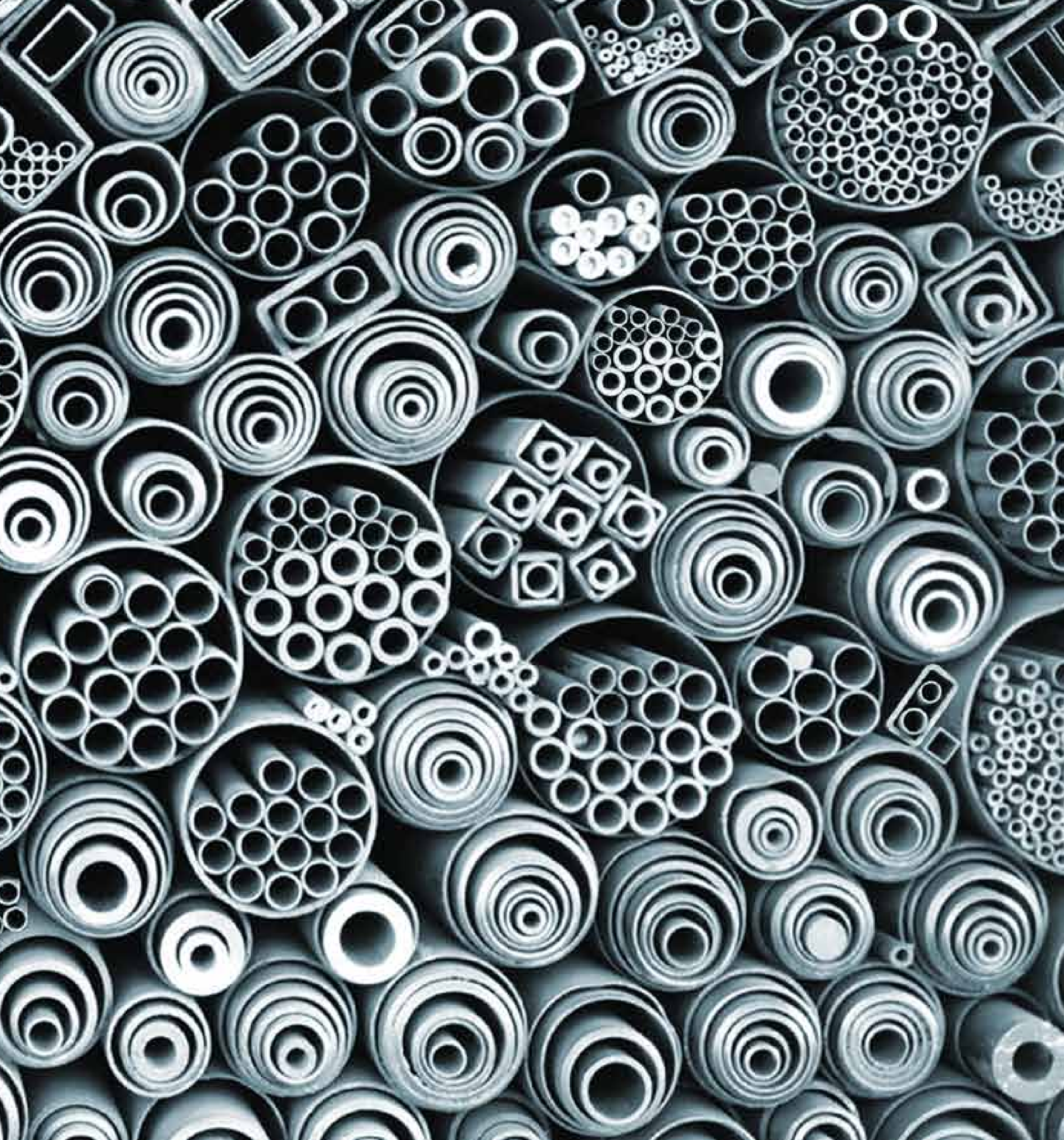


MELEWAR INDUSTRIAL GROUP BERHAD

(8444-W)

ANNUAL REPORT 2014

Contents

NOTICE OF FORTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **45TH ANNUAL GENERAL MEETING** of the Company will be held at **Crystal Function Room, 4th Floor, Mutiara Complex, 3 ½ Miles, Jalan Ipoh, 51200 Kuala Lumpur** on **Tuesday, 9 December 2014** at **1.30 p.m.** for the following purposes:

AGENDA

AS ORDINARY BUSINESS **Resolution**

1. To receive the Audited Financial Statements for the year ended 30 June 2014 together with the Reports of the Directors and the Auditors thereon. **Please refer to Explanatory Note A**

2. To approve the payment of Directors' fees amounting to RM308,400 for the financial year ending 30 June 2015 to be payable quarterly in arrears. **1**

3. To re-elect Major General Datuk Lai Chung Wah (Rtd) who is retiring pursuant to Section 129(6) of the Companies Act, 1965 ("the Act") and to hold office until the conclusion of the next Annual General Meeting ("AGM"). **2**

4. To re-elect the following Directors of the Company who are retiring pursuant to Article 96 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (i) Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah **3**
   (ii) En Azlan bin Abdullah **4**

5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **5**

AS SPECIAL BUSINESS

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

ORDINARY RESOLUTIONS

(a) **Proposed Renewal of Share Buy-Back Authority** **6**

"THAT, subject to the Act, provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant regulatory authorities, the Company be and is hereby authorised to exercise a buy-back of its ordinary shares as determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors in their discretion deem fit and expedient in the interest of the Company ("Proposed Share Buy-Back") provided that:

(i) the maximum number of ordinary shares which may be purchased or held by the Company shall be equivalent to 10% of the issued and paid-up share capital of the Company at the point of purchase;

(ii) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits and/or share premium account of the Company at the time of the purchase(s);

(iii) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next AGM of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at a general meeting, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

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

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of the purchase(s) of its shares by the Company, the Directors be and are hereby authorised to:

(a) cancel the shares so purchased;

(b) retain the shares so purchased as treasury shares, either to be distributed as dividends to the shareholders and/or resold on the market of Bursa Securities;

(c) retain part of the shares so purchased as treasury shares and cancel the remainder; or

(d) deal in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Main Market Listing Requirements of Bursa Securities and any other relevant authority for the time being in force

AND THAT the Directors be and are hereby authorised to do all such acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any condition, modification, variations and/or amendment as may be imposed by the relevant authorities and to do all such steps, acts and things as the Directors may deem fit and expedient in the best interest of the Company."

(b) **Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")** **7**

"THAT the mandate granted by the shareholders of the Company on 29 November 2013 pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities, authorising the Company and its subsidiaries ("the MIG Group") to enter into the RRPTs which are necessary for the MIG Group's day-to-day operations as set out in Section 3.3(A) and (B) of Part B of the Circular to Shareholders dated 17 November 2014 ("the Circular") with the related parties mentioned therein, be and is hereby renewed, AND THAT mandate be and is hereby granted by the shareholders of the Company to apply to the new RRPTs as set out in Section 3.3(C) of Part B of the Circular with the related party mentioned therein, provided that:

(a) the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders of the Company;

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

(c) disclosure will be made in the Annual Report providing the breakdown of the aggregate value of the transactions conducted pursuant to the mandate during the financial year, amongst others, based on the following information:

(i) the type of the RRPTs made; and

(ii) the names of the related parties involved in each type of the RRPTs made and their relationship with the Company.

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

(i) the conclusion of the next AGM of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at that meeting or Extraordinary General Meeting whereby the authority is renewed; or

(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

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

whichever is earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(c)	**Authority to Issue and Allot Shares Pursuant to Section 132D of the Act**	**8**
	"THAT, subject always to the Act, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Section 132D of the Act, to issue and allot shares in the Company at any time until the conclusion of the next AGM, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued."	
	SPECIAL RESOLUTION	
(d)	**Proposed Adoption of a New Set of Memorandum and Articles of Association of the Company**	**9**
	"THAT the entire set of Memorandum and Articles of Association ("M&A") as set out in the Appendix 1 of the Circular to Shareholders of the Company dated 17 November 2014 be adopted in substitution for and to the exclusion of the M&A of the Company now subsisting AND THAT the Directors of the Company and Company Secretary be and are hereby authorised to take all such steps and carry out all the necessary formalities to give full effect to the proposed adoption of the Company's new M&A."	

By Order of the Board

LILY YIN KAM MAY (MAICSA 0878038)
SOON LEH HONG (MIA 4704)
Company Secretaries

Kuala Lumpur
17 November 2014

NOTES:

1. Applicable to shares held through a nominee account.

2. A proxy may but need not be a member of the Company, and the provision of Section 149(1)(a) & (b) of the Act shall not apply to the Company.

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

4. 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.

5. The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 12.03, 12th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

6. Any alteration in the Form of Proxy must be initialled.

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

8. For the purpose of determining a member who shall be entitled to attend this 45th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 56(2.1), 56(2.2) and 56(2.3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 3 December 2014. Only a depositor whose name appears on the Record of Depositors as at 3 December 2014 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.

9. (i) Explanatory Note to Ordinary Business of Agenda 1 (Explanatory Note A):
   This Agenda item is meant for discussion only as the provision of Section 169(1) of the Act, does not require a formal approval of the shareholders and hence, is not put forward for voting.

   (ii) **Re-election of Director**
   Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah, aged 59, who was appointed as a director of the Company on 3 May 2005 and had served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years will retire pursuant to Article 96 of the Company's Articles of Association and will not seek re-election in view of recommendation 3.2 of Malaysian Code on Corporate Governance 2012. Hence, he will retain office until the close of the 45th AGM.

(iii) Explanatory Notes to Special Business of Agenda 6:

(a) Proposed Renewal of Share Buy-Back Authority
The Proposed Resolution 6, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilising its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

(b) Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")
The Proposed Resolution 7, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

(c) Authority to Issue and Allot Shares Pursuant to Section 132D of the Act
The Ordinary Resolution proposed under Resolution 8 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

This resolution will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to and not exceeding in total ten percent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 44th AGM held on 29 November 2013 and which will lapse at the conclusion of the 45th AGM to be held on 9 December 2014.

(d) Proposed Adoption of a New Set of Memorandum and Articles of Association of the Company
The Proposed Resolution 9, Adoption of a new set of Memorandum and Articles of Association is to streamline the Company's Memorandum and Articles of Association to be aligned with the new and/or amended provisions of the Main Market Listing Requirements of Bursa Securities and other prevailing statutory and regulatory requirements and/or other applicable rules and guidelines which have been revised.

The detailed information on Special Business of Agenda 6 except for Ordinary Resolution 8 as mentioned above is set out in the Circular to Shareholders of the Company dated 17 November 2014 which is dispatched together with the Company's 2014 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities, the details of the Directors who are seeking for re-election or re-appointment in Agenda 3 and 4 of the Notice of the 45th Annual General Meeting of the Company are set out in the Directors' Profile on pages 22, 23 and 26 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 31 of this Annual Report.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of Melewar Industrial Group Berhad and its group of companies ("the Group") for the financial year ended 30 June 2014.

FINANCIAL RESULTS

For the financial year ended 30 June 2014, the Group recorded a total revenue of RM664.5 million, which was 12.6% lower than the previous year's RM760.4 million (adjusted for the deconsolidation of the 'discontinued operation' in-relation to the Power business in-which the Group disposed a 51% controlling equity stake on 30 April 2014). The lower revenue for the financial year is attributed mainly to decline in revenue from both the steel tube and Cold Rolled Coil ("CRC") steel sheet operations.

Despite the lower revenue, the Group registered a Profit After Tax of RM13 million (Loss After Tax of RM216 million in the previous year) which is attributed mainly to the RM170 million gain on disposal of the controlling 51% equity stake in the power operation, less After Tax Loss of RM136 million from the 'discontinued power operation' for the period from July 2013 to April 2014, and less RM13 million being its 49% share of the power associates' May and June 2014 After Tax Loss.

DIVIDEND

Due to the weak performance for the period under review, the cash position of the Group remains tight. Therefore the Directors do not recommend the payment of any Dividend for the financial year ended 30 June 2014.

OPERATING REVIEW

For the period under review, the steel industry continued to be in a state of flux especially due to cheap imports from China, coupled with dwindling demand in an already shrunken domestic market. The intense competition among steel producers, which included pipe and CRC manufacturers, saw margins being further reduced amidst a weak demand environment.

Unlike its sister company which manufactures CRC, Melewar Steel Tube and other steel tube manufacturers must purchase their Hot Rolled Coil ("HRC"), their core raw material, from the sole domestic manufacturer, Megasteel Sdn Bhd. As no duty exemptions are granted to tube/pipe manufacturers for HRC imports, such imports would attract an import duty of 20%. This situation places the sole HRC manufacturer in the country, in a monopolistic position, allowing them to price their scrap-based HRC, at a level substantially higher than international prices.

The tube/pipe industry naturally awaits with some excitement, the pending roll out of Southern Steel Group's first HRC production, which is slated to produce scrap-based HRC by the end of 2014. It is hoped that Southern Steel's entry as a competing HRC manufacturer will end the monopolistic days of Megasteel, and it is envisaged that the country can become more competitive as a tube/pipe manufacturer, to compete in the international market. Hopefully this will lead to a more level playing field for the pipe/tube producers which should augur well for the future of the industry.

It is also hoped that the Government will take steps to reduce the import of pipes, which had been rising steadily, year after year, since 2009.

For the financial year ended 30 June 2012, the CRC division achieved a total sales revenue of RM448 million compared to RM513 million the previous year, representing a decrease of 13% due to softer prevailing market conditions. Similarly, sales tonnage of Cold Rolled Coils ("CRC") steel sheets decreased to 186,000 tonnes, compared to 202,000 tonnes the preceding year. The decrease of 16,000 tonnes or 8% was the result of very challenging conditions in the domestic steel market.

Given that the total CRC production capacity is 260,000 tonnes per annum, the production volume of 187,000 tonnes represented a utilisation rate of 72.0% compared to the high of 79.6% achieved in the previous financial year. The reduction in sales revenue due to lower sales tonnage coupled with an impairment loss of RM6.4 million on the revaluation of plant and equipment, resulted in the CRC Division recording a Loss After Tax of RM9 million, compared to a Profit After Tax of RM7 million the previous year.

DIVISIONAL PERFORMANCE

The group's business activities can be analysed under its three business divisions, namely:-
1. Iron and Steel
2. Energy
3. Engineering

1.0 IRON AND STEEL DIVISION

The Group's Iron and Steel Division is represented mainly by its interest in the following three companies:
- Melewar Steel Tube Sdn Bhd – Manufacturer of Steel Tubes
- Mycron Steel Berhad – Manufacturer of Cold Rolled Coil ("CRC") Steel Sheets
- Melewar Steel Mills Sdn Bhd – Manufacturer and Trader of Steel Rebar, Billets and Scrap

1.1 Industry Overview (Iron and Steel Division)

It will be noted from Table 1 that the domestic consumption of flat steel, had grown from 5.91 million tonnes in 2012 to 6.52 million tonnes in 2013, an increase of 10.3%. Of particular interest is the stagnation in the consumption of CRC at 1.56 million.

Despite this zero growth in CRC consumption, imports of such materials into the country continued to grow at a rate of 11.2% for CRC; refer to Table 2 for details. We are certain that 2014's statistics will show a worsening situation with further increases of imports of CRC and CRC related products.

FLAT STEEL CONSUMPTION		**Consumption (tonnes)**					**2013**
Class	**Description**	**2009**	**2010**	**2011**	**2012**	**2013**	**Increase**
	HRC & Related Products	t/y	t/y	t/y	t/y	t/y	
481	Hot Rolled Coil (HRC) Sheets (Carbon Steel)	1,677,265	1,867,508	2,035,146	1,848,363	2,041,342	10.4%
470	Plates	364,529	418,734	422,673	441,360	516,295	17.0%
720	Welded Pipes & Tubes	50,122	770,064	377,538	550,875	742,800	34.8%
		2,091,916	**3,056,306**	**2,835,357**	**2,840,598**	**3,300,437**	**16.2%**
511	**Cold Rolled Coil (CRC) Sheets**	**1,266,977**	**1,479,995**	**1,601,937**	**1,567,320**	**1,563,895**	**-0.2%**
	CRC Related Products						
520	Cold-Rolled Electrical Sheets	78,469	128,397	113,018	95,701	111,977	17.0%
611	Galvanized (Hot Dipped) Zinc Sheets	578,236	699,091	860,352	667,729	787,481	17.9%
612	Electro-Galvanized Iron (EGI) Sheets	251,467	372,719	270,861	284,970	311,378	9.3%
620	Tin Plated Sheets	156,903	156,159	139,586	155,224	170,239	9.7%
692	Color Coated Sheets	202,288	210,788	220,134	275,840	252,397	-8.5%
693	Other Metallic Coated Sheets	29	20,828	23,701	19,328	19,173	-0.8%
		1,267,392	**1,587,982**	**1,627,652**	**1,498,792**	**1,652,645**	**10.3%**
Total HRC & CRC Related Products		**4,626,285**	**6,124,283**	**6,064,946**	**5,906,710**	**6,516,977**	**10.3%**
	y-o-y Increase	-27.5%	32.4%	-1.0%	-2.6%	10.3%	

Table 1 (source: MISIF, Malaysian Iron and Steel Industry Federation)

CRC related products are essentially CRC material with various colour and metallic coatings, and/or with minor metallurgical variations. Of importance is the large increase in imported CRC related products, especially from China, and in particular, CRC with boron additive, which are registered as alloy steel, to circumvent the duty of 20% for, imported steel products.

For 2013, Malaysia's total CRC consumption was 1.56 million tonnes, with 0.85 million tonnes, or 54.4%, being imported, a seriously lopsided balance of trade for the nation, especially in view of the extremely low domestic CRC manufacturing capacity utilisation, of only 30%. The domestic CRC industry has been lobbying the government to check this unhealthy practice of indiscriminate duty-free importing of CRC, via anti-dumping safe guard measures, but have yet to see any significant action by the government to protect its domestic CRC industry.

FLAT STEEL IMPORTS		**Imports (tonnes)**					**2013**
Class	**Description**	**2009**	**2010**	**2011**	**2012**	**2013**	**Increase**
	HRC & Related Products	t/y	t/y	t/y	t/y	t/y	
481	Hot Rolled Coil (HRC) Sheets (Carbon Steel)	713,006	878,597	779,939	826,765	938,944	13.6%
470	Plates	214,916	273,358	285,714	331,052	389,486	17.7%
720	Welded Pipes & Tubes	286,841	495,835	414,082	529,597	631,655	19.3%
		1,214,763	**1,647,790**	**1,479,735**	**1,687,414**	**1,960,085**	**16.2%**
511	**Cold Rolled Coil (CRC) Sheets (Carbon Steel)**	**707,972**	**842,061**	**820,675**	**765,789**	**851,234**	**11.2%**
	CRC Related Products						
520	Cold-Rolled Electrical Sheets	83,581	142,167	131,732	105,202	119,241	13.3%
611	Galvanized (Hot Dipped) Zinc Sheets	204,131	303,333	285,837	353,373	376,109	6.4%
612	Electro-Galvanized Iron (EGI) Sheets	178,571	253,861	172,951	149,316	131,514	-11.9%
620	Tin Plated Sheets	57,947	71,611	64,684	95,380	97,248	2.0%
692	Color Coated Sheets	25,806	29,220	36,510	90,674	57,384	-36.7%
693	Other Metallic Coated Sheets	17,659	27,817	26,477	20,681	23,814	15.1%
	Total CRC Related Products	**567,695**	**828,009**	**718,191**	**814,626**	**805,310**	**-1.1%**
Total HRC & CRC Related Products		**2,490,430**	**3,317,860**	**3,018,601**	**3,267,829**	**3,616,629**	**10.7%**
	y-o-y Increase	-20%	33%	-9%	8%	11%	

Table 2 (source: MISIF, Malaysian Iron and Steel Industry Federation)

For the year 2013, the domestic flat steel and, in particular, the CRC industry faced challenging times. Table 3 provides details of the production, import, export and consumption for flat steel products in Malaysia for 2013.

MALAYSIAN FLAT STEEL 2013		Production	Import	Export	Consumption	% change
Class	**Description**	**(tonnes)**	**(tonnes)**	**(tonnes)**	**(tonnes)**	**from 2012**
	HRC & Related Products					
481	Hot Rolled Coil (HRC) Sheets (Carbon Steel)	1,106,971	938,944	4,573	2,041,342	10.4%
470	Plates	143,000	389,486	16,191	516,295	17.0%
720	Welded Pipes & Tubes	707,056	631,655	595,911	742,800	34.8%
		1,957,027	**1,960,085**	**616,675**	**3,300,437**	**16.2%**
511	**Cold Rolled Coil (CRC) Sheets**	**802,700**	**851,234**	**90,039**	**1,563,895**	**-0.2%**
	CRC Related Products					
520	Cold-Rolled Electrical Sheets	-	119,241	7,264	111,977	17.0%
611	Galvanized (Hot Dipped) Zinc Sheets	426,835	376,109	15,463	787,481	17.9%
612	Electro-Galvanized Iron (EGI) Sheets	219,342	131,514	39,478	311,378	9.3%
620	Tin Plated Sheets	122,000	97,248	49,009	170,239	9.7%
692	Color Coated Sheets	232,509	57,384	37,496	252,397	-8.5%
693	Other Metallic Coated Sheets	-	23,814	4,641	19,173	-0.8%
		1,000,686	**805,310**	**153,351**	**1,652,645**	**10.3%**
Total HRC & CRC Related Products		**3,760,413**	**3,616,629**	**860,065**	**6,516,977**	**10.3%**

Table 3 source: MISIF (Malaysian Iron and Steel Industry Federation)

Although it may be argued that for the Hot Rolled Coil ("HRC") imports into the country is also significant, at 50% of domestic consumption, it should be noted that all imports of such materials, are restricted to "Iron Ore Based" HRC, which is currently not being manufactured domestically.

On the other hand, much of the CRC and CRC related products, such as colour and metal coated CRC, being manufactured in the country are high quality materials that can easily substitute imports of such materials. Domestic manufacturers of CRC (producing 0.82 million tonnes in 2013) and CRC related products (producing 1.00 million tonnes in 2013) certainly have the production capacity to import substitute, the substantial inflow of foreign material, of 0.85 million tonnes CRC and 0.86 million tonnes of CRC related products; if they were provided the same level of anti-dumping protection, their Thai and Indonesian counterparts receive.

1.2 Steel Tube Operations (Melewar Steel Tube Sdn Bhd)

Pipe Division Quarterly Performance					
Financial Year ended 30 June 2014		**Q1**	**Q2**	**Q3**	**Q4**
Sales Revenue	RM million	62.2	58.5	50.7	54.1
Production Output	tonnes	18,596	18,520	15,890	17,526
Capacity Utilisation	% max	50.0%	49.8%	42.7%	47.1%
Profit Before Tax	RM million	2.59	2.33	(0.14)	(0.99)

Table 4

As can be seen from Table 4, the first quarter saw revenue of RM62.2 million, which was 13.6% lower compared to the previous quarter while the output tonnage of 18,596 tonnes was 11% lower due to keen competition among steel pipe manufacturers. The fact that 26 producers were competing in a rather tight market resulted in even thinner margins. After the festive season in August, there was not much improvement in the forward orders as our competitors offered cheaper prices to secure orders.

The second quarter revenue came in at RM58.5 million, which was 6% lower compared to the previous quarter while total output tonnage was 18,520 tonnes. Margins for the quarter started to drop due to the increase of RM142 per tonne by Megasteel in their HRC price. This made it difficult to push up prices especially when the market was still soft amidst a weak demand environment.

The third quarter also saw total sales dropping by 13.3% to RM50.7 million compared to the previous quarter. In terms of volume, total output of 15,890 tonnes was similarly 14.2% lower than the previous quarter. The market condition was exceptionally weak and bucked the normal trend of the past years whereby business activity would pick up after the Chinese New Year festivities and customers would start to replenish their stocks after the long weekend break.

The numbers for the fourth quarter improved a bit with sales coming in at RM54.1 million, which was 6.7% higher than the previous quarter. Similarly, output volume was similarly 10.3% higher at 17,526 tonnes. Despite the increase in both sales and volume in tonnage, it was very noticeable that both increases were much less than market norm historically, which would normally see a strong quarter after the Chinese New Year holidays.

1.3 Cold Rolled Coil Operations (Mycron Steel Berhad)

The Group's Cold Rolled Coil ("CRC") steel sheet operations are conducted through its 54.8% owned subsidiary, Mycron Steel Berhad ("Mycron") which is listed on Bursa Malaysia.

Table 5 shows the quarter by quarter performance of the CRC division for the financial year ended 30 June 2014.

Mycron CRC Quarterly Performance					
Financial Year ended 30 June 2014		**Q1**	**Q2**	**Q3**	**Q4**
Sales Revenue	RM million	112.3	124.0	112.8	98.7
Production Output	tonnes	45,815	51,530	46,992	41,653
Capacity Utilization	% max	70.5%	79.3%	72.3%	64.1%
Profit Before Tax	RM million	(0.64)	3.90	(2.80)	(14.60)

Table 5

The 1st quarter for the financial year is the seasonal low quarter due to the downstream industry-wide shut down for the Hari Raya holidays which had a shorter working month. The quarter started with a reduction in sales revenue of 8% to RM112 million and production tonnage of 2% to 45,815 tonnes, compared to the preceding quarter.

The 2nd financial quarter having a longer working period naturally saw revenues increasing by 10.4% to RM124 million and production tonnage by 12.5% to 51,530 tonnes.

For the 3rd financial quarter, revenues dropped by 9.0% to RM113 million, while production tonnage dropped by 8.8% to 46,992 tonnes. During this quarter, the domestic steel industry entered into a depressed state as a result of heavy competition amongst the domestic CRC producers, triggered by the dumping strategy of one competitor. This resulted in depressed domestic prices for CRC.

For the 4th financial quarter, dumping activities from China caused a further depression in market prices, and Mycron's revenue dropped further by 12.5% to RM99 million, with sales tonnage dropping by 11.4% to 41,653 tonnes.

In short, the first half of the calendar year witnessed a full blown depressed market for CRC, in an over supplied market, made worse by an increase in legitimate and illegitimate CRC imports into the country.

1. 4 Steel Rebar Operations - Melewar Steel Mills Sdn Bhd ("MSM")

MSM is a 100% subsidiary of the Group and is involved in the manufacture of Steel Reinforcement Bars ("Rebar"). Due to the present domestic rebar industry scenario of narrow margins and weak demand, the rebar operations of the Group continue to be mothballed for the period under review, with the focus of MSM on the trading of steel products and scrap.

The over-capacity situation in the domestic long steel product sector still prevailed. There are still no clear signs when rebar prices may bottom out, as domestic steel producers continue to suffer from low capacity utilisation rates, due to weak domestic demand as well as continued influx of steel products from China.

The economic environment became tougher, particularly with gradual withdrawal of subsidies which translated into higher cost. The clampdown on property speculators will likely cap the upside of the construction industry. Until the above challenges taper to a reasonable level, we do not expect the Group's rebar operations to recommence anytime soon.

2.0 ENERGY DIVISION

The Group's involvement in energy is principally through Mperial Power Ltd ("Mperial"), incorporated in Labuan, which in turn owns three Thailand incorporated companies, namely Siam Power Generation Company Ltd ("Siam Power"), Siam Power Phase 2 Company Limited ("SP Phase 2"), and Siam Power Phase 3 Company Ltd ("SP Phase 3"), and collectively referred to as the "Power Group".

Mperial holds 98.4% of the equity interest of Siam Power, 99.94% each in the equity interest of SP Phase 2 and SP Phase 3. Siam Power owns and operates a 160 MW electric power station, whilst SP Phase 2 has not commenced any activity but holds a 90 MW Power Purchase Agreement ("PPA") with the Electricity Generating Authority of Thailand ("EGAT"). SP Phase 3 is dormant.

Due to one of its customers not complying with its off-take agreement for power, Siam Power has had to operate at sub-optimal levels, resulting in financial losses for the company. Amidst increasing challenges faced by Siam Power, the Group reduced its stake in Mperial, by disposing 51% interest of Siam Power to E Power Pte Ltd ("E Power") on 30 April 2014. The Group will continue to be in active discussions with potential buyers for the disposal of its remaining holding in the Power Group.

2. 1 Power Generation Operations - Siam Power Generation Company Ltd ("Siam Power")

Siam Power holds a license to build, own and operate up to 450 MW of power generating plants under the Small Power Producer ("SPP") programme in Thailand. Under the SPP Programme, Siam Power is required to supply power to EGAT, and any industrial customers within the SPP Industrial Park concession area in the district of Baan Khai in Rayong Province, Thailand.

The current Siam Power plant is a 160 MW Combined Cycle Cogeneration Gas-Fired Power Plant, situated adjacent to EGAT's Baan Khai substation, a terminal point for one of EGAT's main transmission line in that region. Apart from EGAT, the other electricity customer of the plant is the HRC steel sheet manufacturing facility of G Steel Public Company Limited ("G Steel"). The PPAs with both EGAT and G Steel for the supply of 90 MW and 70 MW respectively are for a period of 25 years from the Commercial Operation Date ("COD"). The plant achieved its COD on 29 December 2010 and was officially launched on 11 January 2011.

For the period under review, total revenue generated was RM177 million, with an After Tax Loss of RM161 million compared to an After Tax Loss of RM213 million the previous year. The financial performance of Siam Power remains significantly affected by G Steel, which has failed to meet its contractual obligations to purchase the contracted power off-take and pay all sums as and when due.

3.0 ENGINEERING DIVISION

The Engineering Division of the Group comprises of the Group's interest in two companies, namely Melewar Integrated Engineering Sdn Bhd ("MIE") and Melewar Industrial Technology Ltd ("MIT").

3.1 Engineering - Melewar Integrated Engineering Sdn Bhd ("MIE")

MIE is a 70% subsidiary of the Group and serves as the technical development engineer and turnkey project manager for the Group, whilst also undertaking third party engineering works, consultancy and construction works.

MIE is widening its engineering capability and market access through intensifying existing partnerships and sources new partnerships for material handling and processing industries, general infrastructure and metals business. The consultancy also now includes power station development capabilities.

The main activity for the past financial year under review was the development of maintenance, repair and overhaul services, which has provided a steady and growing source of revenue. It is the intention to strongly grow this part of the business through full integration of the Group's capability and know how.

MIE's main activities were in the area of:

- Turnkey works for supplying sampling systems to an iron ore distribution center;
- Continuation of upgrades and revamp of ash handling systems of domestic power plants;
- Basic design and development study for an integrated coal terminal in Sumatra;
- Turnkey award of for a mini integrated long product steel plant;
- Fabrication of conveyor structure for foreign projects; and
- Design concept and feasibility study for a CRC manufacturer's possible expansion.

3.2 Equipment Marketing - Melewar Industrial Technology Ltd ("MIT")

MIT is incorporated in Labuan and is 100% owned by the Group. MIT is involved in the promotion and sales of the Group's small scale steel rebar making equipment, branded as "Mycrostaal", as well as the Group's prefabricated modular home system for the construction sector, branded as "Ausgard".

It is anticipated that the second Mycrostaal plant will be commissioned in 2015, to an international client, leading the way for many more equipment sales in the future.

In the prefabricated modular home arena, MIT, through its 100% Group subsidiary company, Ausgard Quick Assembly Systems Sdn Bhd, has succeeded in marketing, commissioning and completing its first building, and looks forwards to expanding its sales over the next few years.

LONG-TERM OUTLOOK

Following the outcome of the study of the steel industry in Malaysia, by the Boston Consulting Group in 2012, several measures to address the issues facing the domestic steel industry were undertaken by the Ministry of International Trade and Industry ("MITI"), which include the formation of the Malaysia Steel Council ("MSC").

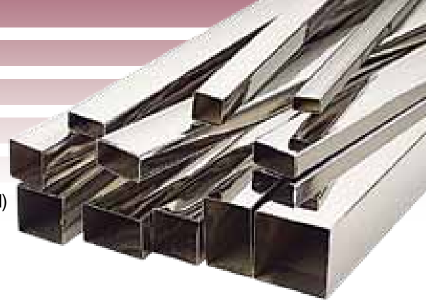
Internationally, the excess in steel-making capacity remains a major concern, especially in an environment of a slowing growth in demand for steel. Raw materials and finished steel prices have been on a falling trend, with iron ore dropping to US$80 per tonne from US$100 a tonne just a few months ago. Chinese steel producers have been "super competitive", with Chinese steel export prices being the lowest in the world, and with many mills selling at or below cost.

As a consequence, many countries are responding with legitimate trade remedy measures to counteract unfair trade practices compatible with World Trade Organization ("WTO") rules to safeguard their domestic industries. The Malaysian Steel Industry is also adversely affected by all these developments and will require remedial action to sustain its viability in the long run.

The influx of cheap imports, especially from China, remains the key issue facing the domestic steel industry. Fairly liberal issuance of duty exemption for CRC imports, have encouraged domestic downstream manufacturers to import CRC as opposed to buying locally manufactured CRC. A contributing factor to this avoidance of import duty is the practice of wrongful declaration of tariff codes and description of the type of steel products.

In late 2013, the Malaysia Steel Institute ("MSI") was formed with seed capital provided by the government. The main objectives of MSI was to further the development of the iron and steel industries, to encourage cooperation between the various government agencies, industries and other related bodies, to promote steel product standardisation and utilisation, and to create the necessary environment for a sustainable iron and steel industry in Malaysia.

The emergence of Southern Steel Berhad as the latest scrap-based HRC producer is indeed welcome news to domestic pipe and tube manufacturers. It is hoped that with the presence of a second HRC supplier, will see domestic HRC price come to a more reasonable level, compared to international prices.



PROSPECTS FOR THE NEW FINANCIAL YEAR

Given all the points mentioned earlier, the Group remains cautious for the new financial year. It would appear that the steel industry is still facing some turbulent times, with global excess capacity. The direction of the domestic steel industry will largely be governed by seasonal factors as well as regional and global influences. In addition, steel manufacturers also have to contend with higher utility prices for electricity, fuel, natural gas, SIRIM/CIDB fees as well as minimum wage implementation. Next year, the introduction of Goods & Services Tax ("GST") will be another factor to be considered.

Typically, the consumption of steel products tends to grow in tandem with the industrial progress of the nation. We view, in positive light, the numerous Economic Transformation Programme ("ETP") projects which had been announced by the government and which are now slowly being implemented.

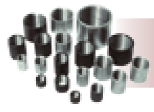
Based on this, and the fact that demand for steel products is currently relatively weak, the long-term prospects for the Group remains challenging. The Group will continue to maintain its cautious and conservative stance on inventory management and at the same time closely monitor the domestic seasonal and demand patterns, as well as regional and global economic reports.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my heartfelt thanks and gratitude, as well as sincere appreciation to all members of the management team and their staff for their contribution and hard work. Mycron Steel remains the premier name for quality CRC steel sheets, and Melewar Steel Tubes continues to be one of the top quality producers for domestic steel tubes and pipes. The management and staff have an important role to play in achieving and maintaining this objective.

To our shareholders, I look forward to your continued support in the years to come, and thank you for your patience, especially during the current challenging times.

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



CORPORATE SOCIAL RESPONSIBILITY

Acknowledging the importance of Corporate Social Responsibility, the Group is committed to be mindful of its responsibilities to the community through the practice of good corporate citizenship as well as to actively pursue policies and actions not only to generate profits but at the same time contribute to social and environmental objectives by integrating corporate social responsibility as a strategic investment into all our business plans and activities.

