MELEWAR INDUSTRIAL GROUP BERHAD

(8444-W)

2015

annual report

CONTENTS

NOTICE OF FORTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **46TH ANNUAL GENERAL MEETING** of the Company will be held at **Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur** on **Monday, 30 November 2015** at **12.00 noon** for the following purposes:

AGENDA **AS ORDINARY BUSINESS**	**Resolution**
1. To receive the Audited Financial Statements for the year ended 30 June 2015 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 RM259,200.00 for the financial year ending 30 June 2016 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 113(1) of the Company's Articles of Association and who, being eligible, offer themselves for re-election:	
(i) Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	**3**
(ii) Mr Uwe Ahrens	**4**
5. To re-elect General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd) who is retiring pursuant to Article 120 of the Company's Articles of Association and who, being eligible, offers himself for re-election.	**5**
6. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.	**6**
AS SPECIAL BUSINESS	
7. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-	
(a) **Proposed Renewal of Share Buy-Back Authority**	**7**
"THAT subject to compliance with Section 67A of the Act, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority, the Company be and is hereby unconditionally and generally authorised to purchase and hold such number of ordinary shares of RM1.00 each in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time-to-time through the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up share capital of the Company and that an amount not exceeding the Company's share premium account of RM241,447 as at 30 June 2015 would be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority. AND THAT such authority shall commence immediately upon passing of this Ordinary Resolution and will expire at the conclusion of the next AGM of the Company unless earlier revoked or varied by Ordinary Resolution of shareholders of the Company in a general meeting or upon the expiration of the period within which the next AGM is required by law to be held whichever is earlier but not so as to prejudice the completion of purchase(s) made by the Company before the aforesaid expiry date. AND THAT the Directors be and are hereby authorised to take all steps necessary to implement, finalise and to give full effect to the Proposed Renewal of Share Buy-Back Authority and further THAT authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the shares so purchased as treasury shares or cancel them or both."	

NOTICE OF FORTY-SIXTH ANNUAL GENERAL MEETING
(continued)

(b) **Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")** **8**

"THAT the mandate granted by the shareholders of the Company on 9 December 2014 pursuant to Paragraph 10.09 of the 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 6 November 2015 ("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** **9**

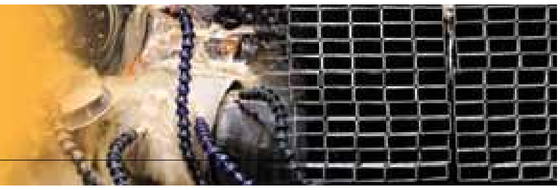
"THAT, subject always to the Act, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Section 132D of the Act, to issue and allot shares in the Company 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."

By Order of the Board

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

Kuala Lumpur
6 November 2015

NOTICE OF FORTY-SIXTH ANNUAL GENERAL MEETING
(continued)



NOTES:

1. Applicable to shares held through a nominee account.

2. A member entitled to attend, speak and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. 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 appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

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

5. The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 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.

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

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

9. For the purpose of determining a member who shall be entitled to attend this 46th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 79(a), 79(b) and 79(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 24 November 2015. Only a depositor whose name appears on the Record of Depositors as at 24 November 2015 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.

10. (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) Explanatory Notes to Special Business of Agenda 7:

    (a) **Proposed Renewal of Share Buy-Back Authority**
    The Proposed Resolution 7, 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 8, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

    (c) **Authority to Issue and Allot Shares Pursuant to Section 132D of the Act**
    The Ordinary Resolution proposed under Resolution 9 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Section 132D of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

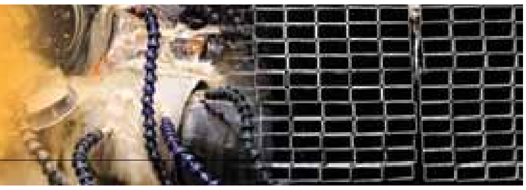
    The Proposed Resolution 9, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 45th AGM held on 9 December 2014 and which will lapse at the conclusion of the 46th AGM to be held on 30 November 2015.

The detailed information on Special Business of Agenda 7 except for Ordinary Resolution 9 as mentioned above is set out in the Circular to Shareholders of the Company dated 6 November 2015 which is dispatched together with the Company's 2015 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, 4 and 5 of the Notice of the 46th Annual General Meeting of the Company are set out in the Directors' Profile on pages 24 to 28 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 33 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 2015.

FINANCIAL RESULTS

The Group recorded total revenues of RM 672 million, which was 1.1% higher than the preceding financial year's revenue of RM 665 million, but incurred a net loss of RM 34.2 million (2014: net profit of RM 68.4 million). This net loss is primarily attributed to its share of its associate company's losses (i.e. Siam Power Generation Company Ltd) at the Statement of Profit or Loss level of RM 21.2 million.

The Group's two main operational divisions, namely Cold Rolled Coil (CRC) and Steel Tube manufacturing, recorded positive Earnings Before Interest Tax Depreciation and Amortisation ("EBITDA") of RM 18.9 million and RM 12.1 million respectively.

DIVIDEND

The cash flow of the Group remains tight due to the weak performance for the period under review. The Board of Directors, as such, do not recommend the payment of any dividend for the financial year ended 30 June 2015.

OPERATING REVIEW

For the period under review, the steel industry continued to be lacklustre in performance, still reeling from the effects of cheap imports from China. This phenomenon has affected both the Cold Rolled Coil ("CRC") and the Steel Tube manufacturing divisions.

China which is experiencing slower domestic growth, and has resorted to dumping excess material, in this case, steel products, into overseas markets, at heavily government subsidised rates. Due to insufficient domestic government controls and protection, ASEAN countries have become the favourite destination of Chinese steel products.

Important factors impacting the Malaysian steel industry include the government's policies on the import of steel products, foreign exchange volatility and the rising operational costs, be they in terms of electricity and natural gas price, industry regulatory charges, as well as the newly implemented Goods and Services Tax ("GST").

CHAIRMAN'S STATEMENT
(continued)

For the financial year ended 30 June 2015, the CRC Division chalked up sales revenue of RM 518 million, compared to RM 448 million the previous year, representing an increase of RM 70 million or 15.7%. At the same time, sales volume was 203,000 tonnes compared to 186,000 tonnes the previous year, representing an increase of 9%. The better performance both in sales revenue as well as tonnage was due to intensive marketing efforts despite the very competitive market conditions. Based on the total production capacity of 260,000 tonnes per annum, the sales volume of 203,000 tonnes represented a utilisation rate of 78%, a healthy increase of 9% compared to the previous year. This also compares favourably against the industry utilisation rate of only 29.3% for the year under review.

On the other hand, the Steel Tube division experienced a slight drop in sales revenue of 3.0% to RM 219 million, compared to the previous year of RM 226 million.

DIVISIONAL PERFORMANCE

The Group's business activities can be analysed under its three business divisions, namely:-

1. Steel,
2. Energy, and
3. Engineering.

The following paragraphs will address the performance of each division of the Group.

1.0 STEEL DIVISION

The Group's Steel Division is represented mainly by its interest in the following three companies:

- Mycron Steel Berhad – Manufacturer of Cold Rolled Coil ("CRC") Steel Sheets in coils
- Melewar Steel Tube Sdn Bhd – Manufacturer of Steel Tubes
- Melewar Steel Mills Sdn Bhd – Manufacturer and Trader of Steel Rebar, Billets and Scrap

1.1 Industry Overview (Steel Division)

The Malaysian Economy recorded a growth of 6.0% in 2014, compared to 4.7% the previous year. The positive performance in the country's economic growth was largely spurred on by the positive turnaround of net exports, after seven years of negative contribution, as the country benefitted from the recovery of the advanced economies, coupled with the sustained demand from regional economies.

However this was not reflected in the performance of the domestic steel industry, which continued to be in the doldrums, in line with the global steel industry. The year under review saw the domestic steel industry reeling from the triple effects of:

- Rising domestic production cost,
- Cheap steel imports into the country, and
- Depreciation of the Ringgit.

During the year, Malaysian manufacturers were faced with increased production cost, imposed by government related agencies. During 2014, electricity rates rose by 17%, while the tariff for natural gas increased by 27%, substantially increasing the cost of production for the steel industry, and squeezing margins. The ability of the industry to pass on these costs to its downstream customers was severely restricted due to the international depressed price for steel.

Cheap steel imports, much of which entered the country as duty exempted steel, avoiding the country's 15% import duty, had also resulted in further domestic competition, forcing flat steel prices downwards. As 51.3% of the country's CRC steel consumption is imported, substantially from China, its extremely low dumping-price, had caused major disruption to the pricing structure of CRC in the country.

China has built substantial capacity in its CRC manufacturing process, and because of a less than expected domestic growth in that country, CRC manufacturers have been encouraged to export such material, under a "rebate" scheme, which is no more than a disguised, direct subsidy scheme. CRC manufacturers which earn such export "rebates", make more money dumping CRC internationally, than selling it at home in China.

To date, many countries have filed steel anti-dumping suits against the country. The Malaysian government is still undecided on what action it will take, despite prolonged appeals from the domestic CRC industry.

CHAIRMAN'S STATEMENT
(continued)

FLAT STEEL CONSUMPTION		Consumption (tonnes)					2014 Increase
Class	**Description**	**2010**	**2011**	**2012**	**2013**	**2014**	
	HRC & Related Products	t/y	t/y	t/y	t/y	t/y	
481	Hot Rolled Coil (HRC) Sheets (Carbon Steel)	1,867,508	2,035,146	1,848,363	2,041,342	1,779,605	-12.8%
470	Plates	418,734	422,673	441,360	516,295	476,063	-7.8%
720	Welded Pipes & Tubes	770,064	377,538	550,875	742,800	302,692	-59.2%
		3,056,306	**2,835,357**	**2,840,598**	**3,300,437**	**2,558,360**	**-22.5%**
511	**Cold Rolled Coil (CRC) Sheets**	**1,479,995**	**1,601,937**	**1,567,320**	**1,563,895**	**1,589,705**	**1.7%**
	CRC Related Products						
520	Cold-Rolled Electrical Sheets	128,397	113,018	95,701	111,977	102,291	-8.6%
611	Galvanized (Hot Dipped) Zinc Sheets	699,091	860,352	667,729	787,481	733,989	-6.8%
612	Electro-Galvanized Iron (EGI) Sheets	372,719	270,861	284,970	311,378	301,282	-3.2%
620	Tin Plated Sheets	156,159	139,586	155,224	170,239	164,442	-3.4%
692	Color Coated Sheets	210,788	220,134	275,840	252,397	235,645	-6.6%
693	Other Metallic Coated Sheets	20,828	23,701	19,328	19,173	26,588	38.7%
		1,587,982	**1,627,652**	**1,498,792**	**1,652,645**	**1,564,237**	**-5.3%**
HRC & CRC Related Products		**6,124,283**	**6,064,946**	**5,906,710**	**6,516,977**	**5,712,302**	**-12.3%**
y-o-y Increase		-4.0%	-1.0%	-2.6%	10.3%	-12.3%	

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

Table 1 details the consumption of flat steel products, namely Hot Rolled Coil ("HRC"), Cold Rolled Coil ("CRC") and their related products. It will be noted from the table that the overall consumption of flat steel had decreased from 6.52 million tonnes in 2013 to 5.71 million tonnes in 2014, a drop of 12%, due to the weakening Malaysian domestic manufacturing sector.

This situation is particularly pronounced in the HRC industry, which saw a fall of 12.8% in consumption to 1.78 million tonnes, from 2.04 million tonnes the year before. A notable drop in demand was also seen in the Steel Tube industry, which experienced a 59.2% drop in consumption to 0.30 million tonnes, from 0.74 million tonnes the year before.

On the other hand, the CRC industry remained relatively stable with a small increase in consumption by 1.7% to 1.59 million tonnes in 2014.

Table 2 details the movement of flat steel material in the country.

It will be noted from the table that the import of HRC is substantial, at 59.8% of total consumption. One should, however, not be alarmed with such statistics, as it should be noted, that all of the import is for high-grade "Iron Ore Based" HRC, a material that is not manufactured domestically.

CHAIRMAN'S STATEMENT
(continued)

Domestic manufacturers, such as Megasteel Sdn Bhd, only produce "Scrap Based" HRC, a material with quite different metallurgical qualities, due to the impurities inherently found in scrap iron. Due to this difference, imported HRC is not considered a direct competitor to domestically manufactured HRC.

However, the import of CRC, representing 51.3% of total domestic CRC consumption, is a matter for concern, since most of the imported CRC, can be directly replaced by domestically manufactured CRC. The domestic CRC industry is currently suffering from an underutilisation of production capacity, and any support the government can provide, in controlling cheaply dumped imports, will substantially increase the country's productivity.

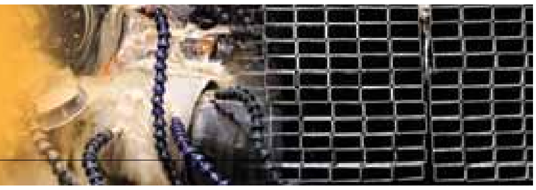
Domestic CRC manufacturers have been consistently appealing to the Government to take action against the unhealthy practice of indiscriminate duty exempt import of CRC. To this effect, CSC Steel Berhad filed for anti-dumping with the Ministry of International Trade and Industry ("MITI") in April 2015 against CRC imports from Vietnam, China and South Korea. MITI issued a Gazette on this matter on 27 August 2015, which has triggered a 120 day investigation period, in which time it must determine the justification for any action.

We hope that the decision will be a positive one, as this will give the domestic CRC industry, the much needed boost, during this turbulent and challenging period.

MALAYSIAN FLAT STEEL 2014		**Production (tonnes)**	**Import (tonnes)**	**Export (tonnes)**	**Consumption (tonnes)**	**Import as % Consumption**
Class	**Description**					
	HRC & Related Products					
481	Hot Rolled Coil (HRC) Sheets (Carbon Steel)	723,000	1,064,983	8,378	1,779,605	59.8%
470	Plates	144,000	359,091	27,028	476,063	75.4%
720	Welded Pipes & Tubes	800,600	552,069	1,049,977	302,692	182.4%
		1,667,600	**1,976,143**	**1,085,383**	**2,558,360**	**77.2%**
511	**Cold Rolled Coil (CRC) Sheets**	**913,000**	**814,731**	**138,026**	**1,589,705**	**51.3%**
	CRC Related Products					
520	Cold-Rolled Electrical Sheets	-	108,782	6,491	102,291	106.3%
611	Galvanized (Hot Dipped) Zinc Sheets	447,933	304,618	18,562	733,989	41.5%
612	Electro-Galvanized Iron (EGI) Sheets	230,242	108,146	37,106	301,282	35.9%
620	Tin Plated Sheets	115,000	98,805	49,363	164,442	60.1%
692	Color Coated Sheets	211,639	59,853	35,847	235,645	25.4%
693	Other Metallic Coated Sheets	-	28,768	2,180	26,588	108.2%
		1,004,814	**708,972**	**149,549**	**1,564,237**	**45.3%**
HRC & CRC Related Products		**3,585,414**	**3,499,846**	**1,372,958**	**5,712,302**	**61.3%**

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

CHAIRMAN'S STATEMENT
(continued)



1.2 Cold Rolled Coil Operations (Mycron Steel Berhad)

The Group's Cold Rolled Coil ("CRC") steel sheet operations are conducted through its 71.52% owned subsidiary, Mycron Steel Berhad ("Mycron") which is listed on Bursa Malaysia. During the year, following the Extraordinary General Meeting ("EGM") of 9 December 2014, the Group completed the sale of its 100% subsidiary, Melewar Steel Tube Sdn Bhd ("MST"), to Mycron. The payment which involved the issuance of new Mycron shares increased the Group's stake in Mycron, from its previous 54.8% level.

Table 3 shows the quarter by quarter performance of the CRC operations for the financial year ended 30 June 2015.

During the first quarter (July to September 2014), sales revenue increased by 9.0% compared to the previous quarter. Although sales volume was higher, the quarter was still considered a low period, due to the fewer working hours, of the fasting month and the Hari Raya holidays.

The second financial quarter saw a revenue increase, reflecting the longer working period. Despite the stronger sales, the Ringgit declined by 6.8% over the quarter, causing a foreign exchange loss of RM 2.0 million for the division.

For the third quarter, revenue dipped by 13.6%, reflecting the seasonally lower working hours during the Chinese New Year period. The fourth quarter (April to June 2015) saw a further 7.5% decline in revenue, although profit margins began to improve, as higher sales prices were obtained during the quarter.

Mycron CRC Quarterly Performance					
Financial Year 2015		**Q1**	**Q2**	**Q3**	**Q4**
Sales Revenue	RM mil	107.9	135.0	116.6	107.8
Sales Tonnage	tonnes	45,485	58,100	50,856	48,172
Capacity Utilisation	% max	70.0%	89.4%	78.2%	74.1%
Profit Before Tax	RM mil	(2.66)	(4.62)	(2.86)	1.81

Table 3

The financial year witnessed a full blown depressed market for CRC, with suppressed prices, in an over supplied market, triggered by cheap CRC imports into the country. For the first three quarters, Mycron reported operational losses, due the low price for CRC, coupled with the increase in electricity and natural gas tariffs, and aggravated further by foreign exchange losses, caused by the declining Ringgit.

Mycron orders its HRC raw material from the international market, based on US Dollars, and on a back-to-back basis, pre-sells its CRC output, to Malaysian customers, denominated in Ringgit. HRC deliveries are received between one to three months from the order date, at which point settlement in US Dollars are made. Any decline in the Ringgit during that period will cause a foreign exchange loss; whilst any appreciation of the currency will generate a profit.

During this period, the cost of hedging the currency risk was found to be too expensive, to the level where profit margins would have been reduced to near zero.

Fortunately for the Group, the last financial quarter (April to June 2015) saw a reverse in the trend, as profit margins improved, and with a fairly stable Ringgit, Mycron reported a Profit Before Tax of RM 1.81 million. It is hoped that this trend will continue into Financial Year 2016.

1.3 Steel Tube Operations (Melewar Steel Tube Sdn Bhd)

The Steel Tube operation is undertaken by Melewar Steel Tube Sdn Bhd ("MST").

This operation also experienced a heavily competitive environment, in which 27 active producers competed for a shrinking domestic demand. Consumption of Steel Tubes for the country declined by 40.7% to 0.30 million tonnes in 2014, compared to 0.72 million tonnes the year before. The whole industry had to contend with very weak market demand and a decrease in international steel prices, which in turn led to a margin squeeze.

Table 4 shows the quarter by quarter performance of the Steel Tube operations for the financial year ended 30 June 2015.

Steel Tube (MST) Quarterly Performance					
Financial Year 2015		**Q1**	**Q2**	**Q3**	**Q4**
Sales Revenue	RM million	51.7	54.5	54.8	57.8
Production Output	tonnes	16,317	17,760	18,045	20,748
Capacity Utilisation		43.9%	47.7%	48.5%	55.8%
Profit Before Tax	RM million	(0.24)	0.17	(0.21)	(0.52)

Table 4

For the year under review, high production cost caused by the hike in electricity price (17%) and natural gas tariff (27%) posed one of the biggest challenges for the Group.

The first financial quarter (July to September 2014) started slowly with revenue dropping 4.4% to RM 51.7 million compared to the previous quarter. The quarter also saw the softening of sales price, triggered by the import of certain cheap HRC, the core raw material for the manufacture of Steel Tubes. Subsequently, on 17 October 2014, the government initiated provisional anti-dumping duties ranging from 3.15% to 29.3% on HRC originating from China, Indonesia and South Korea.

From the second quarter onwards, MST's revenue started to increase slowly but steadily. Quarter 2 saw a 5.0% increase in sales revenue due to an increase in orders for pipe-forming services. The third quarter (January to March 2015) also showed a very slight sales growth despite the shorter working hours during the Chinese New Year season.

The fourth quarter, showed further sales revenue growth of 5.6%, which is a positive sign, given that feedback from customers indicated that they were keeping minimum inventory levels, to maintain cash flows, which have been adversely affected by the 6% GST, imposed by the government from April 2015.

It is hoped that this positive trend in sales tonnage will continue into Financial Year 2016.

1.4 Steel Reinforcement Bar Operations (Melewar Steel Mills Sdn Bhd)

The Group's Steel Reinforcement Bar ("Rebar") manufacturing operations are conducted through its 100% subsidiary, Melewar Steel Mills Sdn Bhd ("MSM").

Due to the continued weak demand and narrow margins for the domestic rebar industry, MSM's operation continue to be mothballed, with its focus remaining on the trading of steel products and scrap iron.

During the period under review, the domestic economic environment was further depressed by the government's cooling measures on housing, the slide in crude oil prices and the weakening of the Ringgit against major currencies. The cooling measures on housing capped the upside of the construction industry, while the slide in oil prices affected the fiscal spending of the government. Weakening of the Ringgit brought imported inflation, which impacted disposable income and curtailed domestic spending.

CHAIRMAN'S STATEMENT
(continued)

Coupled with the overcapacity situation in the domestic long steel industry, and the market disruption caused by the influx of steel products especially from China, the pressure on the already deteriorating margins of rebar manufacturers, continued to mount.

Only when the above challenges taper to a reasonable level, will MSM's rebar operations eventually recommence.

1.5 HRC Raw Material Supply

The Group uses HRC as its core raw material, not just for the manufacture of CRC, but also for the manufacture of Steel Tubes.

For the manufacture of Steel Tubes, the Group uses "Scrap Based" HRC, supplied exclusively by the sole domestic HRC manufacturer, Megasteel Sdn Bhd ("Megasteel"). For the manufacture of CRC, the Group also uses domestically supplied "Scrap Based" HRC for the manufacture of lower grade CRC, for the furniture and steel tube industry; but imports "Iron Ore Based" HRC for the manufacture of high grade CRC for its other clients.

Although "Iron Ore Based" HRC is of a higher grade, the cost of the HRC supplied by Megasteel (i.e. lower grade "Scrap Based" HRC) is higher.

The Ministry of International Trade and Industry ("MITI") had in 2012, engaged the Boston Consulting Group ("BCG") to conduct a study and to recommend solutions, to the issues faced by the steel industry in Malaysia, in particular to resolve the problems faced by Megasteel. The study culminated in the formation of the Malaysia Steel Council ("MSC"), the MSC Technical Committee and five working groups.

Megasteel was given a time frame of 24 to 36 months to improve its position, during which a pricing mechanism, to help them get back on their feet was implemented; based on the average price of HRC from 5 countries, namely Indonesia, India, Japan, South Korea and Taiwan. This has allowed Megasteel to manage its HRC price in a more controlled manner.

Two years has already passed and the favourable steps adopted to aid Megasteel's recovery are still in process.

With the recent entry of Southern Steel Berhad as a domestic manufacturer of HRC, also using scrap iron as feed material, Megasteel's monopoly of the sector has effectively ended.

Megasteel had in August 2015 filed for "Safeguard" measures. In this respect, the Government had issued a Gazette on 10 September 2015, for the notice of initiation of investigation for the determination of safeguard measure, with regard to Hot Rolled Coils ("HRC") products imported into Malaysia.

Megasteel is seeking to prevent the import of all grades of HRC (i.e. "Scrap Based" and "Iron Ore Based" HRC) by asking for higher additional import duties of 40%, in addition to the existing 15% import duty, bringing the country's total duty to an internationally alarming 55%.

