1,387,275	1,005,392	3,578,351	12,445,807
Disposals	(6,446,935)	(700,000)	-	(5,266,317)	(584,790)	-	(12,998,042)
Transfers	-	-	-	5,211,312	-	(5,211,312)	-
Write-off	-	-	-	-	(570)	-	(570)
Revaluation	(522,705)	-	-	-	-	-	(522,705)
At 31 January 2005							
Cost	1,775,000	9,492,291	-	271,720,698	9,228,871	2,990,614	295,207,474
Valuation	75,371,044	79,733,000	4,713,000	-	-	-	159,817,044
	77,146,044	89,225,291	4,713,000	271,720,698	9,228,871	2,990,614	455,024,518
Accumulated depreciation							
At 1 February 2004							
	38,724	4,272,249	365,830	187,597,046	6,011,089	-	198,284,938
Charge for the year	1,069,478	2,305,001	140,400	11,308,057	571,215	-	15,394,151
Disposals	-	(22,165)	-	(5,233,848)	(341,795)	-	(5,597,808)
Write-off	-	-	-	-	(199)	-	(199)
At 31 January 2005	1,108,202	6,555,085	506,230	193,671,255	6,240,310	-	208,081,082
Net book value at 31 January 2005							
Cost	1,759,932	9,227,818	-	78,049,443	2,988,561	2,990,614	95,016,368
Valuation	74,277,910	73,442,388	4,206,770	-	-	-	151,927,068
	76,037,842	82,670,206	4,206,770	78,049,443	2,988,561	2,990,614	246,943,436
2004							
Net book value at 31 January 2004							
Cost	1,775,000	3,612,507	-	82,791,380	2,797,752	4,623,575	95,600,214
Valuation	82,301,960	75,565,746	4,347,170	-	-	-	162,214,876
	84,076,960	79,178,253	4,347,170	82,791,380	2,797,752	4,623,575	257,815,090



NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

9 PROPERTY, PLANT AND EQUIPMENT

Company	Freehold land and buildings RM	Long term leasehold land and buildings RM	Short term leasehold land and buildings RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
2005							
Cost/valuation							
At 1 February 2004							
Cost	1,775,000	-	-	99,782,853	6,866,093	4,623,575	113,047,521
Valuation	11,274,000	72,288,000	4,713,000	-	-	-	88,275,000
Total	13,049,000	72,288,000	4,713,000	99,782,853	6,866,093	4,623,575	201,322,521
Additions	-	-	-	72,016	203,207	1,171,020	1,446,243
Disposals	(6,446,935)	-	-	-	(542,696)	-	(6,989,631)
Transfers	-	-	-	5,211,312	-	(5,211,312)	-
Revaluation	(522,705)	-	-	-	-	-	(522,705)
At 31 January 2005							
Cost	1,775,000	-	-	105,066,181	6,526,604	583,283	113,951,068
Valuation	4,304,360	72,288,000	4,713,000	-	-	-	81,305,360
	6,079,360	72,288,000	4,713,000	105,066,181	6,526,604	583,283	195,256,428
Accumulated depreciation							
At 1 February 2004							
Charge for the year	15,067	3,771,062	365,830	73,135,076	5,137,163	-	82,409,131
Disposals	-	1,918,540	140,400	3,200,721	326,596	-	5,601,324
Write-off	-	-	-	-	(245,011)	-	(245,011)
At 31 January 2005	15,067	5,689,602	506,230	76,335,797	5,218,748	-	87,765,444
Net book value at 31 January 2005							
Cost	1,759,933	-	-	28,730,384	1,307,856	583,283	32,381,456
Valuation	4,304,360	66,598,398	4,206,770	-	-	-	75,109,528
	6,064,293	66,598,398	4,206,770	28,730,384	1,307,856	583,283	107,490,984
2004							
Net book value at 31 January 2004							
Cost	1,775,000	-	-	26,647,777	1,728,930	4,623,575	34,775,282
Valuation	11,274,000	68,516,938	4,347,170	-	-	-	84,138,108
	13,049,000	68,516,938	4,347,170	26,647,777	1,728,930	4,623,575	118,913,390





NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

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 the financial year 2004 on an open market value basis. The resultant revaluation deficits amounting to RM2,830,575 for the Company and RM4,754,531 for the Group 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	
	2005 RM	2004 RM	2005 RM	2004 RM
Freehold properties	44,389,873	48,324,051	2,354,754	6,122,360
Long term leasehold properties	21,440,770	19,610,714	19,171,819	19,610,714
Short term leasehold properties	719,587	749,599	719,587	749,599
	<u>66,550,230</u>	<u>68,684,364</u>	<u>22,246,160</u>	<u>26,482,673</u>

10 SUBSIDIARY COMPANIES

	Company	
	2005 RM	2004 RM
<u>Cost</u>		
Quoted shares	42,000,000	-
Unquoted shares	24,633,170	81,652,900
	<u>66,633,170</u>	<u>81,652,900</u>
Market value of quoted shares	<u>126,655,064</u>	-



NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

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

Name	Principal activities	Equity interest	
		2005 %	2004 %
Mycron Steel Berhad	Investment holding and provision of management services to subsidiaries	52.4	-
Mycron Steel CRC Sdn. Bhd.	Manufacturing and trading of cold rolled steel sheets in coils	52.4	100
Melewar Steel Services Sdn.Bhd. (formerly known as Tokyo Steel Wire Sdn. Bhd.)	Provision of engineering services and investment holding	100	100
Melewar Steel Assets Sdn. Bhd. (formerly known as Maruichi (Malaysia) Realty Sdn. Bhd.)	Property investment	100	100
Melewar Steel Tube Sdn. Bhd. (formerly known as Meleq Maruichi Steel Tube Sdn. Bhd.)	Investment holding and provision of management services	100	100
Melewar Steel Mills Sdn. Bhd. (formerly known as Meleq Malaysia Steel Sdn. Bhd.) *	Manufacturing, distributing and trading in steel and iron products	100	100
Melewar Integrated Engineering Sdn Bhd	Providing engineering, technical consultancy and project services	70	70
Melewar Steel Venture Ltd	Investment holding	100	100

* Audited by firm other than PricewaterhouseCoopers, Malaysia for financial year ended 31 January 2004.

11 OTHER INVESTMENTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Shares in corporations, at cost				
Investment in Malaysia				
- quoted	41,349,946	95,800	2,949,948	7,400
- unquoted	200,000	271,200	200,000	271,200
Investment in overseas				
- quoted	9,153,000	-	-	-
Club membership	351,200	482,000	351,200	482,000
	<u>51,054,146</u>	<u>849,000</u>	<u>3,501,148</u>	<u>760,600</u>
Market value of quoted shares	<u>44,297,955</u>	<u>189,099</u>	<u>2,878,605</u>	<u>2,560</u>

The Directors are of the opinion that the diminution in the value of the investments is of a temporary nature and the Company intends to hold the investment for long term purposes. Therefore, no allowance for diminution in value is made in respect of these investments.



NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

12 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet :

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Deferred tax assets	-	500,000	-	-
Deferred tax liabilities				
- subject to income tax	(28,872,848)	(20,969,028)	(19,478,036)	(19,374,732)
- subject to real property gains tax	(960,412)	(1,974,804)	(97,483)	(676,907)
	(29,833,260)	(22,943,832)	(19,575,519)	(20,051,639)
	<u>(29,833,260)</u>	<u>(22,443,832)</u>	<u>(19,575,519)</u>	<u>(20,051,639)</u>
At start of period/year (Charged)/credited to income statement :	(22,443,832)	(13,687,594)	(20,051,639)	(20,138,612)
- Property, plant and equipment	(4,100,998)	(3,713,256)	(265,707)	145,773
- Allowance for doubtful debts	162,400	(181,730)	162,400	(58,800)
- Unabsorbed capital allowances	(4,030,257)	(4,861,252)	-	-
Credited to Assets Revaluation Reserves	579,427	-	579,427	-
	(7,389,428)	(8,756,238)	476,120	86,973
	<u>(29,833,260)</u>	<u>(22,443,832)</u>	<u>(19,575,519)</u>	<u>(20,051,639)</u>
Subject to income tax				
Deferred tax assets (before offsetting)				
Property, plant and equipment	270,370	1,325,373	-	-
Allowance for doubtful debts	467,600	305,200	467,600	305,200
Unabsorbed capital allowances	-	4,030,257	-	-
	737,970	5,660,830	467,600	305,200
Offsetting	(737,970)	(5,160,830)	-	(305,200)
Deferred tax assets (after offsetting)	-	500,000	-	-
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(30,571,230)	(28,104,662)	(20,043,119)	(20,356,839)
Offsetting	737,970	5,160,830	467,600	305,200
Deferred tax liabilities (after offsetting)	<u>(29,833,260)</u>	<u>(22,943,832)</u>	<u>(19,575,519)</u>	<u>(20,051,639)</u>



NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

13 INVENTORIES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Inventories stated at cost comprise:				
Raw materials	93,486,107	51,334,178	50,058,694	28,498,005
Work-in-progress	12,148,802	10,684,507	-	-
Finished goods	67,873,754	37,312,387	34,513,266	22,256,874
Consumables	1,606,705	1,035,469	564,048	155,633
	<u>175,115,368</u>	<u>100,366,541</u>	<u>85,136,008</u>	<u>50,910,512</u>

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Gross trade receivables	112,104,649	71,479,230	50,549,452	34,820,050
Less: Allowance for doubtful debts	(3,518,517)	(1,992,287)	(1,702,149)	(1,992,287)
	<u>108,586,132</u>	<u>69,486,943</u>	<u>48,847,303</u>	<u>32,827,763</u>
Other receivables	2,238,510	1,651,281	1,242,817	712,492
Deposits	10,532,737	10,265,615	5,355,644	10,126,308
Prepayments	799,002	623,923	494,516	137,902
	<u>122,156,381</u>	<u>82,027,762</u>	<u>55,940,280</u>	<u>43,804,465</u>
The currency exposure profile of trade receivables is as follows:				
- Ringgit Malaysia	105,876,822	68,226,778	48,847,303	32,690,244
- Singapore Dollar	2,052,244	1,028,152	-	137,519
- US Dollar	657,066	232,013	-	-
	<u>108,586,132</u>	<u>69,486,943</u>	<u>48,847,303</u>	<u>32,827,763</u>

All other receivables are denominated in Ringgit Malaysia.

Trade receivables comprise amounts receivable 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.

15 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.

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 THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

16 CASH AND CASH EQUIVALENTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Deposits with licensed financial institutions	5,850,000	30,812,280	2,450,000	29,000,000
Cash and bank balances	18,808,447	10,522,160	10,906,902	3,052,075
	<u>24,658,447</u>	<u>41,334,440</u>	<u>13,356,902</u>	<u>32,052,075</u>

Bank balances are deposits held at call with banks.

All time deposits are denominated in Ringgit Malaysia and earn effective interest rates of between 2.62% and 2.64% (2004: 2.70% and 2.76%) per annum. All the time deposits have maturity periods of less than one year.

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Trade payables	4,278,385	13,539,885	476,405	9,200,215
Other payables	4,025,966	2,754,723	1,587,973	1,152,877
Accruals	5,230,673	3,958,050	1,687,910	2,458,868
Deposits	481,190	88,455	481,190	88,455
	<u>14,016,214</u>	<u>20,341,113</u>	<u>4,233,478</u>	<u>12,900,415</u>
The currency exposure profile of trade payables is as follows:				
Ringgit Malaysia	4,278,385	13,521,499	476,405	9,181,829
US Dollar	-	18,386	-	18,386
	<u>4,278,385</u>	<u>13,539,885</u>	<u>476,405</u>	<u>9,200,215</u>

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 and other creditors are between 7 and 90 days.



NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

18 BORROWINGS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Bankers acceptance	66,249,382	82,159,000	56,559,382	20,570,000
Revolving credit	34,800,000	-	-	-
Other borrowings	18,511,402	-	-	-
	<u>119,560,784</u>	<u>82,159,000</u>	<u>56,559,382</u>	<u>20,570,000</u>

The bankers' acceptances amounting to RM56,559,382 (2004: RM82,159,000) are unsecured and bear interest rates ranging between 3.23% and 3.85% per annum (2004: 3.34% and 4.16% per annum) and are repayable between 1 and 6 months (2004: 1 and 6 months).

The remaining bankers' acceptance amounting to RM9,690,000 is secured by a debenture over the fixed and floating assets of a subsidiary company and bear interest rates ranging between 3.35% and 3.45% per annum.