Over the years, the Company has taken steps to deliver sustainable value to the lives of the people we impact, especially in the workplace, the community, the environment and the marketplace. The Company seeks to improve the following initiatives which have been put in place for the Group:

BUSINESS GOVERNANCE ETHICS

In line with good corporate governance and transparent business practices, the Group constantly reviews its policy statements and best management practices to ensure the Group is managed effectively and ethically with adequate control mechanisms to manage risks and deliver accountability, sustainability and profitability. This includes the implementation of internal control systems such as a financial authority framework and risk management framework. Coupled with this, the Company's Audit Committee and Risk Management Committee periodically review these internal control systems together with recommendations from Internal and External Auditors as well as appointed Advisors for projects undertaken by the Company.

CUSTOMER SATISFACTION

The Group is unwavering in meeting its standards of excellence by ensuring the delivery of quality in project execution and meeting all customer deliverables as detailed in our contracts.

We aspire towards full realisation of ISO standards throughout our operations and the application of established quality practices and policies. We are, at present, accredited with ISO 9001 : 2008 by SIRIM for cold rolled, hot rolled as well as aluminised pipes and tubes. With the accreditation, the Group is committed to improving compliance with product requirements and the effectiveness of its Quality Management System on a continuing basis.

WORKPLACE

A major challenge for companies today is attracting and retaining skilled workers. Bearing this in mind, the Group recognises the importance of employees as the most valuable asset. Within the Company, socially responsible practices primarily involving employees and which relate to issues such as investing in human capital, health and safety have been put in place.

The Company constantly enhances employees' job-related skills, knowledge and experience via in-house and external training programmes. A structured internal training and development programme has been planned and implemented to improve the technical skills of the employees. Employees with good knowledge, competent skills and positive attitude are among the attributes that the Company looks to hone. In this aspect, the Group strives to maintain high standards of recruitment, development and retention of employees in the workplace by offering attractive remuneration and career development planning.

Our employees also benefit from comprehensive medical benefits including the provision of insurance coverage under hospitalisation and surgical, group term life and personal accident.

Attention is also given towards fostering good working relationships and building team spirit among the employees through sporting activities.

The Group is progressively looking to improve and upgrade, where necessary, its factory facilities and infrastructures to provide a conducive working environment. The Group is also committed to ensure that the safety and health of employees are paramount at all times. This is reflected in the establishment of the Safety and Health Committee, tasked to conduct preventive measures and safety training programmes in order to create safety awareness among the employees.

The Company has also maintained the policy of rewarding the employees when the "Accident Frequency Rate" benchmark set by the management is achieved under its safety campaign named "Think Safety, We're Safe" or in Bahasa Malaysia, "Ingat Selamat, Kita Selamat".

ENVIRONMENT

The Group ensures that business activities are conducted in compliance with the applicable environment regulations and laws at all times besides recognising the importance of good environmental management/preservation practices. In our daily operations, the Group continues to be committed to:

- recycling and reselling of waste materials;
- reducing energy consumption;
- reducing production waste throughout the operations by proper production planning;
- undertaking measures to reduce wastages, pollution and harmful emissions;
- practicing a paperless environment and reducing usage of plastic across all the factories and offices of the Company; and
- encouraging employees to switch off non-essential electrical machinery, equipment and appliance when not in use.

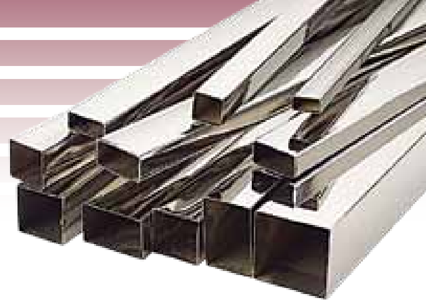
Besides the above initiatives, the Company had also undertaken a Rainwater Harvesting Project since 2011 to reduce our consumption of water from SYABAS. This project also alleviates the rainwater peak run-off and helps to prevent flooding and soil erosion of our surrounding areas.

COMMUNITY

The Group aims to add value to the community in which it operates its business, and through this engagement, enhance the long-term sustainability of the business.

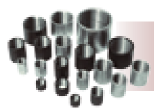
To achieve this, the Group consciously makes the effort of employing physically disabled workers to perform daily factory operations and provide the necessary training to them to enable them to carry out their jobs effectively. There are currently 5 physically disabled employees who are placed in the pipe lines, threading lines and maintenance workshops according to their individual capabilities.

Realising the social responsibility towards the community, the Group has contributed to the funds of orphanages and charitable organisations.



CORPORATE INFORMATION

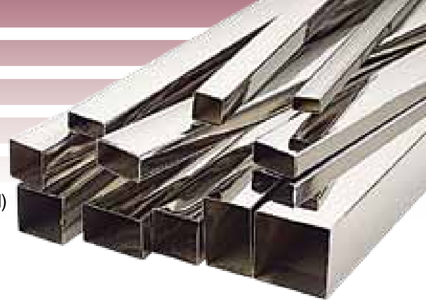
Domicile	:	Malaysia
Legal Form & Place of Incorporation	:	A public listed company incorporated in Malaysia under the Companies Act, 1965 and limited by shares
Directors	:	Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah ▪ *Executive Chairman* Datuk Lim Kim Chuan ▪ *Executive Director* En Azlan bin Abdullah ▪ *Managing Director/Group Chief Executive Officer* Mr Uwe Ahrens ▪ *Executive Director* Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah ▪ *Independent Non-Executive Director* Datin Ezurin Yusnita binti Abdul Malik ▪ *Non-Independent Non-Executive Director* Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah ▪ *Non-Independent Non-Executive Director* En Shazal Yusuf bin Mohamed Zain ▪ *Independent Non-Executive Director* Major General Datuk Lai Chung Wah (Rtd) ▪ *Independent Non-Executive Director* Mr Muk Sai Tat ▪ *Independent Non-Executive Director*
Secretaries	:	Ms Lily Yin Kam May Ms Soon Leh Hong
Audit Committee	:	Mr Muk Sai Tat ▪ *Chairman* Major General Datuk Lai Chung Wah (Rtd) ▪ *Member* En Shazal Yusuf bin Mohamed Zain ▪ *Member*
Registrar & Transfer Office	:	Trace Management Services Sdn Bhd Suite 12.03, 12th Floor No. 566 Jalan Ipoh 51200 Kuala Lumpur Telephone No.: 03-6252 8880 Telefax No.: 03-6252 8080
Registered Office	:	Suite 12.03, 12th Floor No. 566 Jalan Ipoh 51200 Kuala Lumpur Telephone No.: 03-6252 8880 Telefax No.: 03-6252 8080
Principal Place of Business	:	Lot 53 Persiaran Selangor 40200 Shah Alam Selangor Darul Ehsan Telephone No.: 03-5519 2455 Telefax No.: 03-5519 2033



CORPORATE INFORMATION

(continued)

Solicitors	:	Deol & Gill Suite 19-03-03 3rd Floor, PNB Damansara No.19, Lorong Dungun Damansara Heights 50490 Kuala Lumpur Telephone No.: 03-2095 9980 Telefax No.: 03-2095 9881 Cheang & Ariff 39, Court @ Loke Mansion No. 273A, Jalan Medan Tuanku 50300 Kuala Lumpur Telephone No.: 03-2691 0803 Telefax No.: 03-2692 8533 Wong & Partners Level 21 The Gardens South Tower Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur Telephone No.: 03-2298 7888 Telefax No.: 03-2282 2669
Auditors	:	Messrs PricewaterhouseCoopers (AF 1146) Level 8 - 15, 1 Sentral Jalan Travers Kuala Lumpur Sentral 50706 Kuala Lumpur Telephone No.: 03-2173 1188 Telefax No.: 03-2173 1288
Principal Bankers (In alphabetical order)	:	▪ Malayan Banking Berhad ▪ OCBC Bank (Malaysia) Berhad ▪ Standard Chartered Bank Malaysia Berhad
Stock Exchange Listing	:	Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") Stock Number 3778
Website	:	www.melewar-mig.com
E-mail	:	enquiry@melewar-mig.com

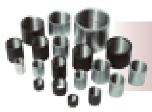


CORPORATE GROUP STRUCTURE

(AS AT 31 OCTOBER 2014)

- **Melewar Industrial Group Berhad** — Investment Holding, Main Market Listed
  - 54.8% **Mycron Steel Berhad** — Investment Holding, Main Market Listed
    - 100% **Mycron Steel CRC Sdn Bhd** — Cold Rolled Coil Manufacturing
  - 100% **Melewar Steel Tube Sdn Bhd** — Steel Tube Manufacturing
  - 100% **Melewar Industrial Technologies Ltd** — Investment Holding
    - 100% **Ausgard Quick Assembly Systems Sdn Bhd** — Steel Based Quick Assembly Homes Manufacturing
    - 100% **Melbina Builders Ltd** — Steel Based Quick Assembly Homes Marketing
  - 100% **Melewar Steel Mills Sdn Bhd** — Steel Bar Manufacturing
    - 50% **Melewar MycroSmelt Technology Ltd** — Smelting / Billet Making Technology Owner
  - 70% **Melewar Integrated Engineering Sdn Bhd** — Engineering
    - 50% **Melewar MycroSmelt Technology Ltd**
  - 100% **Melewar Ecology Sdn Bhd** *(Formerly known as Melewar Metro Sdn Bhd)* — Monorail System Provider
    - 95% **Melewar Environment Sdn Bhd** *(Formerly known as Melewar Metro (Penang) Sdn Bhd)* — Monorail Engineering, Procurement & Construction (EPC) Provider
  - 100% **Melewar Steel Engineering Sdn Bhd** — Investment Holding - Power
    - 49% **Mperial Power Ltd** — Investment Holding - Power
      - 98.4% **Siam Power Generation Public Company Limited** — Power Generation
      - 100% **Siam Power Phase 2 Company Limited** — Power Generation
      - 100% **Siam Power Phase 3 Company Limited** (Dormant)
    - 100% **M-Power TT Ltd** — Power Project Management

- IRON & STEEL DIVISION (red)
- ENGINEERING DIVISION (orange)
- ENERGY DIVISION (blue)



MELEWAR INDUSTRIAL GROUP BERHAD

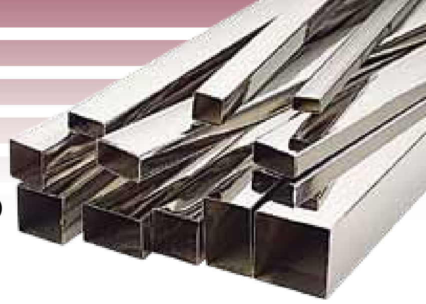
MELEWAR INDUSTRIAL GROUP BERHAD

QUALITY RECOGNITION

QUALITY MANAGEMENT SYSTEM (QMS)

Melewar Industrial Group Bhd (MIGB) strives to improve its operations and has always endeavoured to meet its customer's expectation. In 1997, MIGB achieved its ISO 9001 certification. Over the years, the effectiveness of the quality management system itself has been improved in order to adapt to the latest global challenges. In 2010, MIGB upgraded its Quality Management System to ISO 9001:2008 and this was accredited by SIRIM with IQNet certification.

SIRIM ISO 9001 : 2008



PRODUCT CERTIFICATION

Our quality products meet with the requirements of many international standards. Among them are as follows:

British Standard
- BS 1387: 1985 for Welded Steel Tube

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

American Standard
- ASTM A500M-13 for Cold Formed Welded Carbon Steel Structural Tubing in Round and Shape

American Standard
- ASTM A252-98: 2007 for Welded Steel Pipe Pile

Japanese Standard
- JIS G3350: 1987 for Light Gauge Steel for General Structure

Japanese Standard
- JIS G3445: 1988 for Carbon Steel Tube for Machine Structural Purposes

Japanese Standard
- JIS G3452: 2010 for Carbon Steel Pipes for Ordinary Piping

To meet local demands, many of our quality products are certified under Malaysian Standards as follows:

MS 863: 1983
for Welded Steel Pipe

MS 1968: 2007
for Non-Alloy Steel Tube

MS 61386-21: 2007
for Rigid Steel Conduit for Cable Management

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

PROFILE OF DIRECTORS

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah

Aged 54, Malaysian

Executive Chairman

Member of the Executive Committee

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah is the Executive Chairman of the Company and was appointed to the Board of Directors of the Company on 7 October 2002. He was the Group Managing Director/Chief Executive Officer of the Company since 11 October 2002 before being redesignated as the Executive Chairman on 26 August 2008. He currently holds the position of Executive Chairman of MAA Group Berhad ("MAAG") and Non-Independent Non-Executive Chairman of Mycron Steel Berhad ("MSB").

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.

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

Tunku Dato' Ya'acob currently sits on the Boards of Khyra Legacy Berhad, MSB, MAAG, Melewar Group Berhad, Ithmaar Bank B.S.C. (listed on the Bahrain Stock Exchange) and several other private limited companies.

Tunku Dato' Ya'acob is the Chairman of the Board of Trustees of MAA-Medicare Charitable Foundation and The Budimas Charitable Foundation. He also sits on the Executive Board of Federation of Public Listed Companies Bhd (FPLC) as Vice President.

Tunku Dato' Ya'acob is the brother to Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah and the husband to Datin Ezurin Yusnita binti Abdul Malik. Tunku Dato' Ya'acob is deemed to be interested in the Company by virtue of him being the ultimate beneficial owner of Melewar Equities (BVI) Ltd and Melewar Khyra Sdn Bhd, the substantial shareholders of the Company. His shareholding in the Company is disclosed on page 31 of the Annual Report.

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

Tunku Dato' Ya'acob does not have any conflict of interest with the Company and he has had no conviction for any offences within the past ten (10) years.

Datuk Lim Kim Chuan

Aged 55, Malaysian

Executive Director

Member of the Executive Committee

Datuk Lim Kim Chuan was appointed to the Board of Directors of the Company on 1 October 2003 as the Chief Operating Officer of the Company. He was redesignated to Chief Executive Officer of the Company on 26 August 2008. On 1 March 2010, he stepped down as the Chief Executive Officer but remained as an Executive Director in charge of the Group Investments. He currently sits on the Board of Mycron Steel Berhad. He also sits on the Boards of the Group's subsidiaries and several other private limited companies.

Datuk Lim has over thirty four (34) years of experience in the finance and manufacturing industries. He started his career with OCBC Finance Berhad in 1979. He left in 1983 to join MUI Finance Berhad. He joined the Melewar Group in 1985 and was appointed as the General Manager and Director of its equipment leasing division. In 1991, he started a new credit and leasing company under the Group and was its Chief Executive Officer until 2003.

Datuk Lim has no family ties with any of the Directors and/or major shareholders of the Company. His shareholding in the Company is disclosed on page 31 of the Annual Report.

Datuk Lim does not have any personal interest in any business arrangements involving the Company.

Datuk Lim does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.

En Azlan bin Abdullah was appointed to the Board of Directors of the Company on 23 September 2002 as an Independent Non-Executive Director of the Company. Subsequently, he was appointed Executive Director of the Company on 10 June 2003. On 1 June 2011, he was redesignated to Managing Director/Group Chief Executive Officer of the Company.

En Azlan is presently the Executive Director/Chief Executive Officer for both Mycron Steel Berhad and Mycron Steel CRC Sdn Bhd. He sits on the Board of the Company's subsidiaries and several other private limited companies. Besides the Company, he also sits on the Board of HSBC Amanah Malaysia Berhad and several other private limited companies.

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

He started his career in 1983 with Citibank N A and in 1987, he joined United Asian Bank ("UAB") where he started and headed the Treasury Marketing Unit. After UAB merged with Bank of Commerce, he was subsequently promoted to Head of Priority Banking Division and Branch Manager of the KL Main Branch in 1992. In 1994, he rejoined Citibank Berhad as Vice President and Head of Public Sector Division.

En Azlan has no family ties with any of the Directors and/or major shareholders of the Company. His shareholding in the Company is disclosed on page 31 of the Annual Report.

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

En Azlan does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.

Azlan bin Abdullah

Aged 56, Malaysian

Managing Director/Group Chief Executive Officer

Chairman of the Executive Committee

Mr Uwe Ahrens was appointed to the Board of Directors of the Company on 1 June 2012 as an Executive Director. He also sits on the Board of several other private limited companies.

Mr Ahrens holds Masters in both Mechanical Engineering and Business Administration from the Technical University Darmstadt, Germany.

Upon graduation, Mr Ahrens joined the international engineering and industrial plant supplier, KOCH Transporttechnik GmbH in Germany, now belonging to FLSmidth Group, where he held a senior management position for 12 years, working mainly in Germany, USA and South Africa. In 1997, he was based in Kuala Lumpur as General Manager of KOCH in South East Asia and became its Managing Director in 1999. He joined Melewar Group in 2002 and has since held senior management positions including Managing Director of Melewar Integrated Engineering Sdn Bhd ("MIE"), a 70% owned subsidiary of the Company.

Mr Ahrens is the Chief Technical Officer of the Company's Group of Companies being responsible for engineering, upgrading, modification and extension of machinery and plant as well as the overall maintenance.

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

Mr Ahrens does not have any personal interest in any business arrangements involving the Company except for those transactions in MIE in which he holds 30% equity interest.

Mr Ahrens does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.

Uwe Ahrens

Aged 49, German

Executive Director

Member of the Executive Committee

Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah was appointed to the Board of Directors of the Company on 3 May 2005 as an Independent Non-Executive Director. He currently sits on the Boards of Global Oriental Berhad, Wawasan TKH Holdings Berhad, DutaLand Berhad, Sime Darby Property Berhad and several other private limited companies involved in property development.

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

Tengku Datuk Seri Ahmad Shah has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

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

Tengku Datuk Seri Ahmad Shah does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.

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

Aged 59, Malaysian

Independent Non-Executive Director

Chairman of the Nomination and Remuneration Committee

Datin Ezurin Yusnita binti Abdul Malik was appointed to the Board of Directors of the Company on 13 December 2005 as a Non-Independent Non-Executive Director. She vacated her position on 9 September 2009 and subsequently was re-appointed to the Board on 11 January 2010. She has been a member of the Board of Trustees of The Budimas Charitable Foundation since 30 October 2001. She is actively involved in the said Foundation and has played a major role in the success of the Foundation. She also sits on the Board of Khyra Legacy Berhad.

Datin Ezurin is the wife of Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, the Executive Chairman of the Company. She is therefore deemed to be interested in the Company by virtue of her relationship with Tunku Dato' Ya'acob who is the ultimate beneficial owner of Melewar Equities (BVI) Ltd and Melewar Khyra Sdn Bhd, the substantial shareholders of the Company. Her shareholding in the Company is disclosed on page 31 of the Annual Report.

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

Datin Ezurin does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.

Datin Ezurin Yusnita binti Abdul Malik

Aged 42, Malaysian

Non-Independent Non-Executive Director

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah was appointed to the Board of Directors of the Company on 18 December 2003 as a Non-Independent Non-Executive Director. He currently sits on the Boards of Mithril Berhad, MAA Group Berhad, Khyra Legacy Berhad, Melewar Group Berhad, The Melewar Corporation Berhad, Jat Acres Berhad, MAA Credit Berhad, MAA Bancwell Trustee Berhad and several other private limited companies.

Tunku Yahaya graduated in 1983 with a Bachelor of Science (Hons) Degree in Economics and Accountancy from City University, London. That year in London, he joined Peat Marwick Mitchell & Co. In 1986, he obtained his Masters of Science in Economics from Birkbeck College, University of London.

Upon returning to Malaysia in 1986, he joined the advertising company, MZC-Saatchi & Saatchi. In 1988, he joined the management of the refurbished Central Market (KL) as Executive Director. In 1994, he was appointed to put into operation and manage the television station, Metro Vision as Managing Director. In 1997, he started the music recording label, Melewar Parallax Sdn Bhd.

Tunku Yahaya is the brother to Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, the Executive Chairman of the Company. He is therefore deemed to be interested in the Company by virtue of his relationship with Tunku Dato' Ya'acob who is the ultimate beneficial owner of Melewar Equities (BVI) Ltd and Melewar Khyra Sdn Bhd, the substantial shareholders of the Company. His shareholding in the Company is disclosed on page 31 of the Annual Report.

Tunku Yahaya does not have any personal interest in any business arrangements involving the Company.

Tunku Yahaya does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah

Aged 53, Malaysian

Non-Independent Non-Executive Director

Member of the Executive Committee

En Shazal Yusuf bin Mohamed Zain was appointed to the Board of Directors of the Company on 31 May 2010 as an Independent Non-Executive Director.

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

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

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

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

En Shazal does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.

Shazal Yusuf bin Mohamed Zain

Aged 43, Malaysian

Independent Non-Executive Director

Chairman of the Risk Management Committee

Member of the Audit Committee

Member of the Nomination and Remuneration Committee

Major General Datuk Lai Chung Wah (Rtd)

Aged 81, Malaysian

Senior Independent Non-Executive Director

Member of the Audit Committee

Member of the Risk Management Committee

Member of the Nomination and Remuneration Committee

Major General Datuk Lai Chung Wah (Rtd) was appointed to the Board of Directors of the Company on 4 September 2012 as an Independent Non-Executive Director.

Presently, Major General Datuk Lai holds several directorships in other public companies namely, MAA Bancwell Trustee Berhad.

Major General Datuk Lai served the Malaysian Armed Forces in general and the Army in particular for 35 years (1952 – 1987) and retired with the rank of Major General. He is a graduate of the Royal Military Academy Sandhurst, United Kingdom in 1955 and the Command & Staff College, Quetta, Pakistan in 1963. He was awarded three Diplomas, one by the Armed Forces Defence College for Defence Strategy and Joint Operations Studies, The National Institute of Public Administration, Malaysia (INTAN) on Defence Resources Management in 1981 and Defence Resources Management Education Centre, Department of Defence, United States of America on Senior Defence Resources Management in 1983.

Major General Datuk Lai has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

Major General Datuk Lai does not have any personal interest in any business arrangements involving the Company.

Major General Datuk Lai does not have any conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years.

Muk Sai Tat

Aged 51, Malaysian

Independent Non-Executive Director

Chairman of the Audit Committee

Member of the Risk Management Committee

Mr Muk Sai Tat was appointed to the Board of Directors of the Company on 27 February 2013 as an Independent Non-Executive Director. He currently sits on the Board of Gabungan AQRS Berhad.

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

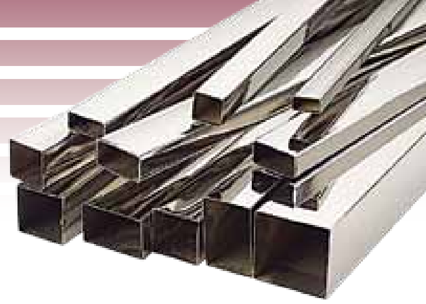
Mr Muk commenced his working career in 1983 with PricewaterhouseCoopers as an Audit Assistant and progressed to Audit Senior upon completion of Malaysian Association of Certified Public Accountants examination in June 1989. In September 1990, he joined Ogilvy & Mather (Malaysia) Sdn Bhd as an Accountant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

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

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

Mr Muk does not have any personal interest in any business arrangements involving 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 ten (10) years.



GROUP FINANCIAL HIGHLIGHTS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Results of Operations											
Revenue (RM mil)	462.3	598.7	566.9	810.2	703.3	599.5	707.1	754.8	904.7	977.5	808.5#
Profit/(Loss) Before Tax (RM mil)	80.6	72.7	35.7	189.1	56.2	(246.7)	91.6	4.9	(152.1)	(208.4)	62.9#
Profit/(Loss) After Tax (RM mil)	64.4	46.5*	46.9*	104.8*	45.5	(156.0)*	67.6*	5.9*	(148.9)*	(215.7)*	68.4#
2. Balance Sheet											
Share Capital (RM mil)	158.3	161.0	169.9	226.2	226.7	226.7	226.8	226.8	226.8	226.8	226.8
Bonus Shares (RM mil)	-	-	56.3	-	-	-	-	-	-	-	-
Shareholders' Fund (RM mil)	359.1	351.4	475.5	581.1	616.4	454.9	521.2	542.1	411.5	205.4	283.4
Total Assets (RM mil)	484.8	621.2	828.1	1,181.9	1,582.6	1,279.5	1,755.3	1,628.3	1,578.2	1,424.3	690.2
3. Financial Ratio											
Return on Equity (%)	17.9	13.3	9.9	18.0	7.4	(34.3)	13.0	1.1	(33.6)	(104.6)	26.3#
Debts/Equity (Times)	0.29	0.38	0.41	0.67	1.16	1.50	2.09	1.72	2.47	5.16	0.92
Current Assets / Current Liabilities (Times)	2.20	2.41	2.24	2.20	1.36	1.07	1.33	1.06	0.42	0.36	1.04
Pre-Tax Profit/(Loss) / Average Shareholders' Fund (%)	16.3	20.5	8.6	35.8	9.4	(46.1)	18.8	0.9	(31.9)	(67.6)	25.7#
Pre-Tax Profit/(Loss) / Revenue (%)	17.4	12.1	6.3	23.3	8.0	(41.1)	13.0	0.7	(16.8)	(21.3)	7.8#
4. Per Share											
Gross Earnings/ (Loss) per share (sen) ***	38.2	34.0	16.3	59.2**	24.9	(109.4)	40.6	2.2	(67.5)	(92.4)	27.9#
Net Earnings/(Loss) per share (sen) ***	30.6	21.8	21.4	32.9**	20.2	(69.1)	30.0	2.6	(61.2)	(95.3)	33.1#
Net Assets per share (RM)	2.27	2.19	2.81	2.58	2.73	2.02	2.31	2.40	1.82	0.91	1.26
5. Dividends											
Tax Exempt Dividend (sen)	80.0	-	3.0	6.0	-	-	-	-	-	-	-
Ordinary Dividend (sen)	180.0	13.0	-	-	4.0	-	2.0	-	-	-	-

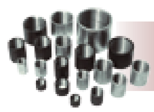
The figures for 2007 are for 17-month financial period while the figures for other years are for full 12-month financial period.

* Profit After Tax and After Minority Interests

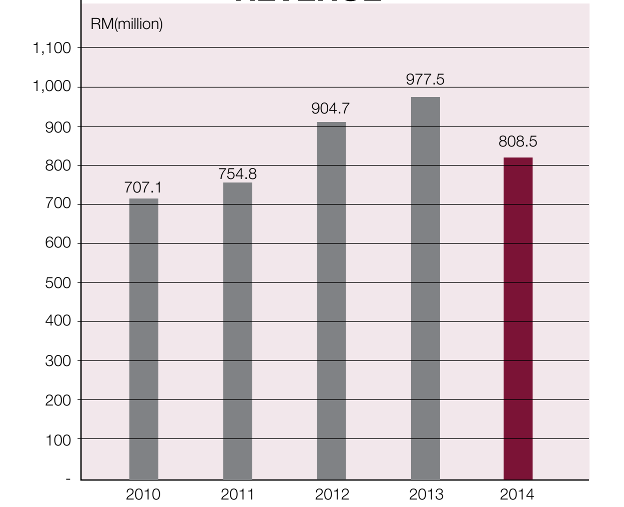
** Annualised

*** After adjusting for bonus issues

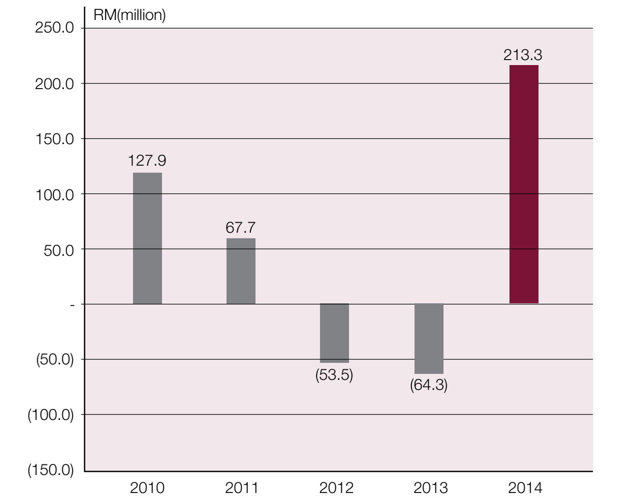
Include both continuing and discontinued operations



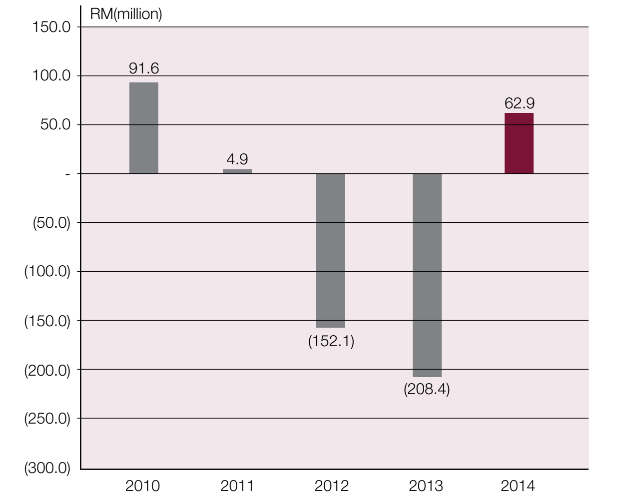
REVENUE



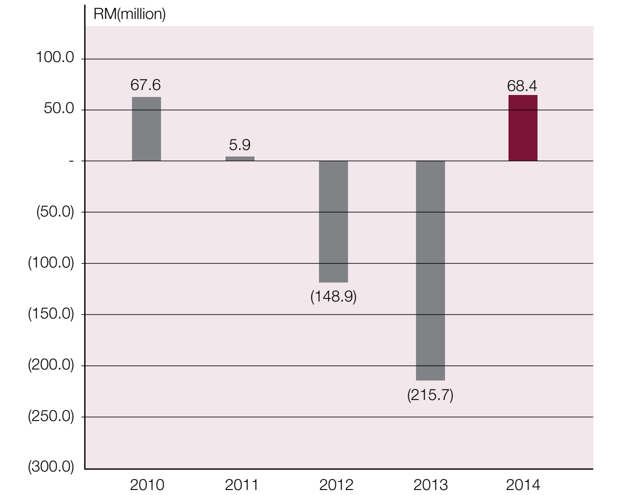
EBITDA/(LBITDA)



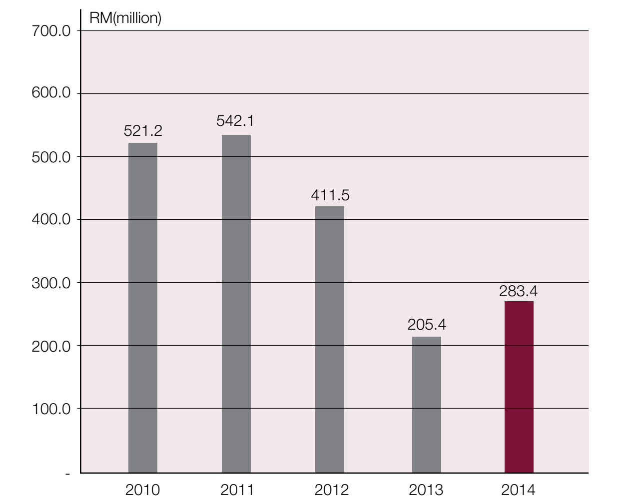
PROFIT/(LOSS) BEFORE TAX



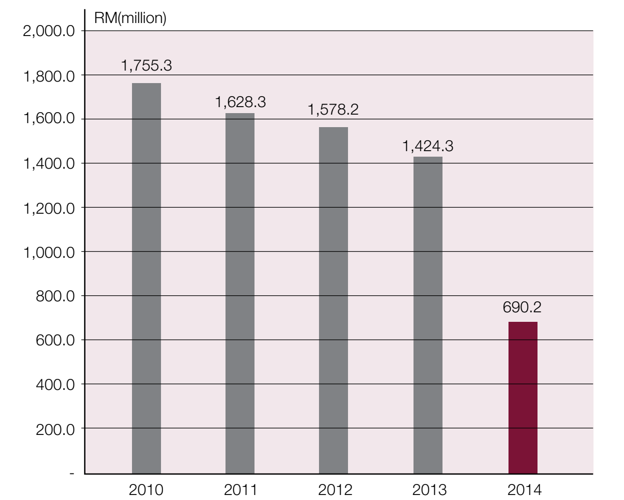
PROFIT/(LOSS) AFTER TAX

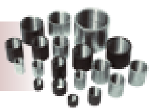


SHAREHOLDER'S FUNDS



TOTAL ASSETS





ANALYSIS OF SHAREHOLDINGS

As At 31 October 2014

Authorised Share Capital	-	RM500,000,000
Issued and Paid-up Capital	-	RM226,755,408
Class of Shares	-	Ordinary Shares of RM1 each
Voting Rights	-	1 Vote Per Ordinary Share
No. of Shareholders	-	7,761

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	587	7.56	24,175	0.01
100 - 1,000	703	9.06	542,487	0.24
1,001 - 10,000	4,483	57.76	19,773,387	8.72
10,001 - 100,000	1,801	23.21	54,815,179	24.17
100,001 and below 5% of issued shares	185	2.38	69,218,948	30.53
5% and above of issued shares	2	0.03	82,381,232	36.33
TOTAL	7,761	100.00	226,755,408	100.00

THIRTY LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2014

	Name	Ordinary Shares of RM1 each	(1) % of Issued Capital
1.	Melewar Equities (BVI) Ltd	60,379,733	26.77
2.	Melewar Khyra Sdn Bhd	22,001,499	9.76
3.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Wong Choo Mok)	7,266,000	3.22
4.	Araneum Sdn Bhd	5,457,866	2.42
5.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Beneficiary: UOB Kay Hian Pte Ltd for Bradford Securities Ltd)	3,000,000	1.33
6.	Yeoh Phek Leng	2,960,000	1.31
7.	Amsec Nominees (Tempatan) Sdn Bhd (Beneficiary : Pledged securities account for Avenue Serimas Sdn Bhd)	1,992,300	0.88
8.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Wong Choo Mok)	1,336,700	0.59
9.	Mohamed Nizam bin Mohamed Jakel	1,317,600	0.58
10.	Mohamed Faroz bin Mohamed Jakel	1,198,500	0.53
11.	Lim Seng Qwee	1,056,500	0.47
12.	Chia Beng Tat	1,000,000	0.44
13.	Mohamed Izani Bin Mohamed Jakel	896,500	0.40
14.	HLIB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Na Chaing Ching)	845,100	0.38
15.	Malacca Equity Nominees (Tempatan) Sdn Bhd (Beneficiary: Exempt An for Phillip Capital Management Sdn Bhd)	824,400	0.37
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Neo Eng Hui)	808,300	0.36
17.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Teaw Lay Wah)	808,100	0.36

THIRTY LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2014 (continued)

	Name	Ordinary Shares of RM1 each	[1] % of Issued Capital
18.	Lim Seng Chee	763,600	0.34
19.	RHB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Tan Mui Hing)	704,800	0.31
20.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Zet Enterprise Sdn Bhd)	673,333	0.30
21.	M & A Nominee (Tempatan) Sdn Bhd (Beneficiary: Titan Express Sdn Bhd)	656,700	0.29
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Neo Eng Hui)	637,800	0.28
23.	Ho Yoon Hoong	620,000	0.28
24.	Citigroup Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for OCBC Securities Private Limited)	589,332	0.26
25.	Maybank Securities Nominees (Asing) Sdn Bhd (Beneficiary: Maybank Kim Eng Securities Pte Ltd for Hexacon Construction Pte Ltd)	587,733	0.26
26.	Daiman bin Jamaluddin	560,000	0.25
27.	Citigroup Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for UBS AG Hong Kong)	550,000	0.24
28.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Neo Eng Hui)	517,700	0.23
29.	Maybank Nominees (Asing) Sdn Bhd (Beneficiary: Nomura Singapore Limited for Tay Ah Kou @ Tay Hwa Lang)	500,000	0.22
30.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Lee Chee Kong)	477,400	0.21
	TOTAL	120,987,496	53.64

Note :

[1] The percentages of the Thirty Largest Shareholders are calculated by dividing the shares held by the respective shareholders with the total number of ordinary shares in issue, excluding 1,232,600 treasury shares held by the Company.