The Group is of the view that this petition will see little daylight for the following reasons:

(i) As there is no domestic manufacturer of "Iron Ore Based" HRC, there is no point in setting high import duties for such materials, which if implemented, would backfire and damage Malaysia's competitiveness; and

(ii) As all "Scrap Based" HRC import are currently faced with an existing import duty of 15%, resulting in very little "Scrap Based" HRC being imported into the country, further duty hikes will not have any effect on the import of "Scrap Based" HRC.

Implementing frivolous safeguards measures will most certainly tarnish Malaysia's standing in the world economy, and will severely damage its industrial competitiveness, as other nations will naturally retaliate Malaysia's actions, by imposing similar measures against Malaysian made products; not specifically to its steel products, but more painfully, to its palm oil, electronic and consumer goods products.

2.0 ENERGY DIVISION

The Group's involvement in Energy is principally through its interest in Siam Power Generation Company Ltd ("Siam Power").

2.1 Power Generation Operations (Siam Power Generation Company Ltd)

The Group holds a 49.0% interest in Mperial Power Ltd ("Mperial") a Labuan incorporated entity, 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 and 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 under the Small Power Producer ("SPP") programme in Thailand, whilst SP Phase 2 holds a 90MW Power Purchase Agreement with Electricity Generating Authority of Thailand ("EGAT") for a period of 25 years, which as yet, has not completed financial closure. SP Phase 3 is a dormant company.

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

Siam Power has faced difficulties due to the insufficient demand for power, from the industrial zone it operates in, which currently hovers in the 30 MW range. Coupled with the 90 MW sales to EGAT, Siam Power can only sell 120 MW of power, which is much less than its generation capacity of 160 MW. Due to the challenges faced by Siam Power, the Group continues its efforts in discussion with potential buyers for the disposal of its holding in the Power Group.

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)

Melewar Integrated Engineering Sdn Bhd ("MIE") is a 70% subsidiary of the Group and serves as the technical development engineering and turnkey project manager for the Group, whilst also undertaking third party engineering works, consultancy and construction works.

MIE, as reported last year, is widening its engineering capability and is now registered as a 'Class A' unlimited contractor under the Construction Industry Development Board ("CIDB"). MIE successful secured contracts in its identified sectors, which include mainly consultancy and engineering services, bulk material handling, telecommunication towers, waste processing plant management, and general engineering operations, maintenance and repairs.

MIE is optimistic to enter into larger contracts this year through cooperation and takeover of existing operations as well as upgrades of operation and maintenance systems. MIE is now successfully operating and maintaining a waste-to-energy incinerator for the Malaysian government, which is viewed as a stepping stone in the Group's desire to be more involved in the waste management business.

Another major project landed during the period under review was the material handling system for silica sand, valued at RM 21 million.

3.2 Equipment Marketing (Melewar Industrial Technology Ltd)

Incorporated in Labuan, Melewar Industrial Technology Ltd ("MIT") is 100% owned by the Group. MIT is involved in the promotion and sales of the Group's technological designs and equipment, including a small scale steel rebar making plant, branded as "Mycrostaal', and a prefabricated modular home system, branded as 'Ausgard'.

MIT is currently in the process of pre-operating works for its second 'Mycrostaal' plant project for an international client. MIT has also succeeded to complete commission and deliver several buildings under the Ausgard brand.

CORPORATE EXERCISE

This exercise involved the disposal of the Group's 100% equity interest held in Melewar Steel Tube Sdn Bhd ("MST") to Mycron Steel Berhad ("Mycron") for a consideration of new ordinary shares in Mycron and novation of trade debt to Mycron. The conditional share sale and purchase agreement was dated 12 September 2014 and was approved by the shareholders at the Extraordinary General Meeting ("EGM") held on 9 December 2014.

The disposal of MST involved the disposal by the Group of 90,000,000 MST shares, representing 100% equity interest in MST, to Mycron to be satisfied in the following manner:

(i) Issuance of the consideration shares by Mycron at an issue price of RM 0.44 per share amounting to RM 46 million on the completion date after the completion of the proposed Par Value Reduction of Mycron, and
(ii) Novation of Trade Debt.

The Disposal Consideration was arrived at based on a willing buyer-willing seller basis after taking into consideration the equity value of MST, as appraised by an Independent Valuer, which ranged from RM 60 million and RM 71 million.

On the completion of the Proposed Disposal of MST and after the issuance of the consideration shares by Mycron, the Group's shareholding in Mycron had increased from 54.79% to 71.52%.

LONG-TERM OUTLOOK

To sustain business on a long-term basis, Management will focus on a few key areas, namely:-

1. Financial restructuring in order to maximise the Group's assets and optimise its bank borrowings to finance its operations;

2. To explore new export markets, using the Licensed Manufacturing Warehouse ("LMW") status, recently obtained by the Group. This license permits the Group to operate under a "bonded" status, giving it a competitive edge, in pricing goods for export. The Group is currently exploring potential new export markets, especially within the ASEAN countries, taking advantage of the ASEAN Free Trade Agreement ("AFTA");

3. To re-engineer operational processes to be a more cost effective steel operator; and

4. To expand the Engineering Division of the Group as it begins to attain a foothold in key segments it has penetrated, namely; telecommunications, waste management, bulk material handling, general engineering, construction, operations and maintenance services.

PROSPECTS FOR THE NEW FINANCIAL YEAR

Given that the steel industry is currently not in the best of health, the Group retains a cautious outlook for the coming financial year. Global steel production capacity continues to be in excess of demand, and dumping activities, especially by China, is rampant, resulting in many countries filing anti-dumping measures.

Malaysian steel manufacturers have also had to contend with rising domestic operating costs, in terms of electricity, fuel, and natural gas cost, as well as SIRIM and CIDB fees. Starting in April this year, the Goods and Services Tax ("GST") of 6% was implemented, adding further cost of doing business.

To cap its problems, the volatility of the country's currency, has also played a significant part, in curtailing the performance of the industry.

In summary, the coming year is expected to continue, to be a tough one for the steel industry, in an environment where the country's economy, will face challenges coming from short-term inflation, high household debt and the economic slowdown in China.

A great deal will depend on the government's decisions and actions, taken to protect the Malaysian CRC and Steel Tube industries, especially in respect of the anti-dumping application against China, Vietnam and South Korea. Also playing a significant role will be the outcome of the HRC safeguard petition filed by Megasteel.

For Steel Tube manufacturers, there appears to be some light at the end of the tunnel, in particular when the government signed a series of agreements with the Selangor State Government on 9 September 2015. Under the Facilities and Services Licenses issued to Pengurusan Air Selangor Sdn Bhd, the said company may acquire assets in Selangor and provide water supply services in Selangor, Kuala Lumpur and Putrajaya, starting from February 2016. The State Government had also given the necessary approvals to enable Pengurusan Aset Air Berhad ("PAAB") to continue with the construction of the Langat 2 Water Treatment Plant and its distribution system, expected to be fully operational in 2019. It is hoped that with such developments, the domestic demand for Steel Tubes will increase significantly.

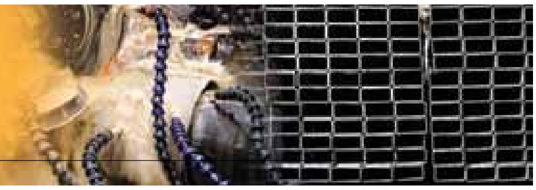
ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my heartfelt gratitude and thanks, as well as sincere appreciation, to all members of the management team and their staff for their hard work and contribution to the Group.

Times may be hard as we face it today but by focusing our efforts in making quality products, and delivering splendid services, the Group's operations will be a name to be recognised in the steel industry, for many years to come. Success always has humble beginnings.

TUNKU DATO' YAACOB KHYRA
Executive Chairman

CORPORATE SOCIAL RESPONSIBILITY



MIG – 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 are, at present, accredited with ISO 9001 : 2008 by SIRIM. 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.

SAFETY & HEALTH CAMPAIGN

The Company has also maintained the policy of rewarding the employees who work in the factories which achieve the benchmark set by the Management on the number of occurrence of accidents.

To promote an easier and remembered slogan in order to achieve the awareness of workers for the Safety Campaign, the slogan has been maintained the same named "Think Safety, We're Safe" or in Bahasa Malaysia, "Ingat Selamat, Kita Selamat".

ENVIRONMENT

The Company ensures that all business activities are conducted in compliance with the environment regulations and laws at all times. Besides recycling our bi-products which are slitted edges, heavy and light scraps in our daily operations, we also practice recycling paper and plastic in office and factories as well.

For a more effective utilisation of energy, electricity and natural gas, the Company is always committed to:

- reduce energy consumption by putting an effective maintenance programme for all equipment used;
- upgrade projects to improve the efficiency of the machines;
- improve the heating process to reduce the heat loss;
- recycle rain water in our production operations to reduce the treated water consumption from Syabas;
- reduce production waste throughout the operations by proper production planning;
- undertake measures to reduce pollution and harmful emissions by installing filter system;
- practice a paperless environment and reduce usage of plastic across all the factories and offices of the Company; and
- encourage employees to attend internal training programme on the importance of energy saving by switching off non-essential electrical machinery, equipment and appliance when not in use.

COMMUNITY

The Company 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 Company 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.

The Company also provides internship training for graduates to have their practical training.

The Company has embarked in a joint effort to develop and fabricate a Modular Building System with, and designed by its sister company, Ausgard Quick Assembly Systems Sdn Bhd (Ausgard). Its initial project is a community library for underprivileged children living along the fringes of our robust developments. Accompanied by years of steel pipe manufacturing and vast engineering background, we have provided the expertise and facilities to ensure the Modular System Community Library becomes a reality and reaches the rural areas thus extending to the Orang Asli children with opportunities to inculcate the love for reading, knowledge acquisition and empowerment.

The inaugural library was erected at Kampung Bukit Kepong, Port Dickson achieved its purpose which is to attract the Orang Asli children to develop the habit of reading which is the first step to knowledge acquisition. With the success of The flagship Modular System Community Library Melewar Steel Tube Sdn Bhd ("MST") a subsidiary of the Company has been tasked to fabricate and build another 7 units throughout Negeri Sembilan.

Aligning itself with The Government's Transformation Agenda, through its involvement with Ausgard in this project, the Company plans to continuously support literacy as a foundation to a knowledgeable community with hope to eventually eradicate illiteracy amongst the Orang Asli community.

CORPORATE INFORMATION

Domicile : Malaysia

Legal Form & Place of Incorporation : A public listed company incorporated in Malaysia under the Companies Act, 1965 and limited by shares

Directors :

Tunku Dato' Yaacob Khyra
- *Executive Chairman*

En Azlan bin Abdullah
- *Managing Director/Group Chief Executive Officer*

Mr Uwe Ahrens
- *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*

General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd)
- *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

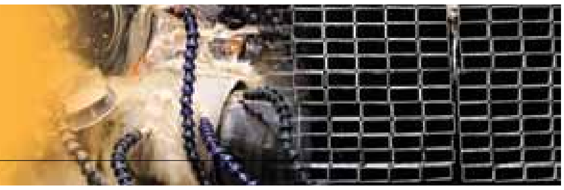
Registered Office :

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

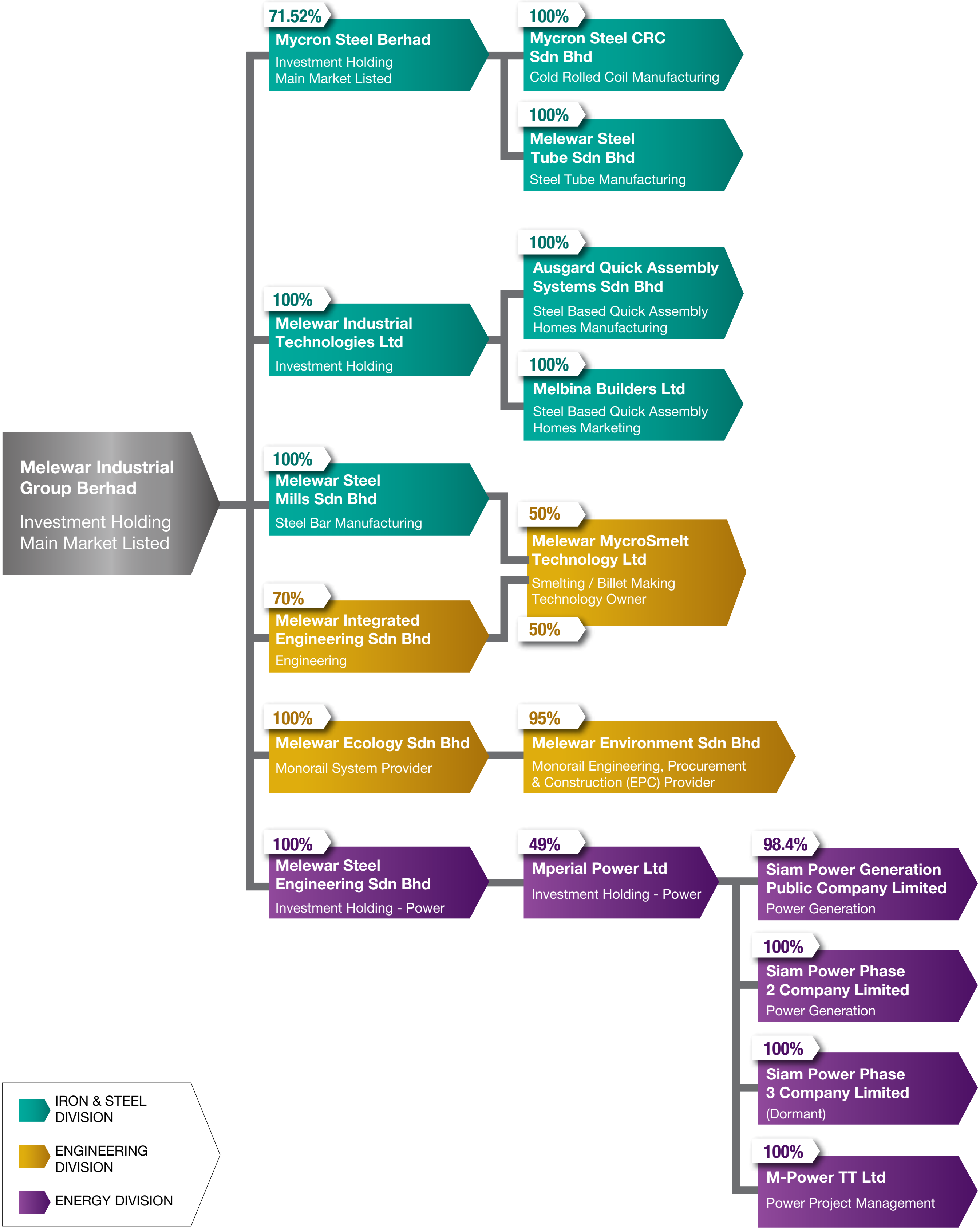
CORPORATE INFORMATION
(continued)



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
Auditors	Messrs PricewaterhouseCoopers (AF 1146) Level 8 - 15, 1 Sentral Jalan Rakyat Kuala Lumpur Sentral 50706 Kuala Lumpur Telephone No.: 03-2173 1188 Telefax No.: 03-2173 1288
Principal Bankers (In alphabetical order)	▪ 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 INFORMATION
(continued)

CORPORATE GROUP STRUCTURE
(AS AT 30 SEPTEMBER 2015)



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.


CERTIFICATE


CERTIFICATE


CERTIFICATE


CERTIFICATE


IQNet
CERTIFICATE


IQNet
CERTIFICATE


IQNet
CERTIFICATE


IQNet
CERTIFICATE

SIRIM ISO 9001 : 2008

QUALITY RECOGNITION
(continued)

PRODUCT CERTIFICATION

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

British Standard
- BS EN 10255 : 2004
  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

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

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' Yaacob Khyra
Aged 55, Malaysian
Executive Chairman

Member of the Executive Committee

Tunku Dato' Yaacob Khyra 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 Executive Chairman of Mycron Steel Berhad ("MSB").

Tunku Dato' Yaacob graduated with a Bachelor of Science (Hons) Degree in Economics and Accounting from City University, London. An accountant by training, he is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants.

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

Currently, Tunku Dato' Yaacob is a Board member 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' Yaacob is the Chairman of the Board of Trustees of MAA-Medicare Charitable Foundation and The Budimas Charitable Foundation.

Tunku Dato' Yaacob is the brother to Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah and the husband to Datin Ezurin Yusnita binti Abdul Malik. Tunku Dato' Yaacob 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 33 of the Annual Report.

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

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

Azlan bin Abdullah
Aged 57, Malaysian
Managing Director/Group Chief Executive Officer

Chairman of the Executive Committee

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 also sits on the Boards of the Company's subsidiaries, 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 33 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.

PROFILE OF DIRECTORS
(continued)

Uwe Ahrens
Aged 50, German
Executive Director

Member of the Executive Committee

Datin Ezurin Yusnita binti Abdul Malik
Aged 43, Malaysian
Non-Independent Non-Executive Director

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 Group and is therefore 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.

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' Yaacob Khyra, the Executive Chairman of the Company. She is therefore deemed to be interested in the Company by virtue of her relationship with Tunku Dato' Yaacob 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 33 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.

PROFILE OF DIRECTORS
(continued)

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Aged 54, Malaysian
Non-Independent Non-Executive Director

Member of the Executive Committee

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 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' Yaacob Khyra, the Executive Chairman of the Company. He is therefore deemed to be interested in the Company by virtue of his relationship with Tunku Dato' Yaacob 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 33 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.

Shazal Yusuf bin Mohamed Zain
Aged 44, Malaysian
Independent Non-Executive Director

Chairman of the Risk Management Committee
Member of the Audit Committee
Member of the Nomination and Remuneration 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. He currently sits on the Board of Mycron Steel Berhad and several other private limited companies.

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

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

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.

PROFILE OF DIRECTORS
(continued)

Major General Datuk Lai Chung Wah (Rtd)
Aged 82, Malaysian
Senior Independent Non-Executive Director

Member of the Audit 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. He currently sits on the Board of 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 52, 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 Boards of Mycron Steel Berhad, Gabungan AQRS Berhad and Halex Holdings 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.

PROFILE OF DIRECTORS
(continued)

General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd)
Aged 68, Malaysian
Independent Non-Executive Director

Member of the Risk Management Committee
Chairman of the Nomination and Remuneration Committee

General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd) was appointed to the Board of Directors of the Company on 2 January 2015 as an Independent Non-Executive Director. He currently sits on the Boards of MLABS Systems Berhad and several other private limited companies.

General Tan Sri Dato' Sri Hj Suleiman is a graduate of the Royal New Zealand Air Force Command and Staff College and the United States Air Force, Air War College. He holds a Master of Science Degree in Operational Research and Systems Analysis, and a Post Graduate Diploma in Business Administration, both from the University of Aston, United Kingdom. He has been appointed as an Honorary Fellow of the Malaysian Institute of Logistics.

General Tan Sri Dato' Sri Hj Suleiman retired from the Royal Malaysian Air Force in March 2003 after serving more than 38 years. Besides being a pilot, he had held several command positions at various levels in the Air Force. He had also served in several positions in the Department of the Air Force and the Armed Forces Headquarters. He then rose to become the Chief of Air Force before his retirement.

General Tan Sri Dato' Sri Hj Suleiman has no family ties with any of the Directors and/or major shareholders of the Company nor any shareholding in the Company.

General Tan Sri Dato' Sri Hj Suleiman does not have any personal interest in any business arrangements involving the Company.

General Tan Sri Dato' Sri Hj Suleiman 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.

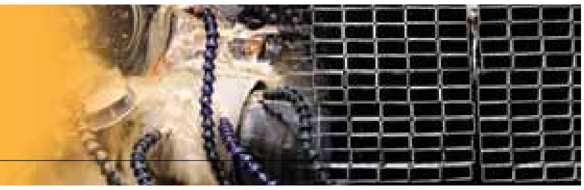
GROUP FINANCIAL HIGHLIGHTS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Results of Operations											
Revenue (RM mil)	598.7	566.9	810.2	703.3	599.5	707.1	754.8	904.7	977.5	808.5^	668.0
Profit/(Loss) Before Tax (RM mil)	72.7	35.7	189.1	56.2	(246.7)	91.6	4.9	(152.1)	(208.4)	62.9^	(35.9)
Profit/(Loss) After Tax (RM mil)	46.5*	46.9*	104.8*	45.5*	(156.0)*	67.6*	5.9*	(138.1)*	(215.0)*	74.6*^	(29.5)*
2. Balance Sheet											
Share Capital (RM mil)	161.0	169.9	226.2	226.7	226.7	226.8	226.8	226.8	226.8	226.8	226.8
Bonus Shares (RM mil)	-	-	56.3	-	-	-	-	-	-	-	-
Shareholders' Fund (RM mil)	351.4	475.5	581.1	616.4	454.9	521.2	542.1	411.5	205.4	283.4	292.9
Total Assets (RM mil)	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	699.6
3. Financial Ratio											
Return on Equity (%)	13.3	9.9	18.0	7.4	(34.3)	13.0	1.1	(33.6)	(104.6)	26.3^	(10.1)
Debts#/Equity (Times)	0.38	0.41	0.67	1.16	1.50	2.09	1.72	2.47	5.16	0.92	1.0
Current Assets / Current Liabilities (Times)	2.41	2.24	2.20	1.36	1.07	1.33	1.06	0.42	0.36	1.04	1.1
Pre-Tax Profit/(Loss) / Average Shareholders' Fund (%)	20.5	8.6	35.8	9.4	(46.1)	18.8	0.9	(31.9)	(67.6)	25.7^	(12.5)
Pre-Tax Profit/(Loss) / Revenue (%)	12.1	6.3	23.3	8.0	(41.1)	13.0	0.7	(16.8)	(21.3)	7.8^	(5.4)
4. Per Share											
Gross Earnings/ (Loss) per share (sen) ***	34.0	16.3	59.2**	24.9	(109.4)	40.6	2.2	(67.5)	(92.4)	27.9^	(15.9)
Net Earnings/(Loss) per share (sen) ***	21.8	21.4	32.9**	20.2	(69.1)	30.0	2.6	(61.2)	(95.3)	33.1^	(13.1)
Net Assets per share (RM)	2.19	2.81	2.58	2.73	2.02	2.31	2.40	1.82	0.91	1.26	1.30
5. Dividends											
Tax Exempt Dividend (sen)	-	3.0	6.0	-	-	-	-	-	-	-	-
Ordinary Dividend (sen)	13.0	-	-	4.0	-	2.0	-	-	-	-	-

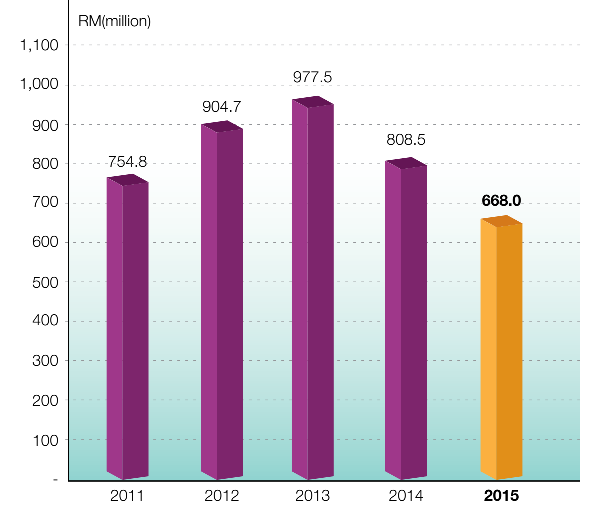
The figures for 2007 are for 17-month financial period while the figures for other years are for full 12-month financial period.

