The Directors have pleasure in submitting their report together with the audited financial statements of the Group and Company for the financial year ended 30 June 2008.

PRINCIPAL ACTIVITIES

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

There was no significant change in the nature of these activities during the financial year except that the Company transferred completely its manufacturing operations to a subsidiary, Melewar Steel Tube Sdn Bhd, and the Group completed the acquisition of Siam Power Generation Public Company Ltd ("SIPCO"), a company in the business of supplying power. SIPCO has yet to commence business operations as at 30 June 2008.

FINANCIAL RESULTS

	Group	Company
	RM	RM
Profit for the financial year	55,208,173	14,601,645

DIVIDENDS

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

	RM
In respect of the financial period ended 30 June 2007: - First and final tax exempt dividend of 6 sen per share paid on 30 November 2007	13,540,405

The Directors now recommend the payment of a first and final gross dividend of 4 sen per share, less income tax of 25%, amounting to RM6,770,202 for the financial year ended 30 June 2008, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The dividend amount payable is computed based on the Company's issued and paid-up capital as at 30 June 2008, excluding treasury shares held by the Company.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES

During the financial year, the Company issued 518,000 new ordinary shares of RM1 each for cash by virtue of the exercise of options pursuant to the Company's Employee Share Option Scheme at an exercise price of RM1.46 per share.

The newly issued shares rank pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

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

The salient features and other terms of the ESOS are set out in Note 29 to the financial statements.

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

DIRECTORS

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

Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman (demised on 20 August 2008)
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah
Dato' Jaffar Indot
Datuk Lim Kim Chuan
Azlan bin Abdullah
Lee Ching Kion
Datin Ezurin Yusnita binti Abdul Malik
Onn Kien Hoe (appointed on 1 November 2007)
Terence Francis Mahony (resigned on 28 January 2008)
Tunku Dato' Seri Iskandar bin Tunku Tan Sri Abdullah (resigned on 12 February 2008)

In accordance with Section 129(6) of the Companies Act, 1965, Dato' Jaffar Indot retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

In accordance with Article 95 of the Company's Articles of Association, Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah and Azlan bin Abdullah retire by rotation from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Article 100 of the Company's Articles of Association, Onn Kien Hoe, who was appointed to the Board subsequent to the date of the last Annual General Meeting, retires at the forthcoming Annual General Meeting and being eligible offers himself for re-election.

DIRECTORS' INTERESTS

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

Melewar Industrial Group Berhad	**Number of ordinary shares of RM1 each**			
(the Company)	**At 01.07.2007**	**Bought**	**Sold**	**At 30.06.2008**
Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman (demised on 20 August 2008)				
- indirect interest	89,996,832	-	3,028,000	86,968,832
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah				
- indirect interest	89,676,832	-	3,028,000	86,648,832
- direct interest	320,000	-	-	320,000
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah				
- indirect interest	89,996,832	-	3,028,000	86,968,832
Datin Ezurin Yusnita binti Abdul Malik				
- indirect interest	89,996,832	-	3,028,000	86,968,832
Datuk Lim Kim Chuan				
- direct interest	186,666	-	-	186,666
Azlan bin Abdullah				
- direct interest	133,333	-	-	133,333

DIRECTORS' INTERESTS (continued)

Melewar Industrial Group Berhad (the Company) (continued)	**Number of options over ordinary shares of RM1 each**			
	At 01.07.2007	**Granted**	**Exercised**	**At 30.06.2008**
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah	400,000	-	-	400,000
Datuk Lim Kim Chuan	280,000	-	-	280,000
Azlan bin Abdullah	200,000	-	-	200,000

	Number of warrants over ordinary shares of RM1 each			
	At 01.07.2007	**Entitled/ Bought**	**Exercised/ Sold**	**At 30.06.2008**
Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman (demised on 20 August 2008)				
- indirect interest	2,105,600	800,026	724,600	2,181,026
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah				
- indirect interest	2,105,600	800,026	724,600	2,181,026
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah				
- indirect interest	2,105,600	800,026	724,600	2,181,026
Datin Ezurin Yusnita binti Abdul Malik				
- indirect interest	2,105,600	800,026	724,600	2,181,026
Datuk Lim Kim Chuan				
- direct interest	37,333	-	-	37,333

Mycron Steel Berhad (related corporation)	**Number of ordinary shares of RM1 each**			
	At 01.07.2007	**Bought**	**Sold**	**At 30.06.2008**
Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman (demised on 20 August 2008)				
- indirect interest	114,615,366	-	2,837,500	111,777,866
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah				
- indirect interest	114,065,366	-	2,837,500	111,227,866
- direct interest	550,000	-	-	550,000
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah				
- indirect interest	114,615,366	-	2,837,500	111,777,866
Datin Ezurin Yusnita binti Abdul Malik				
- indirect interest	114,615,366	-	2,837,500	111,777,866
Datuk Lim Kim Chuan				
- direct interest	385,000	-	-	385,000
Azlan bin Abdullah				
- direct interest	375,000	-	-	375,000
Lee Ching Kion				
- direct interest	128,000	-	-	128,000

By virtue of the above mentioned Directors' indirect interests in 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 held any interest in shares, options over ordinary shares and warrants over ordinary shares in the Company and/or 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, other than the Company's ESOS.

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets 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 any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

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

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

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of 12 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 Company to meet their obligations when they fall due.

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

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

(b) any contingent liability of the Group or Company which has arisen since the end of the financial year other than those disclosed in Note 35 to the financial statements.

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) except for the fair value gain on our financial asset at fair value through profit or loss as disclosed in Note 22 to the financial statements, the results of the operations of the Group and Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

Significant events during and subsequent to the financial year are disclosed in Note 35 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 with their resolution dated 28 October 2008.

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH
DIRECTOR

DATUK LIM KIM CHUAN
DIRECTOR

STATEMENT BY DIRECTORS

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

We, Tunku Yahaya @ Yahya Bin Tunku Tan Sri Abdullah and Datuk Lim Kim Chuan, 2 of the Directors of Melewar Industrial Group Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 56 to 112 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 30 June 2008 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 October 2008.

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH
DIRECTOR

DATUK LIM KIM CHUAN
DIRECTOR

STATUTORY DECLARATION

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

I, Datuk Lim Kim Chuan, the Director primarily responsible for the financial management of Melewar Industrial Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 112 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.

DATUK LIM KIM CHUAN

Subscribed and solemnly declared by the abovenamed Datuk Lim Kim Chuan, at Kuala Lumpur in Malaysia on 28 October 2008, before me.

COMMISSIONER FOR OATHS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Melewar Industrial Group Berhad, which comprise the balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 56 to 112.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 judgement, 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 Company's preparation and fair presentation of the financial statements 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 Company'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 have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2008 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

(c) we are satisfied that the accounts 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, and

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

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

SOO HOO KHOON YEAN
(No. 2682/10/09 (J))
Chartered Accountant

Kuala Lumpur
28 October 2008

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

		Group		Company	
	Note	**Year ended 30.06.2008 RM**	**17 months ended 30.06.2007 RM**	**Year ended 30.06.2008 RM**	**17 months ended 30.06.2007 RM**
Revenue	5	703,344,761	810,241,858	317,956,078	322,754,301
Cost of sales		(625,757,679)	(710,016,586)	(296,957,384)	(288,746,963)
Gross profit		77,587,082	100,225,272	20,998,694	34,007,338
Other operating income	6	41,728,458	1,208,247	10,593,982	6,816,322
Fair value gain on financial asset at fair value through profit or loss	22	106,958,304	140,137,147	-	-
Selling and distribution costs		(6,930,582)	(8,718,651)	(4,274,841)	(3,471,439)
Administrative and general expenses		(147,554,498)	(31,275,724)	(11,005,611)	(11,523,148)
Profit from operations	7	71,788,764	201,576,291	16,312,224	25,829,073
Finance cost	8	(17,276,728)	(12,673,116)	(683,415)	(2,901,568)
Share of results of associates		1,681,127	157,772	-	-
Profit before tax		56,193,163	189,060,947	15,628,809	22,927,505
Tax (expense)/income					
- Company and subsidiaries	10	(984,990)	(73,799,696)	(1,027,164)	1,335,762
Profit for the financial year/period		55,208,173	115,261,251	14,601,645	24,263,267
Attributable to:					
Equity holders of the Company		45,466,756	104,843,771	14,601,645	24,263,267
Minority interests		9,741,417	10,417,480	-	-
Profit for the financial year/period		55,208,173	115,261,251	14,601,645	24,263,267
Earnings per share					
Attributable to ordinary equity holders of the Company:	11				
- basic (sen)		20.15	32.9		
- diluted (sen)		19.84	Not applicable		

	Note	Group 30.06.2008 RM	Group 30.06.2007 RM	Company 30.06.2008 RM	Company 30.06.2007 RM
NON-CURRENT ASSETS					
Property, plant and equipment	12	528,789,303	348,640,429	4,091,512	39,664,759
Investment properties	13	-	4,284,500	58,611,735	46,209,100
Prepaid lease rental	14	36,649,181	37,183,315	1,652,954	11,422,808
Subsidiaries	15	-	-	132,901,281	106,562,959
Associates	16	116,117,810	112,625,218	-	-
Intangible asset	17	55,472,932	-	-	-
Deferred tax assets	18	148,452	13,734	-	-
Available-for-sale financial assets	19	1,869,077	1,869,077	934,531	934,531
		739,046,755	504,616,273	198,192,013	204,794,157
CURRENT ASSETS					
Inventories	20	182,781,550	152,421,384	-	23,062,954
Trade and other receivables	21	229,217,073	249,970,414	80,515,567	39,777,074
Financial asset at fair value through profit or loss	22	332,193,924	225,235,620	-	-
Amounts owing by subsidiaries	23	-	-	280,041,738	206,847,141
Amount owing by an associate		487,960	-	-	-
Tax recoverable		5,064,561	2,839,853	-	95,384
Deposits with licensed financial institutions	24	15,986,045	23,945,951	2,070,000	18,942,122
Cash and bank balances	24	73,498,951	22,869,412	8,707,941	1,381,032
		839,230,064	677,282,634	371,335,246	290,105,707
Non-current asset held for sale	25	4,284,500	-	4,284,500	-
		843,514,564	677,282,634	375,619,746	290,105,707

	Note	Group		Company	
		30.06.2008 RM	30.06.2007 RM	30.06.2008 RM	30.06.2007 RM
Less: CURRENT LIABILITIES					
Trade and other payables	26	233,056,874	42,367,731	8,234,640	3,171,304
Derivative liability	27	52,897	77,499	1,147	-
Amounts owing to subsidiaries	23	-	-	91,823,118	18,976,350
Tax payable		9,616,866	9,603,684	318,326	-
Borrowings	28	377,943,007	255,649,752	126,780,503	124,467,303
		620,669,644	307,698,666	227,157,734	146,614,957
NET CURRENT ASSETS		222,844,920	369,583,968	148,462,012	143,490,750
NON-CURRENT LIABILITIES					
Deferred tax liabilities	18	92,230,032	98,086,456	12,691,328	19,072,621
Borrowings	28	95,795,370	81,769,219	175,546	466,049
		188,025,402	179,855,675	12,866,874	19,538,670
		773,866,273	694,344,566	333,787,151	328,746,237
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	29	226,745,011	226,227,011	226,745,011	226,227,011
Treasury shares		(1,953,900)	(1,953,900)	(1,953,900)	(1,953,900)
Retained earnings		310,071,655	276,156,455	102,407,842	80,926,483
Share premium		238,280	-	238,280	-
Warrants reserve		4,164,662	4,164,662	4,164,662	4,164,662
Asset revaluation reserve		77,928,176	76,511,541	2,185,256	19,381,981
Other reserves		(763,820)	-	-	-
		616,430,064	581,105,769	333,787,151	328,746,237
Minority interests		157,436,209	113,238,797	-	-
TOTAL EQUITY		773,866,273	694,344,566	333,787,151	328,746,237

		←			Attributable to equity holders of the Company				→		
	Note	Share capital	Treasury shares	Share premium	Warrants reserve	Foreign currency transaction reserve	Asset revaluation reserve	Retained earnings	Total	Minority interests	Total
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2007		226,227,011	(1,953,900)	-	4,164,662	-	76,511,541	276,156,455	581,105,769	113,238,797	694,344,566
Reversal of deferred tax liability due to change in tax rate		-	-	-	-	-	1,416,635	-	1,416,635	248,168	1,664,803
Foreign currency translation differences		-	-	-	-	(763,820)	-	-	(763,820)	(334,053)	(1,097,873)
Share of reserves in associates		-	-	-	-	-	-	1,988,849	1,988,849	246,358	2,235,207
Income and expense recognised directly in equity		-	-	-	-	(763,820)	1,416,635	1,988,849	2,641,664	160,473	2,802,137
Profit for the financial year		-	-	-	-	-	-	45,466,756	45,466,756	9,741,417	55,208,173
Total recognised income and expense for the financial year		-	-	-	-	(763,820)	1,416,635	47,455,605	48,108,420	9,901,890	58,010,310
Acquisition of a subsidiary		-	-	-	-	-	-	-	-	35,787,651	35,787,651
Issue of shares from the exercise of ESOS options		518,000	-	238,280	-	-	-	-	756,280	-	756,280
Dividends paid	30	-	-	-	-	-	-	(13,540,405)	(13,540,405)	(1,492,129)	(15,032,534)
At 30 June 2008		226,745,011	(1,953,900)	238,280	4,164,662	(763,820)	77,928,176	310,071,655	616,430,064	157,436,209	773,866,273