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2014

Name	Number of Shares Held			
	Direct	%[1]	Indirect	%[1]
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah	-	-	82,381,232	36.53[a]
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	-	-	82,381,232	36.53[b]
Datin Ezurin Yusnita binti Abdul Malik	-	-	82,381,232	36.53[b]
Khyra Legacy Berhad	-	-	82,381,232	36.53[c]
Melewar Group Berhad	-	-	60,379,733	26.77[d]
Iternum Melewar Sdn Bhd	-	-	60,379,733	26.77[e]
Melewar Equities Sdn Bhd	-	-	60,379,733	26.77[f]
Melewar Equities (BVI) Ltd	60,379,733	26.77	-	-
Melewar Khyra Sdn Bhd	22,001,499	9.76	-	-

DIRECTORS' SHAREHOLDINGS AS AT 31 OCTOBER 2014

Name	Number of Shares Held			
	Direct	%[1]	Indirect	%[1]
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah	-	-	82,381,232	36.53[a]
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	-	-	82,381,232	36.53[b]
Datin Ezurin Yusnita binti Abdul Malik	-	-	82,381,232	36.53[b]
Datuk Lim Kim Chuan	186,666	0.08	-	-
Azlan bin Abdullah	133,333	0.06	-	-

NOTES :

(1) The percentages of the substantial and Directors' shareholdings are calculated by dividing the shares held by the respective substantial shareholders and Directors with the total number of ordinary shares in issue, excluding 1,232,600 treasury shares held by the Company.

(a) Deemed interested by virtue of Section 6A(4) and Section 122A(1)(b) of the Companies Act, 1965 via Melewar Equities (BVI) Ltd and Melewar Khyra Sdn Bhd.

(b) Deemed interested by virtue of their family relationship with Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, who is the ultimate substantial shareholder of Melewar Equities (BVI) Ltd and Melewar Khyra Sdn Bhd.

(c) Deemed interested by virtue of it being a substantial shareholder of Iternum Melewar Sdn Bhd and the holding company of Melewar Khyra Sdn Bhd. Iternum Melewar Sdn Bhd is a substantial shareholder of Melewar Equities Sdn Bhd who in turn is the holding company of Melewar Equities (BVI) Ltd, a substantial shareholder of the Company.

(d) Deemed interested by virtue of it being a substantial shareholder of Iternum Melewar Sdn Bhd. Iternum Melewar Sdn Bhd is a substantial shareholder of Melewar Equities Sdn Bhd who in turn is the holding company of Melewar Equities (BVI) Ltd, a substantial shareholder of the Company.

(e) Deemed interested by virtue of it being a substantial shareholder of Melewar Equities Sdn Bhd, who in turn is the holding company of Melewar Equities (BVI) Ltd, a substantial shareholder of the Company.

(f) Deemed interested by virtue of it being the holding company of Melewar Equities (BVI) Ltd, a substantial shareholder of the Company.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Melewar Industrial Group Berhad ("the Company") believes that a sound corporate governance structure is vital to ensure sustainability as well as business growth and is therefore is committed in ensuring that the Group carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance 2012 ("the Code").

The following sections explain how the Group has applied the key principles of the Code and the extent of its compliance with the recommendations throughout the financial year ended 30 June 2014.

1.0 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions Reserved for the Board and Delegated to Management

The Board retains full and effective control of the Group. The Directors, collectively and individually, has a legal and fiduciary duty to act in the best interest of the Company and to effectively represent and promote the interests of the shareholders and stakeholders with a view to achieve its vision towards corporate sustainability.

The Board has established clear functions which are reserved for the Board and those delegated to Board Committees and Management. Key matters, such as approval of annual and quarterly results, acquisitions and disposals, as well as material agreements, major capital expenditure, short-term and long-term plans and strategies and succession planning for top management are reserved for the Board.

To facilitate effective discharge of responsibilities, dedicated Board Committees were established guided by clear terms of reference with Directors who have committed time and effort as members. The Board Committees are chaired by Independent Non-Executive Directors who exercise skilful leadership with in-depth knowledge of the relevant industry. These Committees have the authority to examine particular issues and will report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, rests with the entire Board. There are currently four (4) standing Board Committees appointed by the Board, namely:

- Executive Committee;
- Audit Committee;
- Risk Management Committee; and
- Nomination and Remuneration Committee.

The delegation of authority by the Board to the Committees enables the Board to achieve operational efficiency by empowering these Committees to decide on matters within their respective written terms of reference and/or limits of delegated authority and yet allow the Board to maintain control over major policies and decisions.

At each Board meeting, the Chairman of the relevant Committees presents reports and minutes of Board Committee meetings to keep the Board informed and updated on the key issues deliberated by the Board Committees at their respective meetings.

The Board maintains a close and transparent relationship with the Management. A clear limit of authority for Management to manage the business of the Group has been established. Many of the responsibilities of the Board are delegated to Management through the Managing Director/Group Chief Executive Officer ("MD/GCEO").

The Board conducts a quarterly review of the performance targets and long-term goals of the business to ensure that the needs of the Group are consistently met. The Board is furnished with information relating to the running of the Group's operations through various financial and operational monthly and quarterly reports prepared by Management. This allows them to understand the operations better and make decisions in steering the Group towards a profitable business. At each normal Board meeting, the Board receives from or through the MD/GCEO and the respective Senior Management the operational report and other reports and proposals and assurances as the Board considers necessary to ensure that Management authorities are being observed.

1.2 Clear Roles and Responsibilities

The role of the Board is to effectively represent and promote the interests of the shareholders with a view to adding long-term value to the Company's shares. The Board will also direct and supervise the Management in relation to the business and affairs of the Company.

In discharging its stewardship responsibilities, the Board has formally assumed the six (6) specific responsibilities as follows:-

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Senior Management;
- Developing and implementing an investor relations program or shareholders communication policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

There is a division of responsibility between the Executive Chairman and the MD/GCEO to ensure a balance of power and authority. The roles of the Executive Chairman and the MD/GCEO are separate and clearly defined. As part of good corporate governance, the Executive Chairman is responsible for ensuring board effectiveness and conduct. He ensures that all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the meeting agenda. In doing so, the Executive Chairman will liaise with the MD/GCEO and the Company Secretary on the agenda for Board meetings. The Executive Chairman encourages healthy debates on issues raised at meetings and gives opportunity to directors who wish to speak on the motions, either for or against them. Every Board resolution is then put to a vote which would reflect the collective decision of the Board and not the views of an individual or an interested group. The Executive Chairman also chairs the meeting of shareholders of the Company. At the general meetings of the Company, the Executive Chairman will ensure that the shareholders are given the opportunity to enquire on the Group's affairs. The MD/GCEO focuses on the business and the day-to-day management of the Company and the Group. He is the conduit between the Board and Management in ensuring the success of the Group's governance and management functions. The MD/GCEO implements the policies, strategies and decisions adopted by the Board.

The Board is chaired by an Executive Chairman. Whilst the Company supports the recommendations made under the Code, the Company maintains that the Chairmanship of the Board shall continue to be held by a Non-Independent Executive Director. At the moment, the Board is of the view that the Executive Chairman will remain objective in expressing his views and will allow all Board members the opportunity to participate and express their views in deliberations and decision making in the Board without fear or favour. In addition, any decisions arrived at the Board are made on consensus. Despite this, the Board will endeavor that the composition of the independent directors comprise of more than one-third (1/3) of the Board to ensure balance of power and authority on the Board.

1.3 Code of Conduct

The Board has approved a Code of Conduct which sets out standards of business and ethical conduct based on general principles including, amongst others, integrity, honesty, fair dealing and confidentiality as guidance to all directors and employees in the conduct of their business and that of the Company, in order to enhance the standard of corporate governance and behaviour.

As part of best practices in good corporate governance, the Group has established a "Whistle-Blowing" policy. This policy is to encourage employees to report any major concerns over any wrongdoing within the Group relating to unlawful conduct, financial malpractice or dangers to the public or the environment.

1.4 Strategies Promoting Sustainability

The Board continues to place great emphasis on corporate sustainability through workplace, environment and community. A report on sustainability activities appears in the Corporate Social Responsibility Statement of this Annual Report.

1.5 Access to Information and Advice

The Directors are authorised to seek any information from management/employees, who are required to cooperate with any request made by the Directors.

The Directors shall have full and unlimited access to any information pertaining to the Group.

The Directors shall have direct communication channels with the Internal and External Auditors and with Senior Management of the Group and shall be able to convene meetings with the External Auditors whenever deemed necessary.

There are agreed procedures for the Directors, upon reasonable request, to seek independent professional advice at the Company's expense in appropriate circumstances.

The Company also provides a platform for dialogue between the Board and the Heads of each Division either at Board meetings or during the business unit visits. This will assist the Board in arriving at business and strategic decisions relating to the Group. When necessary, the Directors also visit locations of business units which would assist the Board to make effective decisions relating to the Group.

1.6 Qualified and Competent Company Secretary

The Company Secretary attends all Board and Committee meetings and ensures that all Board procedures are followed. The Company Secretary also ensures that the Company complies with all applicable statutory and regulatory rules. Together with the Management, the Company Secretary also assists the Board Chairman, the Board and Committees to implement and strengthen corporate governance practices and processes, including facilitating orientation for newly appointed Directors and appointments to Committees, and continuing training and development for the Directors. On an ongoing basis, the Directors have separate and independent access to the Company Secretary.

1.7 Board Charter

The Board Charter provides guidance to the Board in the fulfilment of its roles and responsibilities which are in line with the principles of good corporate governance. The Board Charter is subject to review periodically in order to ensure it is updated to reflect the changes to the Company's policies, procedures and processes as well as the latest relevant legislations and regulations.

The Board endeavours to comply at all times with the principles and practices set out in this Charter.

2.0 STRENGTHEN COMPOSITION

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

The Company is managed through the Board which currently comprises four (4) Executive Directors (including the Chairman), two (2) Non-Executive Directors and four (4) Independent Non-Executive Directors. The composition of the Board was maintained so that at any one time, at least two (2) or one-third (1/3) of the Board, whichever is higher, shall be independent. A brief profile of each Director is presented on pages 22 to 26 of the Annual Report.

The Group considers its complement of Non-Executive Directors provide an effective Board with a mix of industry specific knowledge and broad business and commercial experience. The presence of independent non-executive directors is particularly important in corporate accountability. They constructively challenge and contribute to the development of the business strategies and direction of the Group. This balance enables the Board to provide clear and effective leadership to the Group and to bring informed and independent judgment to many aspects of the Group's strategies and performance so as to ensure that the highest standards of conduct and integrity are maintained.

The Board has also appointed a Senior Independent Director, who serves as the point of contact between the Independent Directors and the Board Chairman on sensitive issues and acts as a designated contact to whom shareholders' concerns or queries may be raised. Major General Datuk Lai Chung Wah (Rtd) has been appointed the Senior Independent Non-Executive Director.

In ensuring that the composition of the Board is strengthened, the Board has entrusted the Nomination and Remuneration Committee to implement policies and procedures with respect to selection and nomination of Board and Board committees.

2.1 Nomination and Remuneration Committee ("NRC")

The Company has in place a NRC with specific terms of reference. The NRC comprises wholly of Independent Non-Executive Directors. The members of the NRC as at the date of this Annual Report are as follows:

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

Members : En Shazal Yusuf bin Mohamed Zain
- Independent Non-Executive Director

Major General Datuk Lai Chung Wah (Rtd)
- Independent Non-Executive Director

The duties and responsibilities of the NRC are to assist the Board in reviewing and recommending the appropriate remuneration policies applicable to Directors, MD/GCEO and Senior Management and the appointment and evaluation of the performance of Directors.

The principal Terms of Reference of the NRC are as follows:

(i) To review and determine the mix of skills, experience and other qualities including core competencies of Non-Executive Directors on an annual basis;
(ii) To assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director on an annual basis;
(iii) To recommend a framework of remuneration for Directors, MD/GCEO and key senior officers of the Company and its subsidiary companies; and
(iv) To recommend specific remuneration packages for Directors, MD/GCEO and key senior officers of the Company and its subsidiary companies.

2.2 Appointments and Re-election

The NRC is guided by the Procedure for the Appointment and Removal of Directors which has been approved by the Board. The Board Nomination and Selection Process outlines the skill sets, knowledge/experience, mindset and the intrinsic values required of the concerned director vis-à-vis the need of the Company. The process also provides the relevant point of reference in identifying the most suitable candidates to sit on the Board.

2.3 Directors' Assessment/Board Evaluation

The Board recognises the importance of assessing the effectiveness of individual Directors and the Board on an annual basis. During the financial year, the Board, through the NRC, conducted a formal review on the performance of each individual Director and the Board as a whole. The review shall take the form of a questionnaire comprising a self-evaluation of the Board as a whole and the individual Directors, and the responses will be collected and collated by the Company Secretary, on behalf of the NRC. The conclusion of the NRC's assessment will be minuted and its minutes are included in the Board papers for Board's notification.

2.4 Assessment of Independence

The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

The Board shall assess the independence of the Independent Directors prior to their appointment and annually thereafter or when any new interest or relationship develops in light of interests disclosed to the Board. During the financial year, the Board, through the NRC, assessed the independence of its Independent Non-Executive Directors based on criteria set out in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

2.5 Tenure of Independent Directors

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years in accordance with the Code. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director being re-designated as a Non-Independent Director. In the event the Director is to remain as Independent Director, the Board shall first justify and obtain shareholders' approval.

2.6 Gender Diversity

The Board is of the view that membership of the Board should be dependent on each candidate's skills, experience, core competencies and other qualities regardless of gender. The Board has also taken note of recommendation 2.2 of the Code in respect of formalising the gender diversity policy.

Female representation will be considered when vacancies arise and suitable candidates, identified, under pinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's strategic objective.

2.7 Remuneration Policies and Procedures

The Company shall provide a fair, reasonable and competitive remuneration for its Executive and Non-Executive Directors to ensure that the Company attracts and retains high calibre Directors who have the skills, experience and knowledge to run the Company successfully.

The NRC held two meetings during the financial year ended 30 June 2014. The remuneration packages of Executive Directors are structured to link rewards to the Group and individual performance. The Non-Executive Directors' remuneration reflects the experience, qualification and level of responsibilities undertaken by them. The annual fees payable to the Directors are approved by the shareholders at the AGM based on the recommendation of the Board.

The Board, as a whole, determines the remuneration of each Director and the Directors do not participate in decisions regarding their own remuneration packages. Details of the aggregate remuneration of the Company's Directors comprising remuneration received from the Company and subsidiary companies categorised into appropriate components for the financial year ended 30 June 2014 are as follows:-

Type of Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000
Salaries	2,430	-
Allowances	-	-
Bonuses	405	-
Fees	-	223
Benefits-In-Kind	78	-
Other Emoluments	526	70
TOTAL	3,439	293

The number of Directors of the Company whose fees and remuneration for the financial year ended 30 June 2014 falls within the following bands are:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Less than RM50,000	-	3
RM50,001 to RM100,000	-	3
RM750,001 to RM800,000	1	-
RM1,150,001 to RM1,200,000	1	-
RM1,450,001 to RM1,500,000	1	-

3.0 FOSTER COMMITMENT

3.1 Time Commitment

The Board is satisfied with the time commitment given by the Directors of the Company in discharging their duties for the financial year ended 30 June 2014.

The Board has met five (5) times during the financial year ended 30 June 2014. The details of the attendance by each of the Directors for the financial year ended 30 June 2014 are as follows:

Executive Directors	No. of Attendance	%
1. Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah (Chairman)	5/5	100
2. Datuk Lim Kim Chuan	4/5	80
3. En Azlan bin Abdullah	5/5	100
4. Mr Uwe Ahrens	5/5	100
Non-Independent Non-Executive Directors	**No. of Attendance**	**%**
1. Datin Ezurin Yusnita binti Abdul Malik	4/5	80
2. Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	5/5	100
Independent Non-Executive Directors	**No. of Attendance**	**%**
1. Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	3/5	60
2. En Shazal Yusuf bin Mohamed Zain	5/5	100
3. Major General Datuk Lai Chung Wah (Rtd)	5/5	100
4. Mr Muk Sai Tat	5/5	100

An annual meeting calendar is prepared by the Company Secretary and circulated to all Directors before the beginning of every year which sets out the scheduled dates for meetings of the Board and Board Committees, in order to facilitate and foster the Directors' time planning and commitment to the Company.

3.2 Training

The Directors have participated and continue to undergo the relevant training programmes to further enhance their skill and knowledge as well as the latest statutory and/or regulatory requirements in discharging their fiduciary duties to the Company.

The programmes or forums attended by the Directors include, inter alia, the following:-

Members of the Board	Programmes / Forum
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah	• Advocacy Sessions on Corporate Disclosure for Directors • In-House Directors' Training: Global Economic Review
Datuk Lim Kim Chuan	• Cyber Security Awareness • In-House Directors' Training: Global Economic Review
En Azlan bin Abdullah	• Boards & Strategy – Where are we? • BNM-FIDE Forum on FSA and IFSA • Cyber Security Awareness • Appreciation & Application of ASEAN Corporate Governance Scorecard • In-House Directors' Training: Global Economic Review
Mr Uwe Ahrens	• Advocacy Sessions on Corporate Disclosure for Directors
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	• GST Training Workshop • Advocacy Sessions on Corporate Disclosure for Directors
Datin Ezurin Yusnita binti Abdul Malik	• In-House Directors' Training: Global Economic Review

Members of the Board	Programmes / Forum
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	• Cyber Security Awareness • In-House Directors' Training: Global Economic Review
En Shazal Yusuf bin Mohamed Zain	• Luncheon Talk on The Corporate Challenges and Opportunities of Budget 2014 • Risk Management & Internal Control Workshops for Audit Committee Members • Cyber Security Awareness • In-House Directors' Training: Global Economic Review
Major General Datuk Lai Chung Wah (Rtd)	• National Sales Congress 2014 • Appreciation & Application of ASEAN Corporate Governance Scorecard • Cyber Security Awareness • In-House Directors' Training: Global Economic Review
Mr Muk Sai Tat	• MIA Conference 2013 • Boards & Strategy – Where are we? • Risk Management & Internal Control Workshops for Audit Committee Members

4.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING

4.1 Compliance with Applicable Financial Reporting Standards

The Company's annual financial statements and quarterly financial results are reviewed by the Audit Committee in consultation with the External Auditors to ensure the reliability of the Company's financial statements in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 ("the Act"), before recommending for the Board's approval and submission to Bursa Securities for announcement.

4.2 Assessment of Suitability and Independence of External Auditors

The Audit Committee reviews the appointment, performance and remuneration of the External Auditors, before recommending them to the shareholders for re-appointment in the Annual General Meeting ("AGM").

The Audit Committee convenes meetings with the External Auditors without the presence of the Executive Directors and Management of the Group whenever it deems necessary.

During the financial year ended 2014, the Audit Committee had conducted three (3) meetings with the External Auditors without the presence of the Executive Directors and Management to discuss their audit plan, audit findings, financial statements and other matters that require the Board's attention.

During the year, the Audit Committee had assessed Messrs PricewaterhouseCoopers ("PwC") and is satisfied with the suitability and independence of PwC as External Auditors of the Company.

5.0 RECOGNISE AND MANAGE RISKS

5.1 Sound Framework to Manage Risks

The Risk Management Committee comprises of three (3) Directors, all of whom are Independent Non-Executive Directors. The Risk Management Committee is responsible in identifying the principal risks affecting the Company and the Group and ensures the implementation of a sound risk management framework and appropriate systems to manage these risks.

The features of the Company's risk management framework are as set out in the Directors' Statement on Risk Management and Internal Control in this Annual Report.

5.2 Internal Audit Function

The internal audit function of the Company and the Group has been outsourced to an independent party, Messrs Baker Tilly Monteiro Heng Governance Sdn Bhd ("BTMH"). The representative from BTMH is invited to table their reports at every Audit Committee Meeting. Details of the Company and the Group's internal control system and framework are set out in the Directors' Statement on Risk Management and Internal Control and Audit Committee Report of this Annual Report respectively.

6.0 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

6.1 Corporate Disclosure Policies and Procedures

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

6.2 Leverage of Information Technology for Effective Dissemination of Information

The Board is mindful of its obligation to provide timely and fair disclosure of material information to shareholders. Shareholders and investors are kept abreast of results and other material information concerning the Group through regular and timely dissemination of information. The Company's website at www.melewar-mig.com contains information about the Company including all publicly disclosed financial information, corporate announcements, annual reports and profiles of the Company and the Group.

7.0 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND ITS SHAREHOLDERS

7.1 Shareholders Participation at General Meetings

The Board notes the recommendation 8.1 of the Code to take reasonable steps to encourage shareholders' participation at the AGM. The Company will use best endeavours to serve the notice of the AGM to shareholders earlier than the minimum notice period of at least twenty one (21) days before the date of the meeting in order to allow the shareholders to make necessary arrangements to attend and participate either in person or by proxy.

7.2 Poll Voting

In line with recommendation 8.2 of the Code on poll voting, the Company will make the necessary preparation for poll voting for resolution in respect of related party transactions.

The Company also took note of recommendation on e-voting and will explore the suitability and feasibility of employing electronic means for poll voting in future.

7.3 Effective Communication and Proactive Engagement

The forthcoming AGM will be a good opportunity for proactive engagement and communication between the Board, shareholders and investors.

The Chairman and the Board members together with Management and the External Auditors will be present to address all queries from shareholders on issues related to the Company. The shareholders will have direct access to the Board and are encouraged to participate in the question and answer session.

The Board has identified Major General Datuk Lai Chung Wah (Rtd) as the Senior Independent Director to whom queries or concerns regarding the Group may be conveyed.

(i) Major General Datuk Lai Chung Wah (Rtd) can be contacted as follows:
Telephone number: +603-5519 2455 Facsimile number: +603-5510 8618
Email address: cwlai@melewar-mig.com

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

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

(iii) En Azlan bin Abdullah (Investor Relations, for investor relations matters)
Telephone number: +603-6250 6000 Facsimile number: +603-6257 1555
Email: aazlan@melewar-mig.com

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

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required to prepare the 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 end of the results and cash flow for that year. The financial statements must be prepared in compliance with the Act and with applicable approved accounting standards.

The Directors considered the following in preparing the financial statements:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state 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 Act.

OTHER BURSA SECURITIES COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS

Other than those disclosed in the financial statements, there were no material contracts including contracts to any loans entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interest.

2. MATERIAL CONTRACTS RELATED TO LOAN

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

3. SHARE BUY-BACK

There was no share buy-back during the financial year ended 30 June 2014. As at 30 June 2014, the Company had repurchased in total 1,232,600 ordinary shares of MIG from the open market at an average price of RM1.62 per share. All the shares repurchased are being held as treasury shares.

4. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company has not issued any options, warrants or convertible securities during the financial year under review.

5. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

The Group has not sponsored any ADR or GDR programme for the financial year ended 30 June 2014.

6. NON-AUDIT FEES

There were no non-audit fees paid by the Group to the External Auditors during the financial year.

7. PROFIT ESTIMATION, FORECAST OR PROJECTION

There were no profit estimation, forecast or projection made or released by the Company during the financial year under review.

8. PROFIT GUARANTEES

There were no profit guarantees given by the Group.

9. REVALUATION POLICY ON LANDED PROPERTIES

The Group revalued its properties comprising land and buildings periodically, with sufficient regularity. 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. The last revaluation of its properties was carried out during financial year ended 30 June 2014.

10. IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 30 June 2014.

11. VARIATION IN RESULTS

There was a deviation in excess of 10% between the after tax profit attributable to the owners of the Company in the announced unaudited consolidated income statement and the audited consolidated income statement for the financial year ended 30 June 2014.

The said deviation was as a result of an audit reclassification of the Group's share of post-acquisition reserves in relation to the de-recognition of the Power Group (pursuant to its 51% controlling equity stake divestiture) from Other Comprehensive Income to the Statement of Profit or Loss as a component of the 'gain on disposal' of the 51% controlling equity stake of the power operation. The other two items are omissions previously not taken up in the announced unaudited consolidated income statement.

However, the 'total comprehensive income' for the audited Statement of Comprehensive Income is within the 10% deviation range of the announced unaudited total comprehensive income.

Details of the same have been fully disclosed and announced on 30 October 2014.

12. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2014

On 29 November 2013, the Company sought approval for a shareholders' mandate for MIG Group to enter into Recurrent Transactions (as defined in the Circular to Shareholders dated 7 November 2013) in their ordinary course of business with related parties ("Shareholders' Mandate") as defined in Chapter 10 of the MMLR.

The aggregate value of transactions conducted during the financial year ended 30 June 2014 in accordance with the Shareholders' Mandate obtained in the last AGM were as follows:

A. RRPTs with Melewar Group of Companies

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2013 – 30/06/2014) (RM)
				Director	Major Shareholder	
1.	Trace Management Services Sdn Bhd ("Trace")	Provision of corporate secretarial services by Trace to Melewar Industrial Group Berhad ("MIG") and its subsidiaries ("MIG Group")	**Interested Directors** Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah ("TY"), Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah ("TYY") and Datin Ezurin Yusnita binti Abdul Malik ("Datin Ezurin")	TY and TYY are deemed interested in Trace by virtue of their major shareholdings in The Melewar Corporation Berhad, the substantial shareholder of Trace. Datin Ezurin is therefore deemed interested by virtue of her family relationship with TY based on Section 122A(1)(a) of the Companies Act, 1965 ("the Act")	Nil	433,099

B. RRPTs with MAA Group Berhad ("MAAG") Group of Companies

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2013 – 30/06/2014) (RM)
				Director	Major Shareholder	
1.	MAA Corporation Sdn Bhd ("MAA Corp")	Office rental charged by MAA Corp to MIG Group	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** Melewar Equities (BVI) Ltd ("MEBVI"), Melewar Khyra Sdn Bhd ("MKSB"), Melewar Equities Sdn Bhd ("MESB"), Iternum Melewar Sdn Bhd ("IMSB"), Melewar Group Berhad ("MGB") and Khyra Legacy Berhad ("KLB")	TY is deemed interested in MAA Corp. TY is the founder and ultimate beneficial owner of KLB. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MAA Corp is a wholly owned subsidiary of MAAG whose ultimate major shareholder is KLB.	66,936

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2013 – 30/06/2014) (RM)
				Director	Major Shareholder	
2.	MAA Corp	Office service charge by MAA Corp to MIG Group	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MAA Corp. TY is the founder and ultimate beneficial owner of KLB. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MAA Corp is a wholly owned subsidiary of MAAG whose ultimate major shareholder is KLB.	15,061
3.	MAA Corporate Advisory Sdn Bhd (“MAACA”)	Provision of corporate consultancy services by MAACA to MIG Group	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MAACA. TY is the founder and ultimate beneficial owner of KLB. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MAACA is a wholly owned subsidiary of MAA Corp who in turn is a wholly owned subsidiary of MAAG whose ultimate major shareholder is KLB.	-
4.	MAAG	Office rental charged by Melewar Integrated Engineering Sdn Bhd (“MIE”) to MAAG	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MAAG. TY is the founder and ultimate beneficial owner of KLB. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	KLB is the ultimate major shareholder of MAAG	25,025
5.	MAA Takaful Berhad (“MAAT”)	Provision of insurance business by MAAT to MIG Group	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MAAT. TY is the founder and ultimate beneficial owner of KLB. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MAAT is a 75% owned subsidiary of MAAG whose ultimate major shareholder is KLB.	2,036,279

C. RRPTs with Mycron Steel Berhad ("MSB") Group of Companies

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2013 – 30/06/2014) (RM)
				Director	Major Shareholder	
1.	Mycron Steel CRC Sdn Bhd ("MSCRC")	Provision of treasury services by MIG to MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	-
2.	MSCRC	Provision of finance, payroll and information technology services by Melewar Steel Tube Sdn Bhd ("MST") to MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MST is a wholly owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	72,000
3.	MSCRC	Rental charged by MSCRC to Melewar Steel Mills Sdn Bhd ("MSM") for using land belonging to MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MSM is a wholly owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB	-
4.	MSCRC	Purchase of cold rolled coils by MST from MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MST is a wholly owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	15,340,209

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2013 – 30/06/2014) (RM)
				Director	Major Shareholder	
5.	MSCRC	Sale of pipes by MIG to MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	25,832
6.	MSCRC	Sale of second grade pipes and provision of slitting services by MST to MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MST is a wholly owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	-
7.	MSCRC[(1)]	Sale of scrap by MSCRC to MSM	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MSM is a wholly owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	9,712,481
8.	MSCRC	Provision of technical and consultancy services by MIE to MSCRC for expansion projects in cold roll mill	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MIE is a 70% owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	-

Note:

(1) An announcement was made to Bursa Securities on 21 October 2014 in respect of the actual value of RRPT transacted by a subsidiary, MSM with MSCRC pursuant to the existing shareholder mandate obtained on 29 November 2013 which had exceeded the estimated value of the RRPT by more than ten percent (10%).

D. RRPTs with MIE

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2013 – 30/06/2014) (RM)
				Director	Major Shareholder	
1.	MIE	Provision of technical and consultancy services by MIE to MSM for expansion projects in induction mill	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MIE by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MIE is a 70% owned subsidiary of MIG. MSM is a wholly owned subsidiary of MIG.	-
2.	MIE	Sales of steel bar by MSM to MIE	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MIE by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MIE is a 70% owned subsidiary of MIG. MSM is a wholly owned subsidiary of MIG.	-
3.	MIE	Provision of professional services by MIE to MIG in relation to a joint development study on pellet plant	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIE and MIG by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MIE is a 70% owned subsidiary of MIG.	-

E. Financial assistance between MIG Group and the classes of related parties

Type of Financial Assistance	Related Party	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2013 – 30/06/2014) (RM)
			Director	Major Shareholder	
Provision of guarantees, indemnity or such other collateral to or in favour of another person which is necessary in order for MIE to procure a contract or secure work from the other person or to enable the other person to commence and/or complete a contract or work for the MIG Group.	MIE	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIE and MIG by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MIE is a 70% owned subsidiary of MIG.	-
Provision of financial assistance to the Group by the pooling of funds via a centralized treasury management function within the MIG Group on a short or medium term basis i.e. for a duration not exceeding three (3) years.	MIG Group	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG Group by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	Nil	-

COMPLIANCE STATEMENT

The Board is satisfied that the Company has implemented the principles and recommendations under the Code and believes that all material aspects have been complied with reasonably and in the manner most suited and appropriate for the Company in the best interest of all stakeholders.

This Statement is made in accordance with the resolution of the Board dated 27 October 2014.

RESPONSIBILITY

The Board of Directors ("the Board") is responsible to establish a sound risk management framework and internal control by adopting best practices, embedding good risk management and implementing strong internal control systems into the Group's culture, processes and structure to ensure that key risk areas are managed to an acceptable level to achieve our Group's business objectives. The Board reviews the adequacy and effectiveness of the Group's system of risk management and internal controls, which includes financial, operational and compliance controls. As there are limitations inherent in any systems of internal control, therefore, it shall be noted that the controls are designed and positioned to mitigate risks but not eliminating the present and future risks. In this connection, it shall be noted that systems of internal control can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

Whilst the Board has an overall responsibility for the Group's system of internal control, it has delegated the implementation of these internal control systems to the Management who regularly reports to the Audit and Risk Management Committees on risks identified and action steps taken to mitigate and/or minimise these risks. The Board is also responsible for identifying the nature and extent of major business risks faced by the Group, evaluating them and to manage these risks that could inadvertently prevent the achievement of the Group's business objectives.

Management is responsible to implement these policies, procedures and guidelines on risk and control by identifying and evaluating the risks faced and design, operate and monitor a suitable system of internal control to manage these risks. The Board has extended the responsibilities of the Risk Management Committee ("RMC") to include the role of monitoring all internal control on behalf of the Board and in identifying and communicating critical risk areas to the Board accordingly. This process is regularly reviewed by the Board and the Internal Auditors respectively. The internal audit function is outsourced to an independent party, Messrs Baker Tilly Monteiro Heng Governance Sdn Bhd ("BTMH"). During the financial year under review, the Audit Committee has reviewed the internal control framework for the Group and assessed the effectiveness and efficiency as reported by the Internal Auditors.

RISK MANAGEMENT COMMITTEE

The RMC was established by the Board on 18 December 2003. The RMC had met four (4) times during the financial year. The RMC as at the date of this Annual Report are as follows:

Chairman	:	Shazal Yusuf bin Mohamed Zain (Appointed as a member on 31 May 2010 and subsequently re-designated as Chairman on 7 January 2013)
Members	:	Major General Datuk Lai Chung Wah (Rtd) (Appointed as a member on 4 September 2012)
	:	Mr Muk Sai Tat (Appointed as a member on 27 February 2013)

The RMC Meetings held during the financial year ended 30 June 2014 were as follows:

Name of Committee Members	Total Meetings attended
Shazal Yusuf bin Mohamed Zain *(Chairman, Independent Non-Executive Director)*	4/4
Major General Datuk Lai Chung Wah (Rtd) (*Independent Non-Executive Director)*	4/4
Mr Muk Sai Tat *(Independent Non-Executive Director)*	4/4

RISK MANAGEMENT FRAMEWORK

The RMC had formally adopted a Risk Management Framework for the Group in 2005. The objective of this framework is to provide guidance to the Group to facilitate a structured approach in identifying, evaluating and managing significant risks and to achieve a level of adequacy and standard reporting by the subsidiaries to the holding company in a timely manner. This process is working effectively during the financial year ended 30 June 2014 and up to the date of approval of the financial statements.

The roles of the Board of Directors, Risk Management Committee, Audit Committee and the respective Division Heads are well defined under the framework with clear lines of accountability. Management is responsible for the identification and evaluation of the key risks applicable to their areas of business units/segments on a continuous basis. Risks identified are reported in a timely manner and discussed thoroughly with corrective measures to be taken during the periodic management meetings to ensure implementation of corrective actions.

The main duties and functions of the RMC as set out in the Terms of Reference, which has been approved by the Board are, inter alia, as follows:

a. Reviewing existing controls that may reduce the risk factors of the Group;
b. Reviewing and providing recommendations on risk management strategies, policies and risk tolerance for the Board's approval;
c. Reviewing and assessing the adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;

d. Ensuring the adequacy of infrastructure, resources and systems for an effective risk management to ensure the implementation of risk management systems are performed by the staff independently; and
e. Reviewing the Management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

The RMC will assist and coordinate the implementation of the risk management programme for the Group. The implementation of the risk management programme will provide a consistent approach and guidelines in managing the Group's significant risk exposures.