* Profit After Tax and After Non-controlling Interests
** Annualised
*** After adjusting for bonus issues
^ Include both continuing and discontinued operations
\# Debts include non-interest bearing trade payables

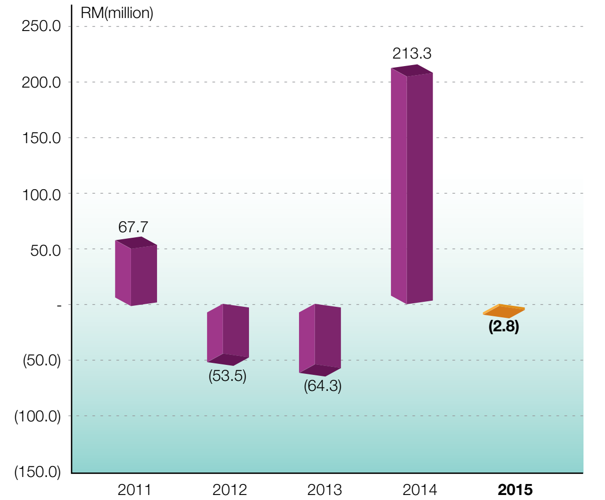
GROUP FINANCIAL HIGHLIGHTS
(continued)



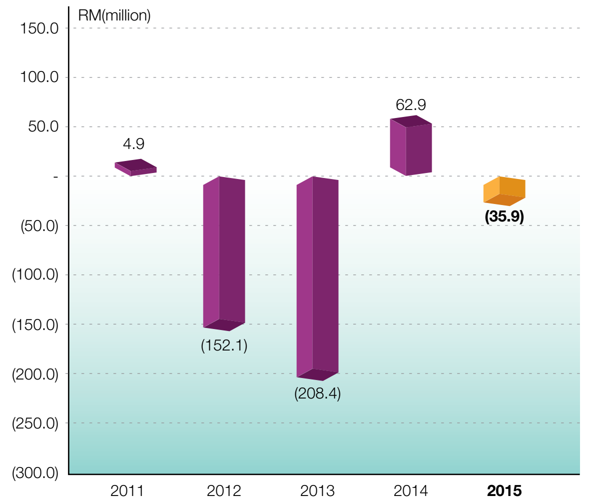
REVENUE



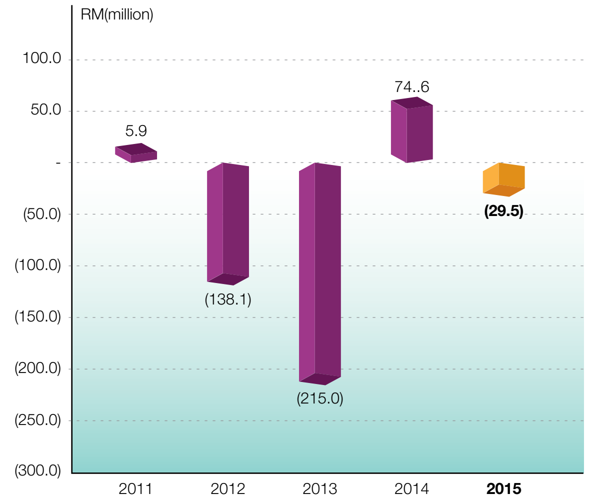
EBITDA/(LBITDA)



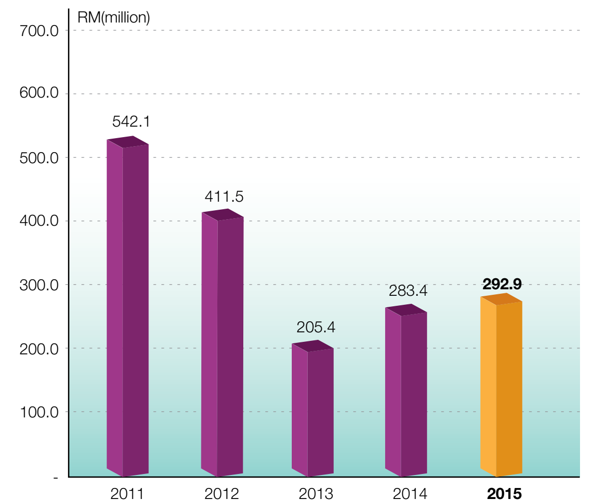
PROFIT/(LOSS) BEFORE TAX



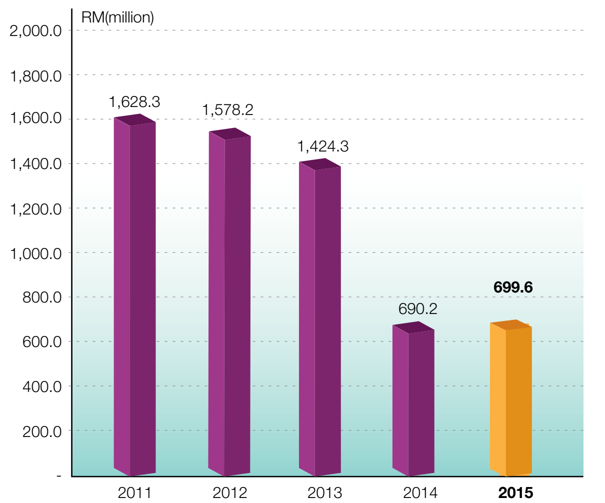
PROFIT AFTER TAX
(AFTER NON-CONTROLLING INTERESTS)



SHAREHOLDER'S FUNDS



TOTAL ASSETS



ANALYSIS OF SHAREHOLDINGS
As At 30 September 2015

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	-	7,528

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	645	8.57	25,563	0.01
100 - 1,000	721	9.58	538,388	0.24
1,001 - 10,000	4,297	57.08	18,783,462	8.28
10,001 - 100,000	1,676	22.26	51,006,681	22.49
100,001 and below 5% of issued shares	187	2.48	74,020,082	32.64
5% and above of issued shares	2	0.03	82,381,232	36.33
TOTAL	7,528	100.00	226,755,408	100.00

THIRTY LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2015

	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)	7,307,400	3.24
4.	Araneum Sdn Bhd	5,457,866	2.42
5.	Amsec Nominees (Tempatan) Sdn Bhd (Beneficiary : Pledged securities account for Avenue Serimas Sdn Bhd)	3,710,300	1.65
6.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Beneficiary: UOB Kay Hian Pte Ltd for Bradford Securities Ltd)	3,300,000	1.46
7.	Yeoh Phek Leng	2,960,000	1.31
8.	RHB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Mohamed Faroz bin Mohamed Jakel)	2,634,700	1.17
9.	Abitaland Sdn Bhd	1,420,400	0.63
10.	Mohamed Nizam bin Mohamed Jakel	1,317,600	0.58
11.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Wong Choo Mok)	1,255,900	0.56
12.	Chia Beng Tat	1,000,000	0.44
13.	Affin Hwang Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Teaw Lay Wah)	878,700	0.39
14.	HLIB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Na Chaing Ching)	845,100	0.37
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Neo Eng Hui)	816,000	0.36
16.	Lim Seng Qwee	786,000	0.35
17.	Malacca Equity Nominees (Tempatan) Sdn Bhd (Beneficiary: Exempt An for Phillip Capital Management Sdn Bhd)	738,000	0.33

ANALYSIS OF SHAREHOLDINGS
As At 30 September 2015
(continued)

THIRTY LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2015 (continued)

	Name	Ordinary Shares of RM1 each	(1) % of Issued Capital
18.	Lim Seng Chee	713,600	0.32
19.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Zet Enterprise Sdn Bhd)	673,333	0.30
20.	M & A Nominee (Tempatan) Sdn Bhd (Beneficiary: Titan Express Sdn Bhd)	656,700	0.29
21.	RHB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Tan Mui Hing)	654,800	0.29
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Neo Eng Hui)	640,700	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.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Neo Eng Hui)	553,800	0.25
28.	Citigroup Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for UBS AG Hong Kong)	550,000	0.24
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	124,586,596	55.24

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.

ANALYSIS OF SHAREHOLDINGS
As At 30 September 2015
(continued)

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2015

Name	Number of Shares Held			
	Direct	%[1]	Indirect	%[1]
Tunku Dato' Yaacob Khyra	-	-	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 Equities (BVI) Ltd	60,379,733	26.77	-	-
Melewar Khyra Sdn Bhd	22,001,499	9.76	-	-

DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2015

Name	Number of Shares Held			
	Direct	%[1]	Indirect	%[1]
Tunku Dato' Yaacob Khyra	-	-	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]
Azlan bin Abdullah	133,333	0.06	-	-

Notes :

[1] The percentages of the substantial shareholders 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' Yaacob Khyra, 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 Melewar Equities (BVI) Ltd and the holding company of Melewar Khyra Sdn Bhd, the substantial shareholders of the Company.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Melewar Industrial Group Berhad ("the Company") acknowledges that a sound corporate governance structure is vital to ensure sustainability as well as business growth and is therefore 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 2015.

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.

Board Reserved Matters are expressly set out in the Board Charter and Limits of Authority ("LOA") are embedded in the Internal Control Procedure ("ICP") document to ensure that matters of strategic importance or having material impact are escalated to the Board for deliberation and approval. 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.

The Board has established a committee comprising executive and non-executive directors who are non-independent of which the Managing Director/Group Chief Executive Officer ("MD/GCEO") is the Chairman of the Executive Committee ("ExCo") with the primary objective to review and approve subject to thresholds as provided in the LOA, operational and capital expenditure, execution of contracts, procurement, litigation and human resources matters such as key management appointments and their contributions to the Company and compensation besides determining whether changes, improvements or other actions are needed to ensure that the Company's strategies and practises are aligned with shareholders' interests.

Dedicated Board Committees were also established guided by clear terms of reference with Directors who have committed time and effort as members. These Board Committees are chaired by Independent Non-Executive Directors who exercise skillful leadership with in-depth knowledge of the relevant industry. These Board Committees also 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 three (3) standing Board Committees appointed by the Board, namely:

- 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 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 quarterly reports prepared by Management. This allows them to understand the operations better and make decisions with a view to steer 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's 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:-

(i) Reviewing and adopting a strategic plan for the Company

The Board has the overall responsibility in leading and determining the Group's overall strategic direction as well as development and control of the Group without neglecting the shareholders' interest. The strategic plan of the Group includes oversight of risks encompassing strategies, marketing and financial aspects of the business.

(ii) Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed

The Board specifies the parameters within which Management decisions are to be made. In discharging its responsibilities, the Board has established the implementation of appropriate internal control systems to support, promote and ensure compliance with the laws and regulations governing the Company. This includes taking into account the Company's continuing viability as an enterprise, its financial position, its cognizance of risks and mitigating factors as well as values which embrace ethical conduct and creation of sustainable value.

(iii) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks

The Board is responsible for reviewing principal risks, establish appropriate controls and action items to ensure that obligations to shareholders and stakeholders are met.

The review is conducted by the Board Risk Management Committee ("RMC") supported by the Group Risk Management Department ("GRMD"). The objective is to provide function to the risk management process of the Group. The Board through the RMC oversees the risk management activities of the Group. The RMC oversees the formulation of relevant risk management policies and risk measurement parameters across the Group and makes the appropriate recommendations to the Board for its approval. The RMC is responsible for ensuring that the risk management framework in the Group operates effectively based on the policies approved by the Board.

The GRMD reviews and presents the identified risks to the RMC on a quarterly basis prior to submission to the Board. Salient features of the risk management methodologies are set out in the section on "Directors' Statement on Risk Management and Internal Control from pages 54 to 56 of the Annual Report 2015.

(iv) Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Senior Management

The Nomination and Remuneration Committee ("NRC") has been entrusted with the responsibility to review candidates for appointment to the Board, Board Committees and Senior Management. The NRC also has the responsibility to determine the remuneration of the MD/GCEO and other Senior Management personnel.

(v) Developing and implementing an investor relations program or shareholders communication policy for the Company

The Board recognizes the importance of maintaining transparency and accountability to the shareholders and all other stakeholders. The Group maintains a website at www.melewar-mig.com which can be conveniently accessed by the shareholders and the general public. The Group's website is updated from time to time to provide the latest information about the Group, including press releases, corporate announcements and quarterly announcements of the Group's results.

The Company had established a Corporate Disclosure Policy in line with Corporate Disclosure Guide issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 28 August 2007. The Corporate Disclosure Policy of the Company provides guidance to the Board, Management, Officers and employees of the Company's disclosure requirements and practices in particular on the preparation and submission of timely, true and fair financial disclosures and material announcements to Bursa Malaysia.

This would enhance the Company's compliance, accountability and timely disclosures to all the shareholders and stakeholders.

(vi) 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

The Board has overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as with internal procedures and guidelines.

The effectiveness of the system of internal controls of the Group is reviewed by the Audit Committee periodically during its quarterly meetings. The review covers the Group's financial, accounting and reporting policies and practices, reports of the internal and external auditors and the adequacy of the system of internal controls to safeguard the shareholders' interests and Group's assets.

STATEMENT ON CORPORATE GOVERNANCE
(continued)

1.3 Separation of roles of the Board Chairman and MD/GCEO

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. He is also responsible for providing leadership to Management and advancing relationships with regulators and stakeholders.

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 by 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.

1.4 Formalised Ethical Standards

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.

Directors are also required to disclose their interests in accordance with Section 131 and 135 of the Companies Act, 1965 ("the Act"). A Register of Director's interests is kept by the Company Secretary and changes are tabled at the quarterly Board meetings, Directors are required to abstain from deliberating and voting on any matter in which they may be deemed interested, directly or indirectly, at any Board meeting or if the matter is passed via written resolutions. Directors are not permitted to vote in respect of any contract or proposed contract or arrangement in which he is directly or indirectly interested.

Directors of the Company and its major subsidiaries, as well as employees who are designated as "Principal Officers" are notified in advance of the open period and closed period for dealings in the shares of the Company based on our financial meetings. The Company discloses any dealings in the Company's shares by our Directors and Principal Officers to the Board as well as to Bursa Securities and such announcements can be accessed through the Company's as well as Bursa Securities' websites.

There were no dealings in shares of the Company by a Director of the Company during the financial year ended 30 June 2015.

1.5 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.

1.6 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.

1.7 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.

1.8 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 on a periodical basis 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 three (3) 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 24 to 28 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 :	General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd) - Independent Non-Executive Director (appointed as a member and Chairman on 2 January 2015)
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 as well as Senior Management.

STATEMENT ON CORPORATE GOVERNANCE
(continued)

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"). All the Independent Directors provided the NRC with written confirmations on their independence during the annual assessment exercise conducted for the financial year ended 30 June 2015.

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. In this respect, the Board has formalised the gender diversity policy on 25 October 2013.

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 three meetings during the financial year ended 30 June 2015. The remuneration packages of Executive Directors are structured to link rewards to the Group and individual performance. 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 categorised into appropriate components for the financial year ended 30 June 2015 are as follows:-

Type of Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000
Salaries	2,531	-
Allowances	4	-
Bonuses	405	-
Fees	-	221
Benefits-In-Kind	66	-
Other Emoluments	441	80
TOTAL	3,447	301

The number of Directors of the Company whose fees and remuneration were paid by the Company for the financial year ended 30 June 2015 falls within the following bands are:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM0	1	-
Less than RM50,000	-	4
RM50,001 to RM100,000	-	3
RM850,001 to RM900,000	1	-
RM1,100,001 to RM1,150,000	1	-
RM1,450,001 to RM1,500,000	1	-

3.0 FOSTER COMMITMENT

3.1 Time Commitment

The Directors are aware of the time commitment expected from each of them to attend to matters of the Group generally including attendance at Board, Board Committee and other types of meetings.

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

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 2015.

The Board has met five (5) times during the financial year ended 30 June 2015. The details of the attendance by each of the Directors for the financial year ended 30 June 2015 are as follows:

Executive Directors	No. of Attendance	%
1. Tunku Dato' Yaacob Khyra (Chairman)	5/5	100
2. Datuk Lim Kim Chuan (Resigned on 1 June 2015)	5/5	100
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	5/5	100
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 (Retired on 9 December 2014)	3/3	100
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
5. General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd) (Appointed on 2 January 2015)	2/2	100

All Directors are required to provide immediate notification when accepting any new external board appointments and seek guidance from the Board Chairman on any potential conflicts of interest if necessary. Any changes to their directorships will be tabled at the quarterly Board meetings. None of our Directors are directors of more than five public companies listed on Bursa Securities. The Board is satisfied that the present directorships in external organisations held by the Directors do not give rise to any conflicts of interests nor impair their ability to discharge their responsibilities to the Group.

3.2 Training

The Company Secretary ensures that training on appropriate topics are organised for the Directors, whether conducted in-house or by external speakers where practical. In addition, the Directors are kept informed of available training programmes and a budget is provided by the Company each year to cater for such programmes.

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' Yaacob Khyra	• Board Chairman Series : The Role of the Chairman
En Azlan bin Abdullah	• Leadership Energy Summit Asia 2014 • BNM regulatory compliance updates • Global Regulatory Reforms: What They Mean for Islamic Finance • Corporate Financial Reporting – Are You Making The Right Decisions? • Advocacy Sessions on Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers
Mr Uwe Ahrens	• Corporate Financial Reporting – Are You Making The Right Decisions? • The Inside Story of the Annual Report : What Directors Must Know
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	• Navigating the Political Economy of Global Business: A Malaysian Insight
En Shazal Yusuf bin Mohamed Zain	• The Inside Story of the Annual Report : What Directors Must Know
Major General Datuk Lai Chung Wah (Rtd)	• National Sales Congress 2015
Mr Muk Sai Tat	• Directors Breakfast Series • 2 days MIA International Accountants Conference
General Tan Sri Dato' Sri Hj. Suleiman Bin Mahmud RMAF (Rtd)	• Lead the Change – Getting Women on Board • Navigating the Political Economy of Global Business : A Malaysian Insight

Datin Ezurin has been away for the major part of the financial year due to her family commitment.

STATEMENT ON CORPORATE GOVERNANCE
(continued)

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 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 Act, before recommending for the Board's approval and submission to Bursa Securities for announcement. Only the 4th quarterly financial results are reviewed in consultation with the External Auditors.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of the Company is set out on page 42 of the Annual Report 2015.

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 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. PwC has also confirmed their independence in accordance with the firm's requirements and with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants.

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.

STATEMENT ON CORPORATE GOVERNANCE
(continued)

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' interests.

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 2015. As such, the number of shares repurchased from the open market by the Company remains in total 1,232,600 ordinary shares at an average price of RM1.62 per share as at 30 June 2015. 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 2015.

6. NON-AUDIT FEES

The amount of non-audit fee incurred for services rendered to the Group by the external auditors during the financial year 2015 was RM110,000.00.

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 revalues its properties comprising land and buildings on a periodic basis or as and when the need arises. 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 2015.

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 2015.

11. VARIATION IN RESULTS

There was no variation in results (differing by 10% or more) from unaudited results announced.

12. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2015

On 9 December 2014, the Company sought approval for a shareholders' mandate for MIG Group to enter into Recurrent Transactions (as defined in the Circular to Shareholders dated 17 November 2014) 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 2015 in accordance with the Shareholders' Mandate obtained at the last AGM were as follows:

STATEMENT ON CORPORATE GOVERNANCE
(continued)

A. RRPTs with Melewar Group of Companies

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties: Director	Manner of relationship with the Related Parties: Major Shareholder	Value of Transaction (1/07/2014 – 30/06/2015) (RM)
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' Yaacob Khyra ("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	384,274

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: Director	Manner of relationship with the Related Parties: Major Shareholder	Value of Transaction (1/07/2014 – 30/06/2015) (RM)
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") 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.	75,950
2.	MAA Corp	Office service charged by MAA Corp to MIG Group	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB 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.	17,289

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2014 – 30/06/2015) (RM)
				Director	Major Shareholder	
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 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.	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 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.	1,904,375
5.	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 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	3,575 *

Note :

* The rental arrangement between MIE and MAAG was terminated on 31 July 2014.

STATEMENT ON CORPORATE GOVERNANCE
(continued)

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

(i) Existing RRPT(s)

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2014 – 30/06/2015) (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 and KLB	TY is deemed interested in MSCRC 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.	MSCRC is a wholly owned subsidiary of MSB. MIG is the substantial shareholder of MSB by virtue of its 71.52% shareholding in MSB.	-
2.	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 and KLB	TY is deemed interested in MSCRC and MSM 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 71.52% shareholding in MSB.	-
3.	MSCRC	Sale of pipes by MIG to MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MSCRC 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.	MSCRC is a wholly owned subsidiary of MSB. MIG is the substantial shareholder of MSB by virtue of its 71.52% shareholding in MSB.	-
4.	MSCRC	Sale of scrap by MSCRC to MSM	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MSCRC and MSM 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 71.52% shareholding in MSB.	9,623,589

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2014 – 30/06/2015) (RM)
				Director	Major Shareholder	
5.	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 and KLB	TY is deemed interested in MSCRC 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.	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 71.52% shareholding in MSB.	-
6.	MSCRC	Management fees for the provision of management services/advice charged by MIG to MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MSCRC 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.	MSCRC is a wholly owned subsidiary of MSB. MIG is the substantial shareholder of MSB by virtue of its 71.52% shareholding in MSB.	1,236,000

(ii) New RRPT(s) which are relevant effective 1 April 2015

Effective from 1 April 2015, MST became a wholly owned subsidiary of MSB. As such, the RRPT(s) between MST and the subsidiaries of MIG would be reflected with effect from 1 April 2015.

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/04/2015 – 30/06/2015) (RM)
				Director	Major Shareholder	
1.	MST	Rental charged by Melewar Steel Services Sdn Bhd ("MSS") to MST for the use of the factory belonging to MSS. (Lot 16)	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MST and MSS 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.	MST is a wholly owned subsidiary of MSB. MSS is a wholly owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 71.52% shareholding in MSB.	119,790

STATEMENT ON CORPORATE GOVERNANCE
(continued)

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/04/2015 – 30/06/2015) (RM)
				Director	Major Shareholder	
2.	MST	Rental charged by MIG to MST for the use of the factory belonging to MIG. (Lot 53, Lot 49 and Lot 10)	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MST 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.	MST is a wholly owned subsidiary of MSB. MIG is the substantial shareholder of MSB by virtue of its 71.52% shareholding in MSB.	1,187,010
3.	MST	Technical advisory fees charged by MIE to MST.	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MST 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.	MST 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 71.52% shareholding in MSB.	24,000
4.	MST	Sale of scrap by MST to MSM	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MST and MSM 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.	MST 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 71.52% shareholding in MSB.	375,297

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/04/2015 – 30/06/2015) (RM)
				Director	Major Shareholder	
5.	MST	Management fees for the provision of management services/advice charged by MIG to MST	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MST 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.	MST is a wholly owned subsidiary of MSB. MIG is the substantial shareholder of MSB by virtue of its 71.52% shareholding in MSB.	330,000
6.	MST	Sales of pipes by MST to Ausgard Quick Assembly Systems Sdn Bhd (“AQAS”)	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MST and AQAS 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.	MST is a wholly owned subsidiary of MSB. AQAS is a wholly owned subsidiary of Melewar Industrial Technologies Ltd who in turn is a wholly owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 71.52% shareholding in MSB.	3,613
7.	MST	Service fees for the provision of accountancy support charged by MST to M-Power TT Ltd (“M-Power”)	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MST and M-Power 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.	MST is a wholly owned subsidiary of MSB. M-Power was a wholly owned subsidiary of Melewar Steel Engineering Sdn Bhd (“MSE”) and subsequently became a wholly owned subsidiary of Mperial Power Ltd, an associate company of MSE since 30/4/2015. MIG is the substantial shareholder of MSB by virtue of its 71.52% shareholding in MSB.	2,000

STATEMENT ON CORPORATE GOVERNANCE
(continued)

(iii) RRPT(s) which are no longer relevant effective 1 April 2015

Effective from 1 April 2015, MST ceased to be a wholly owned subsidiary of MIG and became a wholly owned subsidiary of MSB instead. All disclosures on related party transactions between MST and MSCRC will no longer be relevant effective from 1 April 2015 as they are deemed to be transactions between wholly owned subsidiaries within MSB Group.