		←			Attributable to equity holders of the Company				→		
	Note	Share capital	Treasury shares	Share premium	Warrants reserve	Available-for-sale reserve	Asset revaluation reserve	Retained earnings	Total	Minority interests	Total
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 February 2006		169,939,880	(1,663,128)	9,987,715	4,164,662	(7,324,362)	77,215,892	223,146,835	475,467,494	109,094,170	584,561,664
Realisation of revaluation surplus on disposal of property, plant and equipment		-	-	-	-	-	(2,819,381)	2,819,381	-	-	-
Reclassification of available-for-sale financial assets reserve		-	-	-	-	7,324,395	-	-	7,324,395	-	7,324,395
Impairment loss on revalued property, plant and equipment		-	-	-	-	-	(532,768)	-	(532,768)	(445,685)	(978,453)
Foreign exchange differences, representing net gain not recognised in income statement		-	-	-	-	(33)	-	-	(33)	-	(33)
Reversal of deferred tax liability due to change in tax rate		-	-	-	-	-	2,647,798	-	2,647,798	843,429	3,491,227
Acquisition of additional interest in a subsidiary		-	-	-	-	-	-	-	-	(4,950,450)	(4,950,450)
Dilution of shareholdings in associates		-	-	-	-	-	-	(4,545,110)	(4,545,110)	-	(4,545,110)
Share of reserves in associates		-	-	-	-	-	-	1,265,325	1,265,325	60,958	1,326,283
Income and expense recognised directly in equity		-	-	-	-	7,324,362	(704,351)	(460,404)	6,159,607	(4,491,748)	1,667,859
Profit for the financial period		-	-	-	-	-	-	104,843,771	104,843,771	10,417,480	115,261,251
Total recognised income and expense for the financial period		-	-	-	-	7,324,362	(704,351)	104,383,367	111,003,378	5,925,732	116,929,110
Dividends paid	30	-	-	-	-	-	-	(5,074,331)	(5,074,331)	(1,781,105)	(6,855,436)
Shares repurchased		-	(290,772)	-	-	-	-	-	(290,772)	-	(290,772)
Issue of bonus shares		56,287,131	-	(9,987,715)	-	-	-	(46,299,416)	-	-	-
At 30 June 2007		226,227,011	(1,953,900)	-	4,164,662	-	76,511,541	276,156,455	581,105,769	113,238,797	694,344,566

COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	Share capital	Treasury shares	Share premium	Warrants reserve	Foreign currency transaction reserve	Asset revaluation reserve	Retained earnings	Total
		← Non-distributable					→	Distributable	
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2007		226,227,011	(1,953,900)	-	4,164,662	-	19,381,981	80,926,483	328,746,237
Realisation of revaluation surplus on disposal of property, plant and equipment		-	-	-	-	-	(19,986,789)	19,986,789	-
Reversal of deferred tax liabilities for assets disposed		-	-	-	-	-	2,762,676	-	2,762,676
Reversal of deferred tax liabilities due to change in tax rate		-	-	-	-	-	27,388	433,330	460,718
Income and expense recognised directly in equity		-	-	-	-	-	(17,196,725)	20,420,119	3,223,394
Profit for the financial year		-	-	-	-	-	-	14,601,645	14,601,645
Total recognised income and expense for the financial year		-	-	-	-	-	(17,196,725)	35,021,764	17,825,039
Issue of shares from the exercise of ESOS options		518,000	-	238,280	-	-	-	-	756,280
Dividends paid	30	-	-	-	-	-	-	(13,540,405)	(13,540,405)
At 30 June 2008		226,745,011	(1,953,900)	238,280	4,164,662	-	2,185,256	102,407,842	333,787,151

	Note	Share capital	Treasury shares	Share premium	Warrants reserve	Available-for-sale reserve	Asset revaluation reserve	Retained earnings	Total
		← Non-distributable					→	Distributable	
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 February 2006		169,939,880	(1,663,128)	9,987,715	4,164,662	(2,404,395)	34,515,000	91,369,822	305,909,556
Realisation of revaluation surplus on disposal of property, plant and equipment		-	-	-	-	-	(16,667,141)	16,667,141	-
Reversal of deferred tax liabilities due to change in tax rate		-	-	-	-	-	1,534,122	-	1,534,122
Reclassification of available-for-sale financial assets reserve		-	-	-	-	2,404,395	-	-	2,404,395
Income and expense recognised directly in equity		-	-	-	-	2,404,395	(15,133,019)	16,667,141	3,938,517
Profit for the financial period		-	-	-	-	-	-	24,263,267	24,263,267
Total recognised income and expense for the financial period		-	-	-	-	2,404,395	(15,133,019)	40,930,408	28,201,784
Issue of bonus shares		56,287,131	-	(9,987,715)	-	-	-	(46,299,416)	-
Dividends paid	30	-	-	-	-	-	-	(5,074,331)	(5,074,331)
Shares repurchased		-	(290,772)	-	-	-	-	-	(290,772)
At 30 June 2007		226,227,011	(1,953,900)	-	4,164,662	-	19,381,981	80,926,483	328,746,237

	Group		Company	
	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	56,193,163	189,060,947	15,628,809	22,927,505
Adjustments for:				
Goodwill written off	-	108,009	-	-
Depreciation of property, plant and equipment	13,241,001	22,175,451	468,929	5,185,694
Amortisation of prepaid lease rental	534,134	756,685	27,744	451,635
Loss/(gain) on disposal of property, plant and equipment	26,303	1,236,005	(22,200)	143,666
Gain on disposal of investment properties	-	(600,000)	-	(600,000)
Impairment loss:				
- intangible asset	4,166,000	-	-	-
- property, plant and equipment	1,895,438	-	-	-
- trade receivables	658,183	-	429,483	-
- other receivables	3,731,199	-	201,839	-
Allowance for shares under litigation	60,379,850	-	-	-
Unrealised loss/(gain) on foreign exchange	4,268,277	458,901	(88,506)	395,193
Property, plant and equipment written off	86,013	72,841	-	43,562
Fair value gain on financial asset at fair value through profit or loss	(106,958,304)	(140,137,147)	-	-
Fair value gain on investment properties	-	(104,500)	-	(641,500)
Fair value (gain)/loss on foreign currency forward contract	(24,602)	-	1,147	-
Gain from debt settlement	(24,365)	-	-	-
Dividend income	-	-	(2,324,626)	(2,440,095)
Interest income	(4,111,608)	(1,562,109)	(495,415)	(811,721)
Interest expense	17,276,728	12,673,116	683,415	2,901,568
Share of results of associates	(1,681,127)	(157,772)	-	-
	49,656,283	83,980,427	14,510,619	27,555,507
Changes in inventories	(30,360,165)	(19,690,905)	23,062,954	30,071,393
Changes in trade and other receivables	(6,140,476)	(56,738,219)	(41,270,535)	4,293,084
Changes in trade and other payables	(7,143,480)	25,752,342	4,948,958	(2,155,232)
Cash generated from operations	6,012,162	33,303,645	1,251,996	59,764,752
Interest paid	(16,253,692)	(12,673,116)	(569,035)	(2,901,568)
Interest received	1,107,002	1,562,109	484,642	811,721
Tax paid	(7,522,852)	(3,837,647)	(3,538,598)	1,506,706
Net cash (used in)/generated from operating activities	(16,657,380)	18,354,991	(2,370,995)	59,181,611

	Group		Company	
	Year ended 30.06.2008 RM	**17 months ended 30.06.2007 RM**	**Year ended 30.06.2008 RM**	**17 months ended 30.06.2007 RM**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase consideration paid (Note 21)	-	(64,943,464)	-	-
Investment in subsidiary	-	-	-	(999,998)
Net cash inflow from the acquisition of a subsidiary	2,853,309	-	-	-
Purchase of property, plant and equipment	(70,749,615)	(79,327,331)	(128,995)	(2,515,996)
Proceeds from disposal of property, plant and equipment	427,208	691,676	1,972,164	273,359
Proceeds from disposal of investment properties	-	5,600,000	-	5,600,000
Purchase of available-for-sale financial assets	-	(969,077)	-	(484,531)
Purchase of investment in associates	-	(20,693,805)	-	-
Dividends received	-	-	2,091,871	2,302,894
Dividends received from associates	423,745	376,660	-	-
Advances to subsidiaries	-	-	(347,829)	(95,193,636)
Advance to an associate company	(248,301)	-	-	-
Net cash (used in)/generated from investing activities	(67,293,654)	(159,265,341)	3,587,211	(91,017,908)

	Group		Company	
	Year ended 30.06.2008 RM	**17 months ended 30.06.2007 RM**	**Year ended 30.06.2008 RM**	**17 months ended 30.06.2007 RM**
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares:				
- exercise of ESOS options	756,280	-	756,280	-
Dividends paid - shareholders	(13,540,405)	(5,074,331)	(13,540,405)	(5,074,331)
Dividends paid - minority interests	(1,492,129)	(1,781,105)	-	-
Proceeds from borrowings	135,141,807	157,384,214	2,300,000	44,890,000
Repurchase of own shares	-	(290,772)	-	(290,772)
Repayment of hire purchase	(277,304)	(111,648)	(277,304)	(111,648)
Deposit with licensed financial institution pledged as security	14,925,576	(15,000,000)	15,000,000	(15,000,000)
Net cash generated from financing activities	135,513,825	135,126,358	4,238,571	24,413,249
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	51,562,791	(5,783,992)	5,454,787	(7,423,048)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD	31,815,363	37,663,096	5,323,154	12,746,202
CURRENCY TRANSLATION DIFFERENCES	607,785	(63,741)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD (Note 24)	83,985,939	31,815,363	10,777,941	5,323,154

1 GENERAL INFORMATION

The principal activities of the Company are trading of steel pipes and tubes, investment property holdings and investment holdings. The principal activities of the subsidiaries consist of manufacturing of steel pipes and tubes, manufacturing and trading of cold rolled steel sheets in coils as well as steel and iron products, provision of engineering and management services, investment holdings, and provision of engineering and technical consultancy services. There was no significant change in the nature of these activities during the financial year except that the Company transferred its manufacturing operations completely to a subsidiary, Melewar Steel Tube Sdn Bhd, and the Group completed the acquisition of Siam Power Generation Public Company Ltd ("SIPCO"), a company in the business of supplying power. SIPCO has yet to commence business operations as at 30 June 2008.

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

The registered office of the Company is:

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

The principal place of business of the Company is:

Lot 53, Persiaran Selangor
40200 Shah Alam
Selangor Darul Ehsan

In the previous financial period, the financial year end of the Group and Company was changed from 31 January to 30 June to rationalise the reporting periods of the Group. Accordingly, comparative amounts for the income statement, changes in equity, cash flows and related notes are not comparable.

As at 30 June 2008, all monetary assets and liabilities of the Group and Company are denominated in Ringgit Malaysia, unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to the financial year/period presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRS"), the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities. The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and FRS 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 reported year. It also requires the Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(i) Standards, amendments to published standards and interpretations that are applicable to the Group and are effective

The new accounting standards, amendments to published standards and interpretations to existing standards effective for the Company's financial year ended 30 June 2008 and applicable to the Group are as follows:

• FRS 107	Cash Flow Statements
• FRS 111	Construction Contracts
• FRS 112	Income Taxes
• FRS 118	Revenue
• FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
• FRS 134	Interim Financial Reporting
• FRS 137	Provisions, Contingent Liabilities and Contingent Assets
• IC interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities

All changes in accounting policies have been made in accordance with the transitional provisions in the respective standards, amendments to published standards and interpretations. All standards, amendments and interpretations adopted by the Group require retrospective application.

The following describes the impact of new standards, amendments and interpretations on the financial statements of the Group and Company.

- Immaterial effect on financial statements

  FRS 107, 111, 118, 134, 137 and IC Interpretation 1 had no material effect to the Group and Company.

- FRS 112 - Income Taxes

  The adoption of FRS 112 allows for the recognition of deferred tax assets on reinvestment allowances or other allowances in excess of capital allowances. This resulted in a change in the accounting policy for deferred tax asset on reinvestment allowances which requires retrospective application.

  As at 30 June 2008, the Group recognised a deferred tax asset of RM20,480,849 on reinvestment allowances claimed and unutilised as at 30 June 2008.

- Amendments to FRS 121 – The Effect of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

  The amendment requires exchange differences on monetary items that form part of the net investment in a foreign operation to be recognised in equity instead of in profit and loss regardless of the currency in which these items are denominated in. There was no net investment in foreign operations at the beginning of the year. The Group applied this amendment in the current financial year.

(ii) Standard that is not yet effective but has been early adopted

- FRS 139 – Financial Instruments : Recognition and Measurement (effective 1 January 2010)

  The standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The company applied this standard since the financial year ended 31 January 2006.

  The accounting policies relating to the measurement of the financial assets are described in Note 2(l) to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill (see the accounting policy Note 2 (c) on goodwill). If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interests represent that portion of the profit or loss and assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as at the date of disposal, including the cumulative amount of any exchange differences that relate to the subsidiary, and is recognised in the consolidated income statement.