As the economic, industrial, regulatory and operating conditions continue to change, the corresponding mechanisms in identifying and dealing with the changing risks are of dynamic nature. Accordingly, the Group has a proactive risk management process which seeks to meet the challenges arising from such changes.

INTERNAL AUDIT

The Board has engaged the services of BTMH to carry out the internal audit function. The principle duty and responsibility of BTMH is to examine and evaluate all major phases of operations of the Group and to assist the Board in the effective discharge of the Board's responsibilities. Actual audits are varied on a cyclical basis with more attention being paid to the areas perceived to have more risk. The fee incurred for the internal audit function in respect of the financial year ended 30 June 2014 was RM144,000.

The internal audit function adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The internal audit reviews of the existing systems of controls provides the Board with much of the assurance it requires regarding the adequacy and the effectiveness of the risk management processes which Management has in place to identify, manage and in controlling the proper conduct of business within the Group. It also provides useful advice on control assurance activities as well as opportunities for improvements to enhance the existing control system as well as identify possible solutions to eliminate shortcomings or deficiencies identified.

The Audit Committee ("AC") reviews and approves the scope of the internal audit to be carried out. The results of the audit findings and the recommendations for improvement are also reported back to the AC as well as to the Board. MIG's Management is responsible for ensuring that corrective actions, if any recommended, be implemented within a defined time frame.

KEY ELEMENTS OF THE INTERNAL CONTROL ENVIRONMENT

The key elements of the Group's internal control systems include:

a. The Internal Auditors prepares a 'risk-based' internal audit plan which considers all the critical and high impact areas within the business operations. During the financial year, the various audit areas as set out in the approved internal audit plan were carried out by the Internal Auditors. Any weaknesses identified during the reviews and improvement measures recommendations to strengthen these controls were reported to the AC who will then report the findings at the quarterly Board Meetings. This provides an assurance regarding the adequacy and the integrity of the internal control system. Management will take the necessary corrective actions on reported weaknesses as recommended by the internal audit function within the agreed time frame. The AC will in turn review with Management the internal audit report and management's response. Progress of corrective actions is monitored through follow-up audits.

b. The Group's operations are accredited with the prestigious ISO 9001:2008 international quality system standard since October 2002 and such quality management system provides the Group with an improved control of key processes and a foundation for improving quality, customer service and customer satisfaction.

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. Management is responsible in identifying and evaluating the 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 such as the approval matrix for the capital expenditure and investment programmes.

f. The Board of Directors and Management monitor the Group's performance via key performance indicators, monthly management reports and periodic management meetings. Any significant variation identified will be duly investigated and reported accordingly.

g. Key processes of the Group are governed by the streamlined standard operating procedures across the Group.

h. The Group's Safety and Health Committee is responsible to review the occupational safety and health procedures.

i. The AC meets at least four (4) times a year and, within its limit, reviews the effectiveness of the Group's system of internal control. The Committee receives reports from the Internal Auditors and Management. Refer to Audit Committee Report set out on pages 49 to 50 of this Annual Report.

j. The Risk Management Unit undertakes to oversee the Group's risk management processes as set out in the risk management framework.

k. The detailed internal policies and procedures guidelines are set out in the standard operating policies and procedures manuals. These systems/manuals, such as those relating to safety, environment and insurance are subject to an annual review and updated as required to ensure the compliance with regulatory requirements and standards.

l. Plant visits by members of the Board on a regular basis.

m. On a monthly basis, Executive Committee meeting will be held and attended by the respective Business Unit Heads together with the Managing Director/Group Chief Executive Officer. The objective of the meeting is held primarily to review the operational performance and progress of the tasks undertaken by the Group.

n. The Group has also in place a whistle blowing procedure which forms part of the Group's Code of Conduct. This provides an avenue for employees to report/complain any wrongdoing by any persons in the Group, or any breach or suspected breach of any law or standards in a safe and confidential manner.

CONTROL ASSURANCE OVER FINANCIAL REPORTING

During the financial year under review, the Group management carried out the practice of making quarterly representation as well as certification of the reviews it conducted to the Board. This representation serves as a commitment of management assurance on the control system in place for financial reporting accuracy as required.

CONCLUSION

The Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out. In this regard, the Management has given assurance to the Board that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Company.

Premised on the above, the Board is of the opinion that the existing system of internal control of the Group is sound, adequate and effective to achieve the objectives of safeguarding shareholders' investment, interest of the customers, regulators, employees and other stakeholders and the Group's assets.

Based on the internal audit reviews carried out, none of the weaknesses noted by the internal audit have resulted in any material losses, contingency or uncertainties that would require disclosure in the Annual Report.

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

AUDIT COMMITTEE REPORT

ESTABLISHMENT

The Audit Committee assists the Board in fulfilling the Board's responsibilities with respect to its oversight responsibilities.

The Audit Committee comprises the following Directors, all of whom are Independent Non-Executive Directors:

1.	Mr Muk Sai Tat (Chairman)	-	Independent Non-Executive Director *(Audit Committee Member who fulfils requirement under Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements ("MMLR"))*
2.	En Shazal Yusuf bin Mohamed Zain	-	Independent Non-Executive Director
3.	Major General Datuk Lai Chung Wah (Rtd)	-	Independent Non-Executive Director

The Chairman of the Audit Committee is Mr Muk Sai Tat. The Directors' profiles are set out on pages 25 to 26 in the Annual Report.

SUMMARY OF THE TERMS OF REFERENCE

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Chairman of the Audit Committee engages on a continuous basis with the Senior Management, Internal Auditors and External Auditors, in order to keep abreast of matters and issues affecting the Group.

The Audit Committee is also authorised by the Board to seek and accept independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, whenever deemed necessary.

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members. All Audit Committee members must be non-executive Directors, with a majority of them being independent directors. The Chairman shall be an independent, non-executive Director appointed by the Audit Committee.

If a member of the Audit Committee resigns or for any reason ceases to be a member resulting in the number of members to be reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint a replacement to make up the minimum of three (3).

The Audit Committee's duties and responsibilities are as follows:

(a) To consider the appointment and re-appointment of the external auditors and the audit fee.

(b) To discuss the resignation or removal of external auditors and the reasons thereof.

(c) To discuss with the external auditors the nature and scope of any audit exercise prior to its commencement and to ensure coordination of such exercise where more than one audit firm is involved.

(d) To review the quarterly and annual financial statements of the Company and the Group, before submission to the Board whilst ensuring that they are prepared in an accurate manner focusing particularly on:

- i) Changes in major accounting policies and principles;
- ii) Significant or unusual events;
- iii) Significant adjustments arising from the audit;
- iv) The going concern assumption;
- v) Compliance with applicable financial reporting standards and relevant statutory and regulatory requirements;
- vi) To discuss issues, concerns and reservations arising from interim and final external audits, and such other matters the external auditors may wish to raise (in the absence of Management where necessary);
- vii) To review the external auditor's management letter and management's response to specific matters raised therein;
- viii) To assess the suitability and independence of external auditors;
- ix) To do the following in connection with the internal audit function:
    - Review the adequacy of the scope, functions, authority, competency and resources;
    - Review and discuss the nature and scope of the internal audit program with the internal auditors and the follow-up thereto, ensuring that appropriate actions are taken as recommended;
    - Review any appraisal of the performance and compensation of staff members;
    - Approve the appointment, resignation or termination of its senior staff members;
    - Take cognizance of resignations of staff members and provide the resigning staff members an opportunity to submit their reasons for resigning.

(e) To consider and review any related party transactions that may arise within the Group.

(f) To consider and review the major findings of internal investigations and Management's response.

(g) To consider other topics as defined by the Board.

MEETINGS AND MINUTES

The Audit Committee shall meet at least four (4) times annually or more frequently as circumstances dictate. The Managing Director/Group Chief Executive Officer and Chief Financial Officer should normally attend meetings. Other Board members, employees, a representative of the External Auditors and External Independent Professional Advisers may attend meetings upon the invitation of the Audit Committee. However, the Committee should meet with the External Auditors without the presence of Executive Board members at least twice a year.

The Company Secretary shall be the secretary to the Audit Committee. Minutes of each meeting shall be distributed to each member prior to the meeting. The Chairman shall report to the Board, a summary of significant matters arising at each meeting.

During the financial year ended 30 June 2014, five (5) Audit Committee meetings were held. The details of attendance of each Committee member are as follows:

Name	No. of Meetings Attended
Mr Muk Sai Tat (Chairman)	5/5
En Shazal Yusuf bin Mohamed Zain	5/5
Major General Datuk Lai Chung Wah (Rtd)	5/5

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2014

During the financial year ended 30 June 2014, the Audit Committee has carried out its duties as set in the terms of reference. The main activities were as follows:

i. Reviewed and recommended to the Board the re-appointment of the External Auditors and the audit fee;

ii. Reviewed the adequacy and the relevance of the scope, functions, resources, internal audit plan and results of internal audit processes with the Internal Audit consultants;

iii. Monitored the implementation of programmes recommended by the Internal Audit consultants arising from its audits in order to obtain assurance that all key risks and controls have been properly dealt with;

iv. Reviewed with the appropriate officers of the Group, the quarterly financial results and year-end financial statements including the announcements pertaining thereto before recommending to the Board for approval and the release of the Group's results to Bursa Malaysia Securities Berhad;

v. Reviewed with External Auditors on their audit plan (including system evaluation, audit fee, issues raised and Management's response) prior to the commencement of audit;

vi. Reviewed the financial statements, the audit report, the evaluation of system of internal control, issues and reservations arising from audits and the Management letter with the External Auditors and recommend the same to the Board;

vii. Discussed problems and reservations arising from the interim and final external audits, and any matters the External Auditors may wish to discuss in the absence of Management;

viii. Reviewed and recommended to the Board the re-appointment of the external service provider for internal audit services and the audit fee;

ix. Reviewed the disclosure of related party transactions and any conflict of interest situation and questionable transactions;

x. Prepared the Audit Committee Report for inclusion in the Company's Annual Report;

xi. Reported to and updated the Board on significant issues and concerns discussed during the Committee's meetings and where appropriate, made the necessary recommendations to the Board;

xii. Reviewed the disclosure statements on compliance of Malaysian Code on Corporate Governance, Board's responsibility on the annual audited financial statements and the state of internal control and other relevant documents for publication in the Company's Annual Report; and

xiii. Followed up on corrective actions taken by Management on the audit issues raised by the External Auditors and Internal Auditors.

The Audit Committee has met thrice with the External Auditors without the presence of the Executive Board members and Senior Management team.

This statement was approved by the Board of Directors on 27 October 2014.

DIRECTORS' REPORT
For The Financial Year Ended 30 June 2014

The Directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of property investment and investment holding. The principal activities of the subsidiaries are as disclosed in Note 15 to the financial statements.

On 30 November 2013, the Company disposed its steel tube sales and marketing operation to its wholly-owned subsidiary, Melewar Steel Tube Sdn Bhd ("MST"), as disclosed in Note 15(iii) to the financial statements.

FINANCIAL RESULTS

	Group	Company
	RM	**RM**
Loss for the financial year – Continuing Operations	(21,292,451)	(200,341,325)
Profit for the financial year – Discontinued Operations	89,693,982	34,125,043
Attributable to:		
- Equity holders of the Company	74,560,736	(166,216,282)
- Non-controlling interests	(6,159,205)	-
Net profit/(loss) for the financial year	68,401,531	(166,216,282)

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year 30 June 2013.

The Directors do not recommend the payment of any dividend for the financial year ended 30 June 2014.

RESERVES AND PROVISIONS

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

DIRECTORS

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

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah
Datuk Lim Kim Chuan
Azlan bin Abdullah
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah
Datin Ezurin Yusnita binti Abdul Malik
Shazal Yusuf bin Mohamed Zain
Uwe Ahrens
Major General Datuk Lai Chung Wah (Rtd)
Muk Sai Tat

In accordance with Section 129(6) of the Companies Act, 1965, Major General Datuk Lai Chung Wah (Rtd) retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 96 of the Company's Articles of Association, Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah and Azlan bin Abdullah, retire by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

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 ordinary shares in the Company and its related corporations are as follows:

	Number of ordinary shares of RM1.00 each in the Company			
	At 01.07.2013	**Bought**	**Sold**	**At 30.06.2014**
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah - indirect interest	82,381,232	-	-	82,381,232
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah - indirect interest	82,381,232	-	-	82,381,232
Datin Ezurin Yusnita binti Abdul Malik - indirect interest	82,381,232	-	-	82,381,232
Datuk Lim Kim Chuan - direct interest	186,666	-	-	186,666
Azlan bin Abdullah - direct interest	133,333	-	-	133,333

Mycron Steel Berhad (Related corporation)	Number of ordinary shares of RM1 each			
	At 01.07.2013	**Bought**	**Sold**	**At 30.06.2014**
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah - indirect interest	97,557,066	-	-	97,557,066
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah - indirect interest	97,557,066	-	-	97,557,066
Datin Ezurin Yusnita binti Abdul Malik - indirect interest	97,557,066	-	-	97,557,066
Azlan bin Abdullah - direct interest	247,000	-	-	247,000

By virtue of the above mentioned Directors' direct and indirect interests in ordinary shares of the Company, they are deemed to have an interest in the shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year had any interest in ordinary shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit 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, except as disclosed in Notes 10 and 27 to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of profit or loss, the statements of comprehensive income and the statements of financial position were made out, the Directors took reasonable steps:

(a) 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

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

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

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

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

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

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 affect the ability of the Group or of the 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 of the 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 of the 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 operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in statements of profit or loss, Notes 2(a), 3 and 4(c)(iii) to the financial statements; 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 of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are as disclosed in Note 31 to the financial statements.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance to their resolution dated 28 October 2014.

DATUK LIM KIM CHUAN
EXECUTIVE DIRECTOR

AZLAN BIN ABDULLAH
MANAGING DIRECTOR

STATEMENT BY DIRECTORS

Pursuant To Section 169(15) Of The Companies Act, 1965

We, Datuk Lim Kim Chuan and Azlan bin Abdullah, two of the Directors of Melewar Industrial Group Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 57 to 134 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2014 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 1965 in Malaysia.

The information set out in Note 34 on page 135 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance to their resolution dated 28 October 2014.

DATUK LIM KIM CHUAN
EXECUTIVE DIRECTOR

AZLAN BIN ABDULLAH
MANAGING DIRECTOR

STATUTORY DECLARATION

Pursuant To Section 169(16) Of The Companies Act, 1965

I, Azlan bin 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 57 to 134 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.

AZLAN BIN ABDULLAH

Subscribed and solemnly declared by the abovenamed Azlan bin Abdullah, at Kuala Lumpur in Malaysia on 28 October 2014, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
To The Members Of Melewar Industrial Group Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Melewar Industrial Group Berhad on pages 57 to 134, which comprise the statements of financial position as at 30 June 2014 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 33.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of Matter

We draw attention to Note 2(a) to these financial statements, which states that the Group incurred a net loss of RM21.3 million from continuing operations during the financial year ended 30 June 2014. This along with other matters as described in Note 2(a) indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 34 on page 135 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

LEE YOKE KHAI
(No. 1589/08/15 (J))
Chartered Accountant

Kuala Lumpur
28 October 2014

STATEMENTS OF PROFIT OR LOSS
For The Financial Year Ended 30 June 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Continuing operations:					
Revenue	6	664,553,582	760,430,663	5,177,400	4,524,000
Cost of sales/services provided		(620,432,194)	(695,508,891)	(4,150,362)	(3,937,641)
Gross profit		44,121,388	64,921,772	1,027,038	586,359
Other operating income/(loss)	7	808,365	(2,040,489)	1,306,627	3,259,277
Loss on waiver of debt given	22	-	-	(3,423,930)	-
Impairment (losses)/write back on:					
- investment in subsidiaries	15	-	-	(60,134,420)	(583,723)
- amount owing by subsidiaries	4(c)	-	-	(136,112,662)	(6,675,500)
- property, plant and equipment	13	(6,983,331)	573,413	(34,756)	1,454
- inventories		(150,376)	-	-	-
- trade receivables	4(c)	(2,385,561)	-	-	-
- other receivables/construction financing	4(c)	(1,452,997)	(11,222,095)	-	-
Selling and distribution costs		(5,513,467)	(6,844,020)	-	-
Administrative and general expenses		(28,971,090)	(26,917,523)	(3,140,597)	(2,493,535)
		(527,069)	18,471,058	(200,512,700)	(5,905,668)
Finance income	9	2,404,333	1,079,676	276,361	255,833
Finance costs	9	(15,422,666)	(13,873,268)	(15,479)	(4,069)
Share of associate's results	16	(13,260,019)	-	-	-
(Loss)/Profit before tax	8	(26,805,421)	5,677,466	(200,251,818)	(5,653,904)
Taxation	11	5,512,970	(7,286,676)	(89,507)	(626,715)
Net loss for the financial year from continuing operations		(21,292,451)	(1,609,210)	(200,341,325)	(6,280,619)
Discontinued operations:					
(Loss)/Profit for the financial period up to the date of disposal/year	18	(135,866,422)	(214,102,702)	4,095,430	5,716,859
Gain on disposal a subsidiary	18	225,560,404	-	-	-
Gain on disposal of business	15	-	-	30,029,613	-
Profit/(Loss) for the financial year from discontinued operations (attributable to owners of the parent)		89,693,982	(214,102,702)	34,125,043	5,716,859
Net profit/(loss) for the financial year		68,401,531	(215,711,912)	(166,216,282)	(563,760)
Attributable to:					
- Equity holders of the Company		74,560,736	(214,959,675)	(166,216,282)	(563,760)
- Non-controlling interests		(6,159,205)	(752,237)	-	-
		68,401,531	(215,711,912)	(166,216,282)	(563,760)
Earnings/(Loss) per share attributable to equity holders of the Company during the financial year:					
- Basic and diluted (sen)					
From continuing operations		(7.59)	(1.89)		
From discontinued operations		40.65	(93.42)		
	12	33.06	(95.31)		

STATEMENTS OF COMPREHENSIVE INCOME
For The Financial Year Ended 30 June 2014

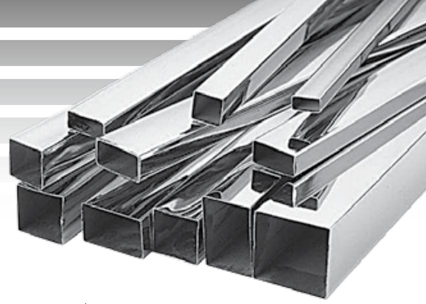
	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Net profit/(loss) for the financial year	68,401,531	(215,711,912)	(166,216,282)	(563,760)
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences	1,272,325	1,880,375	-	-
Item that will not be reclassified to profit or loss:				
Asset revaluation reserve:				
- revaluation surplus on property, plant and equipment, net of tax	7,118,022	9,031,776	37,279	12,186
Total other comprehensive income for the financial year, net of tax	8,390,347	10,912,151	37,279	12,186
Total comprehensive income / (loss) for the financial year	76,791,878	(204,799,761)	(166,179,003)	(551,574)
Attributable to:				
- Equity holders of the Company	78,845,698	(206,067,885)	(166,179,003)	(551,574)
- Non-controlling interests	(2,053,820)	1,268,124	-	-
	76,791,878	(204,799,761)	(166,179,003)	(551,574)

STATEMENTS OF FINANCIAL POSITION
As At 30 June 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
NON-CURRENT ASSETS					
Property, plant and equipment	13	399,390,432	1,050,102,998	2,713,330	2,832,207
Investment properties	14	-	-	73,800,000	72,550,000
Investments in subsidiaries	15	-	-	125,633,535	155,767,955
Investment in associate	16(a)	22,541,069	-	-	-
Deferred tax assets	17	3,089,482	3,298,010	-	-
Other receivables	20	4,663,920	4,663,920	-	-
		429,684,903	1,058,064,928	202,146,865	231,150,162
CURRENT ASSETS					
Inventories	19	107,348,429	129,474,469	-	-
Trade and other receivables	20	80,833,484	191,194,348	279,023	42,434,106
Derivatives	21	4,000	173,447	-	-
Amounts owing by subsidiaries	22	-	-	628,706	182,646,168
Amounts owing by an associate	16(b)	29,316,574	-	875,043	-
Tax recoverable		214,367	563,262	-	-
Deposits with licensed financial institutions	23	27,841,462	30,482,456	8,930,030	11,988,524
Cash and bank balances	23	14,916,156	14,360,472	8,063,910	3,270,779
		260,474,472	366,248,454	18,776,712	240,339,577

(continued)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
LESS: CURRENT LIABILITIES					
Trade and other payables	24	65,821,900	232,857,060	9,687,379	4,804,049
Amounts owing to subsidiaries	22	-	-	33,702,697	47,477,823
Derivatives	21	785,947	2,790,260	-	-
Tax payable		981,440	1,579,071	483,202	1,119,455
Borrowings	25	183,878,976	787,184,331	146,344	75,434,984
		251,468,263	1,024,410,722	44,019,622	128,836,311
NET CURRENT ASSETS/(LIABILITIES)		9,006,209	(658,162,268)	(25,242,910)	111,503,266
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	17	29,953,326	36,876,877	16,490,117	16,055,565
Trade and other payables	24	-	25,183,133	-	-
Borrowings	25	10,676,978	15,676,850	132,350	137,372
		40,630,304	77,736,860	16,622,467	16,192,937
		398,060,808	322,165,800	160,281,488	326,460,491
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	26	226,755,408	226,755,408	226,755,408	226,755,408
Share premium		241,447	241,447	241,447	241,447
Treasury shares		(2,042,193)	(2,042,193)	(2,042,193)	(2,042,193)
Retained earnings/ (Accumulated losses)		38,839,385	(38,195,048)	(64,722,639)	101,493,643
Asset revaluation reserves		18,316,334	15,081,721	49,465	12,186
Foreign currency translation reserve		1,272,325	3,592,543	-	-
		283,382,706	205,433,878	160,281,488	326,460,491
Non-controlling interests		114,678,102	116,731,922	-	-
TOTAL EQUITY		398,060,808	322,165,800	160,281,488	326,460,491



	← Attributable to equity holders of the Company						→		
	Share capital	Treasury shares	Share premium	Foreign currency translation reserve	Assets revaluation reserve	Retained earnings/ (Accumulated losses)	Total	Non-controlling interests	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2013	226,755,408	(2,042,193)	241,447	3,592,543	15,081,721	(38,195,048)	205,433,878	116,731,922	322,165,800
Net profit/(loss) for the financial year	-	-	-	-	-	74,560,736	74,560,736	(6,159,205)	68,401,531
Other comprehensive income/(loss):									
Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	5,708,310	-	5,708,310	1,409,712	7,118,022
Currency translation differences:Associate	-	-	-	1,272,325	-	-	1,272,325	-	1,272,325
Realisation of asset revaluation surplus on disposal of a subsidiary	-	-	-	-	(2,473,697)	2,473,697	-	-	-
Total comprehensive (loss)/income for the financial year	-	-	-	1,272,325	3,234,613	77,034,433	81,541,371	(4,749,493)	76,791,878
Reclassified to profit or loss:									
Disposal of a subsidiary:									
- Non-controlling interest	-	-	-	-	-	-	-	2,695,673	2,695,673
- Foreign currency translation reserve	-	-	-	(3,592,543)	-	-	(3,592,543)	-	(3,592,543)
At 30 June 2014	226,755,408	(2,042,193)	241,447	1,272,325	18,316,334	38,839,385	283,382,706	114,678,102	398,060,808

	← Attributable to equity holders of the Company						→		
	Share capital	Treasury shares	Share premium	Foreign currency translation reserve	Assets revaluation reserve	Retained earnings/ (Accumulated losses)	Total	Non-controlling interests	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2012	226,755,408	(2,042,193)	241,447	1,746,759	8,035,715	176,764,621	411,501,757	115,463,804	526,965,561
Net loss for the financial year	-	-	-	-	-	(214,959,675)	(214,959,675)	(752,237)	(215,711,912)
Other comprehensive income:									
Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	7,046,006	-	7,046,006	1,985,770	9,031,776
Currency translation differences	-	-	-	1,845,784	-	-	1,845,784	34,591	1,880,375
Total comprehensive income / (loss) for the financial year	-	-	-	1,845,784	7,046,006	(214,959,675)	(206,067,885)	1,268,124	(204,799,761)
Transactions with owners:									
Acquisition of additional interests in a subsidiary from non-controlling interests	-	-	-	-	-	6	6	(6)	-
At 30 June 2013	226,755,408	(2,042,193)	241,447	3,592,543	15,081,721	(38,195,048)	205,433,878	116,731,922	322,165,800

COMPANY STATEMENT OF CHANGES IN EQUITY
For The Financial Year Ended 30 June 2014

	Non-distributable				Distributable	
	Share capital	Treasury shares	Share premium	Assets revaluation reserve	Retained earnings/ (Accumulated losses)	Total
	RM	RM	RM	RM	RM	RM
At 1 July 2013	226,755,408	(2,042,193)	241,447	12,186	101,493,643	326,460,491
Net loss for the financial year	-	-	-	-	(166,216,282)	(166,216,282)
Other comprehensive income:						
Revaluation surplus on property, plant & equipment, net of tax	-	-	-	37,279	-	37,279
Total comprehensive income/(loss) for the financial year	-	-	-	37,279	(166,216,282)	(166,179,003)
At 30 June 2014	226,755,408	(2,042,193)	241,447	49,465	(64,722,639)	160,281,488

	Non-distributable				Distributable	
	Share capital	Treasury shares	Share premium	Assets revaluation reserve	Retained earnings	Total
	RM	RM	RM	RM	RM	RM
At 1 July 2012	226,755,408	(2,042,193)	241,447	-	102,057,403	327,012,065
Net loss for the financial year	-	-	-	-	(563,760)	(563,760)
Other comprehensive income:						
Revaluation surplus on property, plant & equipment, net of tax	-	-	-	12,186	-	12,186
Total comprehensive income/(loss) for the financial year	-	-	-	12,186	(563,760)	(551,574)
At 30 June 2013	226,755,408	(2,042,193)	241,447	12,186	101,493,643	326,460,491

STATEMENTS OF CASH FLOWS
For The Financial Year Ended 30 June 2014

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax				
- Continuing operations	(26,805,421)	5,677,466	(200,251,818)	(5,653,904)
- Discontinued operations	89,693,982	(214,102,702)	35,490,186	7,622,480
	62,888,561	(208,425,236)	(164,761,632)	1,968,576
Adjustments for:				
Property, plant and equipment:				
- Depreciation (Note 13)	44,962,062	49,214,441	370,372	355,064
- net loss /(gain) on disposals	72,093	628,988	(10,728)	(2,277)
- impairment losses/(write back) - net	6,983,331	63,308,483	34,756	(1,454)
- write-offs	57,537	48,600	1,178	-
Amortisation of:				
- intangible assets	-	932,564	-	-
- deferred financing fees	1,847,932	2,208,393	-	-
Impairment losses on:				
- intangible assets	-	16,267,365	-	-
- investments in subsidiaries	-	-	60,134,420	583,723
- inventories	150,376	-	-	-
- amount owing by subsidiaries	-	-	136,112,662	6,675,500
- available-for-sale financial assets	-	15	-	-
- trade receivables	2,385,561	3,715,528	-	-
- other receivables/construction financing	1,452,997	11,222,095	-	-
Loss on waiver of debt given	-	-	3,423,930	-
Bad debts written-off	13,722	-	-	-
Investment properties:-				
- fair value gain	-	-	(1,250,000)	(3,250,000)
Gain on disposals of:				
- business (Note 15)	-	-	(30,029,613)	-
- a subsidiary (Note 18)	(225,560,404)	-	-	-
Net unrealised (gain)/loss on foreign exchange	(347,808)	(101,199)	(142,861)	(57,756)
Fair value (gain)/loss on:				
- foreign currency exchange forward contract	480,400	(173,447)	-	-
- interest rate swap	-	3,757,245	-	-
Net loss/(gain) on a restructured liability	888,806	(1,101,633)	-	-
Fair value loss on restructuring of construction financing	-	736,326	-	-
Interest income	(2,408,907)	(754,878)	(437,395)	(397,264)
Interest expense	103,633,982	91,721,015	693,355	1,680,425

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2014

(continued)

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Share of loss in associate	13,260,020	-	-	-
	10,760,261	33,204,665	4,138,444	7,554,537
Changes in working capital:				
- inventories	9,125,291	(18,686,134)	-	-
- trade and other receivables	(4,975,738)	72,368,477	41,860,613	(1,691,280)
- trade and other payables	(75,833,125)	(24,896,549)	5,010,850	(9,132,767)
Cash (used in)/generated from operations	(60,923,311)	61,990,459	51,009,907	(3,269,510)
Interest paid	(13,646,901)	(21,976,159)	(663,972)	(1,682,720)
Interest received	1,003,351	756,998	458,314	399,384
Tax paid	(3,073,462)	(1,301,124)	(1,668,779)	(575,189)
Net cash (used in)/generated from operating activities	(76,640,323)	39,470,174	49,135,470	(5,128,035)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment	(10,296,510)	(6,931,162)	(238,416)	(513,340)
Proceeds from disposals of:				
- plant and equipment	353,271	273,040	11,420	40,662
- a subsidiary	2,562,606	-	-	-
Repayment from subsidiaries	-	-	28,735,358	5,860,501
Advances to an associate company	(875,043)	-	(875,043)	-
Net cash (used in)/generated from investing activities	(8,255,676)	(6,658,122)	27,633,319	5,387,823
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	521,939,041	501,052,398	-	198,490,000
Repayment of borrowings	(439,164,465)	(535,190,862)	(75,350,000)	(198,900,000)
(Repayment of)/Proceed from hire-purchase	(622,808)	901,982	56,338	222,357
Deposits with licensed financial institutions pledged as security	(259,510)	(508,524)	-	(508,524)
Net cash generated from/ (used in) financing activities	81,892,258	(33,745,006)	(75,293,662)	(696,167)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,003,741)	(932,954)	1,475,127	(436,379)
CURRENCY TRANSLATION DIFFERENCES	658,921	(1,089,091)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	36,334,404	38,356,449	6,750,779	7,187,158
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 23)	33,989,584	36,334,404	8,225,906	6,750,779

Notes to the Financial Statements
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1 GENERAL INFORMATION

The principal activities of the Company are that of property investment and investment holding. With effect from 30 April 2014, the Company's principal activities no longer include the 'trading of steel tubes and pipes' as this was sold to its wholly owned subsidiary involved in the manufacturing of steel tubes and pipes. The principal activities of the subsidiaries are as disclosed in Note 15 to the financial statements. During the financial year the Group's subsidiary holding in the power generation business has been reclassified to associate holding as disclosed in Notes 15 and 16.

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

The registered office of the Company is:

Suite 12.03, 12th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur

The principal place of business of the Company is:

Lot 53, Persiaran Selangor
40200 Shah Alam
Selangor Darul Ehsan

As at 30 June 2014, all monetary assets and liabilities of the Group and the Company are denominated in Ringgit Malaysia, unless otherwise stated.

The financial statements were approved and authorised for issue in accordance with a resolution of the Board of Directors on 28 October 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 1965 in Malaysia.

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

The preparation of financial statements in conformity with MFRS and the provisions of the Companies Act, 1965 requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current event and actions, actual result may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as disclosed in Note 3 to the financial statements.

Going concern

Group

For the financial year ended 30 June 2014, the Group recorded a net profit of RM68.4million (2013: net loss of RM215.7 million) and a net current asset ("NCA") position of RM9.0 million (2013: net current liabilities ("NCL") of RM658.2 million). The net profit from discontinued operations was RM89.7 million.

The profit from Discontinued Operations is primarily attributed to the Group's recognition of a gain on disposal of 51% equity stake in Mperial Power Limited (Mperial) – the immediate holding company of Siam Power Generation Public Company Ltd ("Siam Power"), Siam Power Phase 2 Company Ltd and Siam Power Phase 3 Company Ltd (hereinafter collectively referred to as the Power Segment or Power Associates interchangeably) – which was duly completed on 30 April 2014. The sale resulted in the deconsolidation of the Power Segment from the Group and the recognition of its remaining 49% equity stake as "Investment in Associate" where its performance is equity accounted.

The Power business continued to face a difficult year as its affected customer begun to resume partial power offtake only towards the final quarter end of financial year 2014, and was interrupted again with the scheduled maintenance shut-down of the power plant.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Going concern (continued)

Group (continued)

The Group's net loss from Continuing Operations for the current financial year was RM21.3 million mainly attributable to the net loss at the Cold Rolled segment and the Group's share of loss from its Investment in Associate. The net loss of RM5.8 million from the Cold Rolled segment arose mainly from significantly weaker sales volume and impairment loss of RM6.4 million on revaluation of its plant and equipment at its subsidiary, Mycron Steel CRC Sdn Bhd. The share of losses from the Power Associate amounted to RM13.3 million. However, the Steel Tube segment contributed a net profit of RM3.8 million in lowering the Group's Continuing Operations' net loss.

For the current financial year ended 30 June 2014, the Group Cold Rolled subsidiary failed to meet the DSCR covenant applicable to 3 banks (See Note 4(a)). The Group obtained a waiver on the said covenant from one of the relevant banks for the financial year ended 30 June 2014 and also for the first half of the financial year ending 30 June 2015. The Group did not request for a waiver of the aforementioned covenant from the other two banks as it was at the end of debt service. Both the said outstanding borrowings have since been fully settled prior to the issuance of the current audited financial statements.

The Group loan portfolio comprises mainly of trade facilities for the steel businesses which by nature are recallable by banks at short notice. Should the banks concertedly call for immediate payment of the trade facilities, the Group may not have the short term liquidity to meet all financial obligations concurrently. The risk of the banks abruptly recalling the trade facilities is however low due to the steel businesses' clean debt-service record coupled with the fact that these facilities are secured under two separate debentures with comfortable security value-to-debt-outstanding ratio respectively.

The Group had, in the months following the close of the financial year ended 30 June 2014 obtained additional USD10 million in supplier's credit limit and a new long term loan facility of RM15 million from one of its lenders for the Cold Rolled operation. The Board is of the opinion that the Group's total credit/loan availability for the financial year ending 30 June 2015 should be adequate to meet all its business needs, and based on its cash flow forecast, the Group should be able to meet all its financial obligations when due in the next twelve months.

The loss recorded at the Cold Rolled segment and the breach in the bank DSCR covenant mentioned above, give rise to the existence of material uncertainties which may cast doubt on the Group's abilities to continue as going concerns, and therefore, its ability to realise assets and discharge its liabilities in the normal course of business.

Conclusion

With the actions taken by the Directors as described in preceding paragraphs in addressing the (i) losses at the Cold Rolled Segment; (ii) the breach in DSCR covenant of the Group; and (iii) liquidity concern of the Group coupled with the continuous supports from the bankers, the Directors believe that the Group's steel businesses are able to continue generating an acceptable level of return and operating cash flows in the next 12 months from the end of the reporting period. Accordingly, the Directors are of the opinion that the preparation of the financial statements of the Group on the going concern basis is appropriate.

Standards, amendments to published standards and interpretations that are effective

The following standards and amendments have been adopted by the Group and the Company for the first time for the financial year beginning on or after 1 July 2013:

MFRS 10, "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Please refer to Note 16 for the impact on the financial statements.