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2014 – 31/03/2015) (RM)
				Director	Major Shareholder	
1.	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 and KLB	TY is deemed interested in MSCRC and MST 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 was a wholly owned subsidiary of MIG and subsequently became a wholly owned subsidiary of MSB since 1/4/2015. MIG is the substantial shareholder of MSB by virtue of its 71.52% shareholding in MSB.	54,000
2.	MSCRC	Purchase of cold rolled coils by MST from MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB and KLB	TY is deemed interested in MSCRC and MST 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 was a wholly owned subsidiary of MIG and subsequently became a wholly owned subsidiary of MSB since 1/4/2015. MIG is the substantial shareholder of MSB by virtue of its 71.52% shareholding in MSB.	16,930,233
3.	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 and KLB	TY is deemed interested in MSCRC and MST 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 was a wholly owned subsidiary of MIG and subsequently became a wholly owned subsidiary of MSB since 1/4/2015. MIG is the substantial shareholder of MSB by virtue of its 71.52% shareholding in MSB.	-

D. RRPTs with MIE

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2014 – 30/06/2015) (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 and KLB	TY is deemed interested in MIE and MSM 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 and KLB	TY is deemed interested in MIE and MSM 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 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.	-

STATEMENT ON CORPORATE GOVERNANCE
(continued)

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2014 – 30/06/2015) (RM)
				Director	Major Shareholder	
4.	MIE	Rental charged by MIE to MIG	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB 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.	27,996
5.	MIE	Management fees for the provision of management services/advice charged by MIG to MIE	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB 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.	125,000

STATEMENT ON CORPORATE GOVERNANCE
(continued)

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 (1/07/2014 – 30/06/2015) (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 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 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	3,294,090

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 2015.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
For Financial Year Ended 30 June 2015

RESPONSIBILITY

The Board of Directors ("the Board") is responsible for establishing 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 Executive 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 delegated 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	:	Mr Muk Sai Tat (Appointed as a member on 27 February 2013)
	:	General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd) (Appointed on 2 January 2015)

The RMC Meetings held during the financial year ended 30 June 2015 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)* *(Resigned on 2 January 2015)*	2/2
Mr Muk Sai Tat *(Independent Non-Executive Director)*	4/4
General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd) *(Independent Non-Executive Director)* *(Appointed on 2 January 2015)*	2/2

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 2015 and up to the date of approval of this statement.

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. The Group recognizes that Risk Management involves a structured approach, combining the efforts of all functions with the Group, to minimize the possibility and impact of unexpected damages so as to contribute towards greater efficiency and better decision making.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For Financial Year Ended 30 June 2015

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. It has been a practice for the RMC to invite their relevant Heads of Division/Department to attend the RMC Meetings, where appropriate. During the year 2015, RMC invited Managing Director/Group Chief Executive Officer ("MD/GCEO"), Chief Financial Officer, Compliance and Cost Control Manager, Chief Operating Officer of Tube Operations, Deputy Head of Tube Marketing, Assistant Vice President Commercial and Chief Executive Officer of Melewar Integrated Engineering Sdn Bhd to attend the RMC Meetings to brief and clarify on the risk issues identified and to explain in detail the steps to be taken to effectively addressed the issues of concern. The Compliance and Cost Control Manager had briefed at the RMC meetings the summary of significant risk items identified for Mycron Steel Berhad.

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.

During the financial year of 2014 and 2015, the various aspects of the disposal of Melewar Steel Tube Sdn Bhd ("MST") by the Company to Mycron Steel Berhad which was completed on 1 April 2015, were covered by the Due Diligence Working Group ("DDWG"). The DDWG is set up for the purpose of conducting the necessary due diligence work and ensuring that there are no other facts, non-disclosure or omission of which would render any statement in the Circular to shareholders false or misleading.

The DDWG had reviewed the rationale and the risk factors for the said disposal. These issues were subsequently tabled at the Audit Committee Meetings for further deliberation and for tabling to the Board for final endorsement.

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 2015 was RM128,000.

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 Executive 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.

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.

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.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
For Financial Year Ended 30 June 2015
(continued)

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 Executive Management. Refer to Audit Committee Report set out on pages 57 to 59 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 improvement to ensure that they are sufficiently capable of responding to changes in the risk profiles and remain aligned with the Group's business strategy.

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 about 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 on a yearly basis. This representation serves as a commitment of management assurance on the control system in place for financial reporting accuracy as required.

CONCLUSION

The Executive 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 MD/GCEO and the Chief Financial Officer have given assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Group and the declarations made by the respective Heads of each Division.

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.

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	-	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 24 to 28 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.

AUDIT COMMITTEE REPORT
(continued)

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. During the financial year ended 30 June 2015, the Audit Committee had conducted three (3) meetings with the External Auditors without the presence of the Executive Directors and Management.

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 of the Audit Committee shall report to the Board, a summary of significant matters arising at each meeting.

During the financial year ended 30 June 2015, eight (8) 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)	8/8
En Shazal Yusuf bin Mohamed Zain	7/8
Major General Datuk Lai Chung Wah (Rtd)	8/8

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2015

During the financial year ended 30 June 2015, the Audit Committee has carried out its duties as set in the terms of reference. The main activities were as follows:

A. Financial Results, Financial Statements and Announcements

i. Reviewed the unaudited quarterly and annual financial results of the Group for financial year ended 30 June 2015. This also includes the announcements pertaining to the release of financial results to Bursa Malaysia prior to recommending to the Board for approval. The review also focuses on any changes to accounting policies and practices, significant audit adjustments, going concern assumption and compliance with financial reporting standards and other regulatory requirements.

ii. The Audit Committee had considered the views of management and internal auditors and is satisfied that the policies, particularly to the following issues have been applied appropriately:

(a) Sales and Deliveries;
(b) Collections and Credit Control;
(c) Purchasing and Incoming Controls;
(d) Production Operations;
(e) Security Management and Administration Control;
(f) Inventory Management;
(g) Finance Management and General Accounting;
(h) Project Management and Revenue Cycle;
(i) Property, Plant and Equipment Management; and
(j) Maintenance Management.

B. Risks and Controls

i. Reviewed and evaluated the overall adequacy and effectiveness of the system of internal controls on a quarterly basis through review of results of work performed by internal and external auditors and discussions with the Management. The Audit Committee also reviewed the Statement on Risk Management and Internal Control and Statement on Corporate Governance prior to inclusion in the Company's Annual Report.

C. External Audit

i. 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 to ensure appropriate scope and focus on key risk areas.

ii. Reviewed the external auditors' annual audit report and accompanying reports to management, reports of their other examinations and management letters on internal control matters, including management's response and the level of co-operation given by employees to the external auditors.

iii. Evaluated the external auditors' independence, objectivity and terms of engagement before recommending their re-appointment and remuneration.

iv. 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.

D. Internal Audit

i. Reviewed and approved the Internal Audit Consultants' Annual Internal Audit Plan and ensured principal risks, key entities, scope and functions were adequately identified and covered in the plan.

ii. Reviewed the internal audit reports presented by the Internal Audit consultants at each Audit Committee meeting and their activities with respect to :

- Status of audit activities as compared to the approved Annual Audit Plan;
- Results of scheduled, follow-up, investigative and special audits;
- Adequacy of Management's responsiveness to the audit findings and recommendations;
- Adequacy of audit resources of the Internal Audit Consultants;
- Reviewed and recommended to the Board the re-appointment of the external service provider for internal audit services and their audit fee.

E. Related Party Transactions ("RPT")

i. Reviewed the disclosure of related party transactions and any conflict of interest situation and questionable transactions to ensure compliance with the Listing Requirements and that they were not favourable to the related parties than those generally available to the public and were not detrimental to minority shareholders.

ii. Reviewed the issues in respect of the disposal of the entire issued and paid-up share capital of Melewar Steel Tube Sdn Bhd to Mycron Steel Berhad to ensure that an arm's length negotiation on the said transaction in terms of commercial and practical aspect of the said transaction was carried out.

F. Others

i. Reviewed the Audit Committee Report for inclusion in the Company's Annual Report.

ii. 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.

iii. 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.

iv. Reviewed the gap analysis carried out on the corporate governance disclosures in the CG Statement, Audit Committee Report and Statement on Risk Management and Internal Control as required by Bursa Securities.

INTERNAL AUDIT FUNCTIONS

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"). BTMH assists the Audit Committee in the discharge of its duties and responsibilities. Their primary responsibility is to provide an independent assurance on the adequacy and effectiveness of risk management, governance and internal control.

BTMH focuses on regular and systematic review and has conducted evaluation on the internal control, management information systems and compliance with established procedures including the system for compliance with applicable laws, regulations, rules, directives and guidelines.

The 2015 Annual Internal Audit Plan which was developed based on a risk based approach was approved by the Audit Committee at its meeting held on 28 November 2013. The Internal Audit reports, which highlight internal control weaknesses were deliberated by the Audit Committee and the recommendations were duly acted upon by the Management.

During the financial year ended 30 June 2015, BTMH had completed a total of eight (8) audit assignments as explained under the Summary of Activities. Mr Kuan Yew Choong was invited to attend the Audit Committee Meetings to explain and clarify to the Audit Committee on the actions taken to rectify the audit issues highlighted in the Internal Audit Reports. The Audit Committee noted consequential improvements in these areas.

The Internal Audit Department's role with regards to the Group's risk management framework is explained in the Statement on Risk Management and Internal Control as set out on pages 54 to 56 of the Annual Report.

The total cost incurred by the Group in relation to the conduct of the internal audit function of the Group during the financial year ended 30 June 2015 was approximately RM128,000.

This statement was approved by the Board of Directors on 27 October 2015.

DIRECTORS' REPORT

For The Financial Year Ended 30 June 2015

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 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of property investment and investment holding. The principal activities of the subsidiaries are in mid-stream steel cold-rolled-coil and steel tube manufacturing, coupled with engineering services as disclosed in Note 15 to the financial statements. The power generation business has been held as an Associate since the last financial year ended 30 June 2014.

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year	(34,184,705)	(9,048,484)
Attributable to:		
- Equity holders of the Company	(29,549,255)	(9,048,484)
- Non-controlling interests	(4,635,450)	-
Net loss for the financial year	(34,184,705)	(9,048,484)

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year ended 30 June 2014.

The Directors do not recommend the payment of any dividend for the financial year ended 30 June 2015.

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' Yaacob Khyra
Datuk Lim Kim Chuan (resigned on 1 June 2015)
Azlan bin Abdullah
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah (retired on 9 December 2014)
Datin Ezurin Yusnita binti Abdul Malik
Shazal Yusuf bin Mohamed Zain
Uwe Ahrens
Major General Datuk Lai Chung Wah (Rtd)
Muk Sai Tat
General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd) (appointed on 2 January 2015)

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

In accordance with Article 113(1) of the Company's Articles of Association, Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah and Uwe Ahrens are to retire by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

In accordance with Article 120 of the Company's Articles of Association, General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd) who was appointed to the Board subsequent to the date of the last Annual General Meeting, is to retire at the forthcoming Annual General Meeting, and being eligible, offers himself for re-election.

DIRECTORS' REPORT
For The Financial Year Ended 30 June 2015
(continued)

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year, in ordinary shares in the Company and its related corporations are as follows:

	Number of ordinary shares of RM1.00 each in the Company			
	At 01.07.2014	Bought	Sold	At 30.06.2015
Tunku Dato' Yaacob Khyra - 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
Azlan bin Abdullah - direct interest	133,333	-	-	133,333

Mycron Steel Berhad (Related corporation)	Number of ordinary shares of RM0.25 each			
	At 01.07.2014	Bought	Sold	At 30.06.2015
Tunku Dato' Yaacob Khyra - indirect interest	97,557,066	104,545,455	-	202,102,521
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah - indirect interest	97,557,066	104,545,455	-	202,102,521
Datin Ezurin Yusnita binti Abdul Malik - indirect interest	97,557,066	104,545,455	-	202,102,521
Azlan bin Abdullah - direct interest	247,000	-	-	247,000

	Number of ordinary shares of RM1.00 each			
	At 01.07.2014	Bought	Sold	At 30.06.2015
Melewar Integrated Engineering Sdn Bhd (Related corporation)				
Uwe Ahrens	360,000	-	-	360,000

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.

DIRECTORS' REPORT
For The Financial Year Ended 30 June 2015
(continued)

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 Notes 4(e) and 13 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, other than as disclosed in Note 31 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are as disclosed in Note 30 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 30 October 2015.

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH
NON-EXECUTIVE DIRECTOR

AZLAN BIN ABDULLAH
MANAGING DIRECTOR

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

We, Tunku Yahaya @ Yahya Bin Tunku Tan Sri Abdullah 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 66 to 139 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 2015 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 33 on page 140 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 30 October 2015.

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH
NON-EXECUTIVE DIRECTOR

AZLAN BIN ABDULLAH
MANAGING DIRECTOR

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

I, Choo Kah Yean, the person primarily responsible for the financial management of Melewar Industrial Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 66 to 139 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.

CHOO KAH YEAN
CHIEF FINANCIAL OFFICER

Subscribed and solemnly declared by the abovenamed Choo Kah Yean, at Kuala Lumpur in Malaysia on 30 October 2015, 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 66 to 139, which comprise the statements of financial position as at 30 June 2015 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 32.

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 control 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 2015 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 RM34.2 million during the financial year ended 30 June 2015. 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 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.

(c) 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.

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 33 on page 140 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. 1589/08/17 (J))
Chartered Accountant

Kuala Lumpur
30 October 2015

STATEMENTS OF PROFIT OR LOSS
For The Financial Year Ended 30 June 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Continuing operations:					
Revenue	6	668,048,097	664,553,582	12,472,428	5,177,400
Cost of sales/services provided		(624,666,226)	(620,432,194)	(4,164,179)	(4,150,362)
Gross profit		43,381,871	44,121,388	8,308,249	1,027,038
Other operating income	7	254,973	1,400,355	86,530	56,627
Loss on disposal of a subsidiary	15	(10,477)	-	(20,681,818)	-
Gain/(Loss) on waiver of debt	22	-	-	1,284,100	(3,423,930)
Net foreign currency loss		(5,338,420)	(898,945)	-	-
Fair value gain on investment properties	14	-	-	7,150,000	1,250,000
Impairment (losses)/write back on:					
- investment in subsidiaries	15	-	-	(982,547)	(60,134,420)
- amount owing by subsidiaries	4(c)	-	-	23,233	(136,112,662)
- property, plant and equipment	13	(4,387,744)	(6,983,331)	(3,510)	(34,756)
- inventories		(75,044)	(150,376)	-	-
- trade receivables	4(c)	-	(2,385,561)	-	-
- other receivables/construction financing	4(c)	-	(1,452,997)	-	-
Selling and distribution costs		(5,414,815)	(5,513,467)	-	-
Administrative and general expenses		(31,076,220)	(28,971,090)	(3,381,349)	(3,140,597)
		(2,665,876)	(834,024)	(8,197,112)	(200,512,700)
Finance income	9	2,987,906	2,404,333	275,200	276,361
Finance costs	9	(15,036,309)	(15,115,711)	(12,508)	(15,479)
Share of associate's results	16	(21,253,127)	(13,260,019)	-	-
Loss before tax	8	(35,967,406)	(26,805,421)	(7,934,420)	(200,251,818)
Taxation	11	1,782,701	5,512,970	(1,114,064)	(89,507)
Net loss for the financial year from continuing operations		(34,184,705)	(21,292,451)	(9,048,484)	(200,341,325)

STATEMENTS OF PROFIT OR LOSS
For The Financial Year Ended 30 June 2015
(continued)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Discontinued operations:					
(Loss)/Profit for the financial period up to the date of disposal	18	-	(135,866,422)	-	4,095,430
Gain on disposal a subsidiary	18	-	225,560,404	-	-
Gain on disposal of business	15	-	-	-	30,029,613
Profit for the financial year from discontinued operations (attributable to owners of the parent)		-	89,693,982	-	34,125,043
Net (loss)/profit for the financial year		(34,184,705)	68,401,531	(9,048,484)	(166,216,282)
Attributable to:					
- Equity holders of the Company		(29,549,255)	74,560,736	(9,048,484)	(166,216,282)
- Non-controlling interests		(4,635,450)	(6,159,205)	-	-
		(34,184,705)	68,401,531	(9,048,484)	(166,216,282)
(Loss)/Earnings per share attributable to equity holders of the Company during the financial year:					
- Basic and diluted (sen)					
From continuing operations		(13.10)	(7.59)		
From discontinued operations		-	40.65		
	12	(13.10)	33.06		

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2015

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Net (loss)/profit for the financial year	(34,184,705)	68,401,531	(9,048,484)	(166,216,282)
Other comprehensive (loss)/income:				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences	(1,287,942)	1,272,325	-	-
Item that will not be reclassified to profit or loss:				
Asset revaluation reserve:				
- revaluation surplus on property, plant and equipment, net of tax	14,994,628	7,118,022	18,913	37,279
Total other comprehensive income for the financial year, net of tax	13,706,686	8,390,347	18,913	37,279
Total comprehensive (loss)/income for the financial year	(20,478,019)	76,791,878	(9,029,571)	(166,179,003)
Attributable to:				
- Equity holders of the Company	(17,539,717)	78,845,698	(9,029,571)	(166,179,003)
- Non-controlling interests	(2,938,302)	(2,053,820)	-	-
	(20,478,019)	76,791,878	(9,027,571)	(166,179,003)

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
NON-CURRENT ASSETS					
Property, plant and equipment	13	405,244,795	399,390,432	1,942,710	2,713,330
Investment properties	14	-	-	80,950,000	73,800,000
Investments in subsidiaries	15	-	-	79,969,170	125,633,535
Investment in associate	16(a)	-	22,541,069	-	-
Deferred tax assets	17	2,795,371	3,089,482	-	-
Other receivables	20	-	4,663,920	-	-
		408,040,166	429,684,903	162,861,880	202,146,865
CURRENT ASSETS					
Inventories	19	89,259,617	107,348,429	-	-
Trade and other receivables	20	111,670,753	80,833,484	1,144,804	279,023
Derivatives	21	2,071,229	4,000	-	-
Amounts owing by subsidiaries	22	-	-	506,730	628,706
Amounts owing by an associate	16(b)	33,417,071	29,316,574	2,824,893	875,043
Tax recoverable		1,026,202	214,367	271,458	-
Deposits with licensed financial institutions	23	24,397,197	27,841,462	9,035,459	8,930,030
Cash and bank balances	23	29,689,569	14,916,156	545,226	8,063,910
		291,531,638	260,474,472	14,328,570	18,776,712

STATEMENTS OF FINANCIAL POSITION
As At 30 June 2015
(continued)

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
LESS: CURRENT LIABILITIES					
Trade and other payables	24	104,360,961	65,821,900	3,748,909	9,687,379
Amounts owing to subsidiaries	22	-	-	4,468,546	33,702,697
Derivatives	21	40,650	785,947	-	-
Tax payable		14,494	981,440	-	483,202
Borrowings	25	166,847,334	183,878,976	106,575	146,344
		271,263,439	251,468,263	8,324,030	44,019,622
NET CURRENT ASSETS/(LIABILITIES)		20,268,199	9,006,209	6,004,540	(25,242,910)
LESS: NON-CURRENT LIABILITIES					
Deferred tax liabilities	17	30,878,276	29,953,326	17,588,728	16,490,117
Borrowings	25	19,847,300	10,676,978	25,775	132,350
		50,725,576	40,630,304	17,614,503	16,622,467
		377,582,789	398,060,808	151,251,917	160,281,488
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)		36,380,422	38,839,385	(73,771,123)	(64,722,639)
Asset revaluation reserve		31,613,814	18,316,334	68,378	49,465
Foreign currency translation reserve		(15,617)	1,272,325	-	-
		292,933,281	283,382,706	151,251,917	160,281,488
Non-controlling interests		84,649,508	114,678,102	-	-
TOTAL EQUITY		377,582,789	398,060,808	151,251,917	160,281,488

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2015

		← 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
	Note	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 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
Net loss for the financial year		-	-	-	-	-	(29,549,255)	(29,549,255)	(4,635,450)	(34,184,705)
Other comprehensive income/(loss):										
Revaluation surplus on property, plant and equipment, net of tax		-	-	-	-	13,297,480	-	13,297,480	1,697,148	14,994,628
Currency translation differences:Associate		-	-	-	(1,287,942)	-	-	(1,287,942)	-	(1,287,942)
Total comprehensive (loss)/income for the financial year		-	-	-	(1,287,942)	13,297,480	(29,549,255)	(17,539,717)	(2,938,302)	(20,478,019)
Change in effective interest - Non-controlling interest	30	-	-	-	-	-	27,090,292	27,090,292	(27,090,292)	-
At 30 June 2015		226,755,408	(2,042,193)	241,447	(15,617)	31,613,814	36,380,422	292,933,281	84,649,508	377,582,789

	← 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 income/(loss) 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

COMPANY STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2015

	←	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 2014	226,755,408	(2,042,193)	241,447	49,465	(64,722,639)	160,281,488
Net loss for the financial year	-	-	-	-	(9,048,484)	(9,048,484)
Other comprehensive income:	**-**	**-**	**-**	**-**	**-**	**-**
Revaluation surplus on property, plant and equipment, net of tax	-	-	-	18,913	-	18,913
Total comprehensive income/(loss) for the financial year	-	-	-	18,913	(9,048,484)	(9,029,571)
At 30 June 2015	226,755,408	(2,042,193)	241,447	68,378	(73,771,123)	151,251,917

	←	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 and 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

STATEMENTS OF CASH FLOWS
For The Financial Year Ended 30 June 2015

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax				
- Continuing operations	(35,967,406)	(26,805,421)	(7,934,420)	(200,251,818)
- Discontinued operations	-	89,693,982	-	35,490,186
	(35,967,406)	62,888,561	(7,934,420)	(164,761,632)
Adjustments for:				
Property, plant and equipment:				
- depreciation (Note 13)	18,149,377	44,962,062	376,312	370,372
- net (gain)/loss on disposals	(41,286)	72,093	(4,000)	(10,728)
- impairment losses	4,387,744	6,983,331	3,510	34,756
- write-offs	71,230	57,537	2,488	1,178
Amortisation of:				
- deferred financing fees	-	1,847,932	-	-
- construction financing	210,361	-	-	-
Impairment losses/(write back) on:				
- investments in subsidiaries	-	-	982,547	60,134,420
- inventories	75,044	150,376	-	-
- amount owing by subsidiaries	-	-	(23,233)	136,112,662
- trade receivables	-	2,385,561	-	-
- other receivables/construction financing	-	1,452,997	-	-
(Gain)/Loss on waiver of debt	-	-	(1,284,100)	3,423,930
Bad debts written-off	-	13,722	-	-
Investment properties:				
- fair value gain	-	-	(7,150,000)	(1,250,000)
Loss/(Gain) on disposals of:				
- business (Note 15)	-	-	-	(30,029,613)
- a subsidiary (Note 18)	10,477	(225,560,404)	20,681,818	-
Dividend income	-	-	(5,787,118)	-
Net unrealised loss/(gain) on foreign exchange	318,948	(347,808)	-	(142,861)
Fair value (gain)/loss on:				
- foreign currency exchange forward contract	(264,343)	480,400	-	-
Net loss on a restructured liability	-	888,806	-	-
Interest income	(2,985,685)	(2,408,907)	(275,200)	(437,395)
Interest expense	14,984,521	103,633,982	12,508	693,355
Share of loss in associate	21,253,127	13,260,020	-	-
	20,202,109	10,760,261	(398,888)	4,138,444

STATEMENTS OF CASH FLOWS
For The Financial Year Ended 30 June 2015
(continued)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES (continued)				
Changes in working capital:				
- inventories	18,013,768	9,125,291	-	-
- trade and other receivables	(26,561,555)	(4,975,738)	(864,619)	41,860,613
- trade and other payables	34,492,435	(75,833,125)	(5,938,470)	5,010,850
Cash generated from/(used in) operations	46,146,757	(60,923,311)	(7,201,977)	51,009,907
- Interest paid	(13,638,717)	(13,646,901)	(12,508)	(663,972)
- Interest received	833,873	1,003,351	274,035	458,314
- Tax paid	(2,251,921)	(3,073,462)	(775,198)	(1,668,779)
Net cash generated from/(used in) operating activities	31,089,992	(76,640,323)	(7,715,648)	49,135,470
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment	(10,153,400)	(10,296,510)	(15,137)	(238,416)
Proceeds from disposals of:				
- plant and equipment	380,003	353,271	431,446	11,420
- a subsidiary	2	2,562,606	-	-
Repayment from subsidiaries	-	-	1,982,277	28,735,358
Advances to an associate company	(1,949,850)	(875,043)	(1,949,850)	(875,043)
Net cash (used in)/generated from investing activities	(11,723,245)	(8,255,676)	448,736	27,633,319
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	392,560,000	521,939,041	-	-
Repayment of borrowings	(399,972,680)	(439,164,465)	-	(75,350,000)
(Repayment of)/Proceeds from hire-purchase financing	(627,140)	(622,808)	(146,343)	56,338
Deposits with licensed financial institutions pledged as security	(267,425)	(259,510)	(267,425)	-
Net cash (used in)/generated from financing activities	(8,307,245)	81,892,258	(413,768)	(75,293,662)
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,059,502	(3,003,741)	(7,680,680)	1,475,127
CURRENCY TRANSLATION DIFFERENCES	2,221	658,921	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	33,989,584	36,334,404	8,225,906	6,750,779
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 23)	45,051,307	33,989,584	545,226	8,225,906

A significant non-cash transaction during the year is as disclosed in Note 30.