(ii) Associates

Associates are those corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanied by a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investment in associates is accounted for using the equity method of accounting and is initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (see Note 2 (c)).

Dilution gains and losses in associates are recognised in equity.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against 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's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(ii) Associates (continued)

For incremental interest in an associate, the date of acquisition is the purchase date at each stage and goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified. There is no "step up to fair value" of the net assets for the previously acquired stake and the share of profits and equity movements for the previously acquired stake is recorded directly through equity.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition. Goodwill on acquisitions of subsidiaries occurring on or after 1 July 2007 is included in the balance sheet as intangible assets. Goodwill on acquisitions of associates occurring on or after 1 July 2007 is included in investment in associates. Such goodwill is tested for impairment as part of the overall balance.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose (see accounting policy Note 2 (j) on impairment of assets).

(d) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

(e) 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 value, based on periodic, but at least once in every 5 years, valuation by external valuers. 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 accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

Surpluses arising on revaluation are 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 asset. In all other cases, a decrease in carrying amount will be charged immediately to the income statement.

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

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indication 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

(ii) Depreciation

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

Buildings	50 years
Plant, machinery and electrical installation	10 – 40 years
Motor vehicles, furniture, fittings and equipment	5 – 10 years

Depreciation on assets under construction commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed and adjusted if appropriate, at each balance sheet date.

(f) 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. After initial recognition, investment properties are carried at fair value.

Fair value is based on valuation performed taking into account the property growth and market in the surrounding area. The fair value of the investment properties reflects the market conditions at the balance sheet date. Changes in fair values are recorded in the income statement as part of other income.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in the income statement in the period of the retirement or disposal.

(g) Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amounts are recovered principally through a sale transaction rather than through a continuing use.

(h) Leases - Accounting by 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 borrowings. The interest element of the finance charge is charged to the income statement 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 and the lease term.

(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 income statement on the straight-line basis over the lease period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Prepaid lease payments

Payment for rights to use land over a predetermined period is classified as prepaid lease payments and is stated at cost less amount amortised and accumulated impairment losses.

The prepaid lease payments are amortised on a straight-line basis over the lease period, which is similar to the depreciation policy when they were classified as property, plant and equipment.

(j) 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 income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment loss on goodwill is not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case, it is taken to revaluation surplus.

(k) Rights on Concession Agreement

The rights on Concession Agreement ("Rights") acquired by the Group are stated at cost less any accumulated amortisation and any accumulated impairment losses. The Rights are subject to an annual impairment test until the power plant is commissioned, after which the Rights will be amortised over the concession period.

(l) Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments 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 and re-evaluates this at every reporting date except for financial assets at fair value through profit or loss.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are unquoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) 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 balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial assets (continued)

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs that are directly attributable to their acquisitions, for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised 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. 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 carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other operating income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Held-to-maturity investments are carried at amortised cost.

(i) Valuation principles

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes the fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

(ii) Impairment of financial instruments

The Group assesses at each balance sheet 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, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(m) Derivative financial instruments

Derivatives are initially recognised in the balance sheet at fair value on the dates on which derivative contracts are entered into and are subsequently remeasured at their fair values at each balance sheet date.

Derivative financial instruments that do not qualify for hedge accounting are accounted for as financial assets at fair value through profit or loss. Changes in the fair value of these derivative financial instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

(n) Inventories

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Cash and cash equivalents

Cash and cash equivalents consist of cash on 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 shown within borrowings in current liabilities on the balance sheet.

(p) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and distribution costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and distribution costs in the income statement.

(q) Trade payables

Trade payables are recognised initially at invoiced values which are the fair values of the consideration to be paid in the future for goods and services received. They are subsequently measured at amortised cost using the effective interest method.

(r) Assets acquired under hire purchase arrangements

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

(s) Borrowings

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 income statement over the period of the borrowings using the effective interest method.

When it is certain that the property, plant and equipment will be completed and is expected to bring future economic benefit to the Group, borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the assets during the period of time that is required to complete and prepare the assets for its intended use.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(t) Provisions

Provisions are recognised when the Group has 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 when a reliable estimate of the amount can be made.

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 interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Share capital

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

Interim dividends are recognised as liabilities when declared before the balance sheet date. Final dividends are accounted for when it had been approved by the Company's shareholders.

Where the Company or its subsidiaries purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental external costs, net of tax, is deducted from total shareholders' equity as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental external costs and the related tax effects, is included in shareholders' equity.

(v) Warrants reserve

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve will be transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

(w) 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 value added tax, 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 when significant risks and rewards of ownership have been transferred to the customers.

(ii) Processing and engineering service income

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

(iii) Dividend income

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

(iv) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

(v) Rental income

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

(vi) Consultancy and project service income

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Employees' benefits

(i) Short term employee benefits

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

(ii) Defined contribution plan

- Key executive retirement scheme

  The Group may from time to time at its sole discretion make cash contribution into a fund established under the MIGKER Scheme, a defined contribution plan, for the benefit of eligible employees. The amount of cash contributed depends on the performance of the individual employees and the profitability of the Group. The contributions are charged to the income statement in the period to which they relate.

- Employee Provident Fund

  The Group contributes to the Employee Provident Fund, which is a defined contribution plan, regulated and managed by the government. The contributions are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(y) Income tax

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. 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 assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

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

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Foreign currencies

(i) Functional and presentation currency

The management has determined that the currency of the primary economic environment in which each company operates, i.e. functional currency, to be Ringgit Malaysia. Sales price and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in Ringgit Malaysia. The financial statements are presented in Ringgit Malaysia, which is the Group's functional and presentation currency.

(ii) Transactions and balances

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

Translation differences on non-monetary financial assets and liabilities, such as financial assets at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in the fair value reserve in equity.

(iii) Group companies

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on disposal.

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

(aa) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from other business segments. A geographical segment is engaged in providing products or services, within a particular economic environment, that is subject to risks and returns that are different from those of segments operating in other economic environments.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ab) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

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.

In the acquisition of subsidiaries by the Group under business combinations, the contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions and the information about the contingent liabilities acquired will be disclosed in the financial statements.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of FRS 137_{2004} and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 118_{2004}.

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 are believed 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) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar property in the same location and condition and subject to similar leases and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences; and

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices.

(b) Valuation of property, plant and equipment

The fair value of property, plant and equipment is individually determined periodically, at least once every 5 years, by independent valuers based on market value assessment. The valuers have relied on the discounted cash flow analysis and the depreciated replacement cost method. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its income and cash flow profile.

(c) Useful life and residual value of property, plant and equipment

The Group charges depreciation on its depreciable property, plant and equipment based on the useful lives and residual values of the assets. Estimating the useful lives and residual values of property, plant and equipment involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the balance sheet date. The actual useful lives and residual values of the assets however, may be different from expected.

3 CRITICAL ACCOUNTING ESTIMATES AND JudgementS (continued)

(d) Recoverability of debtors

The expected timing and recovery of doubtful debts are on a best endeavour basis. It is also subject to prevailing market and economic conditions.

(e) Income taxes

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Differences which may arise from the final tax outcome and the amounts that were initially recorded will result in changes to the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

(f) Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

(g) Impairment of assets

Value-in-use calculations for the purposes of impairment tests, where assumptions and estimates have been used, are based on future events which management expects to take place and actions which management expects to take. While information may be available to support the assumptions on which the value-in-use calculations have been prepared, such information is generally future oriented and therefore uncertain and subject to changes. Accordingly, actual results may differ from the budgets.

(h) Impairment of intangible asset and power plant under construction

Value-in-use calculations for the purposes of impairment tests, where assumptions and estimates have been used, are based on future events which management expects to take place and actions which management expects to take. Furthermore the value-in-use calculation is sensitive to changes in market rates of equity, borrowing rates and country risk. It is also sensitive to the Group's ability to conclude the sale of steam to third parties. While information may be available to support the assumptions on which the value-in-use calculations have been prepared, such information is generally future oriented and therefore uncertain and subject to changes. Accordingly, actual results may differ from the budgets.

The impairment test of the intangible asset and power plant under construction was performed at the end of the financial year and the sensitivity of the value-in-use to both the discount rate and the revenue from the steam sales are as follows:

(i) if the discount rate increases by 1%, the intangible asset will be fully impaired while the power plant under construction will be impaired by RM30million; and

(ii) if the revenue from steam sales decreases by 10%, the intangible asset will be impaired by RM17 million. A decrease in the revenue by 17% will trigger an impairment for the power plant under construction.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk

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

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

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

(b) Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk in respect of its time deposits placed with financial institutions and borrowings at variable interest rates.

The Group monitors the interest rates closely to ensure that the borrowings and time deposits placed with financial institutions are maintained at favourable rates.

(c) Market risk

The Group's exposure to market risk arises mainly from changes in the prices of steel raw materials and finished goods and the market price of its quoted investments. The management of the Group monitors the sale of finished goods and procurement of its raw materials closely to minimise the impact of market risk on the Group.

The management of the Group also monitors the quoted investments and its overseas operation in order to minimise the impact of market risk.

(d) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of transactions denominated in foreign currencies entered into by the Group. However, transactions denominated in foreign currency are minimal.

During the financial year, the Group entered into forward foreign currency exchange contracts to limit its exposure on cash flows generated from anticipated borrowing draw down transactions and trade receivables denominated in foreign currencies. However, the forward foreign currency exchange contracts do not form a significant proportion of the Group's transactions.

The Group is also exposed to foreign currency exchange risk due to the fair value change in its financial asset at fair value through profit or loss, denominated in Australian Dollar and part of its borrowings which are denominated in Australian Dollar, United States Dollar and Euro, as disclosed in Note 28 to the financial statements.

(e) Liquidity and cash flow risk

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

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

5 REVENUE

	Group		Company	
	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM
Sale of goods	681,536,072	774,640,457	317,147,039	319,652,076
Processing service income	4,186,359	7,865,330	809,039	3,102,225
Consultancy and project services	17,622,330	27,736,071	-	-
	703,344,761	810,241,858	317,956,078	322,754,301

6 OTHER OPERATING INCOME

	Group		Company	
	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM
Interest on deposits with financial institutions	1,071,808	1,562,109	448,569	811,721
Interest receivable from debtors	3,039,800	-	46,846	-
(Loss)/gain on disposal of property, plant and equipment	(26,303)	(1,236,005)	22,200	(143,666)
Gain on disposal of gas turbine	41,663,768	-	-	-
Gain on disposal of investment properties	-	600,000	-	600,000
Rental income	84,559	280,714	3,937,194	2,301,714
Dividend income	-	-	2,324,626	2,440,095
Realised foreign exchange (loss)/gain	(165,004)	166,140	278,111	(8,317)
Unrealised foreign exchange (loss)/gain	(4,268,277)	(458,901)	88,506	(395,193)
Fair value gain on investment properties	-	104,500	-	641,500
Management fees	-	-	600,000	400,000
Marketing fees	-	-	2,847,930	283,468
Bad debts recovered	10,000	45,000	-	-
Others	318,107	144,690	-	(115,000)
	41,728,458	1,208,247	10,593,982	6,816,322

7 PROFIT FROM OPERATIONS

	Group		Company	
	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM
Profit from operations is stated after charging:				
Auditors' remuneration:				
- current financial year/period	260,000	172,000	50,000	75,083
- over accrual of prior financial period	-	-	(40,083)	-
Depreciation on property, plant and equipment	13,241,001	22,175,451	468,929	5,185,694
Amortisation of prepaid lease rental	534,134	756,685	27,744	451,635
Staff costs	26,112,516	30,508,234	2,676,990	7,813,640
Rental of building	934,789	545,529	212,568	505,710
Loss on disposal of property, plant and equipment	53,830	1,236,005	-	143,666
Unrealised foreign exchange loss	4,627,022	458,901	-	395,193
Realised foreign exchange loss	636,410	-	-	8,317
Allowance for shares under litigation	60,379,850	-	-	-
Provision for legal fees	11,261,650	-	-	-
Impairment loss:				
- intangible asset	4,166,000	-	-	-
- property, plant and equipment	1,895,438	-	-	-
- trade receivables	658,183	-	429,483	-
- other receivables	3,731,199	-	201,839	-
Property, plant and equipment written off	86,013	72,841	-	43,562
Goodwill written off	-	108,009	-	-

7 PROFIT FROM OPERATIONS (continued)

	Group		Company	
	Year ended 30.06.2008 RM	**17 months ended 30.06.2007 RM**	**Year ended 30.06.2008 RM**	**17 months ended 30.06.2007 RM**
and crediting:				
Bad debts recovered	10,000	45,000	-	-
Gain on disposal of property, plant and equipment	27,527	-	22,200	-
Gain on disposal of investment properties	-	600,000	-	600,000
Gross dividend income:				
- subsidiaries	-	-	862,055	490,000
- investment quoted in Malaysia	-	-	1,462,571	1,950,095
Interest income:				
- deposits with licensed financial institutions	808,659	1,520,002	448,569	811,721
- bank balances	263,149	42,107	-	-
- debtors	3,039,800	-	46,846	-
Rental income	84,559	280,714	3,937,194	2,301,714
Realised foreign exchange gain	471,406	166,140	278,111	-
Unrealised foreign exchange gain	358,745	-	88,506	-
Fair value gain on investment properties	-	104,500	-	641,500
Fair value gain on financial asset at fair value through profit or loss	106,958,304	140,137,147	-	-

The contribution to Employee Provident Fund included in staff costs was RM2,445,436 (2007: RM2,820,109) for the Group and RM283,506 (2007: RM861,292) for the Company.