MFRS 12, "Disclosures of Interests in Other Entities" sets out the required disclosures for all forms of interest in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

MFRS 13, "Fair Value Measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7, "Financial Instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

Amendment to MFRS 7, "Financial Instruments: Disclosures" requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Standards, amendments to published standards and interpretations that are effective (continued)

Amendment to MFRS 116, "Property, plant and equipment" clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.

The adoption of above standards and amendments did not have a material impact to the Group's and the Company's results for the financial year ended 30 June 2014.

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

The Group and the Company have not adopted the new standards, amendments to published standards and IC interpretations that have been issued but not yet effective.

These new standards, amendments to published standards and IC interpretations are not expected to result in significant changes in accounting policies of the Group and the Company upon their initial application nor would they be expected to have a material financial impact on the Group and the Company.

The Group and the Company will apply the new standards, amendments to standards and IC interpretations in the following periods:

Financial year beginning on or after 1 July 2014

- Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014)
- Amendments to MFRS 136 Recoverable Amount Disclosures for Non-financial assets (effective from 1 January 2014)
- Amendments to MFRS 10, MFRS 12 & MFRS 127 Investment Entities (effective from 1 January 2014)
- Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting (effective from 1 January 2014)
- Annual Improvements to MFRSs 2010-2012 Cycle (Amendments to MFRS 3 Business Combinations, MFRS 8 Operating Segments, MFRS 13 Fair Value Measurement, MFRS 116 Property, Plant and Equipment, MFRS 124 Related Party Disclosures & MFRS 138 Intangible Assets) (effective from 1 July 2014)
- Annual Improvements to MFRSs 2011-2013 Cycle (Amendments to MFRS 1 First-time Adoption of Financial Reporting Standards, MFRS 3 Business Combinations, MFRS 13 Fair Value Measurement & MFRS 140 Investment Property) (effective from 1 July 2014)

Financial year beginning on or after 1 July 2014

- Annual Improvements to MFRSs 2010-2012 Cycle (Amendments to MFRS 3 Business Combinations, MFRS 8 Operating Segments, MFRS 13 Fair Value Measurement, MFRS 116 Property, Plant and Equipment, MFRS 124 Related Party Disclosures & MFRS 138 Intangible Assets)
- Annual Improvements to MFRSs 2011-2013 Cycle (Amendments to MFRS 1 First-time Adoption of Financial Reporting Standards, MFRS 3 Business Combinations, MFRS 13 Fair Value Measurement & MFRS 140 Investment Property)

Financial year beginning on or after 1 July 2017

- MFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of MFRS 15.

Financial year yet to be determined

MFRS 9 Financial Instruments "Classification and Measurement of Financial Assets and Financial Liabilities" will replace MFRS 139 "Financial instruments: Recognition and measurement". MFRS 9 has two measurement categories - amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 Financial Instruments "Hedge accounting" brings into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. The revised standard establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in MFRS 139.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation

(i) Investment in subsidiaries

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

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

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

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group

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

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

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

(iv) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the income statement.

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

(b) **Basis of consolidation** (continued)

(iv) Associates (continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

(v) Investments in subsidiaries, jointly controlled entity and associates

In the Company's separate financial statements, investments in subsidiaries, jointly controlled entity are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

(c) **Property, plant and equipment**

(i) Measurement basis

Property, plant and equipment are initially stated at cost. Land and buildings, plant and machinery and electrical installation are subsequently shown at fair values, based on periodic valuation by external valuers, less subsequent depreciation and impairment losses, with sufficient regularity or when the fair value of the revalued assets differ materially from the carrying values. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Refer accounting policy Note 2(r) on borrowings and borrowing costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are recognised as expenses in the profit or loss during the period in which they are incurred.

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income as an asset revaluation reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in asset revaluation reserve of that asset; and other decreases are recognised in the profit or loss.

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

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

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

At each reporting date, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(h) on impairment of non-financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

(ii) Depreciation

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

Leasehold land (leasehold period)	99 years
Buildings	20 – 50 years
Plant, machinery and electrical installation	10 – 40 years
Power plant	25 years
Motor vehicles, furniture, fittings and equipment	5 – 10 years

Depreciation on assets under construction (capital work-in-progress) commences when the assets are ready for its intended use.

(d) Investment properties

Investment properties are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment properties are measured initially at its cost, including related transaction costs and borrowing costs if the investment property meets the definition of qualifying asset.

After initial recognition, investment properties are carried at their fair values. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the reporting date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised.

Changes in fair values are recognised in the profit or loss. Investment properties are de-recognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes off a property at fair value in an arm's length transaction, the carrying value will be adjusted to the lower of their carrying amounts and fair value less costs to sell, and the adjustment is recorded in the profit or loss as a net gain / loss from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of such a property at the date of transfer is treated in the same way as a revaluation under MFRS 116 "Property, Plant and Equipment". Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase credited directly to other comprehensive income in asset revaluation reserve. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the profit or loss.

(e) Non-current assets held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Discontinued Operations

A discontinued operation is a component of the Group and Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement and other comprehensive income are represented as if the operation had been discontinued from the start of the comparative period.

(g) Leases

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

<u>Accounting as lessee</u>

(i) Finance leases

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

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

Property, plant and equipment acquired under finance lease is depreciated over the shorter of the estimated useful life of the asset or the lease term.

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

(ii) Operating leases

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

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case, it is taken to asset revaluation reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangible assets

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

At each reporting date, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(h) on impairment of non-financial assets.

(j) Financial assets

Classification

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

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

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

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting date. These are classified as non-current assets. The Group's loans and receivables are as disclosed in Note 33 to the financial statements.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting date.

Subsequent measurement – gains and losses

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (refer to the accounting policy below on impairment of financial assets) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in the profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in the profit or loss. Dividend income on available-for-sale equity instruments is recognised in the profit or loss when the Group's right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial assets (continued)

Subsequent measurement - impairment of financial assets

(i) Assets carried at amortised costs

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

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

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

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

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

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

(ii) Assets classified as available-for-sale financial assets

The Group assesses at the end of the reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

In the case of equity securities classified as available-for-sale financial assets, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the profit or loss. The amount of cumulative loss that is reclassified to the profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to the profit or loss.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Derivative financial instruments and hedging activities

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

Derivative financial instruments that do not qualify for hedge accounting are classified as financial assets at fair value through profit or loss and accounted for in accordance with accounting policy set out in Note 2(j) on financial assets.

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

(i) Fair value hedge

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

The Group applies fair value hedge accounting for hedging forward contract on purchases. The gain or loss relating to the effective and ineffective portion of forward contract hedging forward contract payable is recognised in the profit or loss. Changes in the fair value of the hedge forward contract on purchases attributable to foreign currency exchange risk are recognised in the profit or loss within finance costs.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Finished goods and work-in-progress comprise cost of materials, direct labour, other direct costs and related production overheads (based on normal operating capacities).

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(n) Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities at the reporting date.

(o) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the collection is expected within one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are classified as loan and receivables as disclosed in Note 33 to the financial statements. Refer accounting policy Note 2(j) on financial assets.

(p) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at their fair values and subsequently measured at amortised costs using the effective interest method.

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Assets acquired under hire-purchase arrangements

The cost of property, plant and equipment acquired under hire-purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these property, plant and equipment is similar to that of the Group. Outstanding obligations due under hire-purchase arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on hire-purchase arrangements are allocated to the profit or loss over the period of the respective agreements, so as to produce a constant rate of interest on the remaining balance of the liability.

(r) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for the construction of any qualifying assets.

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

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

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

(s) Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events; when it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(t) Share capital

(i) Classification

Both ordinary shares and share premium are classified as equity.

(ii) Share issue costs

Incremental cost incurred directly attributable to the issue of new ordinary shares are deducted against share premium account.

(iii) Dividend distribution

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the financial year in which the dividends are approved.

(iv) Purchase of own shares

When the Company or its subsidiaries purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the Company's equity holders.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of sales taxes, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sale of goods

Sale of goods is recognised upon delivery of products and customer acceptance, and performance of after-sales services, if any, net of sales taxes and discounts and after eliminating sales within the Group.

(ii) Sales of electricity and steam

Revenue from sales of electricity and steam are recognised when electricity and steam are delivered or provided to the customers based on contractual terms stipulated in the agreements respectively. This accounting policy continues with the Associate.

Deferred income arising from Take-or-Pay agreements

The Power entity has an obligation to supply minimum quantities of electricity and steam to its customers in each contractual year set out in the power purchase agreements and steam sales agreement. When the consumption by the customers are below the minimum obligation, the customers are required to make payment for their minimum obligation as stipulated in the respective agreements (Take-or-Pay).

Accordingly, any advance payment received from the customers for future consumption under the Take-or-Pay mechanism are recognised as revenue once redemption by customers occurs within the period as stipulated in the agreements or until the possibility of redemption becomes remote or expires. If the payment inflow is improbable, the corresponding billing on Take-or-Pay would not be taken-up as revenue in the profit or loss account.

(iii) Processing and engineering service income

Processing and engineering service income is recognised on the accrual basis when services are rendered.

(iv) Dividend income

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

(v) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(vi) Rental income

Rental income is recognised on a time proportion basis over the lease term, unless collectability is in doubt, in which case the recognition of such income is suspended.

(vii) Management fee income

Management fee is recognised on the accrual basis when services are rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Employees' benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plan

The Group contributes under statutory obligation to the Employee Provident Fund, which is a defined contribution plan, regulated and managed by the Government. The contributions are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(w) Current and deferred income tax

The income tax expense for the financial year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting date in the countries where the Group's subsidiaries and associates operate and generate taxable income.

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

Deferred tax is recognised in full, using the liability method, on temporary differences at the reporting date arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

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

(x) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. For practical reasons, the average rate for the month is used as the approximate transaction-date-rate for all transactions in each foreign currency occurring during that period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit or loss.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Foreign currencies (continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is recycled to the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(y) Segment reporting

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

(z) Contingent liabilities and contingent assets

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

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

(aa) Financial guarantee contracts

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

A financial guarantee contract is recognised as a financial liability at the time the guarantee is issued. Liabilities arising from financial guarantee contracts, including the Group's and the Company's guarantees for its subsidiaries through deeds of cross guarantee, are initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate. However, the Group or Company is on an ongoing business with trading activities, of which provides it a healthy cash inflow which is sufficient enough to repay its debts as and when it falls due. As the event of default is unlikely, hence it does not constitute a financial liability/ asset for both the guarantor and guarantee.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument, and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that the Directors believe to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Preparation of the financial statements of the Group and the Company as going concerns

Note 2(a) to the financial statements discloses assumptions used in preparing the financial statements of the Group and the Company as going concerns.

(b) Impairment of assets

Value-in-use ("VIU") calculations or fair value less cost to sell ("FVCTS") for the purpose of impairment assessment, where assumptions and estimates have been used, are based on future events which Directors expect to take place and actions which management expects to take.

VIU is the net present value of the projected future cash flows derived from the asset discounted at an appropriate discount rate. The projected future cash flows are prepared based on management's knowledge of the current operating environment and expectations for the future covering a 5-year period and any period longer than 5 years is supported by contractual agreements. The projected future cash flows are prepared by management and approved by the Directors. While information may be available to support the key assumptions applied on the cash flows projections, such information is generally future oriented and therefore uncertain and subject to changes. Accordingly, actual results may differ from the budgets.

FVCTS is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Management has made critical estimates and judgements for the following impairment assessments:

(i) Plant and equipment in Melewar Steel Mills Sdn Bhd (Note 13)

(ii) Investment in subsidiaries (Note 15)

(iii) Investment in associate and amount owing by an associate (Note 16 and Note 32)

(iv) Amounts owing by subsidiaries (Note 22)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Capital risk

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

The Group views its equity (shareholders' fund) less intangible assets but plus interest bearing debts as capital resources, and has a policy to maintain the ratio below 1.25. Capital deployment amongst the Group's subsidiaries and/or business units is at the purview of the Board, but each of its subsidiaries and/or business units is primarily responsible for the management of its allocated capital subject to the oversight by the group executive management and the Board.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Capital risk (continued)

With effect from 1 May 2014, the entire debt capital deployed for the steel tube business has been novated from the Company to its wholly owned steel tube manufacturing subsidiary – Melewar Steel Tube Sdn Bhd (MST) pursuant to an internal reorganization exercise. (See Note 31(i)). The debt has since been securitised with a debenture from MST, and two of the three debenture holders have since realigned the debts' old covenants previously based on the Group and Company metrics to be based on MST's financial metrics. On those loan covenants based on MST's metrics, all are fully complied for the financial year ended. On those loan covenants which are still based on the Group and the Company's metrics as outlined below, MST failed to meet the covenant item (i) of-which only RM283.4 million in 'shareholders' fund less intangibles' was attained as at 30 June 2014 (2013: RM205.4 million)

(i) minimum "shareholders' fund less intangibles" requirement of RM450 million;
(ii) maximum debt (excluding the mentioned THB5.8billion project financing facilities to the Power division) to equity ratio of 1.25 times; and
(iii) minimum interest cover ratio (measured as Earnings Before Interests, Taxation, Depreciation and Amortisation/Interest Expense) of 1.25 times

Nevertheless, MST has obtained the single affected lender's indulgence on the same for the reporting period as well as for the 1st half of financial year 2015.

The Group's Cold Rolled Coil subsidiary is subject to a minimum shareholders' funds requirement of RM150 million and a maximum debt-to-equity ratio of 1.5 times as part of its loan covenants to lenders. Both covenants are met (RM258 million and 0.5 times; preceding year RM264 million and 0.6 times) for the reporting period. The subsidiary is however non-compliant on the minimum annual Debt Service Cover Ratio (DSCR) of 1.2 times (achieved 0.6 times; preceding year 1.1 times). Indulgences on the same have been obtained for the reporting period as well as for the 1st half of financial year 2015.

Since 30 April 2014, the Power group of companies (comprising of Mperial Power Ltd and its subsidiaries of Siam Power Generation Public Company Ltd ('Siam Power'), Siam Power Phase 2 Company Ltd and Siam Power Phase 3 Company Ltd) ceased to be subsidiaries of the Company, and are equity accounted by the Group as Investment in Associate. Refer to Notes 16 and 32. Siam Power is subject to a maximum senior debt-to-equity ratio of 2.3 times as part of its covenant for the project financing facilities and this covenant has not been met for Financial Year Ended 2014 at 2.55 times (FYE 2013: 2.26 times). The power debt has been in default since January 2013 and has not been serviced for the entire financial year, pending on-going collaborative restructuring effort between the Power Associate, its banks, and potential new investors. The Group's capital risk is limited to the value on its remaining 49% investment in the associate, and potential cash call from the associate. See Note 32 on 'Significant Events After Reporting Date' relating to a preliminary Memorandum of Understanding dated 4 August 2014 on the disposal of equity stake in Siam Power which upon crystallization may further alleviate the aforementioned capital risk burden on the Power Associate.

Capital redeployment amongst the Group's and Company's subsidiaries / businesses is restricted by legal imposition from their respective lenders. Capital risks are legally contained within each subsidiary/ business unit and associate except where financial guarantees are extended as disclosed under Note 4(b) and Note 28.

(b) Liquidity risk

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

The Group's exposure to liquidity risk arises principally from its various payables, borrowings and loans. The Group maintains a level of cash and cash equivalent, and adequate bank facilities to meet its financial liabilities when due. The Group's liquidity risk management is largely decentralised at the respective subsidiaries / business units for timely intervention as funding are raised at the respective subsidiaries / business units' level. As such, each subsidiary / business unit has its own unique liquidity risk profile. Nevertheless, the Company's and subsidiaries / business units' liquidity risk management are governed by a common set of Group's practices / policies:

- Maintain sufficient stand-by credit facilities and the continuing support from a diversified range of funding sources / credit providers
- Maintain a strict debt or financial liabilities servicing plan vis-à-vis its cash-flows generated from operations and from maturing financial assets
- Rolling cash-flow planning on weekly, monthly, and annual basis
- Manage the concentration and maturity profile of both financial and non-financial liabilities
- Manage cash conversion cycles and optimise working capital deployment

The Group's financial obligations as shown in the tables below are mainly short-term (due within 12 months), largely attributed to the short-term nature of the rolling trade facilities deployed for the Group's steel tube and cold-rolled businesses.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

Both the Group's steel tube manufacturing subsidiary and the cold-rolled subsidiary met all their financial obligations as when due for the reporting period.

The steel tube subsidiary is in a net current asset position of RM19.6 million (2013: RM16.1 million), and the steel tube as a division generated an EBITDA (Earnings Before Interest Depreciation and Amortisation) of around RM8.3 million for the current reporting period (2013: RM8.1 million). The cold-rolled subsidiary is in a net current liability position of RM13.2 million (2013: net current liability RM5.9 million) mainly due to its pare-down of non-current borrowings to negligible levels and depletion of working capital. The cold-rolled subsidiary has towards the end of financial year 2014 obtained a new long-term loan offer of RM15 million from one of its existing debenture holder – which upon drawdown targeted by the mid of financial year 2015 could resolve its net current liability position. The cold-rolled subsidiary recorded an EBITDA of RM12.5 million for the current reporting period (2013: RM29.6 million).

The Company was categorised under Practice Note 1 (PN1) status of Bursa Securities Malaysia's listing rules on 8 January 2013 due to its power generation subsidiary's default in loan principal and interest servicing. This PN1 status was up-lifted with effect from 1 May 2014 with the Company's disposal of a 51% controlling equity stake in the Power business and the ensuing deconsolidation of the relevant Power companies from the Group. Through-out that period, the Company and its subsidiaries in the steel tube and cold-rolled businesses have the continuing support from their respective banks

As at 30 June 2014, the Company has provided certain off-balance sheet financial pledges / guarantees to its subsidiaries as detailed in Note 28 to the financial statements. The Company does not anticipate any economic outflows arising from these guarantees/ pledges.

The Power associate's foreign power generation subsidiary continued to be in default of its project-financing loans on the power plant of principal sum THB6.4 billion (RM626 million) and interest THB991 million (RM96 million) as at 30 June 2014. The banks have served a 'notice of default' but continue to work with the power associate to remedy the situation through restructuring with new investors.

The associate's power operation's cash-flow is in self-sufficient mode since the deferment of debt servicing and the resumption of power off-take by its affected customer. The liquidity risk of the power associate remains considerable but is ringed-fenced within the power entity given the non-recourse nature of the project financing loans. Even though the Company faces the possibility of cash-call on its remaining 49% equity stake in the power holding company, this has been contained with the cooperation from the majority-controlling stakeholder to resolve the power operations' cash-flow needs through new investors sourcing. The Group's exposure to the loss from the power associate is limited to its carrying amount of RM22.5 million as at 30 June 2014.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

Maturity analysis

The tables below summarise the maturity profile of the Group's financial liabilities as at the end of the reporting date (and the preceding reporting date as comparison) based on undiscounted contractual payments:

Group 30.6.2014	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	> 5 years RM
Non-derivative financial liabilities									
Bankers' acceptance	160,344,602	4.81% - 7.18%	162,629,644	162,629,644	-	-	-	-	-
Revolving credits	17,500,000	3.60% - 5.35%	17,615,536	17,615,536	-	-	-	-	-
Revolving term loans	9,765,728	6.00% -8.00%	10,869,190	8,306,902	2,562,288	-	-	-	-
Hire-purchase creditors	1,016,166	0.21% - 4.99%	1,116,820	738,938	315,646	62,236	-	-	-
Term loans	5,929,458	4.81% - 8.30%	6,126,759	5,557,308	569,451	-	-	-	-
Payables and accruals, excluding derivatives	65,481,900		65,481,900	65,481,900	-	-	-	-	-
Derivative financial liabilities									
Forward contracts	785,947		785,947	785,947	-	-	-	-	-
	260,823,801		**264,625,796**	**261,116,175**	**3,447,385**	**62,236**	**-**	**-**	**-**

Group 30.6.2013	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM	> 5 years RM
Non-derivative financial liabilities									
Bankers' acceptance	181,130,000	4.53% - 6.22%	186,667,498	186,667,498	-	-	-	-	-
Revolving credits	34,000,000	3.77% - 5.25%	34,485,859	34,485,859	-	-	-	-	-
Revolving term loans	9,041,575	8.00%	9,379,360	337,785	4,128,689	4,912,886	-	-	-
Hire-purchase creditors	1,638,974	0.21% - 4.99%	1,801,067	846,693	704,938	249,436	-	-	-
Term loans	577,050,632	BLR + 2.00% 4.81% SIBOR + 2.50% THBFIX + 2.75%	788,056,661	782,100,066	5,387,144	569,451	-	-	-
Payables and accruals, excluding derivatives	245,932,602		245,932,602	220,749,469	25,183,133	-	-	-	-
Derivative financial liabilities									
Interest rate swap	2,790,260		2,790,260	2,790,260	-	-	-	-	-
	1,051,584,043		**1,269,113,307**	**1,227,977,630**	**35,403,904**	**5,731,773**	**-**	**-**	**-**

BLR – Base Lending Rate
SIBOR - Singapore Interbank Offered Rate
THBFIX - Thai Baht Interest Rate Fixing

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

Maturity analysis (continued)

Company 30.6.2014	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM
Non-derivative financial liabilities								
Hire-purchase creditors	278,694	2.98% - 3.0%	299,204	160,632	112,092	26,480	-	-
Payables and accruals	9,687,379	-	9,687,379	9,687,379	-	-	-	-
Amounts owing to subsidiaries	33,702,697		33,702,697	33,702,697	-	-	-	-
	43,668,770		43,689,280	43,550,708	112,092	26,480	-	-
Financial guarantees	-		2,692,523	2,692,523	-	-	-	-

Company 30.6.2013	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 – 4 years RM	4 – 5 years RM
Non-derivative financial liabilities								
Bankers' acceptance	65,350,000	4.72% - 6.92%	69,359,821	69,359,821	-	-	-	-
Revolving credits	10,000,000	5.35%	10,131,918	10,131,918	-	-	-	-
Hire-purchase creditors	222,356	3.05%	242,700	97,080	145,620	-	-	-
Payables and accruals	4,804,049		4,804,049	4,804,049	-	-	-	-
Amounts owing to subsidiaries	47,477,823		47,477,823	47,477,823	-	-	-	-
	127,854,228		132,016,311	131,870,691	145,620	-	-	-
Financial guarantees	-		4,654,326	4,654,326	-	-	-	-

(c) Credit risk

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

The Group's credit risk exposure principally relates to trade receivables, prepayments, and monetary financial assets. At the Company level, credit risk exposure arises principally from amount owing by subsidiaries and an associate. The Group does not extend any loans or financial guarantees to external parties except for its own subsidiaries when permitted by lenders. The carrying "construction financing receivables" extended back in financial year 2009 is a one-off event (see Note 20(i)). Credit risk is managed at the respective segments or business entities' level, but Group-wide policies relating to credit control and monitoring such as the following are set centrally.

- Credit evaluations of counterparty and annual review where appropriate
- Establishing credit terms and limits based on financial strength
- Mitigate concentration of credit risk
- Periodic aging review and intervention
- Obtain credit enhancement such as guarantees and indemnities where appropriate
- Credit impairment based on objective evidence

The maximum exposure to credit risk for each class of financial assets is its respective carrying amount as presented in the Statement of Financial Position. Nevertheless, management obtains corporate guarantees and personal indemnities from trade debtors where possible in managing exposure to credit risk.

The Group's and the Company's major classes of financial assets are as disclosed in Note 33 to the financial statements and the credit analysis of these are presented in the tables and notes below.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

Details of the Group's financial assets (excluding cash and bank balances) as at the reporting date (and the preceding year's reporting date as comparison) are set out as follows:

Group	Total RM	Impaired RM	Neither past due nor impaired RM	Past due not impaired: < 30 days RM	31 – 60 days RM	61 – 90 days RM	91 – 180 days RM	> 181 days RM	Total past due not impaired RM
At 30 June 2014									
Trade receivables	81,006,755	5,938,704	67,235,524	7,347,361	412,608	27,965	-	44,593	7,832,527
Other receivables	12,923,693	10,600,114	2,323,579	-	-	-	-	-	-
Amount owing by an associate	29,316,574	-	29,316,574						
Deposits	558,235	-	558,235	-	-	-	-	-	-
Construction financing	21,632,670	16,968,750	4,663,920	-	-	-	-	-	-
Derivative financial asset	4,000	-	4,000	-	-	-	-	-	-
	145,441,927	33,507,568	104,101,832	7,347,361	412,608	27,965	-	44,593	7,832,527

Group	Total RM	Impaired RM	Neither past due nor impaired RM	Past due not impaired: < 30 days RM	31 – 60 days RM	61 – 90 days RM	91 – 180 days RM	> 181 days RM	Total past due not impaired RM
At 30 June 2013									
Trade receivables	505,646,203	344,424,011	117,755,257	21,413,152	13,211,336	5,103,535	3,331,153	407,759	43,466,935
Other receivables	20,145,138	9,147,117	10,998,021	-	-	-	-	-	-
Deposits	1,685,823	-	1,685,823	-	-	-	-	-	-
Construction financing	21,632,670	16,968,750	4,663,920	-	-	-	-	-	-
Derivative financial asset	173,447	-	173,447	-	-	-	-	-	-
	549,283,281	370,539,878	135,276,468	21,413,152	13,211,336	5,103,535	3,331,153	407,759	43,466,935

Details of the Company's financial assets (excluding cash and bank balances) as at the reporting date (and the preceding year's reporting date as comparison) are set out as follows:

Company	Total RM	Impaired RM	Neither past due nor impaired RM	Past due not impaired: < 30 days RM	31 – 60 days RM	61 – 90 days RM	91 – 180 days RM	> 181 days RM	Total past due not impaired RM
At 30 June 2014									
Trade receivables	-	-	-	-	-	-	-	-	-
Other receivables	47,216	-	47,216	-	-	-	-	-	-
Deposits	101,377	-	101,377	-	-	-	-	-	-
Amounts owing by subsidiaries	136,741,368	136,112,662	628,706	-	-	-	-	-	-
	136,889,961	136,112,662	777,299	-	-	-	-	-	-

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

Details of the Company's financial assets (excluding cash and bank balances) as at the reporting date (and the preceding year's reporting date as comparison) are set out as follows: (continued)

				Past due not impaired					
Company	**Total RM**	**Impaired RM**	**Neither past due nor impaired RM**	**< 30 days RM**	**31 – 60 days RM**	**61 – 90 days RM**	**91 – 180 days RM**	**> 181 days RM**	**Total past due not impaired RM**
At 30 June 2013									
Trade receivables	42,402,512	429,483	35,455,505	5,666,664	776,192	74,668	-	-	6,517,524
Other receivables	57,984	-	57,984	-	-	-	-	-	-
Deposits	101,198	-	101,198	-	-	-	-	-	-
Amounts owing by subsidiaries	266,044,091	83,397,923	182,646,168	-	-	-	-	-	-
	308,605,785	83,827,406	218,260,855	5,666,664	776,192	74,668	-	-	6,517,524

(i) Financial assets that are neither past due nor impaired

Financial assets under this category generally involved counterparties with good credit standing and/or those whose debts are still within the approved credit period. Trade receivables represent the largest financial asset group in this category. The Group's and the Company's trade receivables credit term ranges from 15 days to 90 days, similar to the preceding year.

None of the Group's and the Company's receivables in this category have been negotiated during the financial year, except for a construction financing originally amounted to RM23 million which has been substantially impaired over the years. The balance unimpaired amount represents the estimated minimum likely recoverable from the debtor. Refer Note 20(i) for further details.

The Group's divestiture of the 51% controlling equity stake in the power holding company resulted in the recognition of RM 28.5 million being 'amount owing by an associate' from the deconsolidated power group (which previously has been eliminated on consolidation). This amount is expected to be fully recoverable from further divestiture plans involving Siam Power.

(ii) Financial assets that are past due but not impaired

The sole financial asset class necessitating overdue aging is the trade receivables.

About 42% of the trade receivables in value reported in this category relate to the steel businesses. Of the total steel businesses' overdue outstanding of RM3.8 million, about RM2.9 million is backed by corporate guarantees and indemnities. Despite the stretched aging which reflects the norm of the industries, these amounts even at late aging are usually collected in full as about 90% of the counterparties have been with the Group/Company for three years and above. As of the approval date of the financial statements, the Group has received 100% on the outstanding amounts from these customers subsequent to the reporting date.

(iii) Financial assets that are impaired

Specific credit impairment is made upon the presence of objective evidences that a counterparty will likely default. The quantum of impairment whether in full or in part would depend on specific circumstances underlying the credit risk.

There were no credit impairments made on trade receivables for the steel segments/subsidiaries over the reporting period as the prospect of recovery is high.

The terms of the Group's 51% equity stake disposal of the power holding company entailed the waiver of certain inter-company receivables by the Company and its subsidiaries from the Power group of companies. As a result of the above, the Company has made impairments on its receivables-from those subsidiaries totaling RM136.1 million. See Note 22 to the financial statements.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

(iii) Financial assets that are impaired (continued)

Details of the Group's financial assets that are impaired and the reconciliation of the impairment as at the reporting date (and the preceding date) are set out below:

	Trade receivables RM	Other receivables RM	Construction financing RM	Total RM
Group				
At 30 June 2014				
At gross amounts	5,938,704	10,600,114	16,968,750	33,507,568
Less: Accumulated impairment	(5,938,704)	(10,600,114)	(16,968,750)	(33,507,568)
	-	-	-	-
Accumulated impairment:				
At 1 July	344,424,011	9,147,117	16,968,750	370,539,878
Impairment charged for the financial year	2,385,561	1,452,997	-	3,838,558
Reversal upon disposal of a subsidiary	(340,870,868)	-	-	(340,870,868)
At 30 June	5,938,704	10,600,114	16,968,750	33,507,568
At 30 June 2013				
At gross amounts	344,424,011	9,147,117	16,968,750	370,539,878
Less: Accumulated impairment	(344,424,011)	(9,147,117)	(16,968,750)	(370,539,878)
	-	-	-	-
Accumulated impairment:				
At 1 July	41,412,219	9,147,117	5,750,000	56,309,336
Impairment charged for the financial year;				
(i) against revenue	299,296,264	-	-	299,296,264
(ii) as impairment expense	3,715,528	-	11,218,750	14,934,278
At 30 June	344,424,011	9,147,117	16,968,750	370,539,878

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

(iii) Financial assets that are impaired (continued)

Details of the Company's financial assets that are impaired and the reconciliation of the impairment at the reporting date (and the preceding reporting date) are as set out below:

	Trade receivables RM	Amounts owing by subsidiaries RM	Total RM
Company			
At 30 June 2014			
At gross amounts	-	136,112,662	136,112,662
Less: Accumulated impairment	-	(136,112,662)	(136,112,662)
	-	-	-
Accumulated impairment:			
At 1 July	429,483	83,397,923	83,827,406
Impairment charge for the financial year	-	136,112,662	136,112,662
Disposal of a business	(429,483)	-	(429,483)
Written-off	-	(83,397,923)	(83,397,923)
At 30 June	-	136,112,662	136,112,662
At 30 June 2013			
At gross amounts	429,483	83,397,923	83,827,406
Less: Accumulated impairment	(429,483)	(83,397,923)	(83,827,406)
	-	-	-
Accumulated impairment:			
At 1 July	429,483	76,722,423	77,151,906
Impairment charge for the financial year	-	6,675,500	6,675,500
At 30 June	429,483	83,397,923	83,827,406

(d) Interest rate risk

Interest rate risk is the risk that the future cash flows and / or fair valuations of the Group's and the Company's interest bearing financial instruments will be negatively impacted due to fluctuation in market interest rates. The Group's objective on interest rate risk management is to achieve a balance between re-pricing risks and minimising its weighted average borrowing cost.

The Group's interest bearing financial instruments are mainly its borrowings. As at the reporting date, the Group's debt portfolio comprise substantially of fixed rate borrowings as the power entity's floating rate loans have been deconsolidated from the Group's with effect from 1May 2014.

Even-though the Group's exposure to fluctuating interest rate seems low with its minimal floating rate borrowings, the bulk of its fixed rate borrowings are trade facilities with short maturity tenure and subject to re-pricing upon rollover utilization every 2 to 3 months. Despite the frequent re-pricing, the interest rates have been relatively stable for the entire reporting period. However, after the close of the current reporting period Bank Negara Malaysia increased its Overnight Policy Rate in July 2014 which led to interest rate hikes by the Group's banks and higher interest rate pricing on the rolling utilization of its trade facilities.

The Group and the Company have insignificant interest bearing assets which comprised mainly of fixed interest bearing short-term deposits and money market placements subject to frequent re-pricing. The re-pricing impact of its interest bearing financial assets is immaterial in size to provide any natural hedging effect on the re-pricing impact of its interest bearing liabilities. The Group does not hold any interest-rate derivative for hedging purposes as at 30 June 2014.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Interest rate risk (continued)

The Group and the Company monitor the interest rate environment closely to ensure that borrowings and deposit placements are maintained at favourable rates.

Details of interest bearing liabilities are as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Fixed rate borrowings:				
Unhedged	191,863,431	235,017,932	278,694	75,572,356
Advances received from customers	-	6,000,000	-	-
Credit from suppliers (Note 24)	45,941,389	24,810,167	-	-
Floating rate borrowings:				
Hedged	-	557,374,519	-	-
Unhedged	2,692,523	10,468,730	-	-
	240,497,343	833,671,348	278,694	75,572,356

The Group's borrowings as at reporting date at variable rates on which are not hedged are denominated mainly in Ringgit Malaysia. At the reporting date, if interest rate on borrowings for all currencies had been 1% higher, with all other variables held constant, the impact on profit after tax for the financial year is set out below:

	Group	Company
	RM	**RM**
	Increase/(Decrease)	
2014		
Impact to profit after tax:		
Borrowings denominated in RM	(20,194)	-
Borrowings denominated in USD	-	-
2013		
Impact to profit after tax:		
Borrowings denominated in RM	(34,907)	-
Borrowings denominated in USD	(43,608)	-

A 1% lower of the interest rate on borrowings would have the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

No sensitivity analysis on movement of interest rate is performed, as the Group does not have any floating rate liabilities at the close of the current financial reporting.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Foreign currency exchange risk

Foreign currency risk is the risk that the fluctuation of foreign exchange (FX) rates may negatively impact fair value or future cash-flow of financial instruments in currencies other than its own functional currency. The Group's foreign currency risk management objective is to minimise foreign currency exposure on financial instruments that may give rise to fluctuation in fair value or future cash-flow.

The Group's exposure to foreign currency risk principally arises from its certain imports of raw materials, certain export sales, and certain borrowings that are denominated in currencies other than the functional currency of the Group . The Group's borrowings in foreign currency are at the tail-end of their tenure and would be fully redeemed in the 1st half of the next financial year 2015.

As a policy, the Group would seek natural hedge methods to mitigate its FX exposure before incepting any derivative as hedging instrument. The Group mainly use forward currency exchange contracts to hedge its foreign currency risk. Where the hedging characteristics meets the qualifying criteria for hedge accounting under MFRS 139, the Group would designate and document these hedges at inception for fair value hedge accounting purposes. These hedges are tested for effectiveness using the 'dollar-offset' ratio method, and both the hedge item and hedge instrument are marked-to-market on periodic basis with chances in fair value taken up in the Statement of Profit and Loss. Further disclosures on hedge accounting are made in Note 20 on derivatives.