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NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

1 GENERAL INFORMATION

The principal activities of the Company are that of property investment and investment holding. The principal activities of the subsidiaries are in mid-stream steel cold-rolled-coil and steel tube manufacturing, coupled with engineering services as disclosed in Note 15 to the financial statements. The power generation business as disclosed in Note 16 has been held as an Associate since the last financial ended 2014.

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 2015, 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 30 October 2015.

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.

<u>Going concern</u>

<u>Group</u>

For the financial year ended 30 June 2015, the Group recorded a net loss of RM34.2 million (2014: net profit of RM68.4 million) but retains a net current asset ("NCA") position of RM20.3 million (2014: NCA of RM9.0 million) and a higher shareholders' funds at RM292.9 million (2014: RM283.4 million).

The Group's comprehensive loss for the current financial year is primarily attributed to its share of the Associate's losses (at the Statement of Profit or Loss level of RM21.2 million and at the Other Comprehensive Income/Loss level of RM1.3 million) limited by its carrying investment sum of RM22.5 million. In addition, the Group's net loss for the current financial year is also exacerbated by net foreign exchange loss of RM5.3 million (2014: RM0.9 milion) and impairment loss on Property Plant & Equipment ("PPE") of RM4.4 million (2014: RM7.0 million). Operationally, the aforementioned loss contributors do not have any impact on cash-flows except for net crystallised foreign exchange losses for the current financial year of around RM5.0 million. The Group's two main Cold-Rolled Coil and Steel Tube subsidiaries recorded a positive EBITDA of RM18.9 million and RM12.1 million respectively. As such, the Group was able to meet all its financial obligations when due throughout the entire current financial year.

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

(a) **Basis of preparation** (continued)

Going concern (continued)

Group (continued)

The Group's bank liabilities comprising of mainly short-term trade financial facilities which by nature can be rolled-over but also callable on demand are incepted solely by its steel subsidiaries for which the banks may concertedly recall the said facilities and demand immediate repayment. For the current financial year ended 30 June 2015, the Cold-Rolled-Coil subsidiary complied with all its debenture's financial covenant commitments. The Steel Tube subsidiary however failed to comply with two out-of-three financial covenants applicable to one Bank (refer to Note 4(a) and (b)) which were based on the Group's financial metrics. The Bank has granted the affected subsidiary an indulgence on the non-compliance for the financial year ended 30 June 2015, and has also revised the said covenants to be based on sub-grouping financial metrics in-line with its current holding structure for the next financial year 2016.

The Group's net loss position may cast doubt on the Group's ability to realise its assets and discharge its abilities in the normal course of business, and this gives rise to the existence of material uncertainties which may cast doubt on the Group's ability to continue as a going concern.

The Directors are of the view that the risk of the banks abruptly recalling the trade-facilities in full is low considering the fact that those facilities are timely serviced and are secured under the respective debentures with adequate to favourable 'security-value-to-outstanding-debt' ratio. In addition, the management has in the recent years taken steps to secure sufficient suppliers' trade-credit lines to run in parallel with the existing banks' trade financing lines to diversify its trade funding sources – as the Group works toward restructuring its debentures and debt-maturity-profile at the first opportune time.

The Directors noted that a significant portion of the current financial year's net loss has no cash-flows impact to the Group; and based on the financial projections for the next twelve months, the Directors are of the view that the Group's continuing businesses should be able to generate a positive return and operating cash-flows. Moreover, the Group's financial statement for the next financial year will no longer be impacted by its share of the Associates' continuing losses if any. The Directors are of the opinion that the Group's total credit/loan availability for the next financial year 2016 should be adequate to meet its business needs, and that the Group should be able to meet all its financial obligations when due in the next twelve months. Accordingly, the Directors are of the opinion that the preparation of the financial statements of the Group on a going-concern-basis is appropriate.

Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group's and the Company's financial year beginning on 1 July 2014 are as follows:

- 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)

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 2015.

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.

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

(a) **Basis of preparation** (continued)

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

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 2016

- Amendment to MFRS 11 'Joint arrangements' (effective from 1 January 2016) requires an investor to apply the principles of MFRS 3 'Business Combination' when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

- Amendments to MFRS 116 'Property, plant and equipment' and MFRS 138 'Intangible assets' (effective from 1 January 2016) clarify that the use of revenue-based methods to calculate the depreciation and amortisation of an item of property, plant and equipment and intangible are not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

- The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Amendments to MFRS 10 and MFRS 128 regarding sale or contribution of assets between an investor and its associate or joint venture (effective from 1 January 2016) resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

Financial year beginning on or after 1 July 2018

- 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 2018 and earlier application is permitted. The Group is assessing the impact of MFRS 15.

  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 core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement". The complete version of MFRS 9 was issued in November 2014.

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

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main 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 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

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

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(iv) Associates (continued)

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.

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(n) 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.

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

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

(i) Measurement basis (continued)

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.

(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	50 years
Plant, machinery and electrical installation	4 – 40 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

__Accounting as lessee__

(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) 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 32 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial assets (continued)

Subsequent measurement - impairment of financial assets (continued)

(i) Assets carried at amortised costs (continued)

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.

(j) 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(k) 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(i) on financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Derivative financial instruments and hedging activities (continued)

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 on forward currency contracts incepted to hedge against purchase obligations in foreign currencies. The resulting fair value gain or loss relating to the hedging instrument and the corresponding hedge item is recognised in the profit or loss.

(l) 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.

(m) 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.

(n) Financial liabilities

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

Other financial liabilities of the Group and the Company comprise ‘trade and other payables’, ‘amount owing to subsidiaries’, ‘amount owing to a related company’ and ‘borrowings’.

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

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

Financial liabilities are de-recognised when the obligation specified in the contract is discharged or cancelled or expired.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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.

(p) 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.

(q) 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) Processing service income

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

(iii) Dividend income

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

(iv) Interest income

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

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

(q) Revenue recognition (continued)

(v) 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.

(vi) Management fee income

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

(vii) Consultancy and project management revenue

Onerous consultancy and project management revenue is recognised based on percentage of completion method under contract accounting

(r) 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.

(s) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia, which is the 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. If the foreign currency transaction was hedge accounted, the transaction would be translated at the original basis-rate of exchange on which it was hedge designated.

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.

(u) 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.

(v) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability 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.

(w) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Company uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Company presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

Progress billings not yet paid by customers and retention are included within 'trade and other receivables'. The Company presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

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 as a going concern

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

(b) Impairment of assets

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) Investments in subsidiaries (Note 15)

(c) Revaluation of property, plant and equipment / fair value of investment properties

The fair value of property, plant and equipment, and of investment properties that have no quoted prices in active markets for identical assets is determined using various valuation techniques which involves judgement and assumptions. (Notes 13 and 14)

(d) Provision with regards to deferred tax assets and liabilities

Provisions made for deferred tax assets and liabilities involves judgement and assumptions (Note 17).

(e) Amount owing by an associate

The recovery of the amount owing by an associate involves judgement and assumptions (Note 16(b)).

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 where appropriate. This is further reinforced with continuous assessment and improvement on the effectiveness and adequacy of its financial risk management practises by its Executive Committee, internal audit, and the Risk Management Committee which reports to the Board.

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 intangibles plus interest bearing debts as capital resources, and has a policy to maintain the debt-to-equity 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**.**

The Group's external borrowings are mainly incepted at the indirectly held Cold Rolled Coil and the Steel Tube subsidiaries, with the Company itself being free from debt gearing since the last financial year ended 2014. In that regard, the Group's indirect subsidiaries are subjected to specific minimum requirement on adjusted shareholders' funds and maximum allowable 'debt-to-equity' ratio computed at both the entity and at the consolidated levels under their respective debenture.

For the reporting period, the indirect Cold Rolled Coil subsidiary complied with all the capital covenants imposed at entity and at its immediate Mycron group levels. The indirect Steel Tube subsidiary's capital covenants for financial year ended 2015 were still based on the consolidated metrics of the Group – even though it was restructured and is now being held under Mycron Steel Bhd (Mycron group) since 1 April 2015 (see Note 30). In this regard, the Steel Tube subsidiary complied with the maximum allowable debt-to-equity ratio at both levels but failed to comply with the minimum adjusted shareholders' fund at the Group level. The concern bank has granted indulgence for non-compliance of the aforementioned and has revised the covenant's computation to be based on Mycron group's financial metrics for the financial year ending 30 June 2016 onwards.

The Group works toward ensuring the sufficiency of debt and credit facilities to meet peak production and sales volume whilst maintaining an optimal debt-to-equity capital structure. For the reporting period, 'capital' was generally adequate to support the Group's businesses. Capital redeployment amongst the Group's subsidiaries is restricted by legal imposition from their respective lenders. Therefore, capital risks are structurally contained within each subsidiary/business unit and associate except where financial guarantees are extended as disclosed under Note 4(b) and Note 28.

The Group's invested capital in the Power Associate has been fully depleted with its share of the associate's losses since the 2nd quarter of the current financial year. Despite the aforementioned, the Group is not liable for any capital replenishment for its Power Associate in the near term as the said associate works toward divesting its power business.

(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 equivalents, 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' level. As such, each subsidiary has its own unique liquidity risk profile. Nevertheless, the Company's and subsidiaries' liquidity risk management are governed by a common set of Group's practices and 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

4 **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)

(b) **Liquidity risk** (continued)

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 financing facilities deployed by its indirectly held Steel Tube and Cold-Rolled subsidiaries where their short term bank debts to total bank debts ratio is 99.8% and 91.5% respectively. Their significant reliance on short-term bank trade facilities which are callable on demand poses a degree of liquidity risk. To diversify the risk, the Cold Rolled subsidiary has a combined rolling trade credit-line of USD38 million from key suppliers, whilst the Steel Tube subsidiary has a rolling trade credit-line of USD10 million from a key supplier. Nevertheless, it is the Group's desire to attain a more balanced debt maturity profile by spreading out its financial obligations into longer maturity periods as when the market permits.

The Group's indirect steel subsidiaries are subjected to certain liquidity covenants such as minimum allowable 'EBITDA to Interest Expense' ratio and 'Debt Service Cover Ratio'. For the reporting period, the Cold Rolled Coil subsidiary complied with its liquidity covenant in the form of 'Debt Service Cover Ratio' imposed at entity level. The Steel Tube subsidiary's liquidity covenant in the form of 'EBITDA to Interest Expense' ratio for the financial year ended 2015 was still based on the consolidated metrics of the Group despite it being restructured to be directly held by Mycron Steel Bhd (Mycron group) since 1 April 2015. In this regard, the Steel Tube subsidiary failed to comply with the minimum 'EBITDA to Interest Expense' ratio covenant measured at the Group. The concerned bank has granted indulgence for the said non-compliance and has revised the covenant's computation to be based on Mycron group's financial metrics for the financial year 2016 and onwards. Had this covenant been based on Mycron group's financial metrics for the financial year 2015, the Steel Tube subsidiary would have complied with the said covenant.

The Group and the Company are in net current assets position, and shall be able to meet all their financial obligations when due. In this regard, the Company does not have any external financial obligations at the close of the current financial year. However, the Company has provided a pledged security to its associate as detailed in Note 29 to the financial statements. The Company does not anticipate any liquidity risk arising from this pledged security.

The Company's investment in the power associate has been fully depleted with its share of the associate's losses since the 2nd quarter of the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015
(continued)

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	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
30 June 2015									
Non-derivative financial liabilities									
Bankers' acceptance	152,921,451	5.24% - 7.44%	154,712,796	154,712,796	-	-	-	-	-
Revolving credits	10,000,000	5.75%	10,141,781	10,141,781	-	-	-	-	-
Revolving term loans	9,893,657	6.00% - 8.00%	10,784,938	-	10,784,938	-	-	-	-
Hire-purchase creditors	567,526	0.21% - 4.99%	610,921	394,531	168,886	47,504	-	-	-
Term loans	13,312,000	6.25% - 8.85%	14,986,557	4,266,822	3,509,332	3,321,832	3,134,332	754,239	-
Trade Payables	79,368,887	4.00% - 5.50%	79,368,887	79,368,887	-	-	-	-	-
Payables and accruals, excluding derivatives	24,992,074		24,992,074	24,992,074	-	-	-	-	-
Derivative financial liabilities									
Forward contracts	40,650		40,650	40,650	-	-	-	-	-
	291,096,245		**295,638,604**	**273,917,541**	**14,463,156**	**3,369,336**	**3,134,332**	**754,239**	**-**

Group	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
30 June 2014									
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	-	-	-	-
Trade Payables	45,524,985	5.60%	45,524,985	45,524,985	-	-	-	-	-
Payables and accruals, excluding derivatives	19,956,915		19,956,915	19,956,915	-	-	-	-	-
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**	**-**	**-**	**-**

4 **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)

(b) **Liquidity risk** (continued)

Maturity analysis (continued)

Company 30 June 2015	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	132,350	2.98% - 3.05%	138,572	112,092	26,480	-	-	-
Payables and accruals	3,748,909	-	3,748,909	3,748,909	-	-	-	-
Amounts owing to subsidiaries	4,468,546		4,468,546	4,468,546	-	-	-	-
	8,349,805		8,356,027	8,329,547	26,480	-	-	-
Financial guarantees	-		562,000	562,000	-	-	-	-

Company 30 June 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	-	-	-	-

(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's default.

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. 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.

As at the reporting date, the Group has significant concentration of credit risk in its indirect subsidiaries' trade receivables and an amount owing by the power associate. The Group's and the Company's major classes of financial assets are as disclosed in Note 32 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 2015									
Trade receivables	100,326,695	411,024	86,322,611	11,086,673	2,080,580	141,603	284,204	-	13,593,060
Other receivables	34,950,938	26,115,867	4,181,512	-	-	-	-	4,653,559	4,653,559
Deposits	336,004	-	336,004	-	-	-	-	-	-
Amount owing by an associate	58,175,393	24,758,322	33,417,071	-	-	-	-	-	-
Derivative financial asset	2,071,229	-	2,071,229	-	-	-	-	-	-
	195,860,259	51,285,213	126,328,427	11,086,673	2,080,580	141,603	284,204	4,653,559	18,246,619

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	78,665,816	3,597,766	67,235,524	7,347,361	412,608	27,965	-	44,592	7,832,526
Other receivables	12,923,693	10,600,114	2,323,579	-	-	-	-	-	-
Construction financing	21,632,670	16,968,750	-	-	-	-	-	4,663,920	4,663,920
Deposits	558,235	-	558,235	-	-	-	-	-	-
Amount owing by an associate	54,074,896	24,758,322	29,316,574	-	-	-	-	-	-
Derivative financial asset	4,000	-	4,000	-	-	-	-	-	-
	167,859,310	55,924,952	99,437,912	7,347,361	412,608	27,965	-	4,708,512	12,496,446

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 2015									
Other receivables	939,789	-	939,789	-	-	-	-	-	-
Deposits	103,478	-	103,478	-	-	-	-	-	-
Amounts owing by subsidiaries	23,026,741	22,520,011	506,730	-	-	-	-	-	-
Amounts owing by an associate	2,824,893	-	2,824,893	-	-	-	-	-	-
	26,894,901	22,520,011	4,374,890	-	-	-	-	-	-

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 2014									
Other receivables	47,216	-	47,216	-	-	-	-	-	-
Deposits	101,377	-	101,377	-	-	-	-	-	-
Amounts owing by subsidiaries	136,741,368	136,112,662	628,706	-	-	-	-	-	-
Amounts owing by an associate	875,043	-	875,043	-	-	-	-	-	-
	137,765,004	136,112,662	1,652,342	-	-	-	-	-	-

(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 and are held under the following segments of the Group.

Trade Receivables	Neither past due nor impaired (RM)
Cold Rolled Coil	55,482,679
Steel Tube	29,328,107
Others	1,511,841

The Group's trade receivables credit term ranges from 15 days to 90 days, similar to the preceding year. None of the Group's trade receivables in this category have been negotiated during the financial year.

Besides the above, there is a net amount of RM33.4 million owing by the Associate to the Group resulting from the divestiture of the Group's controlling stake in the power business back in financial year 2014. This amount is expected to be fully recoverable further to the Associate's divestiture plans of its power businesses/assets (Note 16).

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

The sole financial asset class necessitating overdue aging is the trade receivables. Trade receivables that are past due but not impaired are represented by the following segments:

Trade Receivables	Past due but not impaired (RM)
Cold Rolled Coil	6,116,651
Steel Tube	7,421,018
Others	55,375

About 99.6% of the trade receivables in value reported in this category relate to the steel businesses. Of the total steel businesses' overdue outstanding of RM13.5 million, about RM8.4 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.

Besides the above, there is an unimpaired balance amount of RM4.6 million owing to the Group for a construction financing originally provided of RM23 million back in 2009. This balance unimpaired amount represents the estimated minimum likely recoverable from the debtor. Refer Note 20(i) for further details.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

(iii) Financial assets that are impaired

Specific credit impairment is made upon the presence of objective evidence 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 or any other financial assets affecting the Group over the reporting period as the prospect of recovery is high.

The Associate initiated efforts to divest its power business during the current financial year which encompass certain pre-divestiture restructuring and conditions to repay certain debts owing to the Group.

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	Amount owing by an associate RM	Total RM
Group				
At 30 June 2015				
At gross amounts	100,326,695	34,950,938	58,175,393	193,453,026
Less: Accumulated impairment	(411,024)	(26,115,867)	(24,758,322)	(51,285,213)
	99,915,671	8,835,071	33,417,071	142,167,813
Accumulated impairment:				
At 1 July	3,846,067	27,568,864	24,758,322	56,173,255
Reversal upon disposal of a subsidiary	(3,435,043)	(1,452,997)	-	(4,888,040)
At 30 June	411,024	26,115,867	24,758,322	51,285,213

	Trade receivables RM	Other receivables RM	Construction financing RM	Amount owing by an associate RM	Total RM
Group					
At 30 June 2014					
At gross amounts	78,665,816	12,923,693	21,632,670	54,074,896	167,297,075
Less: Accumulated impairment	(3,597,766)	(10,600,114)	(16,968,750)	(24,758,322)	(55,924,952)
	75,068,050	2,323,579	4,663,920	29,316,574	111,372,123
Accumulated impairment:					
At 1 July	344,672,312	9,147,117	16,968,750	-	370,788,179
Impairment charged for the financial year	2,385,561	1,452,997	-	-	3,838,558
Reclassification to associate status upon disposal of a subsidiary	-	-	-	24,758,322	24,758,322
Reversal upon disposal of a subsidiary	(343,211,806)	-	-	-	(343,211,806)
At 30 June	3,846,067	10,600,114	16,968,750	24,758,322	56,173,253

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 2015			
At gross amounts	-	23,026,741	23,026,741
Less: Accumulated impairment	-	(22,520,011)	(22,520,011)
	-	506,730	506,730
Accumulated impairment:			
At 1 July	-	136,112,662	136,112,662
Write back of impairment charge for the financial year	-	(23,233)	(23,233)
Written-off	-	(113,569,418)	(113,569,418)
At 30 June	-	22,520,011	22,520,011

During the current financial year, amounts owing by subsidiaries that were previously impaired amounting to RM113.6 million were written-off.

	Trade receivables RM	Amounts owing by subsidiaries RM	Total RM
At 30 June 2014			
At gross amounts	-	136,741,368	136,741,368
Less: Accumulated impairment	-	(136,112,662)	(136,112,662)
	-	628,706	628,706
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

(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 incepted at the subsidiaries. These are mainly fixed interest-rate debt instruments in the form of short-term trade facilities (utilised to finance raw coil material purchases and credit sales) which are subject to frequent re-pricing upon rollover every 3 to 4 months. Despite the frequent re-pricing coupled with the weak Ringgit amid threats of interest-rate rise in the United States of America, the domestic re-pricing rate has been relatively stable for the entire financial year 2015. Nevertheless, the concentration of short-term fixed-rate financial liabilities exposes the Group to interest rate re-pricing risk.

As at the reporting date, the Group and the Company have immaterial interest bearing assets which comprised mainly of fixed interest bearing short-term deposits and money market placements subject to frequent and stable re-pricing. Neither the Group nor the Company holds any interest-rate derivative during and at the close of the current financial year.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Interest rate risk (continued)

The Group monitors 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	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Fixed rate borrowings	186,132,634	191,863,431	132,350	278,694
Fixed rate credit from suppliers (Note 24)	79,369,026	45,941,389	-	-
Floating rate borrowings	562,000	2,692,523	-	-
	266,063,660	240,497,343	132,350	278,694

No sensitivity analysis on profit/(loss) arising from floating interest rate movement is provided as the Group's floating rate financial instruments over the current and the preceding financial year are immaterial. On the re-pricing risk impact had the overall interest rates being 1% higher, the Group's loss after tax for financial year 2015 would have been higher by RM2.0 million (2014: RM1.8 million). A 1% lower interest rate would have the equal but opposite effect to the aforementioned amounts.