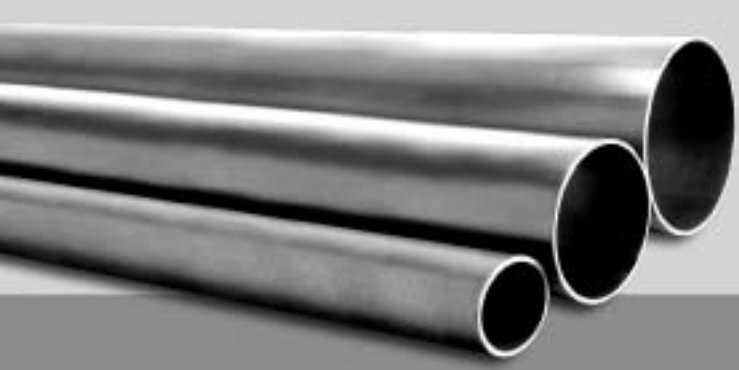
The revolving credit facility is secured by a debenture over the fixed and floating assets of a subsidiary company and bears interest rate of 3.85% per annum and repayable within 1 month.

The other borrowings of a subsidiary company is secured against the shares purchased and bears interest rate of 8.8% per annum and renewable every 3 months.

19 SHARE CAPITAL

	Group / Company			
	2005		2004	
	Number of shares RM	Nominal value RM	Number of shares RM	Nominal value RM
<u>Authorised</u>				
Ordinary shares of RM1 each At 1 February/At 31 January	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
<u>Issued and fully paid</u>				
Ordinary shares of RM1 each At 1 February	158,312,000	158,312,000	158,092,000	158,092,000
ESOS	2,667,800	2,667,800	220,000	220,000
At 31 January	<u>160,979,800</u>	<u>160,979,800</u>	<u>158,312,000</u>	<u>158,312,000</u>





NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

Employee Share Option Scheme

The Company implemented an Employee Share Option Scheme ("ESOS") which came into effect on 5 December 2003 for a period of 5 years. The ESOS is governed by the by-laws which were approved by the shareholders on 21 November 2003.

The main features of the ESOS are as follows :

- The total number of ordinary shares to be issued by the Company under the ESOS shall not exceed 10% of the total issued and paid-up ordinary shares of the Company, such that not more than 50% of the shares available under the ESOS is allocated, in aggregate, to directors and senior management.
- Not more than 10% of the shares available under the ESOS is allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company
- Only staff and executive directors of the Company who are full time confirmed employees and on the payroll of the Company are eligible to participate in the scheme.
- The entitlement of an eligible executive director shall first be approved by the shareholders of the Company in a general meeting.
- The options price under the ESOS is the average of the mean market quotation of the shares of the Company as quoted in the Daily Official List issued by the Bursa Securities for the five market days preceding the offer date, or the par value of the shares of the Company of RM1.00, whichever is higher.
- The options granted are exercisable in a particular year of the Scheme (the first year of the Scheme commencing from the date of the Scheme comes into force) shall at all times be subject to the following maximum percentages :

Maximum percentage of Options exercisable within each particular year of the Scheme

<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
40%	20%	20%	20%	-

- Options granted under the ESOS carry no dividend or voting rights. Upon exercise of the options, shares issued rank pari passu in all respects with existing ordinary shares of the Company.



NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

Set out below are details of options over the ordinary shares of the Company granted under the ESOS :

<u>Grant date</u>	<u>Expiry date</u>	<u>Exercise price RM/share</u>	<u>At start of year</u>	<u>Number of options</u>			<u>At end of year</u>
				<u>Granted</u>	<u>Exercised</u>	<u>Lapsed</u>	
5 December 2003	4 December 2008	1.94-2.35	8,307,000	-	(2,667,800)	-	5,639,200
					2005 RM		2004 RM
Number of share options vested at balance sheet date					2,228,400		3,190,800

Details relating to options exercised during the period are as follows :