The Group's and the Company's exposures to foreign currencies in respect of its financial assets and financial liabilities in its functional currency as at the reporting date (and preceding reporting date) are as follows:

Group

	From SGD	From USD	From EUR	From AUD	Total
At 30 June 2014					
Functional Currency RM					
Financial assets					
Trade and other receivables	4,173,996	442,498	-	215,237	4,831,731
Cash and bank balances	2,809,093	238,784	-	-	3,047,877
Forward foreign currency exchange contract (gross settled)	-	-	-	-	-
	6,983,089	681,282	-	215,237	7,879,608
Financial liabilities					
Trade and other payables	-	(45,466,395)	-	-	(45,466,395)
Borrowings	-	-	(3,236,934)	-	(3,236,934)
	-	(45,466,395)	(3,236,934)	-	(48,703,329)
Net currency exposure	6,983,089	(44,785,113)	(3,236,934)	215,237	(40,823,721)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Foreign currency exchange risk (continued)

The Group's and the Company's exposures to foreign currencies in respect of its financial assets and financial liabilities in its functional currency as at the reporting date (and preceding reporting date) are as follows: (continued)

	From SGD	From USD	From EUR	From AUD	Total
Group					
As at 30 June 2014					
Functional currency – THB (Discontinued Operation)					
Financial liability					
Trade and other payables	-	-	-	-	-
Net currency exposure	-	-	-	-	-
At 30 June 2013					
Functional Currency RM					
Financial assets					
Trade and other receivables	4,717,205	8,631,431	-	-	13,348,636
Cash and bank balances	-	3,388,286	-	-	3,388,286
Forward foreign currency Exchange contract (gross settled)	-	-	3,131,195	-	3,131,195
	4,717,205	12,019,717	3,131,195	-	19,868,117
Financial liabilities					
Trade and other payables	-	(33,474,417)	-	-	(33,474,417)
Borrowings	-	(5,814,404)	(9,207,373)	-	(15,021,777)
	-	(39,288,821)	(9,207,373)	-	(48,496,194)
Net currency exposure	4,717,205	(27,269,104)	(6,076,178)	-	(28,628,077)
Functional currency – THB (Discontinued Operation)					
Financial liability					
Trade and other payables	-	(7,766,828)	-	-	(7,766,828)
Net currency exposure	-	(7,766,828)	-	-	(7,766,828)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Foreign currency exchange risk (continued)

The Group's and the Company's exposures to foreign currencies in respect of its financial assets and financial liabilities in its functional currency as at the reporting date (and preceding reporting date) are as follows: (continued)

Company

	From SGD	From USD	From EUR	From AUD	Total
At 30 June 2014					
Functional Currency RM					
Financial assets					
Cash and Bank Balances	2,486,893	122,747	-	-	2,609,640
At 30 June 2013					
Functional Currency RM					
Financial assets					
Trade and other receivables	4,717,205	183,785	-	-	4,900,990

The following table demonstrates the sensitivity of the Group's loss after tax to 3% strengthening of the Singapore Dollar ("SGD"), US Dollar ("USD"), Euro Dollar ("EURO") and Australia Dollar ("AUD") respectively against the RM or THB, with all other variables in particular interest rates being held constant.

Group

	2014	2013
	Increase/(Decrease)	
Impact to loss after tax:		
RM against SGD	209,493	(106,137)
RM against USD	(1,343,553)	613,555
RM against EURO	97,108	207,166
RM against AUD	6,457	-
THB against USD	-	174,754
Company		
Impact to loss after tax:		
RM against SGD	-	(106,137)
RM against USD	-	(4,136)

A 3% weakening of the above currencies against the RM or THB would have the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

5 FAIR VALUE

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables (including non-trade amounts due to / from group companies) except those as disclosed in Note 20 and Note 25.

The following table presents the Group's financial assets that are measured fair value at the reporting date:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2014				
Asset				
Foreign currency exchange forward contract	-	(306,953)	-	(306,953)
2013				
Asset				
Foreign currency exchange forward contract	-	173,447	-	173,447
Liability				
Interest rate swap	-	(2,790,260)	-	(2,790,260)

The fair value of financial instruments that are not traded in an active market (for example, foreign currency exchange forward contracts) is determined by way of marking-to-market using published market foreign currency exchange rates or as quoted by counterparty financial institutions. This valuation technique optimises the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The fair value of foreign currency exchange forward contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value if the maturity tenure is material.

Neither the Group nor the Company holds any financial assets where fair values are assessed at Level 1 and Level 3. As at the reporting date, the Group holds the following derivatives that are assessed at Level 2.

- Foreign currency forward exchange contracts in positive marked-to-market fair values which are reported as financial assets. (If the fair value is negative, the same is reported under financial liabilities).

6 REVENUE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Sale of goods	657,113,524	751,752,557	-	-
Consultancy and project services	4,439,192	4,644,916	-	-
Processing service income	3,000,866	4,033,190	-	-
Rental Income	-	-	3,989,400	3,924,000
Management Fee	-	-	1,188,000	600,000
	664,553,582	760,430,663	5,177,400	4,524,000

The Group's revenue for the comparative period has been restated with the exclusion of the revenue stream from the 'discontinued operation' relating to the power business. Refer to Note 18.

The Company's revenue for the comparative period has also been restated with the exclusion of the revenue stream from the 'discontinued operation' relating to the sales of steel tube which has since been taken up in its wholly owned subsidiary. The Company's revenue streams from rental income and management fees are derived internally within the Group.

7 OTHER OPERATING INCOME/(LOSS)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Net (loss)/gain on disposals:				
- property, plant and equipment	(68,584)	(628,988)	10,728	2,277
Net realised foreign exchange (loss)/gain	(1,757,151)	(1,563,433)	-	-
Net unrealised foreign exchange gain	1,165,161	92,359	-	-
Fair value gain on investment properties (Note 14)	-	-	1,250,000	3,250,000
Write back of bad debts	1,339,211	-	-	-
Others	129,728	59,573	45,899	7,000
	808,365	(2,040,489)	1,306,627	3,259,277

8 PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
The following expenses have been charged/(credited) in arriving at profit/(loss) before tax:				
Auditors' remuneration:				
- current financial year	538,670	423,406	189,000	60,500
- under accrual in the prior year	231,902	196,856	133,882	136,520
Property, plant and equipment (Note 13):				
- depreciation	44,962,062	49,214,441	370,372	355,064
- write-offs	57,537	48,600	1,178	-
- impairment losses/(write back of impairment losses) - net	6,983,331	63,308,483	34,756	(1,454)
- loss/(gain) on disposal	72,093	628,988	(10,728)	(2,277)
Amortisation of intangible asset	-	932,564	-	-
Staff costs (excluding directors remuneration)	29,315,967	26,953,579	772,240	487,949
Rental of building	328,549	445,452	108,661	115,327
Impairment losses:				
- intangible assets	-	16,267,365	-	-
- inventories	150,376	-	-	-
- investment in subsidiaries (Note 15)	-	-	60,134,420	583,723
- available-for-sale financial assets	-	15	-	-
- trade receivables	2,385,561	3,715,528	-	-
- other receivables / construction financing	1,452,997	11,222,095	-	-
- amount owing by a subsidiary (Note 22)	-	-	136,112,662	6,675,500
Loss on waiver of debts given	-	-	3,423,930	-
Bad debts written-off	-	-	-	-
Gain on disposals of:				
- a business(Note 15(iii))	-	-	30,029,613	-
- a subsidiary (Note 18(i))	225,560,404	-	-	-

Staff costs of the Group and of the Company include contributions to Employee Provident Fund of RM3,045,812 (2013: RM3,382,324) and RM105,716 (2013: RM281,860) respectively.

Direct operating expenses arising from investment properties that generate rental income are nil (2013: nil) for the Group and RM779,024 (2013: RM776,610) for the Company.

The analyses for the comparative period for both the Group and the Company have been restated with the exclusion attributed to the 'discontinued operations'.

9 FINANCE INCOME AND COSTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Finance income:				
Interest on deposits with financial institutions	(977,500)	(738,433)	(276,361)	(255,833)
Interest on amount owing from receivables	(1,426,368)	-	-	-
Net foreign exchange (gain) / loss:				
- realised	-	(341,624)	-	-
- unrealised	(465)	381	-	-
Total finance income	(2,404,333)	(1,079,676)	(276,361)	(255,833)
Finance costs:				
Interest on borrowings	11,725,114	12,964,924	-	-
Interest on hire purchase	86,768	66,303	15,479	4,069
Interest on advances received from Customers & Suppliers' Credit	2,800,443	376,336	-	-
Interest expense	14,612,325	13,407,563	15,479	4,069
Loss on a restructured construction financing (Note 20)	-	736,326	-	-
Fair value loss/(gain) on derivatives:				
- foreign currency exchange forward contract	306,955	(173,447)	-	-
Net foreign exchange loss/(gain):				
- realised	335,576	(406,848)	-	-
- unrealised	167,810	309,674	-	-
Total finance costs	15,422,666	13,873,268	15,479	4,069
Net finance costs	13,018,333	12,793,592	(260,882)	(251,764)

The figures for the comparative period for both the Group and the Company have been restated with the exclusion attributed to the 'discontinued operations'.

10 DIRECTORS' REMUNERATION

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

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Non-executive Directors:				
- fees	718,808	752,692	223,200	236,097
- allowances	153,797	117,746	69,500	73,246
Executive Directors:				
- salaries and bonuses	4,105,077	3,703,820	2,923,077	2,781,308
- estimated monetary value of benefits-in-kind	116,727	78,800	78,050	78,800
- defined contribution plan – contributions	489,462	436,810	438,462	417,210
	5,583,871	5,089,868	3,732,289	3,586,661

Numbers of Directors of the Company whose total remuneration during the financial year fall within the following bands are as follows:

	Number of Directors	
	2014	**2013**
Executive Directors:		
RM700,001 – RM750,000	-	1
RM750,001 – RM800,000	1	-
RM1,050,000 – RM1,100,000	-	1
RM1,150,001 – RM1,200,000	1	-
RM1,450,001 – RM1,500,000	1	1
Non-executive Directors:		
Less than RM50,000	3	9
RM50,001 – RM100,000	3	1

11 TAXATION

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Current tax:				
- Malaysian income tax	2,803,541	2,724,608	(383,271)	(339,602)
- under accrual in the prior years	21,186	203,419	50,653	33,567
	2,824,727	2,928,027	(332,618)	(306,035)
Deferred taxation (Note 17):				
- origination and reversal of temporary differences	(8,337,697)	4,358,649	422,125	932,750
Tax (credit)/expense	(5,512,970)	7,286,676	89,507	626,715

11 TAXATION (continued)

The explanation of the relationship between tax expense and (loss)/profit before tax is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate				
(Loss)/profit before tax	(26,805,421)	5,677,466	(200,251,818)	(5,653,904)
Tax calculated at the Malaysian tax rate of 25% (2013: 25%)	(6,701,355)	1,419,367	(50,062,955)	(1,413,476)
Tax effects of:				
- expenses not deductible for tax purposes	1,852,488	5,734,669	50,101,809	2,006,624
- income not subject to tax	(164,089)	(24,066)		-
- change in tax rate	(381,872)	-	-	-
- tax incentive obtained for double deduction	(111,907)	(118,009)		-
- deferred tax assets not recognised	(27,421)	71,296		-
- under provision in the prior years	21,186	203,419	50,653	33,567
Tax expense/(credit)	(5,512,970)	7,286,676	89,507	626,715

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Section 108 tax credits for franking of dividends have been disregarded with effect from 31 December 2013. Dividends paid under the current single-tier tax system are tax exempt in the hands of shareholders.

No dividend was declared or paid for the current financial year. The figures for the comparative period for both the Group and the Company have been restated with the exclusion attributed to the 'discontinued operations'

12 EARNINGS/(LOSS) PER SHARE

(i) Basic earnings/(loss) per share

	Group	
	2014	2013
Continuing Operations		
Loss attributable to owners of the Company	(17,106,855)	(4,271,471)
Weighted average number of ordinary shares in issue (net of treasury shares)	225,522,808	225,522,808
Basic loss per share (sen)	(7.59)	(1.89)
Discontinued Operations		
Profit/(Loss) attributable to owners of the Company	91,667,591	(210,688,204)
Weighted average number of ordinary shares in issue (net of treasury shares)	225,522,808	225,522,808
Basic earnings/(loss) per share (sen)	40.65	(93.42)
Total		
Profit/(Loss) attributable to owners of the Company	74,560,736	(214,959,675)
Weighted average number of ordinary shares in issue (net of treasury shares)	225,522,808	225,522,808
Basic earnings/(loss) per share (sen)	33.06	(95.31)

(ii) Diluted earnings/(loss) per share

The average number of ordinary shares in issue has not been adjusted to assume any dilution as the Group did not issue any financial instruments that may entitle its holders to ordinary shares. Accordingly, the diluted loss per share is the same as basic loss per share.

13 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Power plant RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
2014								
Cost / valuation								
At 1 July 2013								
- Deemed cost	-	-	-	-	-	13,489,652	649,132	14,138,784
- Valuation	64,602,537	54,193,158	101,295,231	248,530,667	757,490,191	-	-	1,226,111,784
	64,602,537	54,193,158	101,295,231	248,530,667	757,490,191	13,489,652	649,132	1,240,250,568
Additions	-	-	-	7,810,035	-	899,123	1,610,584	10,319,742
Disposals	-	-	-	(473,050)	-	(429,549)	-	(902,599)
Disposal of a subsidiary	(28,801,509)	-	(2,816,575)	-	(749,102,690)	(203,500)	-	(780,924,274)
Write-offs	-	-	-	(61,685)	-	(58,714)	-	(120,399)
Revaluation during the financial year	-	-	6,696,359	2,044,337	-	-	-	8,740,696
Effects of elimination of accumulated depreciation on revaluation	-	-	(10,484,491)	(22,570,535)	-	-	-	(33,055,026)
Currency translation differences	-	-	(307,813)	-	(8,387,501)	(9,020)	-	(8,704,334)
At 30 June 2014	35,801,028	54,193,158	94,382,711	235,279,769	-	13,687,992	2,259,716	435,604,374
Accumulated depreciation								
At 1 July 2013	-	-	5,907,762	10,967,283	79,430,077	7,626,739	-	103,931,861
Charge for the financial year	-	-	5,026,317	11,882,028	27,083,246	970,471	-	44,962,062
Disposals	-	-	-	(270,752)	-	(206,483)	-	(477,235)
Disposal of a subsidiary	-	-	(430,930)	-	(105,441,644)	(147,263)	-	(106,019,837)
Write-offs	-	-	-	(8,024)	-	(54,838)	-	(62,862)
Effects of elimination of accumulated depreciation on revaluation	-	-	(10,484,491)	(22,570,535)	-	-	-	(33,055,026)
Currency translation differences	-	-	(18,658)	-	(1,071,679)	(8,296)	-	(1,098,633)
At 30 June 2014	-	-	-	-	-	8,180,330	-	8,180,330
Accumulated impairment loss								
At 1 July 2013	-	-	1,102,020	20,725,791	64,275,204	112,694	-	86,215,709
Charge for the financial year (Note 8)	-	-	-	6,983,331	-	-	-	6,983,331
Disposal of a subsidiary	-	-	(890,224)	-	(63,500,809)	-	-	(64,391,033)
Currency translation differences	-	-	-	-	(774,395)	-	-	(774,395)
At 30 June 2014	-	-	211,796	27,709,122	-	112,694	-	28,033,612
Net book value								
At 30 June 2014	35,801,028	54,193,158	94,170,915	207,570,647	-	5,394,968	2,259,716	399,390,432
Representing:								
- historical cost	-	-	-	-	-	5,394,968	2,259,716	7,654,684
- valuation	35,801,028	54,193,158	94,170,915	207,570,647	-	-	-	391,735,748
	35,801,028	54,193,158	94,170,915	207,570,647	-	5,394,968	2,259,716	399,390,432

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Power plant RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
2013								
Cost / valuation								
At 1 July 2012								
- Deemed cost	-	-	-	-	-	11,962,585	112,668	12,075,253
- Valuation	59,920,636	49,097,768	101,687,816	257,179,271	744,373,223	-	-	1,212,258,714
	59,920,636	49,097,768	101,687,816	257,179,271	744,373,223	11,962,585	112,668	1,224,333,967
Additions	-	-	-	4,261,653	21,088	2,153,958	536,464	6,973,163
Disposals	-	-	-	(893,010)	-	(630,435)	-	(1,523,445)
Write-offs	-	-	-	(46,941)	-	(10,514)	-	(57,455)
Revaluation during the financial year	4,250,000	5,095,390	1,424,504	(27,812)	-	-	-	10,742,082
Effects of elimination of accumulated depreciation on revaluation	-	-	(7,773,563)	(22,909,777)	-	-	-	(30,683,340)
Currency translation differences	431,901	-	48,712	-	13,095,880	14,058	-	13,590,551
At 30 June 2013	64,602,537	54,193,158	95,387,469	237,563,384	757,490,191	13,489,652	649,132	1,223,375,523
Accumulated depreciation								
At 1 July 2012	-	-	2,962,870	11,159,526	46,879,147	7,104,913	-	68,106,456
Charge for the financial year	-	-	4,784,459	11,938,754	31,541,973	949,255	-	49,214,441
Disposals	-	-	-	(183,495)	-	(435,922)	-	(619,417)
Write-offs	-	-	-	(5,008)	-	(3,847)	-	(8,855)
Effects of elimination of accumulated depreciation on revaluation	-	-	(7,773,563)	(22,909,777)	-	-	-	(30,683,340)
Currency translation differences	-	-	26,234	-	1,008,957	12,340	-	1,047,531
At 30 June 2013	-	-	-	-	79,430,077	7,626,739	-	87,056,816
Accumulated impairment loss								
At 1 July 2012	-	-	1,820,572	20,580,652	-	112,694	-	22,513,918
(Write back)/charge for the financial year (Note 8)	-	-	(718,552)	145,139	63,881,896	-	-	63,308,483
Currency translation differences	-	-	-	-	393,308	-	-	393,308
At 30 June 2013	-	-	1,102,020	20,725,791	64,275,204	112,694	-	86,215,709
Net book value								
At 30 June 2013	64,602,537	54,193,158	94,285,449	216,837,593	613,784,910	5,750,219	649,132	1,050,102,998
Representing:								
- historical cost	-	-	-	-	-	5,750,219	649,132	6,399,351
- valuation	64,602,537	54,193,158	94,285,449	216,837,593	613,784,910	-	-	1,043,703,647
	64,602,537	54,193,158	94,285,449	216,837,593	613,784,910	5,750,219	649,132	1,050,102,998

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	**Freehold land RM**	**Plant, machinery and electrical installation RM**	**Motor vehicles, furniture, fittings and equipment RM**	**Total RM**
2014				
Cost / valuation				
At 1 July 2013	111,322	1,115,000	3,837,160	5,063,482
Additions	-	-	238,416	238,416
Disposals	-	-	(109,004)	(109,004)
Revaluation during the financial year	-	49,705	-	49,705
Elimination of accumulated depreciation on revaluation	-	(71,590)	-	(71,590)
Write-off	-	(7,535)	-	(7,535)
At 30 June 2014	111,322	1,085,580	3,966,572	5,163,474
Accumulated depreciation				
At 1 July 2013	-	-	2,150,680	2,150,680
Charge for the financial year	-	77,947	292,425	370,372
Disposals	-	-	(108,312)	(108,312)
Elimination of accumulated depreciation on revaluation	-	(71,590)	-	(71,590)
Write-off	-	(6,357)	-	(6,357)
At 30 June 2014	-	-	2,334,793	2,334,793
Accumulated impairment				
At 1 July 2013	-	-	80,595	80,595
Charge for the financial year	-	34,756	-	34,756
At 30 June 2014	-	34,756	80,595	115,351
Net book value				
At 30 June 2014	111,322	1,050,824	1,551,184	2,713,330

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	**Freehold land RM**	**Plant, machinery and electrical installation RM**	**Motor vehicles, furniture, fittings and equipment RM**	**Total RM**
2013				
Cost / valuation				
At 1 July 2012	111,322	1,176,454	3,545,288	4,833,064
Additions	-	-	513,340	513,340
Disposals	-	-	(221,468)	(221,468)
Revaluation during the financial year -	16,248	-	16,248	
Elimination of accumulated depreciation on revaluation	-	(77,702)	-	(77,702)
At 30 June 2013	111,322	1,115,000	3,837,160	5,063,482
Accumulated depreciation				
At 1 July 2012	-	-	2,056,400	2,056,400
Charge for the financial year	-	77,702	277,362	355,064
Disposals	-	-	(183,082)	(183,082)
Elimination of accumulated depreciation on revaluation	-	(77,702)	-	(77,702)
At 30 June 2013	-	-	2,150,680	2,150,680
Accumulated impairment				
At 1 July 2012	-	1,454	80,595	82,049
Write back for the financial year	-	(1,454)	-	(1,454)
At 30 June 2013	-	-	80,595	80,595
Net book value				
At 30 June 2013	111,322	1,115,000	1,605,885	2,832,207

(i) Valuation of property, plant and equipment

Fair value of the Group's land and building at the end of the financial year determined by the professional valuer are within level 2 of the fair value hierarchy.

Land and buildings of the Group's domestic continuing operations were revalued in June 2014 by an independent firm of professional valuers, C H Williams Talhar & Wong Sdn Bhd based on an open market value basis.

Fair value of the Group's plant, machinery, and electrical installation at the end of the financial year determined by the professional valuer is within level 3 of the fair value hierarchy.

Plant, machinery and electrical installation of Melewar Steel Mills Sdn Bhd ("MSM"), a wholly owned subsidiary of the Company, were revalued in the current year by an independent firm of professional valuers, Azmi & Co based on a scrap value basis. MSM has temporarily suspended its production, which the scrap value of the plant and equipment in MSM is deemed to be its recoverable amount. Based on the valuation report dated 14 July 2014, the scrap value for the plant and equipment is RM2.435 million. As a result of the revaluation, no impairment is required as at the reporting date.

Please refer to Note 13(v) for the details of fair value measurements using significant unobservable input (level 3).

The revaluation surplus amounting to RM8,740,696 was credited directly to asset revaluation reserve account and its related deferred taxation arising from the revaluation was provided accordingly (Note 17); whilst, the revaluation deficit amounting to RM6,983,331 was taken up as impairment loss in profit or loss after adjusting for previously recognised reserve gains, if any.

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(i) Valuation of property, plant and equipment (continued)

The net book value of the revalued property, plant and equipment that would have been included in the financial statements had these assets been carried at historical cost less accumulated depreciation is as follows:

	Group		**Company**	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Freehold land	14,189,742	14,189,742	-	-
Leasehold land	3,578,527	3,539,671	-	-
Buildings	54,271,046	55,351,489	-	-
Plant, machinery and electrical installation	156,039,643	163,362,866	-	-
	228,078,958	236,443,768	-	-

The fair value of property, plant and equipment is individually determined periodically, with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date. The valuers have relied on the following methodologies:

- Freehold land, leasehold land and properties - open market basis by reference to observable prices in an active market or recent market transactions on arm's length terms.

- Plant and machinery - depreciated replacement cost method, which is based on the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

(ii) Assets acquired under hire-purchase arrangements

During the financial year, certain motor vehicles in the Group and the Company amounting to RM369,609 and RM218,601 respectively were acquired by means of hire-purchase. As at 30 June 2014, the net book value of the motor vehicles under hire purchase arrangements in the Group and the Company are RM1,016,666 (2013: RM1,638,974) and RM278,694 (2013: RM222,356) respectively.

(iii) Assets pledged as securities

Freehold land, buildings, plant, machinery, electrical installation of subsidiaries and power plant of a subsidiary with a net book value of RM279 million (2013: RM929 million) are pledged as securities for certain banking facilities granted to the Group. Refer Note 25 to the financial statements for further details.

(iv) Power Plant

The property, plant and equipment relating to the Power Plant have been deconsolidated from the Group with effect from 1 May 2014. Details on this are now reported under the Group's Investment in Associate as per Note 16.

(v) Fair value measurements using significant unobservable inputs (Level 3)

	Plant, machinery and electrical installation RM
Opening balance	248,530,667
Additions	7,810,035
Disposals	(473,050)
Write-offs	(61,685)
Revaluation during the financial year	2,044,337
Effects of elimination of accumulated depreciation on revaluation	(12,101,564)
Closing balance	245,748,740

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(v) Fair value measurements using significant unobservable inputs (Level 3) (continued)

The following table presents the valuation techniques and key inputs that were used to determine the fair value of plant and machinery categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 30 June 2014 RM	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Plant, machinery and electrical installation	245,748,740	Depreciated replacement cost method	Useful life	10 years – 39 years (25)	The longer the useful life, the higher the fair value

On an annual basis, the Group engages external, independent and qualified valuers to determine the fair value of the Group's plant and machinery. As at 30 June 2014, the fair value of the land and building have been determined by C H Williams Talhar & Wong Sdn Bhd.

The external valuation of the Level 3 plant and machinery have been performed using depreciated replacement cost approach. The external valuer, in discussion with the Group's management, has determined the unobservable input based on the useful life of the plant and machinery.

If the unobservable input based on the useful life of the plant and machinery increase by one year, the fair value of the plant and machinery will increase by approximately RM11.9 million.

If the unobservable input based on the useful life of the plant and machinery decrease by one year, the fair value of the plant and machinery will decrease by approximately RM11.9 million.

14 INVESTMENT PROPERTIES

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
At 1 July	-	-	72,550,000	69,300,000
Fair value gain during the financial year (Note 7)	-	-	1,250,000	3,250,000
At 30 June	-	-	73,800,000	72,550,000

Fair value of the Company's investment property at the end of financial year determined by the professional valuer are within level 2 of the fair value hierarchy.

Level 2 fair values of the Company's properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square meter.

The Company engages external, independent, and qualified valuers to determine the fair value of the Company's properties at the end of financial year. The fair values of the properties have been determined by C H Williams Talhar & Wong Sdn Bhd.

15 INVESTMENTS IN SUBSIDIARIES

	Company 2014	Company 2013
Investment in subsidiaries at cost:		
- Quoted shares	47,058,461	47,058,461
- Unquoted shares	172,195,025	142,195,025
	219,253,486	189,253,486
Less: Accumulated impairment losses	(93,619,951)	(33,485,531)
	125,633,535	155,767,955
Market value of quoted shares	37,051,811	27,301,334

The movements of investments in subsidiaries are as follows:

	2014	2013
At 1 July	155,767,955	156,351,678
Capitalisation of intercompany balance into investment in new shares in a subsidiary	30,000,000	-
Less: Impairment losses (Note 8)	(60,134,420)	(583,723)
At 30 June	125,633,535	155,767,955

The details of the subsidiaries are as follows:

Name	**Principal activities**	**Group's effective interest 2014 %**	**Group's effective interest 2013 %**
Mycron Steel Berhad ("MSB")[(1)]	Investment holding and provision of management services to subsidiaries	54.8	54.8
Melewar Steel Services Sdn Bhd[(1)]	Investment holding	100.0	100.0
Melewar Steel Assets Sdn Bhd[(1)]	Property investment	100.0	100.0
Melewar Steel Tube Sdn Bhd[(1)]	Manufacturing of steel pipes and provision of engineering services	100.0	100.0
Melewar Steel Mills Sdn Bhd ("MSM")[(1)]	Manufacturing, distributing and trading of steel and iron products	100.0	100.0
Melewar Integrated Engineering Sdn Bhd[(1)]	Provision of engineering and technical consultancy services	70.0	70.0
Melewar Steel Engineering Sdn Bhd ("MSE")[(1)]	Investment holding	100.0	100.0
Melewar Industrial Technologies Ltd ("MITL")[(2)]	Investment holding	100.0	100.0
Melewar Ecology Sdn Bhd (formerly known as Melewar Metro Sdn Bhd ("MMSB")[(1)]	Dormant	100.0	100.0
<u>Subsidiaries of MSB</u>			
Mycron Steel CRC Sdn Bhd[(1)]	Manufacturing and trading of cold rolled steel sheets in coils	54.8	54.8
<u>Subsidiaries of MSCRC</u>			
Silver Victory Sdn Bhd[(1)]	Dormant	54.8	54.8
<u>Subsidiary of MSM</u>			
Melewar Mycrosmelt Technology Ltd[(2)]	Smelting / billet making technology owner	85.0	85.0
<u>Subsidiaries of MSE</u>			
M-Power TT Ltd[(1)]	Project management	100.0	100.0
Mperial Power Ltd ("Mperial")[(1)]	Investment holding	49.0 [(5)]	100.0

15 INVESTMENT IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows: (continued)

Name	Principal activities	Group's effective interest 2014 %	Group's effective interest 2013 %
Subsidiary of Mperial			
Siam Power Generation Public Company Ltd ("Siam Power") [3]	Power generation	48.2 [5]	98.4
Siam Power Phase 2 Company Ltd ("SPP2") [4]	Developing, building, operating and owning power plant(s) in Thailand	49.0 [5]	99.9
Siam Power Phase 3 Company Ltd ("SPP3") [4]	Developing, building, operating and owning power plant(s) in Thailand	49.0 [5]	100.0
Subsidiary of MITL			
Ausgard Quick Assembly Systems Sdn Bhd [1]	Manufacturing and supplying of quick assembly homes	100.0	100.0
Subsidiary of MITL			
Melbina Builders Ltd [1]	Marketing of quick assembly homes in overseas market	100.0	100.0
Subsidiary of MMSB			
Melewar Environment Sdn Bhd (Formerly known as Melewar Metro (Penang) Sdn Bhd [1])	Dormant	95.0	95.0

[1] The entity is incorporated in Malaysia and audited by PricewaterhouseCoopers Malaysia
[2] The entity is incorporated in British Virgin Islands and has no statutory audit requirement
[3] The entity is incorporated in Thailand and audited by a member firm of PricewaterhouseCoopers International Limited
[4] The entity is incorporated in Thailand and audited by a firm other than member firm of PricewaterhouseCoopers International Limited
[5] During the financial year, MSE has disposed of 51% equity interest in Mperial (see note on disposal of a subsidiary) and has been reclassified to investment in associate (Note 16)

(i) Investment in Melewar Steel Mills Sdn Bhd ("MSM")

MSM, a wholly-owned subsidiary had temporarily suspended its production of billets and reinforcement bars due to escalating raw material price and depressed price of finished goods since the financial year 2011. Since then, MSM has been engaged solely in trading and resale of metal and steel scraps derived as by-products from the Group's steel tube and cold-rolled manufacturing. During the financial year, MSM did not resume production due to the continued weak market conditions in the steel industry.

(ii) Investment in Mycron Steel Berhad ("MSB")

At the reporting date, the recoverable amount of the Company's investment in MSB is determined by the value-in-use ("VIU"). The cost of investment amounting to RM47.1 million is assessed for impairment as the market share price of MSB is lower than the carrying amount of the cost of investment in MSB.

The Directors had incorporated the following assumptions in the VIU calculation, which are applied consistently unless otherwise indicated:

(a) A 5-year cash flows projections that was steel trading of cold rolled coils;

(b) Average growth rate of 3.00% (2013: 3.00%) per annum on turnover from year 2014 to year 2017 based on MSB's historical trend;

(c) Perpetual annuity cash flows with no growth from year 2018 onwards;

(d) Pre-tax discount rate of 9.01% (2013:10.86%) per annum;

As the VIU derived from the cash flows projections above is higher than the cost of investment, there is no impairment loss recognised for the financial year.

The sensitivity of the key assumptions applied in the cash flows projections are as follows:

- Based on (ii)(b), if the average growth rate is 2.00% (instead of 3.00%) per annum, the cost of investment will not be impaired
- Based on (ii)(d), if the pre-tax discount rate is higher by 1.00% per annum (10.01% instead of 9.01%) per annum, the cost of investment will not be impaired.

15 INVESTMENTS IN SUBSIDIARIES (continued)

(ii) Investment in Mycron Steel Berhad ("MSB") (continued)

The summarised financial information of MSB Group, are as follow:

	MSB Group	
	2014 RM	2013 RM
Statements of Financial Position		
Current assets	152,737,661	181,700,530
Non-current assets	275,651,750	280,703,562
Current liabilities	(165,969,888)	(187,622,600)
Non-current liabilities	(4,517,419)	(10,769,229)
Net assets	257,902,104	264,012,263
Statements of Comprehensive Income		
Revenue for the financial year	447,956,296	513,330,142
Net (loss)/profit for the financial year	(9,228,326)	6,997,511
Total comprehensive (loss)/income	(6,110,159)	11,389,870
Net (loss)/profit for financial year attributable to non-controlling interests of the Group	(4,172,093)	3,163,550
Total comprehensive (loss)/income attributable to non-controlling interests of the Group	(2,762,381)	5,149,320
Statements of Cash Flows		
Net cash inflows from operating activities	33,088,217	38,189,883
Net cash outflow from investing activities	(9,170,453)	(4,407,094)
Net cash outflow from financing activities	(31,642,041)	(33,735,968)
Net change in cash and cash equivalents	(7,724,277)	46,821

(iii) Investment in Melewar Steel Tube Sdn Bhd ("MST")

As disclosed in Note 31(i), the Company has on 30 November 2013 disposed its steel tube sales & marketing operation to its wholly-owned subsidiary MST. The reorganisation resulted in the Company recognising a gain on disposal of business of RM30 million, and the corresponding creation of an acquired Intangible Asset of RM30 million in MST.

	At the date of disposal RM
Purchase consideration	1
Loan liability assumed	64,250,612
Trade receivables	(34,221,000)
Gain on disposal	30,029,613

The reorganisation also entailed the capitalisation of RM30 million of trade debts owing by MST to the Company. As a result, the Company's equity investment in MST was increased from RM60 million to RM90 million on 30 April 2014. Towards the close of the financial year, the Company made an impairment charge of RM15 million on its investment in the said subsidiary based on the recoverable amount, which is determined on the fair value less cost to sell of the investment in MST being valuation done by valuer in a planned 'related party disposal' to another subsidiary – being the 2[nd] phase reorganisation (See Note 32).

15 INVESTMENTS IN SUBSIDIARIES (continued)

(iv) Investment in Mperial Power Ltd ("Mperial")

As disclosed in Note 31(ii), Mperial ceased to be a subsidiary of the Group with effect from 30 April 2014 with the Group's disposal of a 51% controlling equity stake in Mperial for a consideration sum of USD11 million. The disposal resulted in the Group recognising a gain on disposal of RM 225.6 million (See Note 18).

As mentioned in Note 31(ii), the terms of the Group's 51% equity stake disposal entailed the waiver of certain inter-company receivables by the Company and its subsidiaries from the Power group of companies. This resulted in the Company taking an impairment charge of RM45 million on its investment on those subsidiaries affected by the waiver. However, there is also certain pre-divestiture inter-company receivable by Group from the Power Group which is not waived but continues to be receivable under the terms of the Agreement. This continuing receivable amounting to RM28.4 million which previously was eliminated on consolidation, is now taken-up in the Group's Statement of Financial position as 'amount owing by an associate' and correspondingly recognised as part of the gains on disposal.

The fair value of the Group's remaining 49% equity stake is determined based on the proportionate value of the transacted portion and is further supported by its share of the estimated recoverable value on the power group upon realisation. Refer Note 20(iii) to the financial statements.

Further details on the Power Group are disclosed in Note 16 as Investment in Associate.