Direct operating expenses of investment properties that generated rental income to the Group and Company during the financial year amounted to nil (2007: nil) and RM489,483 (2007:RM370,603) respectively.

Direct operating expenses of investment properties that did not generate rental income to the Group and Company during the financial year amounted to nil (2007: RM17,999).

8 FINANCE COST

	Group		Company	
	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM
Interest on borrowings	20,917,997	13,587,886	655,365	2,885,985
Interest on hire-purchase	28,050	15,583	28,050	15,583
Fair value (gain)/loss on foreign currency forward contract	(25,749)	77,499	-	-
	20,920,298	13,680,968	683,415	2,901,568
Less: Interest capitalised into property, plant and equipment	(3,643,570)	(1,007,852)	-	-
	17,276,728	12,673,116	683,415	2,901,568

9 DIRECTORS' REMUNERATION

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

	Group		Company	
	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM
Non-executive Directors:				
- fees	774,973	1,096,500	505,793	722,500
- allowances	113,403	111,000	76,403	67,500
- estimated monetary value of benefits-in-kind	62,960	75,304	40,960	22,504
Executive Directors:				
- salaries and bonuses	4,129,989	4,010,160	1,774,555	1,935,695
- estimated monetary value of benefits-in-kind	95,997	141,362	40,343	68,128
- defined contribution plan	486,170	538,333	250,725	275,535
	5,663,492	5,972,659	2,688,779	3,091,862

10 TAX

	Group		Company	
	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM
Current tax:				
- Malaysian tax	5,367,099	9,951,129	3,975,937	3,787,629
- foreign tax	-	9,075,960	-	-
- (over)/under accrual in prior financial year/period	(55,770)	194,062	209,126	-
Deferred tax (Note 18)	(4,326,339)	54,578,545	(3,157,899)	(5,123,391)
	984,990	73,799,696	1,027,164	(1,335,762)
Profit before tax	56,193,163	189,060,947	15,628,809	22,927,505
Tax calculated at the Malaysian tax rate of 26% (2007: 27%)	14,610,222	51,046,456	4,063,490	6,190,426
Tax effects of:				
- share of results of associates	(437,093)	(42,598)	-	-
- tax savings from lower tax rate	(39,814)	-	-	-
- different tax rate in other countries	1,131,845	6,952,537	-	-
- expenses not deductible for tax purposes	18,762,169	869,844	331,285	442,086
- income not subject to tax	(14,476,564)	(3,153,950)	(380,268)	(526,526)
- change in tax rate	(656,468)	(764,035)	(39,391)	(409,485)
- utilisation of previously unrecognised tax losses	-	401,892	-	401,892
- controlled transfer of property, plant and equipment to subsidiary	-	(2,843,450)	(3,157,078)	(6,702,952)
- under accrual in prior financial year/period	2,980,135	135,065	209,126	-
- tax incentive obtained for double deduction	(79,190)	(96,516)	-	-
- reinvestment allowance tax credit	(21,528,110)	(426,072)	-	(341,252)
- current financial year/period losses not recognised	632,254	612,115	-	-
- change in tax estimates	-	19,826,469	-	-
- deferred tax assets not recognised	85,604	1,671,890	-	-
- others	-	(389,951)	-	(389,951)
Tax expense/(income)	984,990	73,799,696	1,027,164	(1,335,762)

10 TAX (continued)

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. Dividends paid under this system are tax exempt in the hands of shareholders.

Companies with Section 108 credits as at 31 December 2007 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013, whichever is earlier unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act 2007. As at 30 June 2008, subject to agreement with the tax authorities, the Company has Section 108 credits and tax exempt income of RM41,435,476 and RM22,721,413 respectively. Hence, the Company has sufficient Section 108 credits and tax exempt income to pay in full all of its retained earnings as franked and exempt dividends respectively.

11 EARNINGS PER SHARE

(a) Basic earnings per share

	Group	
	Year ended 30.06.2008 RM	**17 months ended 30.06.2007 RM**
Profit attributable to equity holders of the Company	45,466,756	104,843,771
Number of ordinary shares in issue at beginning of financial year/period after deducting treasury shares	225,155,411	169,144,380
Effect of exercise of ESOS options	491,667	-
Effect of share repurchase	-	(167,265)
Effect of bonus issue	-	56,287,131
Weighted average number of ordinary shares	225,647,078	225,264,246
Basic earnings per share (sen)	20.15	32.9*

* For comparative purposes, the calculation of earnings per share for the financial period ended 30 June 2007 is annualised.

(b) Diluted earnings per share

	Group	
	Year ended 30.06.2008 RM	**17 months ended 30.06.2007 RM**
Profit attributable to equity holders of the Company	45,466,756	104,843,771
Weighted average number of ordinary shares as calculated above	225,647,078	-
Warrants:		
- based on exercise price	30,911,528	-
- based on average fair value	(27,421,159)	-
Weighted average number of ordinary shares for diluted earnings per share	229,137,447	-
Diluted earnings per share (sen) *	19.84	

* For the financial period ended 30 June 2007, diluted earnings per share is not applicable to the Group because anti-dilutive effects are ignored in calculating diluted earnings per share.

12 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
2008						
Cost/valuation						
At 1 July 2007						
Cost	-	520,984	51,015,844	10,604,888	80,536,277	142,677,993
Valuation	28,900,000	86,076,100	121,900,884	-	-	236,876,984
	28,900,000	86,597,084	172,916,728	10,604,888	80,536,277	379,554,977
Additions	-	147,092	22,380,942	946,130	51,611,307	75,085,471
Addition through acquisition of a subsidiary (Note 15)	24,211,984	4,037,382	-	26,643	117,180,764	145,456,773
Currency translation differences	(281,222)	(34,960)	-	(16,095)	(1,821,394)	(2,153,671)
Disposals	-	-	(141,368)	(300,050)	(212,906)	(654,324)
Reclassification of account	-	20,692,983	104,427,731	-	(125,120,714)	-
Write-off	-	-	(123,443)	-	-	(123,443)
At 30 June 2008	52,830,762	111,439,581	299,460,590	11,261,516	122,173,334	597,165,783
Cost	23,930,762	23,186,481	203,957,814	11,261,516	122,173,334	384,509,907
Valuation	28,900,000	88,253,100	95,502,776	-	-	212,655,876
	52,830,762	111,439,581	299,460,590	11,261,516	122,173,334	597,165,783
Accumulated depreciation						
At 1 July 2007	-	4,292,665	20,151,377	6,470,506	-	30,914,548
Charge for the financial year	-	3,120,058	9,359,438	761,505	-	13,241,001
Currency translation differences	-	(11,408)	-	(15,648)	-	(27,056)
Disposals	-	-	(7,852)	(192,961)	-	(200,813)
Write-off	-	-	(37,430)	-	-	(37,430)
At 30 June 2008	-	7,401,315	29,465,533	7,023,402	-	43,890,250
Accumulated impairment loss						
Addition through acquisition of a subsidiary (Note 15)	8,355,663	-	-	-	14,235,129	22,590,792
Charge for the financial year	-	-	-	-	1,895,438	1,895,438
	8,355,663	-	-	-	16,130,567	24,486,230
Net book value at 30 June 2008						
Cost	15,575,099	23,126,644	194,632,060	4,238,114	106,042,767	343,614,684
Valuation	28,900,000	80,911,622	75,362,997	-	-	185,174,619
	44,475,099	104,038,266	269,995,057	4,238,114	106,042,767	528,789,303

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
2007						
Cost/valuation						
At 1 February 2006						
Cost	-	-	2,458,208	9,619,703	26,756,450	38,834,361
Valuation	28,900,000	86,076,100	151,276,630	-	-	266,252,730
	28,900,000	86,076,100	153,734,838	9,619,703	26,756,450	305,087,091
Additions	-	520,984	3,707,037	2,540,105	73,414,205	80,182,331
Disposals	-	-	(2,757,808)	(530,500)	(3,829)	(3,292,137)
Impairment loss charged against revaluation surplus	-	-	(1,322,234)	-	-	(1,322,234)
Reclassification of account	-	-	19,630,549	-	(19,630,549)	-
Write-off	-	-	(75,654)	(1,024,420)	-	(1,100,074)
At 30 June 2007	28,900,000	86,597,084	172,916,728	10,604,888	80,536,277	379,554,977
Cost	-	520,984	51,015,844	10,604,888	80,536,277	142,677,993
Valuation	28,900,000	86,076,100	121,900,884	-	-	236,876,984
	28,900,000	86,597,084	172,916,728	10,604,888	80,536,277	379,554,977
Accumulated depreciation						
At 1 February 2006	-	-	4,323,733	6,807,053	-	11,130,786
Charge for the financial period	-	4,292,665	16,923,086	959,700	-	22,175,451
Disposals	-	-	(1,088,122)	(276,334)	-	(1,364,456)
Write-off	-	-	(7,320)	(1,019,913)	-	(1,027,233)
At 30 June 2007	-	4,292,665	20,151,377	6,470,506	-	30,914,548
Net book value at 30 June 2007						
Cost	-	508,367	46,553,738	4,134,382	80,536,277	131,732,764
Valuation	28,900,000	81,796,052	106,211,613	-	-	216,907,665
	28,900,000	82,304,419	152,765,351	4,134,382	80,536,277	348,640,429

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
2008						
Cost/valuation						
At 1 July 2007						
Cost	-	124,520	493,880	6,320,190	1,418,686	8,357,276
Valuation	-	8,440,000	29,872,285	-	-	38,312,285
	-	8,564,520	30,366,165	6,320,190	1,418,686	46,669,561
Additions	111,322	-	-	17,673	-	128,995
Transfer to investment properties (Note 13)	-	(7,284,520)	-	-	-	(7,284,520)
Transfer of assets to a subsidiary	-	-	(28,831,659)	(1,343,385)	(1,418,686)	(31,593,730)
Disposals	-	-	-	(90,790)	-	(90,790)
	111,322	1,280,000	1,534,506	4,903,688	-	7,829,516
At 30 June 2008						
Cost	111,322	-	53,020	4,903,688	-	5,068,030
Valuation	-	1,280,000	1,481,486	-	-	2,761,486
	111,322	1,280,000	1,534,506	4,903,688	-	7,829,516
Accumulated depreciation						
At 1 July 2007	-	496,495	2,094,570	4,413,737	-	7,004,802
Charge for the financial year	-	110,824	71,943	286,162	-	468,929
Transfer to investment properties (Note 13)	-	(339,495)	-	-	-	(339,495)
Transfer of assets to a subsidiary	-	-	(1,992,971)	(1,312,471)	-	(3,305,442)
Disposals	-	-	-	(90,790)	-	(90,790)
At 30 June 2008	-	267,824	173,542	3,296,638	-	3,738,004
Net book value at 30 June 2008						
Cost	111,322	-	51,695	1,607,050	-	1,770,067
Valuation	-	1,012,176	1,309,269	-	-	2,321,445
	111,322	1,012,176	1,360,964	1,607,050	-	4,091,512

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	**Buildings** RM	**Plant, machinery and electrical installation** RM	**Motor vehicles, furniture, fittings and equipment** RM	**Capital work-in-progress** RM	**Total** RM
2007					
Cost/valuation					
At 1 February 2006					
Cost	-	-	6,530,378	692,277	7,222,655
Valuation	29,350,000	56,579,000	-	-	85,929,000
	29,350,000	56,579,000	6,530,378	692,277	93,151,655
Additions	124,520	242,547	1,724,978	1,278,951	3,370,996
Transfer to investment properties (Note 13)	(20,910,000)	-	-	-	(20,910,000)
Transfer of assets to a subsidiary	-	(26,658,185)	-	(301,209)	(26,959,394)
Disposals	-	(3,428)	(915,744)	-	(919,172)
Reclassification of accounts	-	251,333	-	(251,333)	-
Write-off	-	(45,102)	(1,019,422)	-	(1,064,524)
	8,564,520	30,366,165	6,320,190	1,418,686	46,669,561
At 30 June 2007					
Cost	124,520	493,880	6,320,190	1,418,686	8,357,276
Valuation	8,440,000	29,872,285	-	-	38,312,285
	8,564,520	30,366,165	6,320,190	1,418,686	46,669,561
Accumulated depreciation					
At 1 February 2006	-	-	5,505,741	-	5,505,741
Charge for the financial period	1,264,452	3,491,677	429,565	-	5,185,694
Transfer to investment properties (Note 13)	(767,957)	-	-	-	(767,957)
Transfer of assets to a subsidiary	-	(1,395,567)	-	-	(1,395,567)
Disposals	-	-	(502,147)	-	(502,147)
Write-off	-	(1,540)	(1,019,422)	-	(1,020,962)
At 30 June 2007	496,495	2,094,570	4,413,737	-	7,004,802
Net book value at 30 June 2007					
Cost	123,136	481,704	1,906,453	1,418,686	3,929,979
Valuation	7,944,889	27,789,891	-	-	35,734,780
	8,068,025	28,271,595	1,906,453	1,418,686	39,664,759

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Land and buildings, plant, machinery and electrical installation were revalued in January 2006 by an independent firm of professional valuers, C H Williams Talhar & Wong Sdn Bhd, based on open market value.