<u>Exercise date</u>	<u>Number of ordinary share of RM1.00 each</u>	<u>Exercise price RM/share</u>	<u>Fair value RM/share</u>
06/02/2004	16,000	2.35	2.55
13/02/2004	162,000	2.35	2.54
20/02/2004	50,000	2.35	2.63
27/02/2004	7,000	2.35	2.74
05/03/2004	88,000	2.35	2.65
12/03/2004	22,000	2.35	2.79
19/03/2004	14,000	2.35	2.85
26/03/2004	89,000	2.35	2.89
02/04/2004	53,000	2.35	2.94
09/04/2004	335,000	2.35	2.95
16/04/2004	184,600	2.35	2.95
23/04/2004	1,288,400	2.35	3.02
26/04/2004	18,200	2.35	3.04
29/04/2004	334,600	2.35	3.00
03/12/2004	4,000	1.94	2.21
28/01/2005	2,000	1.94	2.17
	2,667,800		





NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

	2005 RM	2004 RM
Ordinary share capital – at par	2,667,800	220,000
Share premium	3,599,070	297,000
Proceeds received on exercise of share options	6,266,870	517,000
Fair value at exercise date of shares issued	7,846,566	574,460

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in an Extraordinary General Meeting held on 30 June 2003, approved to renew the authorisation to enable the Company to repurchase its own shares. The Board of Directors is of the opinion that empowering the Company to undertake the share buy back is in the best interest of the Company and will provide an opportunity to the Company to purchase its own shares for the purposes of stabilising the supply and demand, as well as the price of the Company's shares and consequently, the fundamental value of the Company may be preserved.

During the period, the Company repurchased 305,700 of its issued share capital from the open market on the Bursa Securities for RM723,553. The average prices paid for the shares repurchased was approximately RM2.37 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed under Section 67A of Companies Act, 1965. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended.

At the balance sheet date, the number of outstanding shares in issue after setting treasury share off against equity is 160,256,247.

20 RESERVES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<u>Non-distributable</u>				
Treasury shares (refer Note 19)	(723,553)	-	(723,553)	-
Share premium	3,896,070	297,000	3,896,070	297,000
Asset revaluation reserve	41,014,898	71,896,125	15,671,811	35,294,418
	44,187,415	72,193,125	18,844,328	35,591,418



21 DISTRIBUTION TO SHAREHOLDERS

During the year, the following distribution to its shareholders were made/proposed by the Company :

- (a) Distribution of shares held in Mycron Steel Berhad ('MSB') to its shareholders on the basis of one (1) MSB share for every four (4) shares of the Company held by its shareholders. This was completed by way of a capital distribution exercise as explained on page 50 of the Directors' Report;
- (b) A final 10% tax exempt dividend amounting to RM16,066,810 in respect of financial year ended 31 January 2004 was paid on 23 July 2004; and
- (c) A proposed final dividend of 13% less 28% tax amounting to RM15,067,709 for the financial year ended 31 January 2005 was recommended and subject to the approval of shareholders at the forthcoming Annual General Meeting.

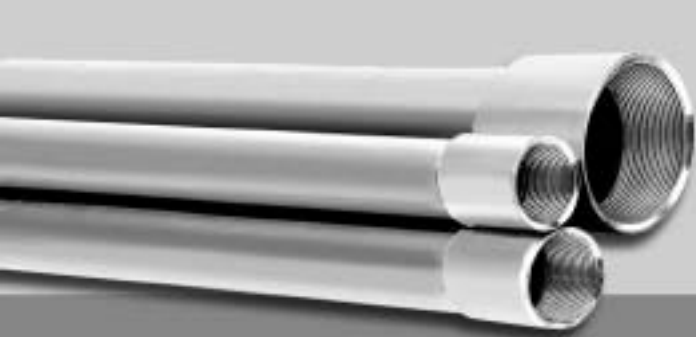
22 SIGNIFICANT RELATED PARTY TRANSACTIONS

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) Major former corporate shareholders of the Company
 - Sumitomo Corporation
 - Maruichi Steel Tube Ltd.
- (b) A subsidiary company of Maruichi Steel Tube Ltd.
 - Maruichi Kohan Ltd.
- (c) A Company in which a former director of the Company, Madam Yang Yen Fang has financial interest :
 - Dimana Sdn Bhd
- (d) A Company in which directors of the Company, Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman, Tunku Dato' Ya'acob bin Tunku Abdullah, Tunku Yahaya @ Yahya bin Tunku Abdullah and Tunku Dato' Seri Iskandar bin Tunku Abdullah have or deem to have financial interests in :
 - Mitra Malaysia Sdn. Bhd.
 - Trace Management Services Sdn Bhd
 - Malaysian Assurance Alliance Berhad
 - Wira Security Services Sdn. Bhd.
 - MAA Corporate Advisory Sdn. Bhd.





NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

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

	Group	
	2005 RM	2004 RM
Purchases from:		
- Sumitomo Corporation	-	509,312
- Maruichi Kohan Ltd.	-	2,314,630
Forwarding charges by Dimana Sdn. Bhd.	-	2,618,629
Corporate Secretarial Services provided by		
- Trace Management Services Sdn Bhd	177,777	36,572
Corporate Consultancy Services provided by		
- MAA Corporate Services Sdn Bhd	1,124,889	139,250
Travel tickets provided by		
- Mitra Malaysia Sdn Bhd	253,227	12,003
Provision of insurance business		
- Malaysia Assurance Alliance Berhad	891,370	582,030
Security Guard Services provided by		
- Wira Security Services Sdn Bhd	231,296	146,728

The ESOS granted to Directors of the Company is disclosed in page 48 of the Directors' Report.

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and on terms and conditions agreed between the respective parties.

23 SEGMENT ANALYSIS

No segment analysis is presented as substantially all of the Group's contribution and assets relates to a single industry segment relating to the manufacturing of steel products. The business of the Group is entirely carried out in Malaysia.



NOTES TO THE FINANCIAL STATEMENTS

31 JANUARY 2005 (continued)

24 FINANCIAL INSTRUMENTS

Fair values

The carrying amounts of the financial assets and liabilities of the Group and the Company at 31 January 2005 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	50,502,946	44,297,955	2,949,948	2,878,605
- unquoted	200,000	-	200,000	-

It is not practicable to estimate the fair value of unquoted shares without incurring extra cost. These investment are carried at their original costs in the balance sheet. At year end, the net tangible assets values of these investments based on the financial statements of the companies were RM414,638.

25 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows :

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Property, plant and equipment				
- Authorised and contracted for	9,972,173	-	1,590,893	-

26 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Company and of the Group were authorised for issue by the Board of Directors on 4 May 2005.





STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tunku Tan Sri Abdullah Ibni Almarhum Tuanku Abdul Rahman and Tunku Dato' Ya'acob bin Tunku Abdullah, being two of the Directors of Melewar Industrial Group Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 53 to 81 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 January 2005 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 4 May 2005.

**TUNKU TAN SRI ABDULLAH IBNI
ALMARHUM TUANKU ABDUL RAHMAN**

CHAIRMAN

Kuala Lumpur
4 May 2005

**TUNKU DATO' YA'ACOB BIN
TUNKU ABDULLAH**

MANAGING DIRECTOR

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Tunku Dato' Ya'acob bin Tunku Abdullah, the Director primarily responsible for the financial management of Melewar Industrial Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 53 to 81 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

TUNKU DATO' YA'ACOB BIN TUNKU ABDULLAH

Subscribed and solemnly declared by the abovenamed Tunku Dato' Ya'acob bin Tunku Abdullah, at Kuala Lumpur in Malaysia on 4 May 2005, before me :