In addition to the impairment charge of RM15 million on the Company's investment in MST and RM45 million in Mperial, the Company also made an impairment charge on intercompany receivable of RM136 million, which resulted in the Company recording a net loss of RM166.2 million. These impairment charges are one-off in nature, and the impairment on the intercompany receivables was made as part of the divestment of Mperial (Refer above).

16 (a) INVESTMENT IN ASSOCIATE

(i) Set out below is the associate of the group as at 30th June 2014, which, in the opinion of the directors, is material to the group. The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by Melewar Steel Engineering Sdn Bhd – a wholly owned subsidiary of the Company.

Name of associate	Place of business/Country of incorporation	% of ownership interest	Nature of relationship	Measurement method
Mperial Power Ltd	Labuan, Malaysia	49%	See below	Equity

(a) Mperial Power Ltd is a private company and there is no quoted market price available for its shares.

(b) Mperial Power Ltd was a subsidiary of the Group until 30 April 2014, and thereafter an associate.

(c) Mperial Power Ltd is the holding company for Siam Power Generation Public Company Ltd ("Siam Power"), Siam Power Phase 2 Company Ltd ("Siam Power 2") and Siam Power Phase 3 Company Ltd ("Siam Power 3") - hereinafter referred to as the 'Power Group' or 'Mperial Group' interchangeably).

(d) Siam Power is in the business of power generation and its owns a 160 MW power plant in the Rayong Industrial Park, Ban Khai District, Rayong Province, Thailand.

(e) Siam Power 2 is a dormant company with the awarded contract to supply 90MW of power to the Electricity Generating Authority of Thailand (EGAT) commencing from 1 June 2016. Siam Power 2 is to undertake the development, construction, and operation of a new dedicated power plant – adjacent to the existing power plant.

(f) Siam Power 3 is a dormant company.

(g) There are no contingent liabilities relating to the Group's interest in the associate other than certain pledged securities pending up-liftment. Refer to Note 28.

Investment in Associate

	Group	
	2014	**2013**
	RM	**RM**
At beginning of the financial year	-	-
Reclassification from subsidiaries	34,528,763	-
Share of post-acquisition results	(13,260,019)	-
Currency translation differences	1,272,325	-
At end of the financial year	22,541,069	-

16 (a) INVESTMENT IN ASSOCIATE (continued)

(ii) Summarised financial information for associates

Set out below are the consolidated financial information for Mperial Power Ltd which are prepared based on fair valuation basis and accounted for by the Group using the equity method.

	Mperial Group 2014 RM
Summarised Statement of Financial Position	
Non-current assets	838,707,104
Current	
Cash and cash equivalents	6,076,437
Other current assets (excluding cash and cash equivalents)	82,790,217
Total current assets	88,866,654
Total assets	927,573,758
Current	
Financial liabilities (excluding trade and other payables and provision)	(679,830,697)
Other current liabilities (including trade and other payables and provision)	(199,909,852)
Total current liabilities	(879,740,549)
Non-current	
Other non-current liabilities (including trade and other payables and provision)	(1,831,027)
Total liabilities	(881,571,576)

Key asset of the associate is the 160MW steam power plant in Thailand with a carrying impaired value of THB6.0 billion (RM580.1 million) (2013: THB6.1 billion; RM613.8 million). The fair value determination of the power plant is discussed in part (iv) below. The associate's power plant assets do not include any intangible component as this has been fully impaired since the close of the last financial year.

The main liabilities are amounts owing to the banks that provided the non-recourse project financing loans for the construction of the power plant. As at 30 June 2014, the outstanding defaulted principal sum is THB6.4 billion (RM626 million), outstanding interest at THB273 million (RM26.6 million) and default interest at THB718 million (RM69.9 million). (2013: outstanding principal of THB5.6 billion / RM557 million; outstanding interest at THB298 million (RM29.9 million) and default interest at THB411 million (RM41.3 million)).

16 (a) INVESTMENT IN ASSOCIATE (continued)

(ii) Summarised financial information for associates (continued)

As at the close of the current financial year, the banks have not exercised any administrative appointment, foreclosure, or liquidation actions against the power plant asset. Refer to Notes 4(a) and (b).

Summarised Statement of Comprehensive Income:

	Mperial Group Financial period from 1 May 2014 to 30 June 2014 RM
Revenue	33,366,519
Loss before taxation	(27,061,263)
Net loss for the year	(27,061,263)
Total comprehensive loss	(24,464,681)

The information above reflects the amounts presented in the financial statements of the associates (and not group's share of those amounts) adjusted for differences in accounting policies between the group and the associates.

(a) Mperial Group's revenue is principally derived from its 98.4% owned Siam Power. As previously reported, Siam Power's power plant has operated at below breakeven capacity since December 2011 when one of its only two bulk customers defaulted in its power off-take obligation on around 44% of the plant's installed capacity. Over this period, Siam Power suffered severe financial losses and has since 1 January 2013 defaulted on its debt servicing obligation to the banks. This Affected Customer has undergone various restructuring over that period and has resumed partial power off-take with effect from mid-April 2014 and continued to do so until the power plant's scheduled maintenance shut down in July 2014 which coincided with cut in gas supply due to unpaid bills and additional security demands. In-conjunction with possible new equity participant in Siam Power (see Note 32), the aforementioned is being addressed and is expected to be resolved by November 2014.

(b) 'Revenue' is recognised only to the extent that it is probable that future economic benefits will flow-in arising from the same. No 'take-or-pay' capacity charges levied on the Affected Customer is recognised in the 'Revenue' for the current reporting period.

(c) There are no significant restrictions on the associate Mperial to make dividend or any payments to the Group other than the availability of distributable reserves, but Siam Power is restricted by its lenders to make dividends or any capital payments to Mperial.

(d) Mperial Group recorded an After Tax Profit of RM206.9 million for the full 12 months of the current reporting year despite the continuing loss contribution from the power operation, due to the one-off gain recognition of RM377.6 million attributed to the waivers obtained from related companies within the Group on debts owing by it under the terms of the Group's divestiture of the 51% controlling equity stake in Mperial. Refer to Note 31(ii).

(iii) Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

	Mperial Group 2014 Assumed fair value RM
Non-current assets	838,707,104
Current assets	88,866,654
Non-current liabilities	(879,740,549)
Current liabilities	(1,831,027)
Net assets	46,002,182
Share of net assets of associates	22,541,069
Unquoted shares at cost	34,528,763
Share of post-acquisition results and reserves (period from 1 May 2014 to 30 June 2014)	(11,987,694)
	22,541,069

16 (a) INVESTMENT IN ASSOCIATE (continued)

(iii) Reconciliation of summarised financial information (continued)

Mperial Group's shareholders' fund for the financial year ended 30 June 2014 is in a net deficit of RM186.8 million – mainly due to the consolidation of Siam Power's accumulated losses of RM212.9 million. However, the Group's carrying value of its remaining 49% investment in Mperial and amount owing by an associate (Note 16(b)) at the end of the financial year is RM22.5 million and RM29.3 million respectively. On this, the management has assessed and concluded that it is not necessary to impair the said carrying values given that on-going divestiture-and-recovery effort involving the banks and potential new investors entails targeted settlement that could result in realisation of sums greater than the said carrying values by the Group, taking the following into considerations:

a) The probable valuations of Siam Power 2's rights on the 2nd PPA by EGAT which currently does not carry any value in its books
b) The possibility that the Banks have to provide certain concessions
c) The possibility of some recovery on the fully impaired receivables from the Affected Customers over the years

The disclosed Memorandum of Understanding ("MOU") on the sale of the power business signed after the reporting date in Note 32(ii) supports the aforementioned.

(iv) Valuation of the Power Plant

Fair valuation of the Power Plant is determined based on the estimated recoverable amount from the operation of the power plant, applying the 'value-in-use' ("VIU") computation method.

The VIU was determined by discounting the future cash flows to be generated from the continuing use of the power plant after taking into account the power plant construction cost, based on management's cash flows projections on its sale of electricity and steam for the remaining 22 years (2013: 23 years) from Year 2015 to 2035 (2013: Year 2014 to 2035). Management believes that tenure of the cash flows projections (being more than 5 years) is appropriate as the tenure is supported by the power purchase agreements ("PPA") and Steam Sales Agreement ("SSA") remaining useful life of 22 years. Assumptions made in the cash-flow and present value computation are consistent with those applied in the preceding years adopting a discount rate of 9.7% reflective of its pre-tax weighted average cost of capital, except for the following:

a) Resumption of power supply and cash inflow from power sales effect from November 2014, with step-up supply to the Affected Customer at 40 MW from November 2014 to December 2014; 50 MW from January 2015 to June 2015; 60 MW from July 2015 to December 2015; and maximum at 70 MW from January 2016 onwards.
b) Average lapse time of 30 days credit period is applied.

Based on the above, the VIU is determined to be at around THB5,767 million which is about the same with the preceding financial year ended 30 June 2013 at THB5,770 million. As such, no further impairment charge on the power plant and equipment assets is necessary for this reporting period.

For the purpose of the banks and as a pricing guide in its disposal/divestiture effort, an independent valuation of the power plant (included in land, building, plant and machinery) based on open market value basis was carried out in June 2014 by an independent professional valuation firm in Thailand, K.K. Valuation Co., Ltd. The reported open market value at THB6.5 billion million/ RM632 million is higher than the determined VIU, but is deemed unsuitable for the financial reporting of the power plant's fair value due to the compromised state of the power plant's operation.

(b) AMOUNT OWING BY AN ASSOCIATE

As disclosed in Note 31(ii), the Group divested its 51% controlling equity stake in the Power Group on 30 April 2014. There is certain pre-divestiture inter-company receivable by Group from the Power Group which is not waived but continues to be receivable under the terms of the Agreement. This continuing receivable amounting to RM28,441,531 which previously was eliminated on consolidation, is now taken-up in the Group's Statement of Financial position as 'amount owing by an associate'.

17 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. Deferred tax assets and liabilities relating to the power operation under the Mperial Group have been deconsolidated from the Group for the current reporting period. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deferred tax assets	3,089,482	3,298,010	-	-
Deferred tax liabilities	(29,953,326)	(36,876,877)	(16,490,117)	(16,055,565)
	(26,863,844)	(33,578,867)	(16,490,117)	(16,055,565)
At 1 July	(33,578,867)	(27,509,908)	(16,055,565)	(15,118,752)
Credited/(charged) to the profit or loss (Note 11):				
- property, plant and equipment	8,166,730	(3,339,638)	(1,866)	(8,713)
- investment properties	-	-	(420,259)	(924,037)
- unutilised tax losses	187,255	(1,003,372)	-	-
- others	(16,288)	(15,639)	-	-
	8,337,697	(4,358,649)	(422,125)	(932,750)
Debited to asset revaluation reserve:				
- property, plant and equipment	(1,622,674)	(1,710,310)	(12,427)	(4,063)
	(1,622,674)	(1,710,310)	(12,427)	(4,063)
	6,715,023	(6,068,959)	(434,552)	(936,813)
At 30 June	(26,863,844)	(33,578,867)	(16,490,117)	(16,055,565)
Subject to income tax:				
Deferred tax assets (before offsetting):				
- unutilised reinvestment allowance	19,892,460	19,892,460	-	-
- unutilised tax losses	9,510,280	9,323,025	-	-
- other payables and accruals	8,650	24,938	-	-
	29,411,390	29,240,423	-	-
Offsetting	(26,321,908)	(25,942,413)	-	-
Deferred tax assets (after offsetting)	3,089,482	3,298,010	-	-
Deferred tax liabilities (before offsetting):				
- property, plant and equipment	(56,275,234)	(62,819,290)	(293,410)	(279,117)
- investment properties	-	-	(16,196,707)	(15,776,448)
	(56,275,234)	(62,819,290)	(16,490,117)	(16,055,565)
Offsetting	26,321,908	25,942,413	-	-
Deferred tax liabilities (after offsetting)	(29,953,326)	(36,876,877)	(16,490,117)	(16,055,565)

The amount of unutilised reinvestment allowance and temporary differences of property, plant and equipment not recognised (all of which have no expiry dates) for which no deferred tax assets is recognised in the statements of financial position are as follows:

	Group	
	2014 RM	2013 RM
Unutilised reinvestment allowance	1,897,000	1,897,000
Temporary differences of property, plant and equipment not recognised	13,318,538	13,318,538

18 DISCONTINUED OPERATIONS

(i) At Group Level: Mperial Group

The Group has with effect from 30 April 2014 disposed 51% controlling equity stake in its wholly owned subsidiary Mperial Power Ltd (“Mperial”) – which is the holding company of Siam Power Generation Public Company Ltd (“Siam Power”), Siam Power Phase 2 Company Ltd and Siam Power Phase 3 Company Ltd (hereinafter referred to as the “Mperial Group” or “Power Group” interchangeably). Refer to Note 31(ii).

Arising from the disposal, Mperial Group ceased to be a subsidiary of the Group and its financial results have been deconsolidated from the Group’s with effect from 30 April 2014 and are accounted as an investment-in-associate. As such, Mperial Group’s financial results for initial 10 months of the current financial year up to the point of disposal is reported in the Group’s Statement of Profit or Loss as a single-line item as ‘(Loss)/Profit for the financial year from discontinued operations (attributable to owners of the parent)’. Gain/(Loss) on disposal of Mperial being the ‘discontinued operation’ is also reported under the same header as a separate single line item.

Summary of profit/(loss) contribution from the Discontinued Operations: Mperial Group

	10 Months from 1/7/2013 to date of disposal 30/4/2014 RM’000	Preceding financial year ended 30/6/2013 RM’000
Revenue	143,956	217,118
Gross loss	(37,143)	(35,212)
Net operating expenditures	(6,580)	(95,795)
Net interest expense	(92,144)	(83,096)
Loss for the financial period/year from discontinued operations	(135,867)	(214,103)
Gain on disposal of Mperial as a subsidiary (see note below)	225,560	-
Profit/(Loss) after tax from discontinued Operations	89,693	(214,103)

Note: Gain on disposal is analysed as follows:

	At the date of disposal RM
Proceed from disposal of shares (at exchange rate of 3.2671)	35,938,100
Amount due from associate (Note 16(b))	28,441,531
Derecognition of Mperial’s assets and liabilities	124,863,635
Realisation of foreign currency reserves	1,788,561
Gain on remeasurement of remaining interest in associate	34,528,577
Gain on disposal	225,560,404

18 DISCONTINUED OPERATIONS (continued)

(i) At Group Level: Mperial Group (continued)

Summary of profit/(loss) contribution from the Discontinued Operations: Mperial Group (continued)

Proceed from disposal of shares can be analysed as follow:
(i) Cash received RM2,562,606
(ii) Set-off against amount due to E Power Pte Ltd of RM33,375,494 (principal amount of RM24,319,432 plus interest of RM8,536,664 and including forex difference of RM519,398)

Mperial Group's revenue is principally derived from its 98.4% owned Siam Power. As previously reported, Siam Power's power plant has operated at below breakeven capacity ever since December 2011 when one of its only two bulk customers defaulted in its power off-take obligation on around 44% of the plant's installed capacity. Over this period, Siam Power suffered severe financial losses and has since 1 January 2013 defaulted on its debt servicing obligation to the banks. This Affected Customer has undergone various restructuring over that period and has resumed partial power off-take only with effect from mid-April 2014.

'Revenue' is recognised only to the extent that it is probable that future economic benefits will flow-in arising from the same. No 'take-or-pay' capacity charges levied on the Affected Customer is recognised in the 'Revenue' for the current reporting period.

Statement of Cash Flow Summary of Discontinued Operations: Mperial Group

	10 Months from 1/7/2013 to date of disposal 30/4/2014 RM'000	**Preceding financial year ended 30/6/2013 RM'000**
Profit/(Loss) before tax	89,693	(214,103)
Adjustments	(114,806)	199,861
Operating loss before changes in working capital	(25,113)	(14,242)
Changes in working capital	(97,747)	(12,044)
Net cash used in operating activities	(122,860)	(26,286)
Net cash generated from investing activities	19	85
Net cash generated from financing activities	124,614	27,637
Net change in cash and cash equivalents	1,773	1,436

(ii) At Company Level : Trading, Sales & Marketing of Steel Tube and Pipes

The Company has with effect from 30 April 2014 disposed its 'trading, sales & marketing of steel tube and pipes' business ("pipe distribution business") to its wholly owned subsidiary Melewar Steel Tube Sdn Bhd ("MST"). The terms of the disposal entailed adjustments of revenue and costs attributed to the pipe distribution business between the cut-off date (30 November 2013) and the completion date (30 April 2014) into MST upon completion. Refer to Note 31(i).

18 DISCONTINUED OPERATIONS (continued)

(ii) At Company Level: Trading, Sales & Marketing of Steel Tube and Pipes (continued)

Arising from the disposal, the 'pipe distribution business' financial results for the initial 5 months of the current financial year up to the point of the cut-off date 30 November 2013 is reported in the Company's Statement of Profit and Loss as a single-line item as 'Profit for the financial year attributed to discontinued operations'.

Income Statement Summary of the Discontinued Operations: Pipe Distribution Business

	5 Months from 1/7/2013 to Date of Disposal Cut-Off 30/11/2013 RM'000	Preceding Financial Year Ended 30/6/2013 RM'000
Revenue	99,361	251,594
Gross profit	6,688	11,069
Net operating expenditures	(711)	(1,911)
Net interest expense	(517)	(1,535)
Profit before tax	5,460	7,623
Tax	(1,365)	(1,906)
Net profit for the financial year from discontinued operations	4,095	5,717

The pipe distribution business existed as an operation of the Company amongst its other business operations where funds, resources, and accounts at the Company level are centrally managed.

The disposal of the pipe distribution business has no impact to the Group's consolidated results.

19 INVENTORIES

	Group	
	2014 RM	2013 RM
Raw materials	58,844,362	65,090,349
Work-in-progress	6,934,859	8,884,477
Finished goods	39,214,543	39,712,347
Spare parts and supplies	-	12,850,373
Consumables	2,354,665	2,936,923
	107,348,429	129,474,469

Inventories are stated at lower of cost and net realisable value (net of selling costs).Inventories relating to the Power Operation such as 'spare parts & supplies' have been deconsolidated from the Group for current reporting period.

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Non-current				
Construction financing	21,632,670	21,632,670	-	-
Less: Accumulated impairment losses	(16,968,750)	(16,968,750)	-	-
	4,663,920	4,663,920	-	-
Other receivables	9,147,117	9,147,117	-	-
Less: Accumulated impairment losses	(9,147,117)	(9,147,117)	-	-
	-	-	-	-
Current				
Trade receivables	81,006,754	505,646,202	-	42,402,512
Less: Accumulated impairment losses	(5,938,704)	(344,424,011)	-	(429,483)
	75,068,050	161,222,191	-	41,973,029
Other receivables	3,776,576	10,998,021	47,216	57,984
Less: Accumulated impairment losses	(1,452,997)	-	-	-
	2,323,579	10,998,021	47,216	57,984
Advances made for purchases of raw materials	-	8,447,646	-	-
Deposits	558,235	1,685,823	101,377	101,198
Prepayments	2,883,620	8,840,667	130,430	301,895
	3,441,855	18,974,136	231,807	403,093
Total trade and other receivables	85,497,404	195,858,268	279,023	42,434,106

(i) Construction financing

As at 30 June 2014, the construction financing, at gross, amounting to RM21,632,670 (2013: RM21,632,670) relates to an amount receivable from a project owner ("Sole Customer") for the construction of its cold room facility in Thailand pursuant to a project management service contract entered by the Group in Year 2009. The construction financing was to be repaid in equal instalments for a period of 25 years, commencing from January 2014, with effective interest rate of 8.10% per annum.

The remaining amount, net of accumulated impairment losses, amounting to RM4,663,920 is expected to be recovered through settlement from proceed of the proposed disposal of the Power Associate (see note 32(ii)).

(ii) Non-current: other receivables

The Group had in 2005 invested RM17 million for a 20% stake in galvanised steel producer from a vendor with certain guaranteed performance under a share sale agreement. This was then recognised as an "investment in an associate". The associate company's performance failed to meet the guaranteed performance, and the Group initiated legal recovery from the vendor in February 2010. The investment was gradually impaired from financial year 2010 based on estimated fair value at each reporting period's closing, and was reclassified to other receivables to reflect its claim against the said vendor at the start of financial year 2011. The litigation case heard in Sarawak High Court was concluded on 23 July 2013, and the Court ruled on 18 October 2013 that the Group's claim be dismissed with cost of RM60,000 on the ground that the Group has failed to comply with a certain condition precedent before it is entitled to the claim against the Vendor. The Group has filed an appeal on 13 Nov 2013 against the Court's decision and the Defendant has filed a cross-appeal on 10 Jan 2014. The Group is now waiting for the Court to set a date for hearing. This receivable has been written down to RM9,147,117 since financial year 2012 and has been fully impaired since financial year 2013.

(iii) De-recognition

'Trade and other receivables' attributed to the discontinued operations of the Power Group has been de-consolidated from the Group for the current reporting period.

The Company has transferred out its trade receivables relating to the steel tube distribution business to its wholly owned subsidiary in current reporting period pursuant to the reorganization exercise disclosed in Note 31(i),

21 DERIVATIVES

The Group's derivatives comprise solely of Currency Exchange Forward Contracts incepted to hedge its foreign currency exposures arising from forward purchases of raw materials in USD, small forward export sales of steel tubes and pipes in SGD, and loan repayment obligations in Euro. These Currency Exchange Forward Contracts generally have a maturity period of less than 6 months and their fair values are classified under current assets/ (liabilities) by way of marking-to-market.

Foreign currency hedges which meet qualifying criteria under MFRS139 are designated on inception for fair value hedge accounting where the changes in fair value for both the hedge items and the hedge instruments are charged to the Statement of Comprehensive Income, and closing fair values are recognized in the Statement of Financial Position as either current financial assets or (liabilities). Details on the Group's currency derivatives are outlined below:

	Group			
	2014		2013	
	Assets RM	Liabilities RM	Assets RM	Liabilities RM
Forward foreign currency exchange contract – fair value through profit & loss	4,000	(310,953)	173,447	-
Forward foreign currency exchange contract – fair value hedge	-	(474,994)	-	-
Interest rate swap – fair value through profit & loss	-	-	-	(2,790,260)
	4,000	(785,947)	173,447	(2,790,260)

Details on the Group's currency derivatives are outlined below:

(i) Derivatives designated and fair value hedge accounted as at 30 June 2014

Forward foreign currency exchange contracts as hedge instrument

Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Fair value Financial assets RM	Fair value Financial liabilities RM
July 2014	1,906,915	3.3530	-	(262,201)
August 2014	2,700,000	3.2460	-	(58,590)
September 2014	1,470,000	3.3380	-	(154,203)
Total	6,076,915		-	(474,994)

Contracted payment obligation and/or a/c payables as hedge item

Maturity period of contract	Notional value short USD	Average basis rate USD/RM	Fair value Financial assets RM	Fair value Financial liabilities RM
July 2014	1,906,915	3.3530	262,201	-
August 2014	2,700,000	3.2460	58,590	-
September 2014	1,470,000	3.3380	154,203	-
Total	6,076,915		474,994	-

The designated hedges are 100% effective using the 'dollar off-set' method. There is no comparative data from the previous financial year, as hedge accounting is implemented only with effect from the current financial year.

21 DERIVATIVES (continued)

(ii) Derivatives not designated and not hedge accounted

As at 30 June 2014

Forward foreign currency exchange contracts as hedge instrument

Maturity period of contract	Notional value long USD	Average contracted rate USD/RM	Fair value Financial assets RM	Fair value Financial liabilities RM
July 2014	1,500,000	3.3049	-	(131,350)
August 2014	2,432,500	3.2964	-	(179,603)
Total	3,932,500		-	(310,953)

Maturity period of contract	Notional value short SGD	Average contracted rate SGD/RM	Fair value Financial assets RM	Fair value Financial liabilities RM
August 2014	300,000	2.5883	2,000	-
September 2014	100,000	2.5885	1,000	-
October 2014	50,000	2.5940	1,000	-
Total	450,000		4,000	-

As at 30 June 2013

Forward foreign currency exchange contracts as hedge instrument

Maturity period of contract	Notional value long EURO	Average contracted rate EURO/RM	Fair value Financial assets RM	Fair value Financial liabilities RM
October 2013	793,127	3.9479	173,447	-
Total	793,127		173,447	-

These derivatives are not hedge accounted primarily due to the late inception of these hedging instruments which give rise to some mismatch between the hedge items' basis FX-rate and the contracted FX-rate, which would not yield the required hedge-effectiveness threshold. The late inception of FX Forward is mostly attributed to the long maturity periods of the underlying hedging needs and the unattractive forward spreads associated with matching maturity hedging instruments.

22 AMOUNT OWING BY/(TO) SUBSIDIARIES

The amount owing by/(to) subsidiaries are unsecured and interest free. Inter-company balances which are trade in nature are subject to credit terms between 30 to 90 days (2013: 30 to 90 days) whilst, non-trade transactions are repayable upon demand.

	Company	
	2014 RM	2013 RM
Amounts owing by subsidiaries:		
Trade	-	915
Non-trade	136,741,368	266,043,176
	136,741,368	266,044,091
Less: Accumulated impairment losses (Note 4(c)(iii))	(136,112,662)	(83,397,923)
	628,706	182,646,168
Amounts owing to subsidiaries:		
Trade	(24,687,219)	(38,257,686)
Non-trade	(9,015,478)	(9,220,137)
	(33,702,697)	(47,477,823)

As disclosed in Note 15(iv), the terms of the Group's 51% equity stake disposal entailed the waiver of certain inter-company receivables by the Company and its subsidiaries from the Power group of companies. This resulted in the Company taking an impairment charge of RM136.1 million and a direct waiver of RM3.4 million on its receivables on those subsidiaries. The preceding year's accumulated impairment losses of RM83.4 million have been written-off in the current financial year.

As disclosed in Note 15(iii), the Company has capitalised RM30 million of trade debts owing by its wholly owned subsidiary involved in the steel tube manufacturing on 30 April 2014.

23 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deposits with licensed financial institutions	27,841,462	30,482,456	8,930,030	11,988,524
Cash and bank balances	14,916,156	14,360,472	8,063,910	3,270,779
	42,757,618	44,842,928	16,993,940	15,259,303
Less: Restricted cash	(8,768,034)	(8,508,524)	(8,768,034)	(8,508,524)
	33,989,584	36,334,404	8,225,906	6,750,779

At the reporting date, "restricted cash" comprises of a bank deposit placement pledged as security since financial year 2011 for a banking facility granted to the Company. This restricted cash pledge is used as a financial guarantee by the member firm of the bank in Thailand for the issuance of a performance bond or bank guarantee on behalf of a former foreign subsidiary for the due completion of the Phase II project (See Note 28(iii)).

The weighted average interest rates that are effective at the reporting date are as follows:

	Group		Company	
	2014 % per annum	2013 % per annum	2014 % per annum	2013 % per annum
Deposits with licensed financial institutions	2.88	2.31	3.10	3.05
Cash at bank balances	1.57	1.24	-	-

Deposits with licensed financial institutions have an average maturity period of 121 days (2013: 107 days).

24 TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-current				
Other payables	-	25,183,133	-	-
	-	25,183,133	-	-
Current				
Trade payables	49,524,917	97,395,528	-	1,178,111
Other payables	7,229,964	13,185,533	8,628,868	1,220,748
Accruals	8,727,019	109,868,408	241,011	1,587,690
Prepayments received from customers	340,000	12,107,591	-	-
Deposits received	-	300,000	817,500	817,500
	65,821,900	232,857,060	9,687,379	4,804,049
Total	65,821,900	258,040,193	9,687,379	4,804,049

For financial year ended 2013, the 'non-current-other-payables' includes an amount of USD7,741,482 (or in equivalent RM23,499,557) being the balance purchase consideration due to an external party ("Vendor") for the acquisition of equity interest in a foreign subsidiary. This amount has been full settled by way of set-off against the disposal proceeds from the divestiture of the 51% controlling equity interest in Mperial to the original Vendor during the current financial year. See Note 31(ii).

Trade payables comprise of specific interest bearing suppliers' credit with balances amounting to RM45,941,389 (2013: RM24,810,167). These credit facilities have interest bearing credit periods up to 150 days. The remaining trade and other payables are generally interest free and within accorded interest free credit periods ranging between 7 to 60 days.

25 BORROWINGS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current				
Bankers' acceptance	160,344,602	181,130,000	-	65,350,000
Revolving credits	17,500,000	34,000,000	-	10,000,000
Hire-purchase creditors	666,469	765,348	146,344	84,984
Term loans	5,367,905	571,288,983	-	-
	183,878,976	787,184,331	146,344	75,434,984
Non-current				
Hire-purchase creditors	349,697	873,626	132,350	137,372
Term loans	10,327,281	14,803,224	-	-
	10,676,978	15,676,850	132,350	137,372
Total				
Bankers' acceptance	160,344,602	181,130,000	-	65,350,000
Revolving credits	17,500,000	34,000,000	-	10,000,000
Hire-purchase creditors	1,016,166	1,638,974	278,694	222,356
Term loans	15,695,186	586,092,207	-	-
	194,555,954	802,861,181	278,694	75,572,356

The substantial decline in borrowings for the current reporting period is attributed to the de-recognition of the Power operation's debt liability. The steel operations' bank borrowings have also recorded marginal decline due to scheduled repayment.

25 BORROWINGS (continued)

Contractual terms of borrowings

	Contractual interest rate at reporting date (per annum)	Functional currency / currency exposure RM	Total carrying amount RM	Maturity profile < 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	>5 years
Group									
At 30 June 2014									
Unsecured									
- Bankers' Acceptance	4.81% - 7.18%	RM	58,744,602	58,744,602	-	-	-	-	-
- Revolving credits	5.35%	RM	10,000,000	10,000,000	-	-	-	-	-
- Revolving term loans	6.00% - 8.00%	RM	9,765,728	-	9,765,728	-	-	-	-
Secured									
- Bankers' Acceptance	5.13% - 5.55%	RM	101,600,000	101,600,000	-	-	-	-	-
- Revolving credits	3.60%	RM	7,500,000	7,500,000	-	-	-	-	-
- Hire-purchase creditors	0.21% - 4.99%	RM	1,016,166	666,469	290,606	59,091	-	-	-
- Term loans (1)	BLR + 2.00%	RM	2,692,524	2,130,971	561,553	-	-	-	-
	4.81%	RM / EURO	3,236,934	3,236,934	-	-	-	-	-
			194,555,954	183,878,976	10,617,887	59,091	-	-	-

BLR – Base Lending Rate

	Contractual interest rate at reporting date (per annum)	Functional currency / currency exposure RM	Total carrying amount RM	Maturity profile < 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	>5 years
Group									
At 30 June 2013									
Unsecured									
- Bankers' Acceptance	4.75% - 6.22%	RM	74,630,000	74,630,000	-	-	-	-	-
- Revolving credits	5.25%	RM	10,000,000	10,000,000	-	-	-	-	-
- Revolving term loans	8.00%	RM	9,041,575	-	9,041,575	-	-	-	-
Secured									
- Bankers' Acceptance	4.53% - 5.00%	RM	106,500,000	106,500,000	-	-	-	-	-
- Revolving credits	3.77% - 3.80%	RM	24,000,000	24,000,000	-	-	-	-	-
- Hire-purchase creditors	0.21% - 4.91%	RM	1,638,974	765,348	644,073	229,553	-	-	-
- Term loans (1)	BLR + 2.00%	RM	4,654,326	1,961,802	2,130,971	561,553	-	-	-
	4.81%	RM / EUR	9,207,373	6,138,248	3,069,125	-	-	-	-
	SIBOR + 2.50%	RM / USD	5,814,405	5,814,405	-	-	-	-	-
- Term loans (2)	THBFIX + 2.75%	RM / THB	557,374,528	557,374,528	-	-	-	-	-
			802,861,181	787,184,331	14,885,744	791,106	-	-	-

BLR – Base Lending Rate
SIBOR - Singapore Interbank Offered Rate
THBFIX – Thai Baht Interest Rate Fixing

25 BORROWINGS (continued)

Contractual terms of borrowings (continued)

	2014		2013	
	Functional currency/ currency exposure RM	**Total carrying amount**	**Functional currency/ currency exposure RM**	**Total carrying amount**
Group				
Unsecured	RM	78,510,330	RM	93,671,575
Secured	RM	112,808,690	RM	136,793,300
	RM/USD	-	RM/USD	5,814,405
	RM/EUR	3,236,934	RM/EUR	9,207,373
	RM/THB	-	RM/THB	557,374,528
		194,555,954		802,861,181

Term Loan [(1)] is secured by a fixed charge / debenture over the fixed charge on the plant and machinery financed by the bank (Note 13) and a debenture over the fixed and floating assets of the subsidiary.

Term Loan [(2)] is secured by assigning major project documents, land together with power plant to the bank (Note 13).

	Contractual interest rate at reporting date (per annum)	Functional currency / currency exposure	Total carrying amount RM	Maturity profile < 1 year RM	1-2 years RM	2-3 years RM
Company						
At 30 June 2014						
Unsecured						
- Bankers' acceptance	-	-	-	-	-	-
- Revolving credits	-	-	-	-	-	-
Secured						
- Hire-purchase creditors	2.98% -3.05%	RM	278,694	146,344	106,575	25,775
			278,694	146,344	106,575	25,775
At 30 June 2013						
Unsecured						
- Bankers' acceptance	4.72% - 6.92%	RM	65,350,000	65,350,000	-	-
- Revolving credits	5.35%	RM	10,000,000	10,000,000	-	-
Secured						
- Hire-purchase creditors	3.05%	RM	222,356	84,984	90,262	47,110
			75,572,356	75,434,984	90,262	47,110

Status of the Group and the Company's compliance of the banks' covenants in relation to the borrowings are detailed in Note 4(a).

25 BORROWINGS (continued)

Fair value

The carrying amounts of the borrowings due within 1 year and those with floating rates approximated their fair values at reporting date. The fair values of the borrowings with fixed interest rates due after 1 year are as follows:

	Group			
	2014 Carrying amount RM	**2014 Fair value RM**	**2013 Carrying amount RM**	**2013 Fair value RM**
Revolving term loans	7,691,576	7,745,426	9,041,575	9,104,878
Term loans	5,345,685	5,218,540	9,207,373	9,126,466
Hire-purchase creditors	349,697	330,141	1,638,974	1,593,389

The weighted average interest rates of borrowings at the reporting date are as follows:

	Group		Company	
	2014 % per annum	**2013 % per annum**	**2014 % per annum**	**2013 % per annum**
Bankers' acceptance	5.58	5.49	-	6.14
Revolving credits	4.64	4.14	-	5.35
Hire-purchase creditors	3.26	3.70	3.02	3.05
Term loans	7.30	5.97	-	-

The details of the hire-purchase creditors at the reporting date are as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Not later than 1 year	738,938	846,693	160,632	97,080
Later than 1 year and not later than 2 years	315,646	704,938	112,092	97,080
Later than 2 years	62,236	249,436	26,480	48,540
	1,116,820	1,801,067	299,204	242,700
Less: Future finance charges	(100,654)	(162,093)	(20,510)	(20,344)
Present value	1,016,166	1,638,974	278,694	222,356
Analysed as:				
Current	666,469	765,348	146,344	84,984
Non-Current	349,697	873,626	132,350	137,372
Present value	1,016,166	1,638,974	278,694	222,356

26 SHARE CAPITAL

	Group/Company			
	30.6.2014		30.6.2013	
	Number of shares	Nominal value RM	Number of shares	Nominal value RM
Authorised				
Ordinary shares of RM1 each				
At 1 July / 30 June	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
Ordinary shares of RM1 each				
At 1 July / 30 June	226,755,408	226,755,408	226,755,408	226,755,408

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in an Annual General Meeting held on 13 December 2013, approved to renew the authorisation to enable the Company to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for the benefit of its shareholders and believe that the proposed share-buyback can be applied in the best interests of the Company and its shareholders. However, the Company did not exercise any share buyback over the current reporting period due to certain planned corporate exercises.