As at 30 June 2008, the net book value of the property, plant and equipment under hire purchase arrangement in the Group and Company stood at RM807,500 (2007: RM902,500).

Included in the capital work-in-progress incurred during the financial year was interest capitalised of RM3,643,570 (2007: RM1,007,852).

Building, plant, machinery and electrical installation of a subsidiary with a net book value of RM136,056,312 (2007: capital work-in-progress of RM83,410,319) have been pledged as security for borrowings granted (see Note 28). This amount relates to an expansion project, whereby during construction, the amount was included as capital work-in-progress. During the financial year, the project was completed and out of the capital work-in-progress of RM136,056,312, RM20,692,983 was transferred to buildings while RM115,363,329 was transferred to plant, machinery and electrical installation. In addition, property, plant and equipment of subsidiaries with a net book value of RM306,038,258 (2007: RM172,263,360) are pledged for banking facilities granted (see Note 28).

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

	Group		Company	
	30.06.2008	**30.06.2007**	**30.06.2008**	**30.06.2007**
	RM	**RM**	**RM**	**RM**
Freehold land	14,189,793	14,189,793	-	-
Buildings	46,636,402	48,134,584	36,989	3,496,145
Plant, machinery and electrical installation	65,031,244	70,426,642	278,538	17,444,481
	125,857,439	132,751,019	315,527	20,940,626

During the year, the Group completed the acquisition of 70% equity interest in SIPCO. The valuation on certain property, plant and equipment of SIPCO was performed prior to the acquisition date. Based on the valuation report of the independent valuers, the fair value of the land and the power plant equipment was less than its book value by approximately RM8.4million and RM14.2 million respectively and therefore an impairment loss of RM22.6 million was recognised.

As at 30 June 2008, the Group engaged an external valuer to conduct a formal assessment of the value-in-use of the power plant under construction, including the land on which the power plant was built. The value-in-use was determined by discounting the future cash flows, at a pre-tax discount rate of 10.7%, to be generated from the continuing use of the power plant, after taking into account the power plant construction cost for the first 3 years, based on management's cash flow projections for 28 years from 2008 to 2035. The cash flow projections take into consideration the current Gross Domestic Product ("GDP"), inflation growth rate for the industry in Thailand and steam sales, which have yet to be finalised. Management believes that a period greater than 5 years used for the cash flow projections is justified as the income derived during the extended period can be supported by its Power Purchase Agreements ("PPA") which each, has a useful life of 25 years.

The value-in-use was higher than the carrying amount of the land and the power plant under construction of SIPCO of RM122.0 million and thus no further impairment loss was recognised.

13 INVESTMENT PROPERTIES

	Group		Company	
	30.06.2008 RM	30.06.2007 RM	30.06.2008 RM	30.06.2007 RM
At beginning of the financial year/period	4,284,500	9,180,000	46,209,100	30,425,557
Transfer from property, plant and equipment (Note 12)	-	-	6,945,025	20,142,043
Transfer from prepaid lease rental (Note 14)	-	-	9,742,110	-
Transfer to non-current asset held for sale (Note 25)	(4,284,500)	-	(4,284,500)	-
Fair value gain	-	104,500	-	641,500
Disposal	-	(5,000,000)	-	(5,000,000)
At end of the financial year/period	-	4,284,500	58,611,735	46,209,100

The investment properties were revalued by an independent external valuer, C H Williams Talhar & Wong Sdn Bhd in January 2006, based on open market value. There was no significant change in the fair values of the properties during the financial year.

14 PREPAID LEASE RENTAL

	Group		Company	
	30.06.2008 RM	30.06.2007 RM	30.06.2008 RM	30.06.2007 RM
At beginning of the financial year/period	37,183,315	37,940,000	11,422,808	11,874,443
Transfer to investment properties (Note 13)	-	-	(9,742,110)	-
	37,183,315	37,940,000	1,680,698	11,874,443
Amortisation	(534,134)	(756,685)	(27,744)	(451,635)
At end of financial year/period	36,649,181	37,183,315	1,652,954	11,422,808

The prepaid lease rental relates to leasehold lands, which were revalued in January 2006 by an independent external valuer, C H Williams Talhar & Wong Sdn Bhd based on open market value.

15 SUBSIDIARIES

	Company	
	30.06.2008 RM	30.06.2007 RM
Cost		
Quoted shares	47,058,463	47,058,463
Unquoted shares	85,842,818	59,504,496
	132,901,281	106,562,959
Market value of quoted shares	55,577,717	80,928,956

15 SUBSIDIARIES (continued)

The details of the subsidiaries are as follows:

Name	Principal activities	Group's effective interest 30.06.2008 %	Group's effective interest 30.06.2007 %
Mycron Steel Berhad#	Investment holding and provision of management services to subsidiaries	54.5	54.5
Mycron Steel CRC Sdn Bhd	Manufacturing and trading of cold rolled steel sheets in coils	54.5	54.5
Silver Victory Sdn Bhd	Dormant	54.5	54.5
Melewar Steel Services Sdn Bhd	Investment holding	100.0	100.0
Melewar Steel Assets Sdn Bhd	Property investment	100.0	100.0
Melewar Steel Tube Sdn Bhd	Manufacturing of steel pipes and tubes, and provision of engineering services	100.0	100.0
Melewar Steel Mills Sdn Bhd	Manufacturing, distributing and trading of steel and iron products	100.0	100.0
Melewar Integrated Engineering Sdn Bhd	Provision of engineering and technical consultancy services	70.0	70.0
Melewar Steel Ventures Ltd	Investment holding	100.0	100.0
Melewar Steel Engineering Sdn Bhd	Investment holding	100.0	100.0
M-Power TT Ltd	Project management	100.0	100.0
Mperial Power Ltd	Investment holding	100.0	100.0
Siam Power Generation Public Company Ltd*#	Power generation	70.0	-
Melewar MycroSmelt Technology Ltd	Dormant	85.0	85.0
Melewar Metro Sdn Bhd	Dormant	100.0	100.0
Melewar Metro (Penang) Sdn Bhd	Dormant	100.0	100.0

All subsidiaries are incorporated in Malaysia except for Melewar MycroSmelt Technology Ltd and SIPCO, which are incorporated in British Virgin Islands and Thailand respectively.

* Audited by a firm other than member firm of PricewaterhouseCoopers International Limited

\# Shares of the investment in subsidiaries amounting to RM110,049,026 (2007: nil) have been pledged as collateral for borrowings of subsidiaries (see Note 28)

15 SUBSIDIARIES (continued)

On 13 May 2008, Mperial Power Ltd ("Mperial"), a wholly owned subsidiary of the Company completed the acquisition of 70% equity interest in SIPCO for a total cash consideration of USD23.0 million or RM83.5 million. The purchase consideration was settled in the previous financial period. However, the acquisition was not completed at that time as one of the key conditions precedent had yet to be fulfilled. The condition precedent was subsequently waived by both parties during the financial year.

The acquisition contributed a net loss before minority interest of RM5.2 million to the Group for the period from 13 May 2008 to 30 June 2008. Had the acquisition taken place on 1 July 2007, the net loss before minority interest would have been RM32.3 million.

The carrying value and fair value of the net assets acquired and cash flow arising from the acquisition are as follows:

	Carrying value (prior to acquisition) RM'000	Fair value (upon acquisition) RM'000
Property, plant and equipment (Note 12)	123,562	122,866
Intangible asset (Note 17)	-	59,639
Trade and other receivables	19,118	18,430
Cash at bank pledged as collateral	5,338	5,338
Cash and cash equivalents	2,853	2,853
Trade and other payables	(83,129)	(89,833)
Fair value of net assets acquired	67,742	119,293
Minority interest	-	(35,788)
Total consideration	-	83,505
Less: Deposit paid in previous years	-	(83,505)
Net consideration	-	-
Add: Cash and cash equivalents of subsidiary acquired	-	2,853
Cash inflow of the Group on acquisition through business combinations	-	2,853

16 ASSOCIATES

	Group 30.06.2008 RM	Group 30.06.2007 RM
Share of net assets of associates	116,117,810	112,625,218
Market value of quoted shares	24,294,723	44,916,978

The share of net assets of associates as at 30 June 2008 include goodwill of RM4,405,304 (2007: RM4,405,304).

Although the carrying amounts of the associates are higher than the market value of the quoted shares, no impairment has been recognised as the Directors have determined that the value-in-use to be higher than the carrying amount of each of the associates. The value-in-use is computed based on the annualised cash flows of the associate, discounted using a discount rate of the industry of 12.50% (2007: 13.17%) per annum. The result is not sensitive to the discount rate used. The breakeven discount rate which will trigger an impairment is 34% per annum.

16 ASSOCIATES (continued)

The Group's share of revenue, profit, assets and liabilities of associates is as follows:

	Group	
	30.06.2008	**30.06.2007**
	RM	**RM**
Revenue	39,870,925	79,219,464
Profit after tax	1,681,127	157,772
Non-current assets	124,388,677	92,453,200
Current assets	54,290,218	59,919,971
Current liabilities	(24,850,493)	(24,242,119)
Non-current liabilities	(37,710,592)	(15,505,834)
Net assets	116,117,810	112,625,218

The details of associates are as follows:

Name	**Principal activities**	**Group's effective interest**	
		30.06.2008	**30.06.2007**
		%	**%**
M3nergy Berhad #	Investment holding and provision of management services to its subsidiaries	22.67	22.59
PMP Galvanizers Sdn Bhd ("PMP")*	Manufacturing and trading of galvanised metal	10.89	10.89

Shares of the investment in the associate amounting to RM98,855,576 (2007: RM95,491,362) have been pledged as collateral for borrowings of subsidiaries (see Note 28)

* PMP is an associate of Mycron Steel Berhad, a 54.50% owned subsidiary of Melewar Industrial Group Berhad ("MIGB") and correspondingly is an associate of MIGB

17 INTANGIBLE ASSET

Rights on Concession Agreement

	Group
	RM
Acquisition through business combinations (Note 15)	59,638,932
Less: Impairment loss	(4,166,000)
At 30 June 2008	55,472,932

The future revenue of the subsidiary acquired during the financial year, SIPCO, will be substantially derived from the generation and sale of electricity energy and generating capacity, which is governed by the Concession Agreement and PPA.

The Group identified the cash flow generated from the Concession Agreement and PPA as the Intangible Asset in this Acquisition. The Group notes that the Concession Agreement and PPA are recognised as a single asset, in view that both are required for the generation and sale of electricity energy and generating capacity.

This PPA is the key document that governs the underlying strength of the Group's cash flow from the generation and sale of electricity energy and generating capacity, which provides for, inter alia, the electricity tariff, supply, operations and maintenance and all other terms to be met by the Group. The PPA is tied to the specific power plant, where its fair value can be separately accounted for.

17 INTANGIBLE ASSET (continued)

The fair value of the Intangible Asset arising from the PPA is measured using the discounted cash flow method under the income method. In applying the discounted cash flow model, the expected cash flows are discounted to their present value equivalent using the company's Weighted Average Cost of Capital ("WACC") which reflects the relative risk of the cash flows, as well as the time value of money. The WACC is calculated by weighting the required returns on debt and equity in proportion to their assumed percentage.

Management had applied the following key assumptions in deriving the present value of the net income after taxes attributable to the Intangible Asset:

• Useful life of PPA	25 years
• Contracted capacity	160MW
• Average load factor	90%
• Annual electricity generation (Mwhr/ year)	1,162,690
• Capacity Rate (RM/kW-month)	34
• Fuel price (RM/mmBtu)*	21
• Steam sales (ton/hour)	30
• Steam price (RM/ton)*	66

* Denominated in Thai Baht and converted using the closing rate as at 30 June 2008

The Intangible Asset is not amortised as the power plant is still under construction.

The recoverable amount of the Intangible Asset together with the identifiable assets and liabilities relating to the power generating business ("cash-generating unit" or "CGU") was determined by the value-in-use calculation. The value-in-use was determined by discounting the future cash flows to be generated from the continuing use of the power plant, after taking into account the power plant construction cost for the first 3 years, based on management's cash flow projections for 28 years from 2008 to 2035. The cash flow projections take into consideration the current GDP and inflation growth rate for the industry in Thailand. Management believes that a period greater than 5 years used for the cash flow projections is justified as the income derived during the extended period can be supported by the PPA which each, has a useful life of 25 years.

Management's judgement is involved in estimating the future cash flow of the CGU. The value-in-use is sensitive to, amongst others, the following key assumptions:

(a) a pre-tax discount rate of 10% was applied over the period of cash flow projections in determining the recoverable amount of the Intangible Asset. The discount rate was derived from the Capital Asset Pricing Model, which itself depends on input reflecting a number of financial and economic variables including risk free rate, debt to equity ratio, beta, cost of debt and equity risk premium; and

(b) the cash flow projections include the cash inflow from the steam sales. As at the date of this financial statement, management has yet to secure any contract for its steam sales.

The group recognised an impairment loss of RM4,166,000 during the financial year as the discounted cash flow is unable to fully support the carrying amount of the CGU.