LEONG TUCK ONN
COMMISSIONER FOR OATHS



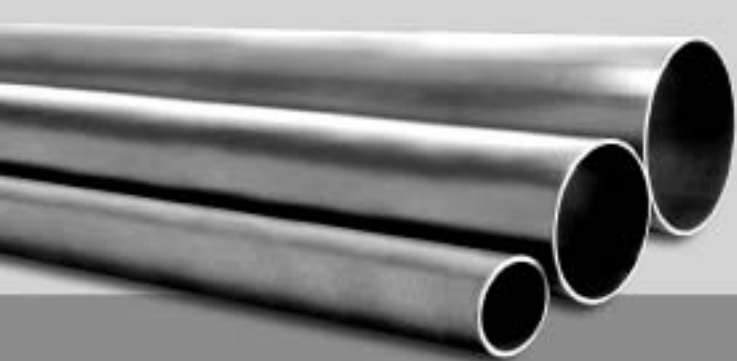
PROPERTIES

OWNED BY MELEWAR INDUSTRIAL GROUP 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	96,144 sq.ft. (4.5 acres)	15	17,009,000
Lot 7, Jalan Gudang 2/9, 40200 Shah Alam Selangor.	17.7.2068	Factory building	43,000 sq.ft. (1 acres)	36	2,641,000
Lot 49, Jalan Utas, 40200 Shah Alam Selangor.	13.4.2072	Factory building	316,300 sq.ft. (7.3 acres)	31	24,548,000
Lot 10, Persiaran Selangor, 40200 Shah Alam Selangor.	11.5.2085	Factory building	220,437 sq.ft. (5 acres)	25	17,077,000
Lot 16, Jalan Pengapit 15/19, 40200 Shah Alam Selangor.	8.4.2078	Factory building	94,000 sq.ft. (2.1 acres)	27	6,844,000
Lot 717, Jalan Sungai Rasau, Seksyen 16, 40200 Shah Alam Selangor.	Freehold	Factory cum office building	781,423 sq.ft. (17.94 acres)	16	69,974,000
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)	25	4,207,000
No.P.T.17402, Mukim Kapar, Daerah Klang, Selangor.	Freehold	Vacant Industrial Land	107,611 sq.ft. (2.5 acres)	-	4,304,000
Lot 30 & Lot 36, Section 5, Phase 2B, Pulau Indah, Industrial Park, West Park, Selangor.	24.2.2097	Vacant Industrial Land	278,348 sq.ft. (6.39 acres)	-	5,323,000

Note: The above properties were revalued in 2000





PROPERTIES

OWNED BY MELEWAR INDUSTRIAL GROUP 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 2953, Mukim Kelemak, Daerah Alor Gajah, Melaka.	27.9.2082	Factory cum office building	66,022 sq.ft. (1.5 acres)	19	723,000
* Note: The above property was acquired in year 1990					
** Flat 28, Consort House, 26 Queensway, Paddington, London W2 3RX.	23.3.2066	Apartment for corporate use	Approximately 900 sq.ft.	35	2,160,000
** Note: The above property was acquired in year 2002					
*** No. 5, Jalan Jasmin 4 Section BB10, Bandar Bukit Beruntung 48300 Serendah Selangor.	Freehold	Factory cum office building	87,122 sq.ft. (2.1 acres)	10	1,760,000
*** Flat 10, 19-23 Palace court London W2 4LP.	30.9.2995	Apartment for corporate use	Approximately 1456 sq.ft.	9	6,345,000
*** Note: The above properties were acquired in year 2004					





MELEWAR INDUSTRIAL GROUP BERHAD
(8444-W)

FORM OF PROXY

(please refer to the notes behind)

No. of ordinary shares held

I / We _____ NRIC No. / Co. No. / CDS No. _____
(Full Name in block letters)

of _____
(Full address)

being a member / members of **MELEWAR INDUSTRIAL GROUP BERHAD** hereby appoint the following person(s) :-

Name of proxy, NRIC No. & Address

No. of shares to be represented by proxy

1. _____

2. _____

or failing him / her, the Chairman of the Meeting as my / our proxy to vote for me / us and my / our behalf at the Thirty-Sixth Annual General Meeting of the Company to be held at the Auditorium, Podium 1, Menara MAA, No. 12 Jalan Dewan Bahasa, 50460 Kuala Lumpur on Thursday, 30 June 2005, at 2.00 p.m. My / our proxy is to vote as indicated below :-