At the reporting date, the number of outstanding shares in issue after setting off the treasury shares against equity is 225,522,808 (2013: 225,522,808).

27 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant transactions with related parties.

The Group has a controlling related party relationship with its subsidiaries.

The Directors of the Company, Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah and Datin Ezurin Yusnita binti Abdul Malik have or deemed to have financial interests in the companies set out below and thus these companies are deemed to be the related parties to the Group:

- Trace Management Services Sdn Bhd
- Maybach Logistics Sdn Bhd
- MAA Takaful Berhad
- MAA Corporation Sdn Bhd

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and thus are considered related parties of the Company. The key management personnel of the Company include all the Directors of the Company.

27 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties during the financial year based on agreed terms and prices are as follows:

Entity	Type of transaction	2014 RM	2013 RM
Group			
Non-trade related – paid / payable			
Trace Management Services Sdn Bhd	Corporate secretarial services	433,099	397,381
MAA Takaful Berhad	Insurance	2,036,279	2,203,024
MAA Corporation Sdn Bhd	Rental and utilities	81,997	124,808

Entity	Type of transaction	2014 RM	2013 RM
Company			
Trade related – received / receivable			
Melewar Steel Tube Sdn Bhd	Purchases of pipes *1	92,673,423	240,392,416
	Rental income	3,989,400	3,924,000
	Marketing fee income	978,210	2,427,090
	Management fee income	600,000	600,000
Mycron Steel CRC Sdn Bhd	Sale of pipes	9,104	22,704
	Management fees income	588,000	-
Ausgard Quick Assembly Systems Sdn Bhd	Sale of pipes	9,799	-

Foot Note*1 :
Adjusted for the business transfer (see Note 31(i)). The Company had purchased pipes from Melewar Steel Tube Sdn Bhd from July 2013 to 30 November 2013 amounting to RM93 million for resale (2013: full 12 months at RM240million). These purchases do not appear in the Company's 'cost of goods sold' for the current and comparative periods as these have been de-recognized and reported under 'discontinued operations'.

Entity	Type of transaction	2014 RM	2013 RM
Trade related – paid / payable			
Trace Management Services Sdn Bhd	Corporate secretarial services	230,649	189,269
MAA Takaful Berhad	Insurance	373,103	647,963
MAA Corporation Sdn Bhd	Rental and utilities	81,997	124,808
Non-trade related – received / receivable			
Mycron Steel CRC Sdn Bhd	Advances (repaid) / given	(109,691)	73,550
	Staff costs	588,000	1,152,000
Melewar Steel Services Sdn Bhd	Advances given / (repaid)	59,034	(186,215)
Melewar Steel Assets Sdn Bhd	Advances given	5,500	6,000
Melewar Intergrated Engineering Sdn Bhd	Advances given	164,597	208,340
Melewar Steel Engineering Sdn Bhd	Advances (waived & repaid)	(23,183,474)*2	(1,965,350)
Mperial Power Ltd	Advances (waived) / given	(82,720,530)*2	6,873,150
M-Power TT Ltd	Advances (waived) / given	(113,535,380)*2	2,023,081

Foot Note*2 :
These reduction in receivables represent the impairments/ write-offs the Company made arising from the waiver given by those subsidiaries to the Power companies pursuant to the terms of the Group's 51% controlling equity stake divestiture of Mperial Power Ltd. Refer to Note 31(ii).

The Directors of the Company are of the opinion that the above transactions were carried out on terms and conditions negotiated and agreed amongst the related parties. The Directors' compensation is as disclosed in Note 10 to the financial statements.

28 FINANCIAL GUARANTEES

(i) The Company had on 8 November 2013 issued a Corporate Guarantee to a key supplier for the benefit of its 54.8% owned indirect subsidiary in-relation to credit supply of raw materials up to the maximum outstanding sum of USD14 million. The amount owing by the said subsidiary to the said supplier and guaranteed by the Company as the 30 June 2014 was USD2 million (RM6.5 million). This Corporate Guarantee to a non-wholly owned subsidiary necessitates continuing disclosure under Bursa Securities Malaysia Bhd's Practice Note 11. There have not been any triggering events on this Corporate Guarantee which expired on 30 September 2014.

(ii) The Company has issued a Corporate Guarantee to a Bank for a term loan granted to a wholly owned subsidiary since 2005. The balance amount owing by the said subsidiary to the Bank and guaranteed by the Company as at 30 June 2014 is RM2.7 million (2013: 4.7million). There have not been any triggering events on this Corporate Guarantee.

(iii) The Company have pledged certain property, plant and equipment valued at RM52.4 million and cash deposit of RM8.8 million for a Standby Letter of Credit (SBLC) facility of THB400 million for the benefit of a subsidiary in relation to a performance guarantee issued to the Electricity Generating Authority of Thailand (EGAT) for the due completion of the phase II development by 1 June 2016. This beneficiary ceased to be a subsidiary but an associate since 1 May 2014, and the Company has since sought to uplift the underlying assets pledged. On 4 August 2014, the beneficiary's parent company entered into a Memorandum of Understanding with an external investor/acquirer to divest its equity stake in the beneficiary with a condition (amongst others) that the acquirer replaces the performance guarantee to EGAT with its own, thus freeing the Company's pledged assets (Refer to Note 32(ii)). The Directors are of the opinion that the Company's pledged assets will be released by the said event. If that does not crystalise, the Directors are of the opinion that the possibility of further extension of the Phase II development's completion date by the Thai authority is highly probable, thus allowing more time for its associate to continue seeking new investors and to replace the pledged assets.

29 SEGMENTAL ANALYSIS

The Group's four strategic business units as reportable operating segments have in the current financial year been reduced to three with the divestiture of the 51% controlling stake in the Power segment. (Refer to Note 31).

<u>Current Segments</u>

(a) The steel tube manufacturing segment is in the business of manufacturing and sales of steel pipes and tubes.

(b) The cold rolled segment is in the business of manufacturing and sales of cold rolled coils.

(c) The investment holding segment refers to companies with investments in subsidiaries, and companies with investments in quoted and unquoted equity securities.

<u>Former Segment</u>

(d) Power generation commenced operations on 29 December 2010 and it is in the business of power generation and steam sales.

The power business' holding company Mperial Power Ltd was treated as a component in the 'investment holding segment', whilst its subsidiaries represented the 'power segment'. As result of the said divestiture, the power business contribution represented in 'investment holding segment' and the 'power segment' itself from 1July 2013 to 30 April 2014 are disclosed as attributed to 'discontinued operations.'

'Others segment' comprise companies providing engineering and technical consultancy services, manufacturing, metal scrap trading, and dormant companies and accordingly they do not individually form a material segment that requires a separate disclosure.

The strategic business units offer different products and services, and are managed separately. The chief operating decision maker ("CODM") monitors the operating results of the strategic business units as well as relying on the segmental information as disclosed below for purposes such as resource allocation and performance assessment.

The Directors are of the opinion that all inter segment transactions are entered into in the normal course of business and are established on terms and conditions agreed between the related parties.

29 SEGMENTAL ANALYSIS (continued)

Continuing operations:

	Steel tube manufacturing RM	Cold rolled RM	Investment holding RM	Others RM	Total RM
2014					
Revenue					
Total revenue	225,479,567	447,633,555	841,749	17,094,319	691,049,190
Inter segment	(1,737,066)	(24,758,542)	-	-	(26,495,608)
External revenue	223,742,501	422,875,013	841,749	17,094,319	664,553,582
Segment results					
Profit/(Loss) from operations	6,518,418	(1,024,439)	(6,328,572)	307,524	(527,069)
Finance income	506,316	464,830	1,428,949	4,238	2,404,333
Finance costs	(3,918,246)	(10,268,576)	(914,671)	(321,173)	(15,422,666)
Share of associate's results	-	-	(13,260,019)	-	(13,260,019)
Profit/(Loss) before tax	3,106,488	(10,828,185)	(19,074,313)	(9,411)	(26,805,421)
Tax	691,029	5,065,673	21,991	(265,723)	5,512,970
Net profit/(loss) after tax	3,797,517	(5,762,512)	(19,053,322)	(275,134)	(21,292,451)

Discontinued operations:

	Power generation RM	Investment holding RM	Total RM
2014			
Revenue			
External revenue	143,956,023	-	143,956,023
Segment results			
Loss from operations	(41,011,184)	(2,711,779)	(43,722,963)
Finance income	5,882	-	5,882
Gain on disposal of Mperial as a subsidiary	-	225,560,404	225,560,404
Finance costs	(82,332,925)	(9,816,416)	(92,149,341)
(Loss)/Profit before tax	(123,338,227)	213,032,209	89,693,982
Tax	-	-	-
Net (loss)/ profit after tax	(123,338,227)	213,032,209	89,693,982

29 SEGMENTAL ANALYSIS (continued)

	Steel tube manufacturing RM	Cold rolled RM	Power generation RM	Investment holding RM	Others RM	Total RM
2014						
Segment assets	**214,183,384**	**403,827,571**	**-**	**17,183,843**	**(200,915)**	**634,993,883**
Other information						
Continuing operations:						
Depreciation of property plant and equipment	6,069,456	10,954,027	-	355,118	354,321	17,732,922
Impairment losses:						
- property, plant and equipment	628,913	6,354,418	-	-	-	6,983,331
- trade receivables	-	-	-	2,340,938	44,623	2,385,561
- other receivables/ construction financing	-	-	-	1,425,972	27,025	1,452,997
Additions of property, plant and equipment	844,237	9,412,804	-	-	62,701	10,319,742
Discontinued operations:						
Depreciation of property plant and equipment	-	-	27,225,731	3,409	-	27,229,140
Investment in associate	-	-	22,541,069	-	-	22,541,069

Continuing operations:

	Steel tube manufacturing RM	Cold rolled RM	Investment holding RM	Others RM	Total RM
2013					
Revenue					
Total revenue	502,475,124	513,116,335	1,510,650	16,299,739	1,033,401,848
Inter segment	(241,783,438)	(31,187,747)	-	-	(272,971,185)
External revenue	260,691,686	481,928,588	1,510,650	16,299,739	760,430,663
Segment results					
Profit/(loss) from operations	10,040,614	19,919,317	(12,784,697)	1,295,824	18,471,058
Finance income	400,177	674,111	60	5,328	1,079,676
Finance costs	(4,408,598)	(7,639,134)	(1,345,716)	(479,820)	(13,873,268)
Profit/(loss) before tax	6,032,193	12,954,294	(14,130,353)	821,332	5,677,466
Tax	(2,426,137)	(3,868,426)	(245,416)	(746,697)	(7,286,676)
Net profit/(loss) after tax	3,606,056	9,085,868	(14,375,769)	74,635	(1,609,210)

29 **SEGMENTAL ANALYSIS** (continued)

Discontinued operations:

2013	**Power generation RM**	**Investment holding RM**	**Total RM**
Revenue			
External revenue	217,117,663	-	217,117,663
Segment results			
Loss from operations	(128,683,938)	(2,336,680)	(131,020,618)
Finance income	14,137	(49)	14,088
Finance costs	(84,279,090)	1,182,918	(83,096,172)
Loss before tax	(212,948,891)	(1,153,811)	(214,102,702)
Tax	-	-	-
Loss after tax	(212,948,891)	(1,153,811)	(214,102,702)

2013	**Steel tube manufacturing RM**	**Cold rolled RM**	**Power generation RM**	**Investment holding RM**	**Others RM**	**Total RM**
Segment assets	**231,549,385**	**434,589,917**	**732,637,775**	**19,255,252**	**2,246,334**	**1,420,278,663**
Other information						
Continuing operations:						
Depreciation of property, plant and equipment	5,922,601	10,576,690	-	490,424	499,824	17,489,539
Impairment (write-back)/losses:						
- property, plant and equipment	(137,488)	(782,107)	-	346,182	-	(573,413)
- other receivables/ construction financing	-	-	-	11,222,095	-	11,222,095
Additions of property, plant and equipment	936,686	5,888,002	-	5,298	143,177	6,973,163
Discontinued operations:						
Amortisation of intangible assets	-	-	932,564	-	-	932,564
Depreciation of property, plant and equipment	-	-	31,714,314	10,588	-	31,724,902
Impairment losses:						
- property, plant and equipment	-	-	63,881,896	-	-	63,881,896
- intangible assets	-	-	16,267,365	-	-	16,267,365
- trade receivables	-	-	3,715,528	-	-	3,715,528
Additions of property, plant and equipment	-	-	22,685	-	-	22,685

29 SEGMENTAL ANALYSIS (continued)

A reconciliation of the segment assets to the total assets is as follows:

	2014 RM	2013 RM
Segment assets	634,993,883	1,420,278,663
Associate	22,541,069	-
Amount owing by an associate	29,316,574	-
Derivatives	4,000	173,447
Deferred tax assets	3,089,482	3,298,010
Tax recoverable	214,367	563,262
	690,159,375	1,424,313,382

Geographical information

The geographical segment information is as set out below:

	Malaysia RM	Total RM
Continuing operations:		
2014		
Segment revenue	664,553,582	664,553,582
Segment results	(26,805,421)	(26,805,421)
Segment assets	634,993,883	634,993,883
2013		
Segment revenue	760,430,663	760,430,663
Segment results	5,677,466	5,677,466
Segment assets	686,509,173	686,509,173

	Malaysia RM	Thailand RM	Total RM
Discontinued operations:			
2014			
Segment revenue	-	143,956,023	143,956,023
Segment results	213,032,209	(123,338,227)	89,693,982
2013			
Segment revenue	-	217,117,663	217,117,663
Segment results	(1,153,811)	(212,948,891)	(214,102,702)
Segment assets	1,131,715	732,637,775	733,769,490

Information about major customers

Revenue from one major customer amounting to RM87.2 million (more than 10% of total revenue) arising from sale of cold rolled steel sheets in coils by the cold rolling segment in Malaysia.

30 COMMITMENT AND CONTINGENT LIABILITIES

For the current financial year ended 30 June 2014, neither the Company nor its subsidiaries:

(i) are named defendants in any on-going litigation which may give rise to material contingent liabilities.

(ii) have any contracted but outstanding capital commitments in excess of RM 1million.

(iii) have any short-term operating leases susceptible to cancellation which may impact their respective business operations.

31 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 15 January 2014, the Company entered into a Business Transfer Agreement with its wholly owned subsidiary Melewar Steel Tube Sdn Bhd ("MST"), where the Company would inject its steel tube sales and marketing operation comprising the transfer of the following into the latter for a total consideration of RM1.

- Intellectual property rights covering registered trade-names and trade-marks
- Forward sales contracts on hand
- Entire customer portfolio and the sales & marketing team
- Book receivables as at the cut-off date 30 November 2013
- Novation of trade facilities and amount outstanding as at the cut-off date 30 November 2013

The fair valuation of the transacted assets and liabilities as at the cut-off date was:

	RM
Tangible Assets	34,221,000
Intangible Assets	30,029,612
Total Assets	64,250,612
Bank Liabilities / Trade facilities	(64,250,612)

The valuation of the intangible asset is supported by an independent firm's valuation in a report dated 12 December 2013. The transaction was duly completed on 30 April 2014 with the novation agreements involving the banks; securitization of the said trade facilities with a fixed and floating charge debenture in favor of the banks; and the issuance of a corporate guarantee by the Company to each of the debenture-holder. The completion of the transaction also entailed retrospect adjustments into MST as if the business was injected since the cut-off date.

The purpose of this reorganisation is to consolidate the steel tube business into a single entity in MST. This 1st phase reorganisation also paved the way for the next phase reorganisation as disclosed in Note 32(i).

The Group's consolidated results are not affected by this reorganisation.

(ii) On 4 April 2014 the Company's wholly owned subsidiary Melewar Steel Engineering Sdn Bhd ("MSE") entered into a Shares Sale Agreement with an external party E Power Pte Ltd, where MSE would sell 51% equity stake in its wholly owned subsidiary Mperial Power Ltd ("Mperial") to the latter for a consideration of USD 11million subject to certain terms and conditions. Mperial is the holding company of Siam Power Generation Public Company Ltd ("Siam Power"), Siam Power Phase 2 Company Ltd and Siam Power Phase 3 Company Ltd (hereinafter referred to as the "Mperial Group" or "Power Group" interchangeably).

The Shares Sale was duly completed on 30 April 2014 and effective there-of, Mperial is no longer a subsidiary of the Group but an 'Investment in Associate' pursuant to the terms of the 51% stake divestiture which resulted in the Group's loss of 'control' but retention of 'significant influence' over Mperial. As a result, the Power Group has been deconsolidated from the Group with effect from 1 May 2014 and its profit/(loss) contribution up till that point is reported as a single line-item attributed to 'discontinued operations' for the current and the comparative reporting periods. Details on the 'discontinued operations' is disclosed in Note 18

The terms of Shares Sale also entailed the waiver of certain inter-company receivables by the Company and its subsidiaries from the Power Group. As a result of those waivers, the Company has made certain impairments on its investment and receivables from those subsidiaries impacted by the waiver totaling RM181.2 million. Related disclosure on this can be found in Notes 4(c) and 15(iv).

(iii) Practice Note 1 / Guidance Note 5: Up-liftment

On 3 June 2014, the Company wrote to inform Bursa Malaysia Securities Bhd that it is no longer categorisable under PN1 status as the entity in-default Siam Power is no longer a subsidiary of the Group but a component of its Associate Investment in Mperial which the Group has no Control.

32 SIGNIFICANT EVENTS AFTER REPORTING DATE

(i) Proposed Disposal of Melewar Steel Tube Sdn Bhd ("MST") by the Company to its 54.8% owned listed subsidiary Mycron Steel Bhd ("MSB")

The Company has on 12 September 2014 announced that it entered into a Conditional Agreement to dispose the entire paid-up capital of MST to its 54.8% owned listed subsidiary MSB for a gross disposal consideration of RM 70 million to be paid on completion with new shares issue of MSB after netting debts owing by the Company to MST of RM24 million. MSB is in the business of manufacturing and selling of cold-rolled coils and it has supply-chain linkage with MST. This proposed transaction is a 'related party transaction' within the prescribed definition outlined in Bursa Malaysia Securities Bhd's Listing Rules; and as such, the transaction shall be executed in accordance with the said rules.

In this regard, a circular notice to shareholders shall be issued ahead of the scheduled Extraordinary General Meeting on 9 December 2014 to seek shareholders' approval for the Company to proceed with the proposed disposal under the terms and conditions as outlined in the Conditional Agreement with specific resolution on the following:

a) Disposal of the entire equity stake of MST at gross consideration of RM70 million
b) Acceptance of 104,545,455 new shares of MSB (at the reduced par value of RM0.25 each) for transaction value at RM0.44 and the novation of RM24 million liabilities to MSB in-relation to the trade debts owing by the Company to MST as full settlement of the disposal consideration

The proposed disposal will also entail the novation of the Company's intercompany liabilities, and this will be resolved or significantly reduce the Company's net current liabilities position as at 30 June 2014.

Should the proposal be carried out, the Company's shareholding in MSB shall increase from the current 54.8% to 71.52% on completion.

The said circular would include amongst others the rational for the disposal; the pro-forma financial effects of the disposal; the basis of consideration price determination; background and financial information of MSB; and salient terms of the conditional agreement.

This proposed disposal is a non-adjusting event for the current reporting period, and it would not have any financial effect on the Group on completion.

MST was not accounted as 'non-current assets held of sale' for the current reporting period because the management is of the opinion that proposed disposal cannot be regarded as highly probable because it is pending shareholders' approval from both the Company and MSB.

(ii) Memorandum of Understanding (MOU) on the proposed disposal of Siam Power

The Group's associate Mperial Power Ltd ("Mperial") has on 4 August 2014 entered into a MOU with an external Counter-Party to dispose its entire 98.4% equity stake in Siam Power for an indicative sum of up to USD135 million where the monies would first be applied to settle the banks and other trade liabilities within Siam Power. Other salient terms of the MOU are:

a) Exclusive 60 days period for the counter-party to conduct a due diligence review
b) 90 days to a formal Share Sale Agreement
c) Replacement of securities and guarantees extended to the bank that issued the bank guarantee in favour of EGAT for the performance of the 2nd Power Purchase Agreement
d) Assignment of rights to pursue arrears and all claims due from the Affected Customer to an entity controlled by Mperial and the banks

The MOU was arrived at in consultation with Siam Power's lenders and with mutual understanding on the extent of the banks' concessions for a feasible acquisition by the Counter-Party. In that regard, a large portion of the indicative proceeds will go towards settlement of the banks, with the balance sufficient to pay-off other liabilities of Siam Power (including amounts owing to the Group).

In conjunction with the MOU, the parties to the memorandum have also established indicative terms and conditions on the proposed disposal which amongst others include additional indicative payments for the entire equity stakes in Siam Power 2 and Siam Power 3 (refer to Note 16). This additional indicative payment of USD12million is in addition to the USD135 million mentioned above. Details of these are preliminary and will only be disclosed on formalisation. Any material recovery by Mperial and in-turn by the Group would likely come from these additional indicative proceeds.

Based on the progress of the due diligence as well as the credibility and the financial capability of this external Counter-Party undertaking the said MOU, the Directors are generally satisfied and regard the likelihood of the MOU materialising as probable.

33 FINANCIAL INSTRUMENTS BY CATEGORY

Group	Loans and receivables RM	Derivative financial asset RM	Total RM
30 June 2014			
Financial assets per statement of financial position:			
Non-current			
Other receivables	4,663,920	-	4,663,920
Current			
Trade and other receivables (excluding prepayments)	77,949,864	-	77,949,864
Derivative financial instruments	-	4,000	4,000
Deposits with licensed financial institutions	27,841,462	-	27,841,462
Bank balances	14,916,156	-	14,916,156
Amount owing by an associate	29,316,574	-	29,316,574
	154,687,976	4,000	154,691,976

	Derivative financial liabilities RM	Other financial liabilities at amortised cost RM	Total RM
Financial liabilities per statement of financial position:			
Non-current			
Borrowings	-	10,676,978	10,676,978
Current			
Trade and other payables (excluding prepayments received)	-	65,481,900	65,481,900
Borrowings	-	183,878,976	183,878,976
Derivative financial instruments	785,947	-	785,947
	785,947	260,037,854	260,823,801

33 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Group	Loans and receivables RM	Derivative financial asset RM	Total RM
30 June 2013			
Financial assets per statement of financial position:			
Non-current			
Other receivables	4,663,920	-	4,663,920
Current			
Trade and other receivables (excluding prepayments)	182,353,681	-	182,353,681
Derivative financial instruments	-	173,447	173,447
Deposits with licensed financial institutions	30,482,456	-	30,482,456
Bank balances	14,360,472	-	14,360,472
	231,860,529	173,447	232,033,976

	Derivative financial liabilities RM	Other financial liabilities at amortised cost RM	Total RM
Financial liabilities per statement of financial position:			
Non-current			
Trade and other payables	-	25,183,133	25,183,133
Borrowings	-	15,676,850	15,676,850
Current			
Trade and other payables (excluding prepayments received)	-	220,749,469	220,749,469
Borrowings	-	787,184,331	787,184,331
Derivative financial instruments	2,790,260	-	2,790,260
	2,790,260	1,048,793,783	1,051,584,043

Company	2014 RM	2013 RM
Financial assets per statement of financial position:		
Loans and receivables		
Current		
Trade and other receivables (excluding prepayments)	148,593	42,132,211
Amounts owing by subsidiaries	628,706	182,646,168
Amount owing by an associate	875,043	-
Deposits with licensed financial institutions	8,930,030	11,988,524
Bank balances	8,063,910	3,270,779
	18,646,282	240,037,682
Financial liabilities per statement of financial position:		
Non-current		
Borrowings	132,350	137,372
Current		
Trade and other payables	9,687,379	4,804,049
Amounts owing to subsidiaries	33,702,697	47,477,823
Borrowings	146,344	75,434,984
	43,668,770	127,854,228

34 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Group RM	Company RM
2014		
Total (accumulated losses)/retained earnings of the Company and its subsidiaries:		
- realised	(361,545,040)	(48,234,070)
- unrealised	(23,961,848)	(16,488,569)
	(385,506,888)	(64,722,639)
Consolidation adjustments	424,346,273	-
Total retained earnings /(accumulated losses) per the financial statements	38,839,385	(64,722,639)
2013		
Total (accumulated losses)/retained earnings of the Company and its subsidiaries:		
- realised	(140,376,359)	117,491,452
- unrealised	(26,058,200)	(15,997,809)
	(166,434,559)	101,493,643
Consolidation adjustments	128,239,511	-
Total (accumulated losses)/retained earnings per the financial statements	(38,195,048)	101,493,643

PROPERTIES OWNED
by Melewar Industrial Group Berhad & Its Subsidiaries

No.	Address of property	Lease expiry date	Brief description and existing use	Land / Built-up area	Approximate age of building (years)	Net book value (RM)
1	Lot 53, Persiaran Selangor 40200 Shah Alam, Selangor	22.5.2078	Factory cum office building	196,144 sq. ft. (4.50 acres)	24	21,800,000
2	Lot 49, Jalan Utas 40200 Shah Alam, Selangor	13.4.2072	Factory building	316,300 sq. ft. (7.26 acres)	40	30,600,000
3	Lot 10, Persiaran Selangor 40200 Shah Alam, Selangor	11.5.2085	Factory building	220,437 sq. ft. (5.06 acres)	34	21,400,000
4	Lot 16, Jalan Pengapit 15/19 40200 Shah Alam, Selangor	8.4.2078	Factory building	94,000 sq. ft. (2.16 acres)	36	9,300,000
5	Lot 717, Jalan Sungai Rasau Seksyen 16,40200 Shah Alam, Selangor	Freehold	Factory cum office building	781,423 sq. ft. (17.94 acres)	25	100,000,000
6	Lot 2953, Mukim Kelemak Daerah Alor Gajah, Melaka	27.9.2082	Factory cum office building	66,022 sq. ft. (1.52 acres)	28	1,320,000

MELEWAR INDUSTRIAL GROUP BERHAD
(8444 - W)

FORM OF PROXY
(please refer to the notes below)

No. of ordinary shares held

I/We ____ NRIC No./Co. No./CDS No. : ______________________________
(Full Name in block letters)

of ____
(Full address)

____

being a member/members of **MELEWAR INDUSTRIAL GROUP BERHAD** hereby appoint *Chairman of the meeting or

____________________________________ of____ or failing him/her
(Name of proxy, NRIC No.) (Full Address)

____________________________________ of____ as *my/our proxy
(Name of proxy, NRIC No.) (Full Address)

to vote for *me/us and on *my/our behalf at the **45th Annual General Meeting ("AGM")** of the Company to be held at the **Crystal Function Room, 4th Floor, Mutiara Complex, 3 ½ Miles, Jalan Ipoh, 51200 Kuala Lumpur on Tuesday, 9 December 2014 at 1.30 p.m.** or at any adjournment thereof on the following resolutions referred to in the Notice of the 45th AGM. My/our proxy is to vote as indicated below:-

		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
RESOLUTION 1	TO APPROVE THE PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 30 JUNE 2015 TO BE PAYABLE QUARTERLY IN ARREARS.				
RESOLUTION 2	TO RE-ELECT MAJOR GENERAL DATUK LAI CHUNG WAH (RTD), WHO IS RETIRING PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965.				
RESOLUTION 3	TO RE-ELECT TUNKU DATO' YA'ACOB BIN TUNKU TAN SRI ABDULLAH WHO IS RETIRING PURSUANT TO ARTICLE 96.				
RESOLUTION 4	TO RE-ELECT EN AZLAN BIN ABDULLAH WHO IS RETIRING PURSUANT TO ARTICLE 96.				
RESOLUTION 5	TO RE-APPOINT MESSRS PRICEWATERHOUSECOOPERS AS AUDITORS OF THE COMPANY.				
RESOLUTION 6	TO APPROVE THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY.				
RESOLUTION 7	TO APPROVE THE PROPOSED RENEWAL AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS.				
RESOLUTION 8	AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965.				
RESOLUTION 9	TO APPROVE THE PROPOSED ADOPTION OF A NEW SET OF MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY.				

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

The proportion of my holdings to be represented by my *proxy/proxies are as follows:

	Number of Shares	Percentage
First proxy		%
Second proxy		%
Total		**100%**

Dated this ____________________ day of ____________________ 2014

____
Signature of Shareholder(s) / Common Seal

NOTES:

1. *Applicable to shares held through a nominee account.*
2. *A proxy may but need not be a member of the Company, and the provision of Section 149(1)(a) & (b) of the Companies Act, 1965 shall not apply to the Company.*
3. *Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *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.*
5. *The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 12.03, 12th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
6. *Any alteration in the Form of Proxy must be initialled.*
7. *Form of Proxy sent through facsimile transmission shall not be accepted.*
8. *For the purpose of determining a member who shall be entitled to attend this 45th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 56(2.1), 56(2.2) and 56(2.3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 3 December 2014. Only a depositor whose name appears on the Record of Depositors as at 3 December 2014 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*
9. (i) *Explanatory Note to Ordinary Business of Agenda 1 (Explanatory Note A):*
   This Agenda item is meant for discussion only as the provision of Section 169(1) of the Act, does not require a formal approval of the shareholders and hence, is not put forward for voting.

   (ii) ***Re-election of Director***
   Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah, aged 59, who was appointed as a director of the Company on 3 May 2005 and had served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years will retire pursuant to Article 96 of the Company's Articles of Association and will not seek re-election in view of recommendation 3.2 of Malaysian Code on Corporate Governance 2012. Hence, he will retain office until the close of the 45th AGM.

   (iii) *Explanatory Notes to Special Business of Agenda 6:*

   (a) Proposed Renewal of Share Buy-Back Authority
   The Proposed Resolution 6, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilising its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

   (b) Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")
   The Proposed Resolution 7, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

   (c) Authority to Issue and Allot Shares Pursuant to Section 132D of the Act
   The Ordinary Resolution proposed under Resolution 8 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

   This resolution will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to and not exceeding in total ten percent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 44th AGM held on 29 November 2013 and which will lapse at the conclusion of the 45th AGM to be held on 9 December 2014.

   (d) Proposed Adoption of a New Set of Memorandum and Articles of Association of the Company
   The Proposed Resolution 9, Adoption of a new set of Memorandum and Articles of Association is to streamline the Company's Memorandum and Articles of Association to be aligned with the new and/or amended provisions of the Main Market Listing Requirements of Bursa Securities and other prevailing statutory and regulatory requirements and/or other applicable rules and guidelines which have been revised.

   The detailed information on Special Business of Agenda 6 except for Ordinary Resolution 8 as mentioned above is set out in the Circular to Shareholders of the Company dated 17 November 2014 which is dispatched together with the Company's 2014 Annual Report.

* *Please strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he/she thinks fit).*

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STAMP

The Secretary
MELEWAR INDUSTRIAL GROUP BERHAD
Suite 12.03, 12th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur

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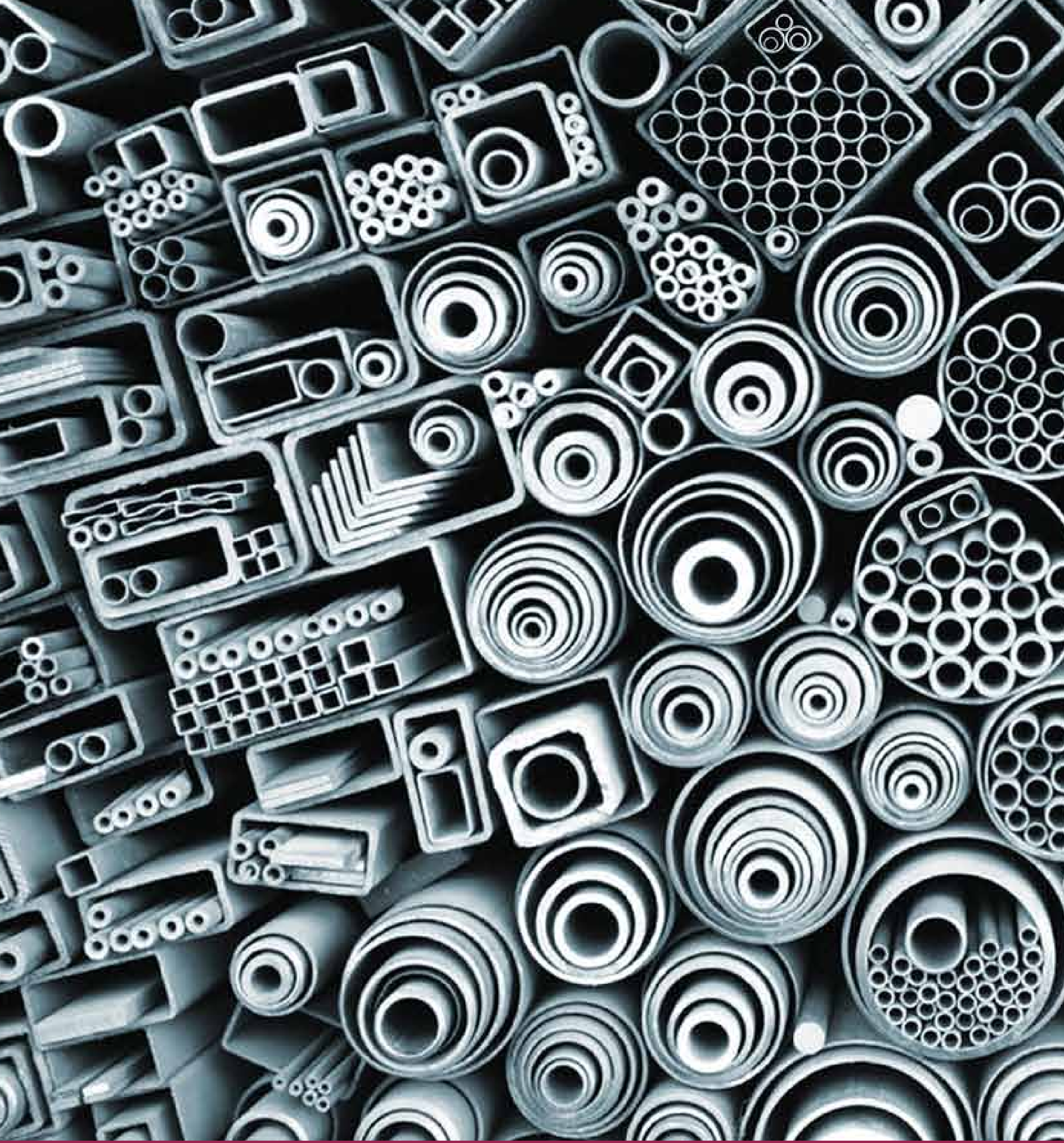
NOTICE
There will be no distribution of door gifts.



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