18 DEFERRED TAX

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

	Group		Company	
	30.06.2008	**30.06.2007**	**30.06.2008**	**30.06.2007**
	RM	**RM**	**RM**	**RM**
Deferred tax assets	148,452	13,734	-	-
Deferred tax liabilities:				
- subject to income tax	(30,929,322)	(98,086,456)	(12,691,328)	(19,072,621)
- subject to foreign income tax	(61,300,710)	-	-	-
	(92,230,032)	(98,086,456)	(12,691,328)	(19,072,621)
	(92,081,580)	(98,072,722)	(12,691,328)	(19,072,621)
At beginning of the financial year/period	(98,072,722)	(47,344,297)	(19,072,621)	(25,730,134)
(Charged)/credited to income statement (Note 10):				
- property, plant and equipment	(14,385,600)	8,297,454	4,242,695	8,085,007
- investment property	-	-	(3,319,635)	-
- prepaid lease rental	297,201	-	2,234,839	-
- reinvestment allowance	20,480,849	-	-	-
- provisions	258,858	-	-	-
- tax losses	-	(4,824,374)	-	(1,572,780)
- unabsorbed capital allowances	7,241,209	(6,249,534)	-	(1,388,836)
- financial asset at fair value through profit or loss	(9,398,245)	(51,902,464)	-	-
- others	(167,933)	100,373	-	-
	4,326,339	(54,578,545)	3,157,899	5,123,391
Credited to asset revaluation reserve:				
- property, plant and equipment	-	-	2,762,676	-
- change in tax rate	1,664,803	3,491,227	27,388	1,534,122
- impairment of property, plant and equipment	-	343,781	-	-
- others	-	15,112	-	-
Credited to retained earnings:				
- change in tax rate	-	-	433,330	-
	5,991,142	(50,728,425)	6,381,293	6,657,513
	(92,081,580)	(98,072,722)	(12,691,328)	(19,072,621)

18 DEFERRED TAX (continued)

	Group		Company	
	30.06.2008	**30.06.2007**	**30.06.2008**	**30.06.2007**
	RM	**RM**	**RM**	**RM**
Subject to income tax:				
Deferred tax assets (before offsetting):				
- property, plant and equipment	1,306	13,734	-	-
- unabsorbed capital allowances	7,266,150	24,941	-	-
- unutilised reinvestment allowance	20,480,849	-	-	-
- impairment loss	258,858	-	-	-
- others	-	100,373	-	-
	28,007,163	139,048	-	-
Offsetting	(27,858,711)	(125,314)	-	-
Deferred tax assets (after offsetting)	148,452	13,734	-	-
Deferred tax liabilities (before offsetting):				
- property, plant and equipment	(50,187,444)	(37,479,075)	(516,699)	(7,549,458)
- prepaid lease rental	(8,533,030)	(8,830,231)	(410,218)	(2,645,057)
- investment properties	-	-	(11,764,411)	(8,878,106)
- unrealised foreign exchange gain	(67,560)	-	-	-
- financial asset at fair value through profit or loss	(61,300,709)	(51,902,464)	-	-
	(120,088,743)	(98,211,770)	(12,691,328)	(19,072,621)
Offsetting	27,858,711	125,314	-	-
Deferred tax liabilities (after offsetting)	(92,230,032)	(98,086,456)	(12,691,328)	(19,072,621)

The amount of unutilised tax losses and unabsorbed capital allowances (all of which have no expiry dates) for which no deferred tax asset is recognised in the balance sheet are as follows:

	Group	
	30.06.2008	**30.06.2007**
	RM	**RM**
Tax losses	9,650,063	7,478,715
Capital allowances	11,072,584	6,634,860

19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	Group		Company	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM	RM	RM	RM
Securities:				
- unquoted in Malaysia	1,869,077	1,869,077	934,531	934,531

The table below illustrates the movement of available-for-sale financial assets.

	Group		Company	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM	RM	RM	RM
At beginning of the financial year/period	1,869,077	7,804,064	934,531	3,104,064
Addition	-	969,077	-	484,531
	1,869,077	8,773,141	934,531	3,588,595
Less: Reclassification to investment in associates	-	(4,250,000)	-	-
Less: Reclassification to investment in subsidiaries	-	(2,654,064)	-	(2,654,064)
At end of the financial year/period	1,869,077	1,869,077	934,531	934,531

The Directors have assessed the fair value of the financial assets and concluded that there is no significant difference between the carrying value and fair value of the financial assets.

20 INVENTORIES

	Group		Company	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM	RM	RM	RM
Raw materials	115,050,927	83,127,990	-	14,458,736
Work-in-progress	23,911,762	13,597,972	-	-
Finished goods	39,986,066	53,164,722	-	8,165,558
Consumables	3,832,795	2,530,700	-	438,660
	182,781,550	152,421,384	-	23,062,954

21 TRADE AND OTHER RECEIVABLES

	Group		Company	
	30.06.2008	**30.06.2007**	**30.06.2008**	**30.06.2007**
	RM	**RM**	**RM**	**RM**
Trade receivables	131,952,347	102,618,576	75,055,078	32,732,846
Less: Impairment loss	(658,183)	-	(429,483)	-
	131,294,164	102,618,576	74,625,595	32,732,846
Other receivables	87,490,973	50,757,114	730,753	1,628,636
Less: Impairment loss	(3,731,199)	-	(201,839)	-
	83,759,774	50,757,114	528,914	1,628,636
Deposits	10,308,214	10,384,460	5,135,649	5,161,643
Prepayments	3,854,921	2,366,300	225,409	253,949
Purchase consideration paid	-	83,843,964	-	-
	229,217,073	249,970,414	80,515,567	39,777,074
The currency exposure profile of trade receivables is as follows:				
- Ringgit Malaysia	122,335,645	91,924,608	70,929,941	29,660,420
- Singapore Dollar	5,844,034	2,908,822	3,602,630	2,908,822
- US Dollar	299,915	7,785,146	93,024	163,604
- Euro	2,814,570	-	-	-
	131,294,164	102,618,576	74,625,595	32,732,846

The purchase consideration paid relates to the acquisition of shares in SIPCO, which was completed during the current financial year.

Included in other receivables are advances to SIPCO amounting to RM nil (2007: RM26,913,724).

22 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset at fair value through profit or loss comprises the following:

	Group	
	30.06.2008	**30.06.2007**
	RM	**RM**
Equity securities:		
- quoted outside Malaysia	332,193,924	225,235,620

The table below illustrates the movements of financial asset at fair value through profit or loss.

	Group	
	30.06.2008	**30.06.2007**
	RM	**RM**
At beginning of the financial year/period	225,235,620	85,098,473
Fair value gain	106,958,304	140,137,147
At end of the financial year/period	332,193,924	225,235,620

The change in fair value of the financial asset at fair value through profit or loss is recorded in the income statement.

The financial asset at fair value through profit or loss is denominated in Australian Dollar and is charged as security for borrowings granted to the Group (see Note 28).

An allowance of RM60,379,850 was made for the potential unsuccessful recovery of 35,087,009 shares in Gindalbie Metals Ltd ("Gindalbie") pledged with a financial institution in Australia. The details are further described in Note 35 to the financial statements.

23 AMOUNT OWING BY/(TO) SUBSIDIARIES

The amount owing by/(to) subsidiaries are unsecured and interest free. There are no fixed terms of repayment for inter-company advances whereas inter-company trade transactions are subject to credit terms between 30 to 90 days (2007: 30 to 90 days).

	Company	
	30.06.2008	**30.06.2007**
	RM	**RM**
Amount owing by subsidiaries:		
Trade	5,562	93,364
Advances	280,036,176	206,753,777
	280,041,738	206,847,141
Amount owing to subsidiaries:		
Trade	91,823,118	18,976,350

24 CASH AND CASH EQUIVALENTS

	Group		Company	
	30.06.2008	**30.06.2007**	**30.06.2008**	**30.06.2007**
	RM	**RM**	**RM**	**RM**
Deposits with licensed financial institutions	15,986,045	23,945,951	2,070,000	18,942,122
Cash and bank balances	73,498,951	22,869,412	8,707,941	1,381,032
	89,484,996	46,815,363	10,777,941	20,323,154
Less: Restricted cash	(5,499,057)	(15,000,000)	-	(15,000,000)
	83,985,939	31,815,363	10,777,941	5,323,154

The restricted cash for the previous financial period relates to deposit with a financial institution that is pledged as security for financing facilities granted to the Group. The restricted cash for the current year relates to deposit with a financial institution that is pledged as security for the bank guarantee facilities in respect of the application and proposal to sell electricity to Electricity Government Authority of Thailand ("EGAT").

The weighted average interest rates that were effective at the balance sheet date are as follows:

	Group		Company	
	30.06.2008	**30.06.2007**	**30.06.2008**	**30.06.2007**
	% per annum	**% per annum**	**% per annum**	**% per annum**
Deposits with licensed financial institutions	1.77	2.79	2.70	2.94
Bank balances	1.06	0.03	-	-

Deposits with licensed financial institutions have an average maturity period of 7 days (2007: 30 days).

	Group		Company	
	30.06.2008	**30.06.2007**	**30.06.2008**	**30.06.2007**
	RM	**RM**	**RM**	**RM**
The currency exposure profile of cash and bank balances is as follows:				
- Ringgit Malaysia	30,911,093	22,756,896	8,707,941	1,381,032
- Australian Dollar	372,981	43,123	-	-
- US Dollar	42,214,877	69,393	-	-
	73,498,951	22,869,412	8,707,941	1,381,032

25 NON-CURRENT ASSET HELD FOR SALE

	Group/Company	
	30.06.2008	**30.06.2007**
	RM	**RM**
At beginning of the financial year/period	-	-
Transfer from investment properties (Note 13)	4,284,500	-
At end of the financial year/period	4,284,500	-

Before the financial year end, the Company entered into a Sale and Purchase Agreement to dispose of a piece of property. As at 30 June 2008, the disposal has not been completed as there are conditions precedent that have yet to be fulfilled. The disposal was subsequently completed on 24 September 2008.

26 TRADE AND OTHER PAYABLES

	Group		Company	
	30.06.2008	**30.06.2007**	**30.06.2008**	**30.06.2007**
	RM	**RM**	**RM**	**RM**
Trade payables	17,742,215	9,507,303	3,817,900	381,740
Other payables	54,040,389	5,838,846	935,901	1,739,110
Accruals	88,937,839	27,021,582	2,078,409	425,454
Provision for legal fees	11,261,650	-	-	-
Deposits received	694,931	-	1,402,430	625,000
Allowance for shares under litigation	60,379,850	-	-	-
	233,056,874	42,367,731	8,234,640	3,171,304

27 DERIVATIVE LIABILITY

The notional principal amounts of the outstanding foreign currency forward contracts as at 30 June 2008 amounted to RM3,133,101 (2007: RM8,667,000).

The foreign currency forward contracts entered into during the financial year were for hedging the future draw down of borrowings and trade receivables denominated in US Dollars which are expected to occur at various dates during the next 12 months.

As the Group has not adopted hedge accounting during the financial year, the changes in fair value of the foreign currency forward contracts were recognised immediately in the income statement.

28 BORROWINGS

	Group		Company	
	30.06.2008 RM	30.06.2007 RM	30.06.2008 RM	30.06.2007 RM
Current				
Bankers' acceptance	171,896,000	141,290,000	78,490,000	86,190,000
Revolving credit	81,000,000	73,000,000	48,000,000	38,000,000
Hire purchase creditor	290,503	277,303	290,503	277,303
Margin financing loan	35,290,001	-	-	-
Term loans	89,466,503	41,082,449	-	-
	377,943,007	255,649,752	126,780,503	124,467,303
Non-current				
Hire purchase creditor	175,546	466,049	175,546	466,049
Term loans	95,619,824	81,303,170	-	-
	95,795,370	81,769,219	175,546	466,049
Total				
Bankers' acceptance	171,896,000	141,290,000	78,490,000	86,190,000
Revolving credit	81,000,000	73,000,000	48,000,000	38,000,000
Hire purchase creditor	466,049	743,352	466,049	743,352
Margin financing loan	35,290,001	6,061,713	-	-
Term loans	185,086,327	116,323,906	-	-
	473,738,377	337,418,971	126,956,049	124,933,352

Contractual terms of borrowings

	Contractual interest rate at balance sheet date (per annum)	Functional currency/ currency exposure	Total carrying amount RM	Maturity profile		
				< 1 year RM	1 - 2 years RM	> 2 years RM
Group						
At 30 June 2008						
Unsecured						
- Bankers' acceptance	4.15 % - 4.93%	RM	94,810,000	94,810,000	-	-
- Revolving credit	4.75% - 5.03%	RM	48,000,000	48,000,000	-	-
Secured						
- Bankers' acceptance	4.12 % - 4.86%	RM	77,086,000	77,086,000	-	-
- Revolving credit	3.95%	RM	33,000,000	33,000,000	-	-
- Hire purchase creditor	2.38%	RM	466,049	290,503	175,546	-
- Term loan (1)	BLR + 1.50%; 4.12%	RM/USD; RM	69,036,434	69,036,434	-	-
- Term loan (2)	BLR + 2.00%; 3.23%; SIBOR + 1.20%	RM; RM/EURO; RM/USD	116,049,893	20,430,066	27,789,133	67,830,694
- Margin financing loan (3)	8.75% - 9.00%	RM/AUD	35,290,001	35,290,001	-	-
			473,738,377	377,943,004	27,964,679	67,830,694