(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-flows.

The Group's revenue streams from both its subsidiaries are mainly denominated in Ringgit which are their functional currencies. The Cold Rolled subsidiary's raw material coil are however mostly imported from abroad and denominated in USD, whilst the Steel Tube subsidiary's raw material coils are mostly domestically sourced in Ringgit with occasional imports in USD. The Steel Tube operation derives a small portion of its revenue (of less than 5%) from export sales denominated mainly in SGD. In summary, the Group FX exposure is mainly in USD-short and to a lesser extent SGD-long. The Company is not exposed to any FX risk.

As a policy, the Group would seek natural hedge methods to mitigate its FX exposure before incepting any derivatives as hedging instrument. On this, the Group would hedge at least 50% of its net FX exposure with a matching FX forward contract (depending on the availability of its limited FX facilities with the counterparty banks, and on the length of the forward duration periods) to facilitate future payment in that foreign currency. In this regard, the Group designates qualifying FX hedges for fair value hedge accounting over the reporting period on effective FX forwards incepted to hedge the Group's USD exposure arising from its imported raw materials. These hedges are designated on inception after been tested for prospective effectiveness using the 'dollar-off-set' ratio method. On Steel Tube's affirmed export sales in foreign currencies, the Group would sell forward around 50% of its future foreign currency receivables. But these FX forwards are usually not hedge accounted as they do not fulfil all the criteria for hedge accounting, but are fair valued through profit or loss. Further disclosures are made in Note 21 on derivatives.

For the financial year 2015, the Ringgit suffered catastrophic loss against the USD and other major foreign currencies due to a myriad of internal and external factors. In the twelve months period of the current financial year, the Ringgit weakened against the USD by around 18% with the most abrupt declines recorded in the 2nd and 3rd quarters.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Foreign currency exchange risk (continued)

As a result the Group suffered a Net FX loss of RM5.3 million for the current financial year (2014: RM0.9 million) due to the less than 100% hedge cover attributable to FX forward facility constrains and steep forward spread pricing. Nevertheless, the realised and unrealised gains from incepted FX forwards over the twelve months period as outlined in the table below has helped mitigate the Net FX loss by as much as RM6.2 million for the current financial year.

FX Forward Contracts	YTD FY 2015 Fair Value Gain RM'000		
	Unrealised	Realised	Total
Hedge Accounted	1,765	2,495	4,260
Not Hedge Accounted	265	1,720	1,985
	2,030	4,215	6,245

Details of the Group's foreign currencies exposure in its functional currency Ringgit Malaysia as at the reporting date (and preceding financial year's reporting date) are set out in the respective tables below. The Group's net foreign currency exposure as at 30 June 2015 has been substantially reduced with higher rate of hedge cover.

	From SGD	From USD	From EURO	From YEN	Total
Group					
At 30 June 2015					
Functional Currency RM					
Financial assets					
Trade and other receivables	3,561,936	571,530	567,502	26,932	4,727,900
Cash and bank balances	1,169,320	351,988	-	-	1,521,308
	4,731,256	923,518	567,502	26,932	6,249,208
Less: Financial liabilities					
Trade and other payables	-	(63,870,368)	-	-	(63,870,368)
Net financial assets/(liabilities)	4,731,256	(62,946,850)	567,502	26,932	(57,621,160)
Off Balance Sheet Contracted Commitments	-	(44,432,522)	-	-	(44,432,522)
Less: Forward foreign currency exchange contract at closing rate	(1,264,320)	96,097,780	-	-	94,833,460
Net currency exposure	3,466,936	(11,281,592)	567,502	26,932	(7,220,222)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Foreign currency exchange risk (continued)

Details of the Group's foreign currencies exposure for the preceding financial year 2014 in its functional currency Ringgit Malaysia as at the reporting date (and preceding financial year's reporting date) are set out in the respective tables below. (continued)

	From SGD	From USD	From EURO	From AUD	Total
Group					
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
	6,983,089	681,282	-	215,237	7,879,608
Less: Financial liabilities					
Trade and other payables	-	(45,466,395)	-	-	(45,466,395)
Borrowings	-	-	(3,236,934)	-	(3,236,934)
Net financial assets/(liabilities)	6,983,089	(44,785,113)	(3,236,934)	215,237	(40,823,721)
Less: Forward foreign currency exchange contract at closing rate	(1,156,635)	33,040,823	-	-	31,884,188
Net currency exposure	5,826,454	(11,744,290)	(3,236,934)	215,237	(8,939,533)

'Net currency exposure' if positive is in long position, and if negative is in short position of the captioned foreign currency.

The Company does not have any foreign currency exposure for the current financial year ended 30 June 2015. The Company's preceding financial year's exposures to foreign currencies in respect of its financial assets and financial liabilities in its functional currency are as follows:

	From SGD	From USD	Total
Company			
At 30 June 2014			
Functional Currency RM			
Financial assets			
Cash and bank balances	2,486,893	122,747	2,609,640

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 with all other variables in particular interest rates being held constant.

Group

	2015	2014
	Increase/(Decrease)	
Impact to loss after tax:		
RM against SGD	78,006	131,095
RM against USD	(253,836)	(264,247)
RM against EURO	12,769	(72,831)
RM against YEN	606	-
RM against AUD	-	4,843

A 3% weakening of the above currencies against the RM 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/(liabilities) that are measured fair value at the reporting date:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2015				
Assets				
Foreign currency exchange forward contract	-	2,071,229	-	2,071,229
Liabilities				
Foreign currency exchange forward contract	-	(40,650)	-	(40,650)
2014				
Assets				
Foreign currency exchange forward contract	-	4,000	-	4,000
Liabilities				
Foreign currency exchange forward contract	-	(785,947)	-	(785,947)

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	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Sale of goods	662,243,003	657,113,524	-	-
Consultancy and project services	3,420,860	4,439,192	-	-
Processing service income	2,384,234	3,000,866	-	-
Dividend income	-	-	5,787,118	-
Rental income	-	-	4,424,310	3,989,400
Management fee	-	-	2,261,000	1,188,000
	668,048,097	664,553,582	12,472,428	5,177,400

7 OTHER OPERATING INCOME

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Net gain/(loss) on disposals:				
- property, plant and equipment	41,286	(68,584)	4,000	10,728
Write back of bad debts	-	1,339,211	-	-
Rental income	147,185	-	-	-
Others	66,502	129,728	82,530	45,899
	254,973	1,400,355	86,530	56,627

8 LOSS BEFORE TAX

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
The following expenses have been charged/(credited) in arriving at loss before tax:				
Auditors' remuneration:				
- current financial year	592,242	538,670	189,000	189,000
- under accrual in the prior year	62,341	231,902	12,072	133,882
Non-audit fee	110,000	-	-	-
Property, plant and equipment (Note 13):				
- depreciation	18,149,377	44,962,062	376,312	370,372
- write-offs	71,230	57,537	2,488	1,178
- impairment losses - net	4,387,744	6,983,331	3,510	34,756
- (gain)/loss on disposal	(41,286)	72,093	(4,000)	(10,728)
Fair value gain on investment properties	-	-	7,150,000	1,250,000
Staff costs (excluding Directors remuneration)	29,957,556	29,315,967	1,206,227	772,240
Rental of building	477,382	328,549	119,754	108,661
Impairment losses/(write back of impairment losses):				
- inventories	75,044	150,376	-	-
- investments in subsidiaries (Note 15)	-	-	982,547	60,134,420
- trade receivables	-	2,385,561	-	-
- other receivables/construction financing	-	1,452,997	-	-
- amount owing by a subsidiary (Note 22)	-	-	(23,233)	136,112,662
(Gain)/Loss on waiver of debts	-	-	(1,284,100)	3,423,930
Net foreign exchange loss/(gain)				
- realised	5,017,251	2,064,106	-	-
- unrealised	321,169	(1,165,161)	-	-
Loss/(Gain) on disposals of:				
- a business (Note 15(iii))	-	-	-	(30,029,613)
- a subsidiary (Note 18(i))	10,477	(225,560,404)	20,681,818	-

Significant items impacting the current financial year's loss before tax at the Group level are the impairment loss provision on PPE (see Note 13) of RM4.39 million (2014: RM6.98 million), and net foreign exchange loss of RM5.3 million (2014: RM0.9 million). The significant pre-tax loss contributor for the current financial year at Company level is the loss on disposal of RM20.7 million arising from the reorganisation involving the disposal of its entire equity interest in the Steel Tube subsidiary to its listed subsidiary, Mycron Steel Bhd.

Staff costs of the Group and of the Company include contributions to Employee Provident Fund of RM3,203,777 (2014: RM3,045,812) and RM136,502 (2014: RM105,716) respectively.

9 FINANCE INCOME AND COSTS

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Finance income:				
Interest on deposits with financial institutions	(835,027)	(977,500)	(275,200)	(276,361)
Interest on receivables	(2,150,658)	(1,426,368)	-	-
Net foreign exchange gain:				
- unrealised	(2,221)	(465)	-	-
Total finance income	(2,987,906)	(2,404,333)	(275,200)	(276,361)
Finance costs:				
Interest on borrowings	11,487,404	11,725,114	-	-
Interest on hire purchase	85,047	86,768	12,508	15,479
Interest on suppliers' credit	3,412,070	2,800,443	-	-
Interest expense	14,984,521	14,612,325	12,508	15,479
Amortisation of construction financing	210,361	-	-	-
Net foreign exchange (gain)/loss:				
- realised	(158,573)	335,576	-	-
- unrealised	-	167,810	-	-
Total finance costs	15,036,309	15,115,711	12,508	15,479
Net finance costs/(income)	12,048,403	12,711,378	(262,692)	(260,882)

10 DIRECTORS' REMUNERATION

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-executive Directors:				
- fees	744,146	718,808	221,000	223,200
- allowances	158,000	153,797	80,000	69,500
- estimated monetary value of benefits-in-kind	21,200	19,700	-	-
Executive Directors:				
- salaries and bonuses	4,021,401	4,105,077	2,936,013	2,923,077
- allowance	3,677	-	3,677	-
- estimated monetary value of benefits-in-kind	97,827	116,727	65,992	78,050
- defined contribution plan	493,755	489,462	440,955	438,462
	5,540,006	5,603,571	3,747,637	3,732,289

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

	Number of Directors	
	2015	2014
Executive Directors:		
RM0	1	1
RM750,001 – RM800,000	-	1
RM850,001 – RM900,000	1	-
RM1,100,001 – RM1,150,000	1	-
RM1,150,001 – RM1,200,000	-	1
RM1,450,001 – RM1,500,000	1	1
Non-executive Directors:		
Less than RM50,000	4	3
RM50,001 – RM100,000	3	3

11 TAXATION

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current tax:				
- Malaysian income tax	474,941	2,803,541	7,906	(383,271)
- (over)/under accrual in the prior years	(1,800)	21,186	12,633	50,653
	473,141	2,824,727	20,539	(332,618)
Deferred taxation (Note 17):				
- origination and reversal of temporary differences	(2,255,842)	(8,337,697)	1,093,525	422,125
Tax (credit)/expense	(1,782,701)	(5,512,970)	1,114,064	89,507

11 TAXATION (continued)

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

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Loss before tax	(35,967,406)	(26,805,421)	(7,934,420)	(200,251,818)
Tax calculated at the Malaysian tax rate of 25% (2014: 25%)	(8,991,851)	(6,701,355)	(1,983,605)	(50,062,955)
Tax effects of:				
- expenses not deductible for tax purposes	7,171,658	1,852,488	7,303,932	50,101,809
- income not subject to tax	(164,227)	(164,089)	(3,557,737)	-
- change in tax rate	(54,983)	(381,872)	(661,159)	-
- tax incentive obtained for double deduction	(201,977)	(111,907)	-	-
- deferred tax assets not recognised	460,479	(27,421)	-	-
- under provision in the prior years	(1,800)	21,186	12,633	50,653
Tax (credit)/expense	(1,782,701)	(5,512,970)	1,114,064	89,507

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.

12 (LOSS)/EARNINGS PER SHARE

(i) Basic (loss)/earnings per share

	Group	
	2015 RM	**2014 RM**
Continuing Operations		
Loss attributable to owners of the Company	(29,549,255)	(17,106,855)
Weighted average number of ordinary shares in issue (net of treasury shares)	225,522,808	225,522,808
Basic loss per share (sen)	(13.10)	(7.59)
Discontinued Operations		
Profit attributable to owners of the Company	-	91,667,591
Weighted average number of ordinary shares in issue (net of treasury shares)	225,522,808	225,522,808
Basic earnings per share (sen)	-	40.65
Total		
(Loss)/Profit attributable to owners of the Company	(29,549,255)	74,560,736
Weighted average number of ordinary shares in issue (net of treasury shares)	225,522,808	225,522,808
Basic (loss)/earnings per share (sen)	(13.10)	33.06

(ii) Diluted (loss)/earnings 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)/earnings per share is the same as basic (loss)/earnings per share.

13 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
2015							
Cost / valuation							
At 1 July 2014							
- Cost	-	-	-	-	13,687,992	2,205,109	15,893,101
- Valuation	41,500,000	58,410,000	84,466,897	235,334,376	-	-	419,711,273
	41,500,000	58,410,000	84,466,897	235,334,376	13,687,992	2,205,109	435,604,374
Additions	-	-	-	6,752,057	902,851	2,834,335	10,489,243
Disposals	-	-	-	(58,044)	(1,204,756)	-	(1,262,800)
Disposal of a subsidiary	-	-	-	-	(6,199)	-	(6,199)
Write-offs	-	-	-	(84,038)	(14,553)	-	(98,591)
Revaluation during the financial year	6,000,000	9,978,150	2,280,136	211,245	-	-	18,469,531
Effects of elimination of accumulated depreciation on revaluation	-	(928,150)	(4,251,268)	(11,981,039)	-	-	(17,160,457)
Transfer	-	-	-	3,837,964	-	(3,837,964)	-
At 30 June 2015	47,500,000	67,460,000	82,495,765	234,012,521	13,365,335	1,201,480	446,035,101
Accumulated depreciation							
At 1 July 2014	-	-	-	-	8,180,330	-	8,180,330
Charge for the financial year	-	928,150	4,251,268	12,047,488	922,471	-	18,149,377
Disposals	-	-	-	(51,153)	(715,587)	-	(766,740)
Disposal of a subsidiary	-	-	-	-	(6,199)	-	(6,199)
Write-offs	-	-	-	(15,296)	(12,065)	-	(27,361)
Effects of elimination of accumulated depreciation on revaluation	-	(928,150)	(4,251,268)	(11,981,039)	-	-	(17,160,457)
At 30 June 2015	-	-	-	-	8,368,950	-	8,368,950
Accumulated impairment loss							
At 1 July 2014	-	-	211,796	27,709,122	112,694	-	28,033,612
Charge for the financial year (Note 8)	-	-	28,867	4,358,877	-	-	4,387,744
At 30 June 2015	-	-	240,663	32,067,999	112,694	-	32,421,356
Net book value							
At 30 June 2015	47,500,000	67,460,000	82,255,102	201,944,522	4,883,691	1,201,480	405,244,795
Representing:							
- Cost	-	-	-	-	4,883,691	1,201,480	6,085,171
- Valuation	47,500,000	67,460,000	82,255,102	201,944,522	-	-	399,159,624
	47,500,000	67,460,000	82,255,102	201,944,522	4,883,691	1,201,480	405,244,795

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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
2014								
Cost / valuation								
At 1 July 2013								
- Cost	-	-	-	-	-	13,489,652	594,525	14,084,177
- Valuation	68,051,509	55,960,000	96,079,417	248,585,274	757,490,191	-	-	1,226,166,391
	68,051,509	55,960,000	96,079,417	248,585,274	757,490,191	13,489,652	594,525	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	2,250,000	3,317,771	1,128,588	2,044,337	-	-	-	8,740,696
Effects of elimination of accumulated depreciation on revaluation	-	(867,771)	(9,616,720)	(22,570,535)	-	-	-	(33,055,026)
Currency translation differences	-	-	(307,813)	-	(8,387,501)	(9,020)	-	(8,704,334)
At 30 June 2014	41,500,000	58,410,000	84,466,897	235,334,376	-	13,687,992	2,205,109	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	-	867,771	4,158,546	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	-	(867,771)	(9,616,720)	(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	41,500,000	58,410,000	84,255,101	207,625,254	-	5,394,968	2,205,109	399,390,432
Representing:								
- Cost	-	-	-	-	-	5,394,968	2,205,109	7,600,077
- Valuation	41,500,000	58,410,000	84,255,101	207,625,254	-	-	-	391,790,355
	41,500,000	58,410,000	84,255,101	207,625,254	-	5,394,968	2,205,109	399,390,432

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Building RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Total RM
2015				
Cost/Valuation				
At 1 July 2014				
- Cost	-	-	3,966,572	3,966,572
- Valuation	111,322	1,085,580	-	1,196,902
	111,322	1,085,580	3,966,572	5,163,474
Additions	-	8,860	6,277	15,137
Disposals	-	-	(1,057,204)	(1,057,204)
Revaluation during the financial year	-	23,999	-	23,999
Elimination of accumulated depreciation on revaluation	-	(81,349)	-	(81,349)
Write-off	-	-	(14,390)	(14,390)
At 30 June 2015	111,322	1,037,090	2,901,255	4,049,667
Accumulated depreciation				
At 1 July 2014	-	-	2,334,793	2,334,793
Charge for the financial year	-	81,349	294,963	376,312
Disposals	-	-	(629,758)	(629,758)
Elimination of accumulated depreciation on revaluation	-	(81,349)	-	(81,349)
Write-off	-	-	(11,902)	(11,902)
At 30 June 2015	-	-	1,988,096	1,988,096
Accumulated impairment				
At 1 July 2014	-	34,756	80,595	115,351
Charge for the financial year	-	3,510	-	3,510
At 30 June 2015	-	38,266	80,595	118,861
Net book value				
At 30 June 2015	111,322	998,824	832,564	1,942,710
Representing				
- Cost	-	-	832,564	832,564
- Valuation	111,322	998,824	-	1,110,146
	111,322	998,824	832,564	1,942,710

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13 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	**Building**	**Plant, machinery and electrical installation**	**Motor vehicles, furniture, fittings and equipment**	**Total**
	RM	**RM**	**RM**	**RM**
2014				
Cost/Valuation				
At 1 July 2013				
- Cost	-	-	3,837,160	3,837,160
- Valuation	111,322	1,115,000	-	1,226,322
	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
Representing				
- Cost	-	-	1,551,184	1,551,184
- Valuation	111,322	1,050,824	-	1,162,146
	111,322	1,050,824	1,551,184	2,713,330

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(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 were revalued in June 2015 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. Please refer to Note 13(iv) for the details of fair value measurements using significant unobservable input (level 3).

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 as its recoverable amount given that MSM has suspended its production since 2009. Based on the valuation report dated 22 July 2015, the scrap value for the plant and equipment is RM1.2 million. As a result of the revaluation, the Group has recorded an impairment of RM0.9 million as at the reporting date.

The revaluation surplus amounting to RM18,469,531 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 RM4,387,744 was taken up as impairment loss in profit or loss.

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Freehold land	14,189,742	14,189,742	-	-
Leasehold land	3,427,440	3,483,449	-	-
Buildings	51,864,404	53,609,742	111,322	111,322
Plant, machinery and electrical installation	148,866,080	156,147,945	24,144	33,902
	218,347,666	227,430,878	135,466	145,224

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 buildings - open market basis by reference to observable prices in an active market or recent market transactions on arm's length terms (Level 2).
- 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 (Level 3).

(ii) Assets acquired under hire-purchase arrangements

During the financial year, certain motor vehicles, plant and machinery in the Group and the Company amounting to RM366,421 and RM324,400 respectively were acquired by means of hire-purchase. As at 30 June 2015, the net book value of the assets under hire purchase arrangements in the Group and the Company are RM2,072,081 (2014: RM2,255,987) and RM404,148 (2014: RM441,802) respectively.

(iii) Assets pledged as securities

Freehold land, buildings, plant, machinery, electrical installation of subsidiaries with a net book value of RM319.5 million (2014: RM275.6 million) are pledged as securities for certain banking facilities granted to the Group. Refer Note 25 to the financial statements for further details.

13 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Plant, machinery and electrical installation	
	2015 RM	2014 RM
Opening balance	207,625,254	227,859,483
Additions	6,752,057	7,810,035
Disposals	(58,044)	(473,050)
Write-offs	(84,038)	(61,685)
Revaluation during the financial year	211,245	2,044,337
Impairment change for the financial year	(4,358,877)	(6,983,331)
Effects of elimination of accumulated depreciation on revaluation	(11,981,039)	(22,570,535)
Transfer from construction work-in-progress	3,837,964	-
Closing balance	201,944,522	207,625,254

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 2015 RM	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Plant, machinery and electrical installation	201,944,522	Depreciated replacement cost method	Useful life	10 years – 38 years (24)	The longer the useful life, the higher the fair value

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 RM12.0 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 RM12.0 million.

14 INVESTMENT PROPERTIES

	Company	
	2015 RM	2014 RM
Leasehold land and buildings		
At 1 July	73,800,000	72,550,000
Fair value gain during the financial year (Note 8)	7,150,000	1,250,000
At 30 June	80,950,000	73,800,000

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 the financial year. The fair values of the properties have been determined by C H Williams Talhar & Wong Sdn Bhd.

The Company has certain investment properties valued at RM57.2 million and a cash deposit of RM9.0 million (2014: RM52.4 million and RM8.8 million) pledged for a Standby Letter of Credit (SBLC) facility of THB384.8 million for the benefit of a former subsidiary (Siam Power) in relation to a performance guarantee (See Note 29).

Direct operating expenses attributable to the rental income generated from investment properties at Company level are RM758,461 (2014: RM779,024).

15 INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Investment in subsidiaries at cost:		
- Quoted shares [(a)]	77,376,643	47,058,461
- Unquoted shares [(b)]	82,195,025	172,195,025
	159,571,668	219,253,486
Less: Accumulated impairment losses [(b)]	(79,602,498)	(93,619,951)
	79,969,170	125,633,535
Market value of quoted shares	57,584,313	37,051,811

The movements of investments in subsidiaries are as follows:

	Company	
	2015 RM	2014 RM
Carrying investment value as at 1 July	125,633,535	155,767,955
Add: Capitalisation of intercompany balance into new shares in a subsidiary	-	30,000,000
Add: 104,545,455 new ordinary shares issued by the listed subsidiary and fair valued at 29 sen/share [(a)] (also see Note 30)	30,318,182	-
Less: De-recognition of carrying investment value of the unquoted steel tube subsidiary [(b)]	(75,000,000)	-
Less: Impairment losses [(c)] (also see Note 8)	(982,547)	(60,134,420)
Carrying investment value as at 30 June	79,969,170	125,633,535

[(a)] Increased investment in quoted shares by RM30.3 million arose from new shares issued to the Company by a quoted subsidiary as partial consideration for the injection of the unquoted steel tube subsidiary into the said quoted subsidiary.

[(b)] Reduction of investment in the unquoted shares by RM90 million arose from the de-recognition of the net carrying investment value of the steel tube subsidiary of RM75million (i.e. net of accumulated impairment loss of RM15 million) which was injected into the quoted subsidiary during the current financial year.

[(c)] For the current financial year, the carrying investment value in an unquoted subsidiary of RM982,547 was fully impaired.