		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
RESOLUTION 1	TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2005 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND THE AUDITORS THEREON.				
RESOLUTION 2	TO APPROVE THE PAYMENT OF DIRECTORS' FEES IN RESPECT OF THE YEAR ENDING 31 JANUARY 2006 TO BE PAYABLE QUARTERLY IN ARREARS.				
RESOLUTION 3	TO APPROVE THE PAYMENT OF A FIRST AND FINAL DIVIDEND OF 13% LESS 28% TAX IN RESPECT OF THE FINANCIAL YEAR ENDED 31 JANUARY 2005.				
RESOLUTION 4	TO RE-ELECT TUNKU TAN SRI ABDULLAH IBNI ALMARHUM TUANKU ABDUL RAHMAN, WHO IS OVER 70 YEARS OF AGE, AS DIRECTOR TO HOLD OFFICE UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY.				
RESOLUTION 5	TO RE-ELECT DATO' JAFFAR BIN AHMAD INDOT, WHO IS OVER 70 YEARS OF AGE, AS DIRECTOR TO HOLD OFFICE UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY.				
RESOLUTION 6	TO RE-ELECT TUNKU DATO' YA'ACOB BIN TUNKU ABDULLAH AS DIRECTOR RETIRING UNDER ARTICLE 95.				
RESOLUTION 7	TO RE-ELECT AZLAN BIN ABDULLAH AS DIRECTOR RETIRING UNDER ARTICLE 95.				
RESOLUTION 8	TO RE-ELECT TERENCE FRANCIS MAHONY AS DIRECTOR RETIRING UNDER ARTICLE 95.				
RESOLUTION 9	TO RE-ELECT TENGKU DATUK SERI AHMAD SHAH IBNI ALMARHUM SULTAN SALAHUDDIN ABDUL AZIZ SHAH AS DIRECTOR RETIRING UNDER ARTICLE 100.				
RESOLUTION 10	TO RE-APPOINT MESSRS PRICEWATERHOUSECOOPERS AS AUDITORS OF THE COMPANY.				
RESOLUTION 11	TO AUTHORISE THE DIRECTORS TO ALLOT AND ISSUE SHARES IN THE COMPANY PURSUANT TO S132D OF THE COMPANIES ACT, 1965.				
RESOLUTION 12	TO AUTHORISE THE DIRECTORS TO ISSUE SHARES IN THE COMPANY PURSUANT TO THE EMPLOYEES' SHARE OPTION SCHEME.				
RESOLUTION 13	TO AUTHORISE THE RENEWAL OF SHARE BUY-BACK AUTHORITY.				
RESOLUTION 14	TO APPROVE THE RENEWAL OF SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS.				
RESOLUTION 15	TO APPROVE THE NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS.				

(Please indicate with a "✓" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his / her discretion).

Dated this _____ day of _____ 2005

Signature / Common Seal

NOTES :-

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one (1) proxy in respect of each securities account.
3. The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 20.03, 20th Floor, Menara MAA, No. 12, Jalan Dewan Bahasa, 50460 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Any alteration in the form of proxy must be initialed.
6. Explanatory notes to Special Business of the Agenda B :-
 - a. **Ordinary Resolution 1 - Authority to allot and issue shares in general pursuant to Section 1320 of the Companies Act, 1965.**
This resolution is proposed pursuant to Section 1320 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.
 - b. **Ordinary Resolution 2 - Authority to allot and issue shares in general pursuant to Employees' Share Option Scheme ("ESOS")**
On 21 November 2003, the shareholders of the Company had approved the ESOS. The purpose of this ordinary resolution is to enable the Directors of the Company to allot shares to those employees and executive directors who have exercised their option under the Company's ESOS.
 - c. **Ordinary Resolution 3 - Proposed Renewal of Share Buy-Back Authority**
The proposed ordinary resolution, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilising its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. The details of the proposed ordinary resolution 3 are given under Part A of the Circular to Shareholders dated 8 June 2005 which is despatched together with the Company's 2005 Annual Report.
 - d. **Ordinary Resolution 4 - Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions**
The Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions is sought for the Company and / or its subsidiaries to enter into Recurrent Related Party Transactions with related parties which are necessary for the day-to-day operations of the MIG Group and are based on normal commercial terms that are not more favourable to the related parties than those generally made available to the public and are not detrimental to the minority shareholders of the Company.
 - e. **Ordinary Resolution 5 - Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions**
The Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions is sought for the Company and / or its subsidiaries to enter into New Recurrent Related Party Transactions with related parties which are necessary for the day-to-day operations of the MIG Group and are based on normal commercial terms that are not more favourable to the related parties than those generally made available to the public and are not detrimental to the minority shareholders of the Company.

Further information on the Recurrent Related Party Transactions covered under Ordinary Resolutions 4 and 5 are set out in the Circular to Shareholders of the Company dated 8 June 2005 which is despatched together with the Company's 2005 Annual Report.

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The Secretary
MELEWAR INDUSTRIAL GROUP BERHAD
Suite 20.03, 20th Floor, Menara MAA
No. 12, Jalan Dewan Bahasa
50460 Kuala Lumpur

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NOTICE

There will be no distribution of door gifts.