28 BORROWINGS (continued)

Contractual terms of borrowings (continued)

	Contractual interest rate at balance sheet date (per annum)	Functional currency/ currency exposure	Total carrying amount RM	Maturity profile < 1 year RM	1 - 2 years RM	> 2 years RM
Group						
At 30 June 2007						
Unsecured						
- Bankers' acceptance	3.90% - 4.97%	RM	94,090,000	94,090,000	-	-
- Revolving credit	4.75%	RM	38,000,000	38,000,000	-	-
Secured						
- Bankers' acceptance	4.12% - 4.15%	RM	47,200,000	47,200,000	-	-
- Revolving credit	3.95%	RM	35,000,000	35,000,000	-	-
- Hire purchase creditor	2.38%	RM	743,352	277,303	290,503	175,546
- Term loan (1)	BLR + 1.50%; 12.00%	RM	39,398,773	29,398,773	10,000,000	-
- Term loan (2)	BLR + 2.00%; 3.23%; SIBOR + 1.20%	RM; RM/EURO RM/USD	76,925,133	5,621,963	27,727,821	43,575,349
- Margin financing loan (4)	9.35%	RM	6,061,713	6,061,713	-	-
			337,418,971	255,649,752	38,018,324	43,750,895

	30.06.2008 Functional currency/ currency exposure	30.06.2008 Total amount RM	30.06.2007 Functional currency/ currency exposure	30.06.2007 Total amount RM
Group				
Unsecured	RM	142,810,000	RM	132,090,000
Secured	RM	131,227,671	RM	141,734,958
	RM/AUD	35,290,001	RM/AUD	-
	RM/USD	123,572,192	RM/USD	40,569,032
	RM/EURO	40,838,513	RM/EURO	23,024,981
		473,738,377		337,418,971

Term Loan (1) is secured against the investment in a subsidiary (see Note 15), investment in an associate (see Note 16) and/or financial asset at fair value through profit or loss (see Note 22).
Term Loan (2) is secured by a debenture over the fixed charge on the plant and machinery financed by the bank (see Note 12) and/ or a debenture over the fixed and floating assets of the subsidiary.
Margin financing loan(3) is secured against the financial asset at fair value through profit or loss (see Note 22).
Margin financing loan(4) was secured against the investment in an associate (see Note 16).

28 BORROWINGS (continued)

Contractual terms of borrowings (continued)

	Contractual interest rate at balance sheet date (per annum)	Functional currency/ currency exposure	Total carrying amount RM	Maturity profile < 1 year RM	1 - 2 years RM	> 2 years RM
Company						
At 30 June 2008						
Unsecured						
- Bankers' acceptance	4.15% - 4.93%	RM	78,490,000	78,490,000	-	-
- Revolving credit	4.75% - 5.03%	RM	48,000,000	48,000,000	-	-
Secured						
- Hire purchase creditor	2.38%	RM	466,049	290,503	175,546	-
			126,956,049	126,780,503	175,546	-
At 30 June 2007						
Unsecured						
- Bankers' acceptance	3.90% - 4.97%	RM	86,190,000	86,190,000	-	-
- Revolving credit	4.75%	RM	38,000,000	38,000,000	-	-
Secured						
- Hire purchase creditor	2.38%	RM	743,352	277,303	290,503	175,546
			124,933,352	124,467,303	290,503	175,546

Fair Value

The carrying amounts of the borrowings due within 1 year and those with floating rates approximate their fair values at balance sheet date. The fair values of the borrowings due after 1 year that have fixed interest rates are as follows:

	Group			
	30.06.2008		30.06.2007	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Term loan (2)	40,838,513	40,099,605	23,024,982	22,550,460

28 BORROWINGS (continued)

Fair Value (continued)

The weighted average interest rates of borrowings as at 30 June 2008 are as follows:

	Group		Company	
	30.06.2008	**30.06.2007**	**30.06.2008**	**30.06.2007**
	% per annum	**% per annum**	**% per annum**	**% per annum**
Bankers' acceptance	4.35	4.32	4.57	4.41
Revolving credit	4.51	4.37	4.89	4.75
Hire purchase creditor	2.38	2.38	2.38	2.38
Term loans	6.88	6.35	-	-

The hire purchase creditor at the balance sheet date is due in the following period:

	Group/Company	
	30.06.2008	**30.06.2007**
	RM	**RM**
Not later than 1 year	305,352	305,352
Later than 1 year and not later than 2 years	178,113	305,352
Later than 2 years	-	178,113
	483,465	788,817
Less: Future finance charge	(17,416)	(45,465)
Present value	466,049	743,352

29 SHARE CAPITAL

	Group/Company			
	30.06.2008		**30.06.2007**	
	Number of shares	**Nominal value RM**	**Number of shares**	**Nominal value RM**
Authorised				
Ordinary shares of RM1 each				
At beginning and end of the financial year/period	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
Ordinary shares of RM1 each				
At beginning of the financial year/period	226,227,011	226,227,011	169,939,880	169,939,880
Exercise of ESOS options	518,000	518,000	-	-
Issue of bonus shares	-	-	56,287,131	56,287,131
At end of the financial year/period	226,745,011	226,745,011	226,227,011	226,227,011

29 SHARE CAPITAL (continued)

Employee Share Option Scheme

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

The main features of the ESOS are as follows:

- the total number of ordinary shares to be issued by the Company under the ESOS shall not exceed 10% of the total issued and paid-up ordinary shares of the Company, such that not more than 50% of the shares available under the ESOS is allocated, in aggregate, to directors and senior management;

- not more than 10% of the shares available under the ESOS is allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company;

- only staff and Executive Directors of the Company who are full time confirmed employees and who are on the payroll of the Company are eligible to participate in the scheme;

- the entitlement of an eligible Executive Director shall first be approved by the shareholders of the Company in a general meeting;

- the exercise price under the ESOS is the average of the mean market price of the shares of the Company as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad for the 5 market days preceding the offer date or the par value of the shares of the Company of RM1, whichever is higher;

- the options granted are exercisable in a particular year of the scheme (the first year of the scheme commences from the date the scheme comes into force) shall at all times be subject to the following maximum percentages:

Maximum percentage of options exercisable within each particular year of the scheme				
Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
40%	20%	20%	20%	-

  The above restriction has now been rescinded and will no longer be applicable to the ESOS offered to the eligible employees, as approved by the Board of Directors on 5 December 2005; and

- options granted under the ESOS carry no dividend or voting rights. The new ordinary shares issued upon the exercise of the options shall rank pari passu in all respects with the existing ordinary shares of the Company.

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

			Number of options				
Grant date	**Expiry date**	**Exercise price* RM/share**	**At 01.07.2007**	**Granted**	**Exercised**	**Lapsed**	**At 30.06.2008**
5 December 2003	4 December 2008	1.46	7,508,190	-	518,000	-	6,990,190

* Exercise price for outstanding options as at 30 June 2008

As a result of the Bonus Issue in the previous financial period, the option exercise price has been adjusted from RM1.94 per share to RM1.46 per share.

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in an Annual General Meeting held on 31 October 2007, approved to renew the authorisation to enable the Company to repurchase its own shares. The Board of Directors is committed to enhance the value of the Company for the benefit of its shareholders and believe that the share buy back program can be applied in the best interest of the Company and its shareholders.

29 SHARE CAPITAL (continued)

Treasury shares (continued)

At the balance sheet date, the number of outstanding shares in issue after setting off the treasury shares against equity is 225,673,411 (2007: 225,155,411).

Warrants

The shareholders of the Company, by an ordinary resolution passed in an Extraordinary General Meeting held on 24 March 2005, approved the renounceable rights issue of 32,136,420 warrants on the basis of 1 new warrant for every 5 existing ordinary shares of RM1 each held in the Company at an issue price of RM0.20 per warrant.

The warrants are constituted under the Deed Poll dated 12 April 2005.

Each warrant entitles the warrant holder to subscribe for 1 new ordinary share of the Company at a subscription price of RM1.50 per share.

The warrants may be exercised at any time before 5.00pm on 14 June 2010. Warrants which are not exercised during the exercise period will thereafter cease to be valid for any purpose.

The new ordinary shares allotted and issued upon the exercise of the warrants shall be fully paid and rank pari passu in all respects with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.

The warrants are quoted on the Bursa Malaysia Securities Berhad.

As at 30 June 2008, there are 30,911,528 (2007: 30,911,528) warrants which have not been exercised.

30 DIVIDENDS

The dividends paid or declared by the Company during the financial year/period are as set out below.

	Year ended 30.06.2008 RM	**17 months ended 30.06.2007 RM**
In respect of the financial year ended 31 January 2006		
- Final tax exempt dividend of 3 sen per share paid on 21 July 2006	-	5,074,331
In respect of the financial period ended 30 June 2007		
- Final tax exempt dividend of 6 sen per share paid on 30 November 2007	13,540,405	-

At the forthcoming Annual General Meeting on 24 November 2008, a first and final gross dividend in respect of the financial year ended 30 June 2008 of 4 sen per share, less income tax of 25%, amounting to RM6,770,202 will be proposed for shareholders' approval.

31 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

The Group has a controlling related party relationship with its subsidiaries.

The Directors of the Company, Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman (demised on 20 August 2008), Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah, and Datin Ezurin Yusnita binti Abdul Malik have or deemed to have financial interests in the following companies and thus they are deemed to be the related parties of the Group:

- Trace Management Services Sdn Bhd
- Mitra Malaysia Sdn Bhd
- Malaysian Assurance Alliance Berhad
- Wira Security Services Sdn Bhd
- Maybach Logistics Sdn Bhd
- MAA Credit 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.

Group

(a) Transactions with related parties during the financial year/period are as follows:

Entity	Type of Transaction	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM
Trace Management Services Sdn Bhd	Corporate secretarial services	282,249	378,236
Mitra Malaysia Sdn Bhd	Travel tickets	335,943	931,449
Malaysian Assurance Alliance Berhad	Insurance	1,644,695	2,467,643
	Rental and utilities	698,228	842,261
Wira Security Services Sdn Bhd	Security guard services	348,440	415,907
Maybach Logistics Sdn Bhd	Transportation charges	437,085	161,161
MAA Credit Sdn Bhd	Interest on term loan	1,510,840	921,789
	Term loan obtained	-	29,398,773

(b) Significant outstanding balances arising from the above transactions are as follows:

Entity	30.06.2008 RM	30.06.2007 RM
MAA Credit Sdn Bhd	-	29,398,773

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

Company

(a) Transactions with related parties during the financial year/period are as follows:

Entity	Type of Transaction	Year ended 30.06.2008 RM	17 months ended 30.06.2007 RM
Melewar Steel Tube Sdn Bhd	Purchase of pipes	288,791,821	79,094,770
	Sale of pipes	8,165,558	36,998,603
	Rental income	3,924,000	2,021,000
	Engineering services	-	534,864
	Marketing fee income	2,847,930	283,470
	Management fee income	600,000	400,000
Mycron Steel CRC Sdn Bhd	Purchase of cold rolled coils	-	52,606,633
Mycron Steel Berhad	Dividend income	1,462,571	1,950,095
Melewar Steel Mills Sdn Bhd	Sale of pipes	474,808	17,378,965
Melewar Integrated Engineering Sdn Bhd	Dividend income	862,055	490,000
Melewar Steel Services Sdn Bhd	Rental expenses	-	240,000
Trace Management Services Sdn Bhd	Corporate secretarial services	144,048	234,559
Mitra Malaysia Sdn Bhd	Travel tickets	46,714	205,517
Malaysian Assurance Alliance Berhad	Insurance	300,438	1,005,573
	Rental and utilities	260,885	358,168
Wira Security Services Sdn Bhd	Security guard services	27,903	130,916
Maybach Logistics Sdn Bhd	Transportation charges	207,915	69,915

(b) There are no significant outstanding balances arising from the above transactions except for the balances disclosed in Note 23.

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

The ESOS options granted to the Directors of the Company are disclosed in the Directors' Report.

The key management compensation is disclosed in Note 9 to the financial statements.

32 SEGMENTAL ANALYSIS

Business segment

The Group operates mainly in steel manufacturing. During the financial year, the Group completed the acquisition of SIPCO, a company in the business of supplying power. SIPCO has yet to commence business operations as at 30 June 2008.

Other operations of the Group mainly comprise engineering and technical consultancy services, none of which is of a significant size to be reported separately.