The details of the subsidiaries are as follows:

		Group's effective interest	
Name	**Principal activities**	**2015 %**	**2014 %**
Mycron Steel Berhad ("MSB")[(1)]	Investment holding and provision of management services to subsidiaries	71.5	54.8
Melewar Steel Services Sdn Bhd[(1)]	Property investment	100.0	100.0
Melewar Steel Assets Sdn Bhd[(1)]	Investment holding	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

15 INVESTMENTS IN SUBSIDIARIES (continued)

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

Name	Principal activities	Group's effective interest 2015 %	2014 %
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
Subsidiaries of MSB			
Mycron Steel CRC Sdn Bhd[1]	Manufacturing and trading of cold rolled steel sheets in coils	71.5	54.8
Melewar Steel Tube Sdn Bhd[1]	Manufacturing of steel pipes and provision of engineering services	71.5	100.0
Subsidiaries of MSCRC			
Silver Victory Sdn Bhd[1]	Dormant	71.5	54.8
Subsidiary of MSM			
Melewar Mycrosmelt Technology Ltd[2]	Smelting / billet making technology owner	85.0	85.0
Subsidiary of MSE			
M-Power TT Ltd[1][3]	Project management	-	100.0
Subsidiaries of MITL			
Ausgard Quick Assembly Systems Sdn Bhd [1]	Manufacturing and supplying of quick assembly homes	100.0	100.0
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] During the financial year 2015, MSE disposed the entire equity interest in M-Power TT Ltd to Mperial Power Ltd, and has since been reclassified to investment in associate by the Group

(i) The details of significant subsidiaries for which an impairment assessment was performed

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

Investment in MSB is further increased by 16.72% to an effective holding of 71.52%, pursuant to a related party reorganisation which involved the injection of the entire equity interest in Melewar Steel Tube Sdn Bhd ("MST") into the latter on 1 April 2015. See Note 30.

The cost of investment amounting to RM 77.3 million was assessed for impairment as the market share price of MSB (closing at 28.5 sen/share) was lower than the carrying amount of the cost of investment in MSB (averaging at 38.3 sen/share) as at 30 June 2015.

The recoverable amount is determined using fair value less cost to sell (FVLCS).

As the FVLCS was higher than the carrying amount, no impairment loss is recognised.

There is no reasonable change in the assumptions used that will result in the recoverable amounts being lower than the carrying amount.

15 **INVESTMENTS IN SUBSIDIARIES** (continued)

(i) The details of significant subsidiaries for which an impairment assessment was performed (continued)

(b) Investment in Melewar Integrated Engineering Sdn Bhd ("MIE")

The cost of investment amounting to RM1.9 million is assessed for impairment as MIE is in a net current liabilities position as at 30 June 2015 and incurred a loss of RM2.1 million for the financial year ended 30 June 2015.

The recoverable amount of the Company's investment in MIE is determined by the value-in-use ("VIU").

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

- A 12 month cash flow projection relating to engineering projects;

- Gross profit margins on management approved budgets

There is no change in the assumptions used that will resort in the recoverable amount being lower than the carrying amount.

(ii) Information relating to subsidiary with a material non-controlling interest

The summarised financial information of MSB Group, are as follows:

	MSB Group	
	2015	**2014**
	RM	**RM**
Statements of Financial Position		
Current assets	247,651,128	152,737,661
Non-current assets	339,889,851	275,651,750
Current liabilities	(259,463,416)	(165,969,888)
Non-current liabilities	(22,214,831)	(4,517,419)
Net assets	305,862,732	257,902,104
Statements of Comprehensive Income		
Revenue for the financial year	518,341,813	447,956,296
Net profit/(loss) for the financial year	11,683,170	(9,228,326)
Total comprehensive income/(loss)	17,642,446	(6,110,159)
Net profit/(loss) for financial year attributable to non-controlling interests of the Group	3,327,262	(4,172,093)
Total comprehensive income/(loss) attributable to non-controlling interests of the Group	5,024,410	(2,762,381)
Statements of Cash Flows		
Net cash inflows from operating activities	11,574,934	33,088,217
Net cash inflows/(outflows) from investing activities	12,678,304	(9,170,453)
Net cash outflows from financing activities	(3,211,039)	(31,642,041)
Net change in cash and cash equivalents	21,042,199	(7,724,277)

(iii) Investment in M-Power TT Ltd ("M-Power")

M-Power was a wholly owned subsidiary of the Group held under Melewar Steel Engineering Sdn Bhd ("MSE") until it was disposed to Mperial Power Ltd on 30 April 2015 for RM2 resulting in a loss of disposal of RM10,477 at the Group level.

M-Power was set-up to undertake project management activities relating to the power business back in 2008, and has been inactive since 2011. Prior to the disposal of M-Power to Mperial Power Ltd, the following receivables in M-Power were novated and assigned to MSE in a debt restructuring exercise that would facilitate future flow of funds back to the Group arising from Mperial's future divestiture of its power business (see Note 16):

- Net debts of around RM30.6 million owing by Siam Power to become owing by Mperial
- Net debts of around RM4.5 million owing by an external debtor for construction financing in 2009

With effect from 1 May 2015, M-Power is part of the Group's associate holding.

16 (a) INVESTMENT IN ASSOCIATE

(i) Set out below is the investment in associate as at 30th June 2015, which the carrying investment value has been fully depleted against its share of the associates' losses since end-September 2014. The associate is held directly by Melewar Steel Engineering Sdn Bhd ("MSE"), 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 Accounting

(i) Mperial Power Ltd is a private company and there is no quoted market price available for its shares.

(ii) Mperial Power Ltd was a subsidiary of the Group until 30 April 2014 (financial year ended 30 June 2014), and thereafter an associate.

(iii) 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"), Siam Power Phase 3 Company Ltd ("Siam Power 3"), and M-Power TT Ltd ("M-Power") - hereinafter referred to as the 'Power Group' or 'Mperial Group' interchangeably.

(iv) 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.

(v) Siam Power 2 is currently a dormant company which has been awarded a contract to supply 90MW of power to the Electricity Generating Authority of Thailand (EGAT) commencing from 1 June 2018. Siam Power 2 is to undertake the development, construction, and operation of a new dedicated power plant – adjacent to the existing power plant ("Phase 2").

(vi) Siam Power 3 is a dormant company.

(vii) There are no contingent liabilities relating to the Group's interest in the associate other than certain pledged assets pending upliftment as disclosed in Note 16(a)(iii).

(ii) Since the Group's carrying investment in the associate has been fully depleted, subsequent losses by the associate is not recognised but is recorded for future set-off against any share of profits that exceed the unrecognised losses. Details of the Group's unrecognised share of the Power Associate losses for the current financial year 2015 amounting to RM84.8 million are as follows:

<u>Investment in the Power Associate</u>

	Group	
	2015 RM'000	2014 RM'000
Carrying value at 1 July/date of investment	22,541	34,529
Share of net loss	(92,953)	(13,260)
Share of other comprehensive loss	(14,432)	1,272
Carrying value at 30 June	-	22,541
Unrecognised share of losses at 30 June	(84,844)	-

(iii) The associate's key asset is the 160MW steam power plant in Thailand held under Siam Power (with a deficit in equity or net liability position of THB3.9 billion (RM428.4 million) largely due to accumulated bank liabilities and operational losses); and the 'power development and supply rights' held by Siam Power 2 (see Note 16 (a)(i)(v) and Note 20(i)). To address the loan defaults under Siam Power, the power associate is working towards divesting its power business/assets in conjunction with a debt restructuring involving the affected banks.

In this regard, Mperial was in discussion with potential counter-parties over the current financial year leading towards a signed Memorandum of Understanding (MOU) with a counter-party on 30 June 2015 that paved way for an exclusive due diligence review and debt restructuring negotiation with the banks. The indicative pricing and terms with the banks encompass certain non-bank settlements which include the debts owing to the Group and upliftment of securities (see Note 16(b) and Note 29)

16 (a) INVESTMENT IN ASSOCIATE (continued)

(iii) Set out below are the consolidated financial summary for Mperial Group which are accounted for using the equity method:

	Mperial Group	
	Financial year ending 30 June 2015 RM'000	Financial period from 1 May 2014 to 30 June 2014 RM'000
Summarised Statement of Comprehensive Income		
Revenue	133,474	33,367
Loss before tax	(189,700)	(27,061)
Net loss for the year	(189,700)	(27,061)
Total comprehensive loss	(219,153)	(24,465)

	2015 RM'000	2014 RM'000
Summarised Statement of Financial Position		
Non-current assets with provision	878,031	838,707
Current assets	87,825	88,867
Current liabilities	(1,136,911)	(879,741)
Non-current liabilities	(2,096)	(1,831)
Net (liabilities)/assets	(173,151)	46,002

(b) AMOUNT OWING BY AN ASSOCIATE

The gross amount of RM58.15 million owing by the power associate (i.e. Siam Power) to the Group (i.e. M-Power) at the close of the last financial year ended 30 June 2014 continues to be owing by the power associate (i.e. Mperial) to the Group (i.e. MSE and MIG) at the close of the current financial year ended 30 June 2015. Mperial's on-going divestiture terms cover the settlement of the aforementioned net impaired amount of around RM33.4 million owing to the Group (i.e. MIG and MSE).

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 since the reporting period ended 2014. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred tax assets	2,795,371	3,089,482	-	-
Deferred tax liabilities	(30,878,276)	(29,953,326)	(17,588,728)	(16,490,117)
	(28,082,905)	(26,863,844)	(17,588,728)	(16,490,117)
At 1 July	(26,863,844)	(33,578,867)	(16,490,117)	(16,055,565)
Credited/(charged) to the profit or loss (Note 11):				
- property, plant and equipment	3,630,275	8,166,730	64,959	(1,866)
- investment properties	-	-	(1,158,484)	(420,259)
- unutilised reinvestment allowance	(795,698)	-	-	-
- unutilised tax losses	(602,922)	187,255	-	-
- other payables and accruals	24,187	(16,288)	-	-
	2,255,842	8,337,697	(1,093,525)	(422,125)
Debited to asset revaluation reserve:				
- property, plant and equipment	(3,474,903)	(1,622,674)	(5,086)	(12,427)
	(3,474,903)	(1,622,674)	(5,086)	(12,427)
	(1,219,061)	6,715,023	(1,098,611)	(434,552)
At 30 June	(28,082,905)	(26,863,844)	(17,588,728)	(16,490,117)
Subject to income tax:				
Deferred tax assets (before offsetting):				
- unutilised reinvestment allowance	19,096,762	19,892,460	-	-
- unutilised tax losses	8,907,358	9,510,280	-	-
- other payables and accruals	32,837	8,650	-	-
	28,036,957	29,411,390	-	-
Offsetting	(25,241,586)	(26,321,908)	-	-
Deferred tax assets (after offsetting)	2,795,371	3,089,482	-	-
Deferred tax liabilities (before offsetting):				
- property, plant and equipment	(54,454,349)	(56,275,234)	(233,537)	(293,410)
- investment properties	-	-	(17,355,191)	(16,196,707)
	(54,454,349)	(56,275,234)	(17,588,728)	(16,490,117)
Offsetting	25,241,586	26,321,908	-	-
Subject to real property gain tax				
Deferred tax liabilities:				
- freehold land	(1,665,513)	-	-	-
Deferred tax liabilities (after offsetting)	(30,878,276)	(29,953,326)	(17,588,728)	(16,490,117)

The amount of unutilised tax losses not recognised (with no expiry dates) for which no deferred tax assets is recognised in the statements of financial position are as follows:

	Group	
	2015 RM	2014 RM
Unutilised tax losses	2,618,585	1,072,650
Unutilised capital allowances	11,738,402	11,486,781

18 DISCONTINUED OPERATIONS

(i) At Group Level

There is no discontinued operation affecting the Group for the current financial year ended 30 June 2015.

For the preceding financial year ended 2014, the Group disposed 51% controlling equity stake in its once wholly owned subsidiary Mperial Power Ltd ("Mperial") that led to the de-consolidation from the Group with the balance 49% investment accounted as an investment-in-associate with effect from 1 May 2014.

As such, Mperial Group's financial results for initial 10 months of the preceding 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' was also reported under the same header as a separate single line item.

Summary of preceding financial year's profit/(loss) contribution from the Discontinued Operations: Mperial Group

	10 Months from 1/7/2013 to date of disposal 30/4/2014 RM'000
Revenue	143,956
Gross loss	(37,143)
Net operating expenditures	(6,580)
Net interest expense	(92,144)
Loss for the financial period from discontinued operations	(135,867)
Gain on disposal of Mperial as a subsidiary (see note below)	225,560
Profit after tax from discontinued operations	89,693

Note: Gain on disposal is analysed as follows:

	At the date of disposal RM
Proceed from disposal of shares (at exchange rate of USD1 : RM3.2671)	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: (continued)

Summary of preceding financial year's 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 2014 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 2015.

'Revenue' was 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 was recognised in the 'Revenue' for the preceding reporting period.

Preceding financial year's 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
Profit before tax	89,693
Adjustments	(114,806)
Operating loss before changes in working capital	(25,113)
Changes in working capital	(97,747)
Net cash used in operating activities	(122,860)
Net cash generated from investing activities	19
Net cash generated from financing activities	124,614
Net change in cash and cash equivalents	1,773

18 DISCONTINUED OPERATIONS (continued)

(ii) At Company Level

There is no incident of discontinued operation affecting the Company for the current financial year ended 2015.

For the preceding financial year ended 2014, the Company disposed its steel tube distribution business to its wholly owned subsidiary Melewar Steel Tube Sdn Bhd ("MST").

Arising from the disposal, the financial results attributed to the steel tube distribution business for the initial 5 months up to the point of the cut-off date 30 November 2013 was reported in the Company's Statement of Profit and Loss for the financial year ended 2014 as a single-line item as 'Profit attributed to discontinued operations'.

Preceding financial year's Income Statement Summary of the Discontinued Operations: Steel Tube Distribution Business

	5 Months from 1/7/2013 to Date of Disposal Cut-Off 30/11/2013 RM'000
Revenue	99,361
Gross profit	6,688
Net operating expenditures	(711)
Net interest expense	(517)
Profit before tax	5,460
Tax	(1,365)
Net profit for the financial year from discontinued operations	4,095

The disposal of the pipe distribution business had no impact to the Group's consolidated results for the preceding financial year.

19 INVENTORIES

	Group	
	2015 RM	**2014 RM**
Raw materials	49,340,757	58,844,362
Work-in-progress	2,827,370	6,934,859
Finished goods	34,971,627	39,214,543
Consumables	2,119,863	2,354,665
	89,259,617	107,348,429

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-current				
Construction financing	-	21,632,670	-	-
Less: Accumulated impairment losses	-	(16,968,750)	-	-
Total non-current trade and other receivables	-	4,663,920	-	-
Current				
Trade receivables	100,326,695	78,665,816	-	-
Less: Accumulated impairment losses	(411,024)	(3,597,766)	-	-
	99,915,671	75,068,050	-	-
Other receivables	34,950,938	12,923,693	939,789	47,216
Less: Accumulated impairment losses	(26,115,867)	(10,600,114)	-	-
	8,835,071	2,323,579	939,789	47,216
Deposits	336,004	558,235	103,478	101,377
Prepayments	2,584,007	2,883,620	101,537	130,430
	2,920,011	3,441,855	205,015	231,807
Total current trade and other receivables	111,670,753	80,833,484	1,144,804	279,023

(i) Construction financing

As at 30 June 2015, the construction financing at the net impaired sum of RM4.6 million is expected to be recovered in the next financial year through settlement from proceeds of the proposed disposal of the Power Associate's subsidiaries (see Note 16(a)(iii)).

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 and to a lesser extent export sales in SGD. See Note 4(e). 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 recognised in the Statement of Financial Position as either current financial assets or liabilities.

	Group			
	2015		2014	
	Assets RM	Liabilities RM	Assets RM	Liabilities RM
Forward foreign currency exchange contract – fair value through profit and loss	306,411	(40,650)	4,000	(310,953)
Forward foreign currency exchange contract – fair value hedge	1,764,818	-	-	(474,994)
	2,071,229	(40,650)	4,000	(785,947)

21 DERIVATIVES (continued)

Details on the Group's unrealised currency derivatives are outlined below:

(i) Derivatives designated and fair value hedge accounted as at 30 June 2015

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 2015	9,440,000	3.6977	809,080	-
August 2015	3,442,300	3.7401	212,063	-
September 2015	3,050,000	3.6921	330,570	-
October 2015	1,480,000	3.6760	193,880	-
November 2015	3,700,000	3.7554	219,225	-
Total	21,112,300		1,764,818	-

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 2015	9,440,000	3.6977	-	(809,080)
August 2015	3,442,300	3.7401	-	(212,063)
September 2015	3,050,000	3.6921	-	(330,570)
October 2015	1,480,000	3.6760	-	(193,880)
November 2015	3,700,000	3.7554	-	(219,225)
Total	21,112,300		-	(1,764,818)

Fair value gain from the hedging instruments of RM1.7 million and the corresponding fair value loss from the hedged item of RM1.7 million are taken-up in the statement of profit or loss.

The designated hedges are within the 85% to 120% effective range using the "dollar off-set" method.

Details on the Group's unrealised currency derivatives are outlined below:

(ii) 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	-

21 DERIVATIVES (continued)

(iii) Derivatives not designated and not hedge accounted

As at 30 June 2015

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 2015	4,172,386	3.7112	300,279	-
August 2015	49,373	3.6850	5,184	-
September 2015	8,491	3.6835	948	-
Total	4,230,250		306,411	-

Maturity period of contract	Notional value short SGD	Average contracted rate SGD/RM	Fair value Financial assets RM	Fair value Financial liabilities RM
July 2015	150,000	2.7058	-	(14,235)
August 2015	125,000	2.7127	-	(11,553)
September 2015	125,000	2.7140	-	(12,025)
October 2015	50,000	2.7570	-	(2,837)
Total	450,000		-	(40,650)

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	-

These derivatives are not hedge accounted primarily due to the late inception of these hedging instruments which give rise to mismatch between the hedge items' basis FX-rate and the contracted forward FX-rate - which would not yield the required hedge-effectiveness threshold. The late inception of FX Forward is mostly attributed to uncertainties in the maturity period or excessively long maturity periods of the underlying hedging needs, or unattractive forward spreads associated with the hedging instruments.

Besides the abovementioned unrealised marked-to-market position of the currency derivatives as at the close of the financial year, the Group has recorded a total realised net gain of around RM4.4 million from its FX Forward Contracts incepted for hedging purposes over the current financial year (2014: loss RM1.1 million).

22 AMOUNT OWING BY/(TO) SUBSIDIARIES

The amount owing by/(to) subsidiaries are generally unsecured and interest free. Inter-company balances which are trade in nature are subject to credit terms between 30 to 90 days (2014: 30 to 90 days) whilst, non-trade transactions are repayable upon demand.

	Company	
	2015 RM	2014 RM
Amounts owing by subsidiaries [a]:		
Non-trade	23,026,741	136,741,368
	23,026,741	136,741,368
Less: Accumulated impairment losses (Note 4(c)(iii))	(22,520,011)	(136,112,662)
	506,730	628,706
Amounts owing to subsidiaries [b]:		
Trade	-	(24,687,219)
Non-trade [c]	(4,468,546)	(9,015,478)
	(4,468,546)	(33,702,697)

[a] On the 'amounts owing by subsidiaries', a portion that was impaired in prior financial years was written-off or waived in the current financial year. As such, there is a corresponding decline in both the gross non-trade owing by subsidiaries and the accumulated impairment in the current financial year compared to the preceding financial year.

[b] On the 'amounts owing to subsidiaries' relating to trade, no new amount was incurred in the current financial year since the Company disposed its steel tube distribution business in 2014, whilst RM24 million of the carried forward amount from 2014 was novated to Mycron Steel Bhd as part of the consideration for the injection of the steel tube subsidiary into the latter in 2015. (See Note 30).Non-trade amounts owing to subsidiaries generally relate to centralized fund management, prepayments, and reimbursement charges.

[c] On the 'amounts owing to subsidiaries' relating to non-trade, part of the reduction for the current financial year is attributed to a debt waiver given by Melewar Steel Assets of RM1.28 million relating to a balance outstanding since 2011. This waiver received is recorded as a gain in the Company's Statement of Profit or Loss for the financial year ended 30 June 2015.

23 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deposits with licensed financial institutions	24,397,197	27,841,462	9,035,459	8,930,030
Cash and bank balances	29,689,569	14,916,156	545,226	8,063,910
	54,086,766	42,757,618	9,580,685	16,993,940
Less: Restricted cash	(9,035,459)	(8,768,034)	(9,035,459)	(8,768,034)
	45,051,307	33,989,584	545,226	8,225,906

At the reporting date, "restricted cash" comprises of a bank deposit placement pledged as security since financial year 2011 for the issuance of a performance bond or bank guarantee on behalf of an associate. See Note 16 (a)(iii) and Note 29.

The weighted average placement interest rates that are effective at the reporting date are as follows:

	Group		Company	
	2015 % per annum	2014 % per annum	2015 % per annum	2014 % per annum
Deposits with licensed financial institutions	2.87	2.88	3.25	3.10
Cash at bank balances	1.96	1.57	1.75	-

Unrestricted deposits with licensed financial institutions have an average maturity period of 4 days (2014: 7 days).

24 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current				
Trade payables	80,174,919	49,524,917	-	-
Other payables	13,242,575	7,229,964	2,603,662	8,628,868
Accruals	9,883,163	8,727,019	327,747	241,011
Prepayments received from customers	1,060,304	340,000	-	-
Deposits received	-	-	817,500	817,500
Total	104,360,961	65,821,900	3,748,909	9,687,379

Trade payables include interest bearing suppliers' credit relating to the steel businesses amounting to RM79.4 million (2014: RM45.9 million). These credit facilities have interest bearing credit periods up to 150 days (2014: 150 days).

The remaining trade and other payables are generally interest free and within accorded interest free credit periods ranging between 7 to 90 days (2014: 7 to 90 days).

The trade payables include the amount due to/(from) customers of RM4.4 million (2014: (RM0.4 million)) which are derived from construction contracts.