Year ended 30.06.2008	**Steel manufacturing RM**	**Energy RM**	**Others RM**	**Elimination RM**	**Group RM**
Operating revenue					
External revenue	685,722,431	-	17,622,330	-	703,344,761
Total operating revenue	685,722,431	-	17,622,330	-	703,344,761
Results					
Segment results	49,267,332	(4,032,981)	48,135,033	(21,580,620)	71,788,764
Finance cost					(17,276,728)
Share of results of associates					1,681,127
Taxation					(984,990)
Profit for the financial year					55,208,173
At 30 June 2008					
Net assets					
Segment assets	789,954,173	280,814,008	390,462,315	-	1,461,230,496
Associates					116,117,810
Unallocated assets					5,213,013
Total assets					1,582,561,319
Segment liabilities	44,256,133	87,533,641	101,267,102	-	233,056,876
Unallocated liabilities					575,638,170
Total liabilities					808,695,046
Net assets					773,866,273
Other information					
Capital expenditure	69,887,759	4,557,817	639,895	-	75,085,471
Depreciation on property, plant and equipment	12,842,770	18,013	380,218	-	13,241,001
Amortisation of prepaid lease rental	475,382	-	58,752	-	534,134
Property, plant and equipment written off	86,013	-	-	-	86,013
Loss on disposal of property, plant and equipment	18,190	-	8,113	-	26,303
Fair value gain on financial assets at fair value through profit or loss	-	-	106,958,304	-	106,958,304

32 SEGMENTAL ANALYSIS (continued)

Business segment (continued)

17 months ended 30.06.2007	**Steel manufacturing RM**	**Energy RM**	**Others RM**	**Elimination RM**	**Group RM**
Operating revenue					
External revenue	785,766,832	-	24,475,026	-	810,241,858
Total operating revenue	785,766,832	-	24,475,026	-	810,241,858
Results					
Segment results	67,429,914	-	146,044,205	(11,789,819)	201,684,300
Unallocated costs					(108,009)
Finance cost					(12,673,116)
Share of results of associates					157,772
Taxation					(73,799,696)
Profit for the financial period					115,261,251
At 30 June 2007					
Net assets					
Segment assets	542,398,256	-	524,021,846	-	1,066,420,102
Associates					112,625,218
Unallocated assets					2,853,587
Total assets					1,181,898,907
Segment liabilities	17,731,921	-	24,635,810	-	42,367,731
Unallocated liabilities					445,186,610
Total liabilities					487,554,341
Net assets					694,344,566

32 SEGMENTAL ANALYSIS (continued)

Business segment (continued)

	Steel manufacturing RM	Energy RM	Others RM	Elimination RM	Group RM
17 months ended 30.06.2007 (continued)					
Other information					
Capital expenditure	77,906,542	-	2,275,789	-	80,182,331
Goodwill written off	-	-	108,009	-	108,009
Depreciation on property, plant and equipment	21,854,784	-	320,667	-	22,175,451
Property, plant and equipment written off	72,841	-	-	-	72,841
Amortisation of prepaid lease rental	756,685	-	-	-	756,685
Loss on disposal of property, plant and equipment	1,236,005	-	-	-	1,236,005
Gain on disposal of investment property	600,000	-	-	-	600,000
Fair value gain on investment properties	104,500	-	-	-	104,500
Fair value gain on financial asset at fair value through profit or loss	-	-	140,137,147	-	140,137,147

33 CAPITAL COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred are as follows:

	Group	
	30.06.2008 RM	**30.06.2007 RM**
Property, plant and equipment	874,797,116	55,179,372
	874,797,116	55,179,372

34 COMMITMENT AND CONTINGENT LIABILITIES

As at 30 June 2008, the Company extended guarantees to banks amounting to RM69,725,140 (2007: RM74,450,000) for banking facilities extended to its subsidiaries of which, RM20,675,622 has been drawn down.

In addition, SIPCO, a 70% owned subsidiary of the Group, entered into a contract with a gas supplier, PTT Power Company Ltd in Thailand in 2006 under which SIPCO agreed to:

(a) make a payment of THB100 million or approximately RM9.4 million over a period of 7 years. As at 30 June 2008, an amount of THB30 million or approximately RM2.8 million has been paid while the remaining amount has been recognised as liability; and

(b) take and pay for the value of gas not less than THB15.8 billion or approximately RM1.5 billion within 10 years from the date SIPCO begins to utilise the gas.

35 SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

(a) Acquisition of equity interest in SIPCO

On 13 May 2008, Mperial Power Ltd ("Mperial"), a wholly owned subsidiary of the Company completed the acquisition of 70% equity interest in SIPCO for a total cash consideration of USD23.0 million or RM83.5 million. An additional 25% equity interest was acquired subsequent to the financial year end on 9 July 2008 for a cash consideration of USD11.3 million or RM36.2 million. The shares were subsequently pledged to financial institutions for borrowings granted to SIPCO.

(b) Appointment of Engineering, Procurement and Construction ("EPC") Contractors by SIPCO

During the financial year, EPC Contractors were appointed and have commenced work under both the supply and construction contracts for the construction of the power plant.

(c) Credit facility granted to SIPCO

On 30 June 2008, SIPCO was granted credit facilities by 4 financial institutions in Thailand for the purpose of financing the construction of the power plant. The facilities include term loan, working capital, guarantee and other facility which in total amounted to THB7.5 billion or approximately RM704.2 million. A total amount of THB580 million or approximately RM55.0 million has been drawn down as at the end of July 2008.

Based on a Sponsor Support Agreement ("SSA") dated 8 July 2008, Mperial, a wholly owned subsidiary of MIGB, is committed towards paying SIPCO's project cost in an aggregate amount of the lower of USD75.0 million (or approximately RM245.0 million) or 30% of the actual project costs. As at the date of this financial statement, an amount of USD54.5 million has been invested in SIPCO by the Group, and MIGB has extended a Letter of Credit of USD15.5 million to the 4 financial institutions in Thailand.

In addition, if SIPCO does not have a Steam Sale Contract prior to the earlier of 31 December 2008 or the date the aggregate amount of all advances reaches THB1,273 million, or approximately RM119.5 million, then it shall be a condition precedent to any further advances by the lenders that an additional Standby Letter of Credit amounting to USD40.0 million, or approximately RM130.6 million, shall be delivered by Mperial or MIGB, as sponsors, to Kasikornbank Public Company Ltd, the security agent for the credit facilities provided to SIPCO. As at the date of this financial statement, the Steam Sale Contract has not been signed.

In accordance with the SSA, Mperial as sponsor, agrees as a condition precedent to each draw down made on or after 31 December 2008 that it shall fund the forecast funding shortfall of SIPCO, representing cost overrun support, if there is any, in the maximum aggregate amount not exceeding USD6.0 million or approximately RM20.0 million during the period and up to the project completion date.

In addition, Mperial as sponsor, agrees to fund any cash deficiency occurring after the substantial completion date of the power plant construction for a maximum amount not exceeding THB100 million or approximately RM9.4 million. MIGB agrees to provide a corporate guarantee in respect of Mperial's obligation to provide cash deficiency support requirement for SIPCO's power generating business.

(d) Amendments to the terms of the PPA and gas supply agreement

Subsequent to the financial year end, SIPCO has entered into discussion to amend certain terms in the PPA which were signed in 2006 with its power purchasers i.e. EGAT and G Steel Public Company Limited ("G Steel") for the supply of power. Concurrently, SIPCO has entered into discussions with PTT Power Company Limited to amend certain terms to the gas supply agreement signed in 2006.

(e) Gindalbie shares pledged with Opes Prime Stockbroking Ltd

(i) The Company's wholly owned subsidiary companies, Melewar Steel Ventures Ltd ("MSV") and M-Power TT Ltd own 40,087,009 and 34,000,000 ordinary shares in Gindalbie respectively, representing a combined equity interest of 14% in Gindalbie.

(ii) MSV had been granted an Equity Finance Facility of AUD24.0 million which is equivalent to RM76.4 million (based on the exchange rate as at 30 June 2008), in October 2007 from Opes Prime Stockbroking Ltd ("OPSL").

(iii) MSV was informed on 28 March 2008 that OPSL had appointed a voluntary administrator to look into the affairs of OPSL. Following the appointment of the voluntary administrator, a secured creditor, ANZ Banking Group Ltd ("ANZ"), appointed receivers and managers in respect of the OPSL Group.

(iv) As at 31 March 2008, MSV had pledged 35,087,009 Gindalbie shares against an outstanding loan of AUD11.1 million which is equivalent to RM35.4 million (based on the exchange rate as at 30 June 2008).

35 SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR (continued)

(e) Gindalbie shares pledged with Opes Prime Stockbroking Ltd (continued)

(v) Out of the 35,087,009 Gindalbie shares pledged with OPSL, the secured lender of OPSL has claimed ownership over 32,000,000 Gindalbie shares and the remaining 3,087,009 Gindalbie shares are currently held by Green Frog Nominees Pty Limited, a subsidiary of OPSL.

(vi) MSV applied for a court injunction ("the Court Injunction") against ANZ, the secured lender of OPSL vide a Supreme Court of NSW No. 2149/2008 order to restrain ANZ from selling any of the 35,087,009 Gindalbie shares pledged with OPSL by MSV, which was granted on 2 April 2008. However, the Court Injunction was subsequently dissolved by the Court of Appeal in Sydney, Australia on 18 April 2008.

(vii) MSV proceeded to file a claim against ANZ and OPSL and their respective nominees for the recovery of the 35,087,009 Gindalbie shares. MSV had on 5 June 2008 amended its Statement of Claim to include Merrill Lynch International (Australia) ("Merrill Lynch") as one of the defendants.

(viii) Subsequently, MSV filed in a motion to amend its Statement of Claim while Merrill Lynch also filed in a motion to strike out the MSV's Statement of Claim.

(ix) The motion was finally heard on 26 September 2008 where both Merrill Lynch and ANZ (the "Banks") presented their application to strike out MSV's claim. MSV countered the application on the basis that the conduct of OPSL was fraudulent and all allegations against OPSL ought to be allowed to go through a full trial.

(x) The Judge reserved his decision to a later date which in the normal course, should be in 1 to 2 months' time.

(xi) As at 30 June 2008, an allowance for shares under litigation of RM38.4 million (net of tax) has been made. The additional financial impact should MSV be unable to recover the 35,087,009 Gindalbie shares amounts to approximately RM38.4 million (net of tax), being the marked-to-market value of the shares as at 30 June 2008 and after taking into consideration the AUD11.5 million loan, which is inclusive of accrued interest owing to OPSL.

(f) Impact of the Gindalbie share price movement to the Group's financial performance

The 74,087,009 ordinary shares in Gindalbie held by its wholly owned subsidiaries, MSV and M-Power TT Ltd as at 30 June 2008 have been marked-to-market ("MTM") at AUD1.445 per share in accordance with the Company's accounting policy on financial assets. As at 21 October 2008, the share price of Gindalbie was quoted at AUD0.385 per share. This represents an unrealised loss, net of tax of approximately RM150.0 million if the 74,087,009 ordinary shares in Gindalbie were to be MTM on that date, after taking into account the decrease in the allowance for shares under litigation of RM38.4 million.

(g) Mandatory take over offer to acquire the outstanding ordinary shares of M3nergy Berhad by Melewar Equities (BVI) Ltd

Melewar Equities (BVI) Ltd ("MEBL"), a substantial shareholder of M3nergy Berhad ("M3nergy") and MIGB, had notified M3nergy on 12 September 2008 of their intention to acquire all the outstanding ordinary shares of M3nergy representing 100% of the issued and paid-up share capital of M3nergy (excluding treasury shares) as at 29 August 2008 for a cash consideration of RM1.20 per offer share ("MEBL's Conditional Voluntary Take Over Offer").

MIGB, being the ultimate holding company of Melewar Steel Services Sdn Bhd ("MSS"), the substantial shareholder of M3nergy, has issued an irrevocable undertaking that MIGB will not be accepting MEBL's Conditional Voluntary Take Over Offer. On 16 October 2008, the Conditional Voluntary Take Over Offer was converted to a Mandatory Take Over Offer after the shareholdings of MEBL and the parties acting in concert in M3nergy, exceeded 33% pursuant to the Malaysian Code on Take Overs and Mergers 1998.

36 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors on 28 October 2008.

Address of property	Lease expiry date	Brief description and existing use	Land/built-up area	Approximate age of building (years)	Net book value (RM)
Lot 53, Persiaran Selangor, 40200 Shah Alam Selangor.	22.5.2078	Factory cum office building	196,144 sq.ft. (4.50 acres)	18	16,958,000
Lot 7, Jalan Gudang 2/9, 40200 Shah Alam Selangor.	17.7.2068	Factory building	43,000 sq.ft. (0.99 acre)	39	2,665,000
Lot 49, Jalan Utas, 40200 Shah Alam Selangor.	13.4.2072	Factory building	316,300 sq.ft. (7.26 acres)	34	21,966,000
Lot 10, Persiaran Selangor, 40200 Shah Alam Selangor.	11.5.2085	Factory building	220,437 sq.ft. (5.06 acres)	28	16,319,000
Lot 16, Jalan Pengapit 15/19, 40200 Shah Alam Selangor.	8.4.2078	Factory building	94,000 sq.ft. (2.16 acres)	30	6,523,000
Lot 717, Jalan Sungai Rasau, Seksyen 16, 40200 Shah Alam Selangor.	Freehold	Factory cum office building	781,423 sq.ft. (17.94 acres)	19	91,749,000
Lot 2953, Mukim Kelemak, Daerah Alor Gajah, Melaka.	27.9.2082	Factory cum office building	66,022 sq.ft. (1.52 acres)	22	1,006,000
Flat 28, Consort House, 26 Queensway, Paddington, London W2 3RX.	23.3.2066	Apartment for corporate use	Approximately 900 sq.ft.	38	2,598,000
Flat 10, 19-23 Palace Court London W2 4LP.	30.9.2995	Apartment for corporate use	Approximately 1,456 sq.ft.	12	5,695,000

Note: The above properties were revalued in 2006.