25 BORROWINGS

The Company does not have any outstanding borrowings from financial institutions other than hire-purchase creditors. The Group's borrowings are mainly incepted by its Cold Rolled and the Steel Tube subsidiaries respectively with secured debentures.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current				
Bankers' acceptance	152,921,451	160,344,602	-	-
Revolving credits	10,000,000	17,500,000	-	-
Hire-purchase creditors	363,883	666,469	106,575	146,344
Term loans	3,562,000	5,367,905	-	-
	166,847,334	183,878,976	106,575	146,344
Non-current				
Hire-purchase creditors	203,643	349,697	25,775	132,350
Term loans	19,643,657	10,327,281	-	-
	19,847,300	10,676,978	25,775	132,350
Total				
Bankers' acceptance	152,921,451	160,344,602	-	-
Revolving credits	10,000,000	17,500,000	-	-
Hire-purchase creditors	567,526	1,016,166	132,350	278,694
Term loans	23,205,657	15,695,186	-	-
	186,694,634	194,555,954	132,350	278,694

25 BORROWINGS (continued)

Contractual terms of borrowings

	Contractual interest rate at reporting date (per annum)	Functional currency / currency exposure	Total carrying amount RM	Maturity profile < 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	>5 years RM
Group									
At 30 June 2015									
Unsecured									
- Revolving term loan	8.00%	RM	7,691,576	-	7,691,576	-	-	-	-
- Term loan	6.00%	RM	2,202,081	-	-	2,202,081	-	-	-
Secured									
- Bankers' acceptance (1)	5.45% - 5.60%	RM	103,100,000	103,100,000	-	-	-	-	-
- Bankers' acceptance (1)	5.24% - 7.44%	RM	49,821,451	49,821,451	-	-	-	-	-
- Revolving credits (1)	5.75%	RM	10,000,000	10,000,000	-	-	-	-	-
- Hire-purchase creditors	0.21% - 4.99%	RM	567,526	363,883	159,346	44,297	-	-	-
- Term loan (1)	6.25%	RM	12,750,000	3,000,000	3,000,000	3,000,000	3,000,000	750,000	-
- Term loan (2)	8.80%	RM	562,000	562,000	-	-	-	-	-
			186,694,634	166,847,334	10,850,922	5,246,378	3,000,000	750,000	-
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)	4.81%	RM / EURO	3,236,934	3,236,934	-	-	-	-	-
- Term loans (2)	8.30%	RM	2,692,524	2,130,971	561,553	-	-	-	-
			194,555,954	183,878,976	10,617,887	59,091	-	-	-

25 BORROWINGS (continued)

Contractual terms of borrowings (continued)

	2015 Functional currency/ currency exposure	2015 Total carrying amount RM	2014 Functional currency/ currency exposure	2014 Total carrying amount RM
Group				
Unsecured	RM	9,893,657	RM	78,510,330
Secured	RM	176,800,977	RM	112,808,690
	RM/EUR	-	RM/EUR	3,236,934
		186,694,634		194,555,954

(1) The securities provided under the Cold Rolled's debenture cover fixed charge over its land, building and equipment, and floating charge over most of its current assets. The securities provided under the Steel Tube's debenture cover fixed charge over its plant and equipment, and floating charge over most of its current assets (Note 13 (iii)).

(2) Secured by way of a debenture with fixed charge on the billet plant and machinery.

	Contractual interest rate at reporting date (per annum)	Functional currency / currency exposure	Total carrying amount RM	Maturity profile < 1 year RM	Maturity profile 1-2 years RM	Maturity profile 2-3 years RM
Company						
At 30 June 2015						
Secured						
- Hire-purchase creditors	2.98% - 3.05%	RM	132,350	106,575	25,775	-
			132,350	106,575	25,775	-
At 30 June 2014						
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

Status of the Group's and the Company's compliance of the banks' covenants in relation to the borrowings are detailed in Note 4(a) and (b).

25 BORROWINGS (continued)

At Amortised Cost

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			
	2015 Carrying amount RM	2015 Fair value RM	2014 Carrying amount RM	2014 Fair value RM
Revolving term loan	7,691,576	7,714,904	7,691,576	7,714,855
Term loan	2,202,081	2,019,730	5,345,685	5,218,540
Hire-purchase creditors	203,643	192,933	349,697	330,141

The weighted average interest rates of borrowings at the reporting date are as follows:

	Group		Company	
	2015 % per annum	2014 % per annum	2015 % per annum	2014 % per annum
Bankers' acceptance	5.89	5.58	-	-
Revolving credits	5.75	4.64	-	-
Hire-purchase creditors	3.21	3.26	3.00	3.02
Term loans	6.96	7.30	-	-

The details of the hire-purchase creditors at the reporting date are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Not later than 1 year	394,531	738,938	112,092	160,632
Later than 1 year and not later than 2 years	168,886	315,646	26,480	112,092
Later than 2 years	47,504	62,236	-	26,480
	610,921	1,116,820	138,572	299,204
Less: Future finance charges	(43,395)	(100,654)	(6,222)	(20,510)
Present value	567,526	1,016,166	132,350	278,694
Analysed as:				
Current	363,883	666,469	106,575	146,344
Non-current	203,643	349,697	25,775	132,350
Present value	567,526	1,016,166	132,350	278,694

26 SHARE CAPITAL

	Group/Company			
	30 June 2015		30 June 2014	
	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 2014, 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 (2014: 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' Yaacob Khyra, 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
- 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	2015 RM	2014 RM
Group			
Non-trade related – paid / payable			
Trace Management Services Sdn Bhd	Corporate secretarial services	384,274	433,099
MAA Takaful Berhad	Insurance	1,904,375	2,036,279
MAA Corporation Sdn Bhd	Rental and utilities	93,239	81,997

Entity	Type of transaction	2015 RM	2014 RM
Company			
Trade related – received / receivable			
Melewar Steel Tube Sdn Bhd	Purchases of pipes	-	92,673,423
	Rental income	4,424,310	3,989,400
	Marketing fee income	-	978,210
	Management fee income	900,000	600,000
Mycron Steel CRC Sdn Bhd	Sale of pipes	-	9,104
	Management fees income	1,236,000	588,000
Ausgard Quick Assembly Systems Sdn Bhd	Sale of pipes	-	9,799

The related party transactions with Melewar Steel Tube Sdn Bhd for the preceding financial period is up to the date of business disposal to the latter on 31 March 2014.

Entity	Type of transaction	2015 RM	2014 RM
Trade related – paid / payable			
Trace Management Services Sdn Bhd	Corporate secretarial services	192,644	230,649
MAA Takaful Berhad	Insurance	260,015	373,103
MAA Corporation Sdn Bhd	Rental and utilities	93,239	81,997
Non-trade related – received / receivable			
Mycron Steel CRC Sdn Bhd	Advances (repaid) / given	(148,170)	(109,691)
	Staff costs	-	588,000
Melewar Steel Services Sdn Bhd	Advances (repaid) / given	(5,804,148)	59,034
Melewar Steel Assets Sdn Bhd	Advances (waived) / given	(1,299,329)	5,500
Melewar Intergrated Engineering Sdn Bhd	Advances (repaid) / given	(59,468)	164,597
Melewar Steel Engineering Sdn Bhd	Advances (waived & repaid)	-	(23,183,474)*[1]
Mperial Power Ltd	Advances (waived) / given	1,949,850	(82,720,530)*[1]
M-Power TT Ltd	Advances (waived) / given	-	(113,535,380)*[1]

Footnote*[1] :

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 in April 2014.

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 SEGMENTAL ANALYSIS

The Group's segmental analysis covers the discontinued operations in the preceding financial year (1July 2013 to 30 April 2014).

Current Reportable Segments

(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.

Discontinued Segment

(a) The power segment is in the business of power and steam generation in Thailand. This was discontinued as a segment in financial year 2014, and has been reported as an associate since.

'Others segment' comprise companies providing engineering and technical consultancy services, 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.

Continuing operations:

	Steel tube RM	Cold rolled RM	Investment holding RM	Others RM	Total RM
2015					
Revenue					
Total revenue	218,824,750	467,052,529	-	16,744,946	702,622,225
Inter segment	(1,357,769)	(33,082,055)	-	(134,304)	(34,574,128)
External revenue	217,466,981	433,970,474	-	16,610,642	668,048,097
Segment results					
Profit/(Loss) from operations	8,777,842	4,836,986	(12,866,738)	(3,413,966)	(2,665,876)
Finance income	209,415	326,433	2,441,905	10,153	2,987,906
Finance costs	(4,318,074)	(9,442,843)	(1,124,115)	(151,277)	(15,036,309)
Share of associate's results	-	-	(21,253,127)	-	(21,253,127)
Profit/(Loss) before tax	4,669,183	(4,279,424)	(32,802,075)	(3,555,090)	(35,967,406)
Tax	414,279	1,241,035	419,419	(292,032)	1,782,701
Net profit/(loss) after tax	5,083,462	(3,038,389)	(32,382,656)	(3,847,122)	(34,184,705)
Segment assets	**122,734,543**	**420,399,426**	**114,353,792**	**2,774,170**	**660,261,931**
Other information					
Depreciation of property, plant and equipment	2,975,848	11,039,509	3,747,584	386,436	18,149,377
Impairment losses:					
- property, plant and equipment	419,847	3,043,470	32,377	892,050	4,387,744
- inventories	-	-	-	75,044	75,044
Additions of property, plant and equipment	2,109,642	8,310,146	15,137	54,318	10,489,243

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(continued)

28 SEGMENTAL ANALYSIS (continued)

Continuing operations:

	Steel tube 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	6,522,418	(1,335,394)	(6,328,572)	307,524	(834,024)
Finance income	506,316	464,830	1,428,949	4,238	2,404,333
Finance costs	(3,922,246)	(9,957,621)	(914,671)	(321,173)	(15,115,711)
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)	(19,052,322)	(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

28 SEGMENTAL ANALYSIS (continued)

	Steel tube RM	Cold rolled 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

	Power generation RM	Investment holding RM	Total RM
Other information			
Continuing operations:			
Depreciation of property, plant and equipment	27,225,731	3,409	27,229,140
Investment in associate	22,541,069	-	22,541,069

A reconciliation of the segment assets to the total assets is as follows:

	2015 RM	2014 RM
Segment assets	660,261,931	634,993,883
Associate	-	22,541,069
Amount owing by an associate	33,417,071	29,316,574
Derivatives	2,071,229	4,000
Deferred tax assets	2,795,371	3,089,482
Tax recoverable	1,026,202	214,367
	699,571,804	690,159,375

Geographical information

The geographical segment information is as set out below:

	Malaysia RM
Continuing operations:	
2015	
Segment revenue	668,048,907
Segment results	(35,967,406)
Segment assets	660,261,931
2014	
Segment revenue	664,553,582
Segment results	(26,805,421)
Segment assets	634,993,883

28 SEGMENTAL ANALYSIS (continued)

Geographical information (continued)

The geographical segment information relating to the preceding financial year is as set out below:

	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

Information about major customers

Two major customers from both the cold rolled segment and the steel tube segment contributed a total amount of RM161.2 million, which is about 24% of total revenue (Cold Rolled segment: RM106.8 million and Steel Tube segment: RM54.4 million, respectively).

29 LITIGATION, COMMITMENTS AND CONTINGENT LIABILITIES

At the Group level:

(i) A subsidiary had in 2005 acquired a 20% associate stake in a galvanised steel producer for RM17 million from the controlling stake vendor with specific performance guarantee. 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 is fully impaired.

The case was litigated from mid-2010 until the final appeal outcome on 12 February 2015 in favour of the subsidiary on the RM17 million claimed together with interest (at 6% p.a.) and cost (RM70,000) against the Defendant/Respondent. The subsidiary is now seeking to enforce the legal award, but the probability of monetary recovery remains uncertain, no reversal of impairment has been recognised.

(ii) There are no material capital expenditures approved but not contracted for at the close of the current financial year.

(iii) The Group is not aware of any circumstances or developments giving rise to contingent liabilities or assets warranting disclosure. The Group is not aware of any short-term operating leases susceptible to cancellation which may impact its respective business operations

At the Company level:

The Company is not in any on-going litigation which may give rise to material contingent liabilities; or has any material contracted but outstanding capital commitments.

For the financial year ended 2015, the Company have certain investment properties valued at RM57.2 million and a cash deposit of RM9.0 million pledged for a Standby Letter of Credit (SBLC) facility of THB384.8 million for the benefit of a former subsidiary (Siam Power) in relation to a performance guarantee issued to the Electricity Generating Authority of Thailand (EGAT) for the due completion of the phase 2 development by 1 June 2018. This beneficiary ceased to be a subsidiary but is an associate since 1 May 2014. The current plans by the power associate to divest its power business encompass the upliftment of the pledged security as disclosed in Note 16(a)(iii) and Note 31.

30 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Company has on 1 April 2015 (hereinafter referred to as "the Completion Date") completed its 2nd phase reorganisation exercise with the injection of the entire paid-up capital held in Melewar Steel Tube (MST) into its 54.79% owned listed subsidiary Mycron Steel Bhd (MSB) for a contracted gross disposal consideration of RM70.0 million to be settled via a combination of 104,545,455 new MSB's ordinary shares allotment (at the contracted value of 44 sen/share) and the novation of the Company's trade-debt owing to MST of RM24 million to MSB. Arising from the reorganisation, the Group's steel operations involving both the Cold Rolled Coil manufacturing and the downstream Steel Tubes and Pipes manufacturing are now vested directly under its listed subsidiary MSB. The purpose of the reorganisation is to centralise the steel businesses under a single holding flagship to unlock synergistic benefits, enhance financials and supply chain integration.

As a result, the Company's effective controlling interest in the Cold Rolled operation has increased from 54.79% to 71.52%, whilst in the Steel Tube operation has decreased from 100% to 71.52% as detailed below.

	Before	After	Difference
Number of MSB shares held by the Company	97,504,766	202,050,221	104,545,455
Average carrying investment value per share (sen/share)	48.26	38.30	29*a
Total carrying value of investment in MSB (RM)	47,058,461	77,376,643	30,318,182
The Company's % equity interest in MSB	54.79	71.52	16.73
The Company's % equity interest in MST	100.00	71.52*b	(28.48)

Footnote :

a. Initial Recognition of the Consideration Shares

   i. The consideration shares received by the Company were fair valued at initial recognition on the Completion Date based on MSB's prevailed closing share price at 29 sen/share on Bursa Malaysia as opposed to the contracted transactional price at 44 sen/share in compliance with the MFRS 3.37 on measurement date, and MFRS 13 on fair value measurement.

   ii. The transaction was a Related Party Transaction (RPT) governed by Bursa Malaysia's listing rules (on both the listed Buyer and Seller) which amongst others required the appointment of various advisors; and the pre-determination and disclosure of the intended pricing of the consideration shares coupled with the quantity of new consideration shares to be issued in its circular to shareholders in seeking their approval of the RPT transaction (and to Bursa Malaysia in seeking its approval for the listing of the said consideration shares). The transaction price of MST at RM70 million was reached based upon the advice of the appointed advisors with reference to an independent valuation report. The contracted price of the consideration shares at 44 sen/share was determined based on a 30-days Volume Weighted Average Market Price (VWAMP) preceding the transaction Agreement dated 12 September 2014 at the advice of the appointed advisors. The transaction could not have been structured with on opened consideration-share pricing to be determined on a future completion date given the circumstances and governing rules on RPT affecting both the listed Buyer and Seller.

   iii. On Completion Date, MSB's share was quoted but untraded on Bursa Malaysia at 29 sen/share. MSB's 30-days traded shares volume preceding the Completion Date was only around 0.3 million shares or 0.18% of its total issued ordinary shares. In comparison, around 4 million shares or 2.35% of its total issued ordinary shares were traded in the 30-days preceding the Agreement date (on which the 44 sen/share was derived). The fulfilment of the Agreement's condition precedents took around 200 elapsed days between the Agreement Date and the Completion date.

   iv. The intrinsic value of MSB's share as measured by its consolidated net-asset value per share before and after its business combination was around RM1.40/share and RM1.08/share respectively on Completion Date. However, such aforementioned 'entity specific' measurement is irrelevant under the MFRS on fair value measurement.

b. The Company's reduced equity interest in MST is held indirectly via MSB.

The reorganisation exercise resulted in the Company recording a 'Loss on Disposal' of RM20.7 million for the current financial year ended 2015, but is neutral at Group consolidation. Correspondingly, its listed subsidiary MSB recorded a 'gain on bargain purchase' of around RM21 million.

	RM'000
De-recognition of Carrying Net Investment Value of MST	(75,000)
Add: Fair Value of Consideration Shares of MSB received	30,318
Add: De-recognition of Liability owing to MST	24,000
Loss on disposal of MST	(20,682)

Had the fair value of the consideration shares at initial recognition been the same as the contracted value of 44 sen/share, the 'loss on disposal' at Company level would have been lower at RM5 million. This 'loss on disposal' at Company level has to be viewed in-conjunction with the 1st phase reorganisation exercise involving the injection of the steel tube distribution business into MST which resulted in the Company recognising a net gain of RM15 million in the financial year 2014. See Note 15(iii) and Note 18(ii).

30 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

The financial impact affecting shareholders and non-controlling interest at the Group level immediately before and after the said reorganisation are as follows:

MIG Group Level	Note	1 April 2015 (RM'000)		
		Before	After	Change
Share capital		226,755	226,755	-
Share premium		241	241	-
Treasury shares		(2,042)	(2,042)	-
Asset revaluation reserve and foreign currency reserve		18,301	18,301	-
Retained earnings		11,147	38,237	27,090
Shareholders' funds		254,402	281,492	27,090
Non-controlling interests	a	110,674	83,584	(27,090)
Total equity		365,076	365,076	-

Footnote (a): Decline in non-controlling interests is attributed to changes in MSB as detailed below.

	1 April 2015 (RM'000)		
	Before	After	Change
Net assets as represented by shareholders' funds	249,753	301,352	51,599
% owned by the Company	54.79	71.52	16.73
% owned by Non-controlling interests	45.21	28.48	(16.73)
Attributed to Non-controlling interests	112,912	85,822	(27,090)

The Group's shareholders' funds has increased as a result of the reorganisation exercise.

31 SIGNIFICANT EVENTS AFTER REPORTING DATE

Memorandum of Understanding (MOU) on the proposed disposal of the Power Business by an Associate

With reference to Note 16(a), the MOU executed by the Associate on 30 June 2015 with the counter-party on the disposal of the power business/assets has not been converted into a definitive agreement at the date of this audited financial statements as certain terms and conditions underlying the agreement are still pending finalisation. The due diligence review by the counter-party has been positive, but the finalisation of the intended definitive agreement and deal pricing has been a time consuming process involving various stakeholders including the affected banks. The Associate reported that progress remains positive and should be concluded soon.

Based on the progress of the contractual terms negotiation 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 within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015
(continued)

32 FINANCIAL INSTRUMENTS BY CATEGORY

Group	Loans and receivables RM	Derivative financial asset RM	Total RM
30 June 2015			
Financial assets per statement of financial position:			
Current			
Trade and other receivables (excluding prepayments)	109,086,746	-	109,086,746
Derivative financial instruments	-	2,071,229	2,071,229
Deposits with licensed financial institutions	24,397,197	-	24,397,197
Bank balances	29,689,569	-	29,689,569
Amount owing by an associate	33,417,071	-	33,417,071
	196,590,583	2,071,229	198,661,812

	Derivative financial liabilities RM	Other financial liabilities at amortised cost RM	Total RM
Financial liabilities per statement of financial position:			
Non-current			
Borrowings	-	19,847,300	19,847,300
Current			
Trade and other payables (excluding prepayments received)	-	103,300,657	103,300,657
Borrowings	-	166,847,334	166,847,334
Derivative financial instruments	40,650	-	40,650
	40,650	289,995,291	290,035,941

32 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

Company	2015 RM	2014 RM
Financial assets per statement of financial position:		
Loans and receivables		
Current		
Trade and other receivables (excluding prepayments)	1,043,267	148,593
Amounts owing by subsidiaries	506,730	628,706
Amount owing by an associate	2,824,893	875,043
Deposits with licensed financial institutions	9,035,459	8,930,030
Bank balances	545,226	8,063,910
	13,955,575	18,646,282
Financial liabilities per statement of financial position:		
Non-current		
Borrowings	25,775	132,350
Current		
Trade and other payables	3,748,909	9,687,379
Amounts owing to subsidiaries	4,468,546	33,702,697
Borrowings	106,575	146,344
	8,349,805	43,668,770

SUPPLEMENTARY INFORMATION

33 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained earnings at the Company 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	Company
	RM	RM
2015		
Total (accumulated losses)/retained earnings of the Company and its subsidiaries:		
- realised	(207,846,940)	(56,182,395)
- unrealised	(25,880,176)	(17,588,728)
	(233,727,116)	(73,771,123)
Consolidation adjustments	270,107,538	-
Total retained earnings/(accumulated losses) per the financial statements	36,380,422	(73,771,123)
2014		
Total (accumulated losses)/retained earnings of the Company and its subsidiaries:		
- realised	(361,545,040)	(48,232,522)
- unrealised	(23,961,848)	(16,490,117)
	(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)

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)	25	23,700,000
2	Lot 49, Jalan Utas 40200 Shah Alam, Selangor	13.4.2072	Factory building	316,300 sq. ft. (7.26 acres)	41	33,450,000
3	Lot 10, Persiaran Selangor 40200 Shah Alam, Selangor	11.5.2085	Factory building	220,437 sq. ft. (5.06 acres)	35	23,800,000
4	Lot 16, Jalan Pengapit 15/19 40200 Shah Alam, Selangor	8.4.2078	Factory building	94,000 sq. ft. (2.16 acres)	37	10,200,000
5	Lot 717, Jalan Sungai Rasau Seksyen 16, 40200 Shah Alam, Selangor	Freehold	Factory cum office building	781,423 sq. ft. (17.94 acres)	26	105,000,000
6	Lot 2953, Mukim Kelemak Daerah Alor Gajah, Melaka	27.9.2082	Factory cum office building	66,022 sq. ft. (1.52 acres)	29	1,320,000

The above properties were revalued in June 2015.

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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 **46th Annual General Meeting ("AGM")** of the Company to be held at the **Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 30 November 2015 at 12.00 noon** or at any adjournment thereof on the following resolutions referred to in the Notice of the 46th 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 2016 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 YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH WHO IS RETIRING PURSUANT TO ARTICLE 113(1).				
RESOLUTION 4	TO RE-ELECT MR UWE AHRENS WHO IS RETIRING PURSUANT TO ARTICLE 113(1).				
RESOLUTION 5	TO RE-ELECT GENERAL TAN SRI DATO' SRI HJ SULEIMAN BIN MAHMUD RMAF (RTD) WHO IS RETIRING PURSUANT TO ARTICLE 120.				
RESOLUTION 6	TO RE-APPOINT MESSRS PRICEWATERHOUSECOOPERS AS AUDITORS OF THE COMPANY.				
RESOLUTION 7	TO APPROVE THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY.				
RESOLUTION 8	TO APPROVE THE PROPOSED RENEWAL AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS.				
RESOLUTION 9	AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965.				

(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 ____________ 2015

____
Signature of Shareholder(s) / Common Seal

NOTES:

1. *Applicable to shares held through a nominee account.*
2. *A member entitled to attend, speak and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. 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 appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
4. *Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.*
6. *The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 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.*
7. *Any alteration in the Form of Proxy must be initialled.*
8. *Form of Proxy sent through facsimile transmission shall not be accepted.*
9. *For the purpose of determining a member who shall be entitled to attend this 46th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 79(a), 79(b) and 79(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 24 November 2015. Only a depositor whose name appears on the Record of Depositors as at 24 November 2015 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*
10. *(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) Explanatory Notes to Special Business of Agenda 7:

    (a) Proposed Renewal of Share Buy-Back Authority
    The Proposed Resolution 7, 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 8, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

    (c) Authority to Issue and Allot Shares Pursuant to Section 132D of the Act
    The Ordinary Resolution proposed under Resolution 9 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Section 132D of the Act. This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

    The Proposed Resolution 9, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to issue and allot shares in the Company up to an amount not exceeding in total ten percent (10%) of the 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 by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

    As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 45th AGM held on 9 December 2014 and which will lapse at the conclusion of the 46th AGM to be held on 30 November 2015.

The detailed information on Special Business of Agenda 7 except for Ordinary Resolution 9 as mentioned above is set out in the Circular to Shareholders of the Company dated 6 November 2015 which is dispatched together with the Company's 2015 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.

MELEWAR INDUSTRIAL GROUP BERHAD
(8444-W)

15th Floor, No. 566, Jalan Ipoh,
51200 Kuala Lumpur, Malaysia
Tel: 603-6250 6000
Fax: 603-6257 1555
enquire@melewar-mig.com
www.melewar-mig.com