The Directors have pleasure in submitting their report together with the audited financial statements of the Group and Company for the 17 months ended 30 June 2007.

PRINCIPAL ACTIVITIES

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

There was no significant change in the nature of these activities during the financial period except that the Company transferred its manufacturing operations substantially to a subsidiary, Melewar Steel Tube Sdn. Bhd.

CHANGE IN FINANCIAL YEAR END

During the financial period, the Group and Company changed its financial year end from 31 January to 30 June to rationalise the reporting periods of the Group.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial period	115,261,251	24,263,267

DIVIDENDS

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

	RM
In respect of the financial year ended 31 January 2006:	
- Final tax exempt dividend of 3 sen per share paid on 21 July 2006	5,074,331

The Directors now recommend the payment of a first and final tax exempt dividend of 6 sen per share amounting to RM13,509,325 for the 17 months ended 30 June 2007, 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 2007, excluding treasury shares held by the Company.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES

During the financial period, the Company made a bonus issue of 56,287,131 new ordinary shares of RM1 each on the basis of one (1) new ordinary share of RM1 each for every three (3) existing ordinary shares of RM1 each (the "Bonus Issue"), by capitalising RM9,987,715 from share premium and RM46,299,416 from retained earnings.

The newly issued shares ranked 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 five (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 27 to the financial statements.

As a result of the Bonus Issue, the Company issued additional 1,876,990 options and revised the option exercise price to RM1.46 per share.

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 period and details of their holdings. This information has been separately filed with the Registrar of Companies.

ISSUE OF WARRANTS

As a result of the Bonus Issue, the Company issued additional 7,727,188 warrants and revised the warrant exercise price to RM1.125 per share.

The salient features and other terms of the warrants are set out in Note 27 to the financial statements.

TREASURY SHARES

During the financial period, the Company repurchased 276,100 of its issued ordinary shares from the open market at an average price of RM1.05 per share, for RM290,772. The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed under Section 67A of the Companies Act 1965 and are disclosed as Note 27 to the financial statements.

DIRECTORS

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

Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah
Tunku Dato' Seri Iskandar 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
Terence Francis Mahony
Lee Ching Kion
Datin Ezurin Yusnita binti Abdul Malik
Nikmat bin Abdullah (resigned on 17 November 2006)

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

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

DIRECTORS' INTERESTS

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

Melewar Industrial Group Berhad (the Company)	**Number of ordinary shares of RM1 each**				
	At 01.02.2006	**Bonus issue**	**Bought**	**Sold**	**At 30.06.2007**
Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman					
- indirect interest	61,420,800	21,506,932	7,069,100	-	89,996,832
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah					
- indirect interest	61,180,800	21,426,932	7,069,100	-	89,676,832
- direct interest	240,000	80,000	-	-	320,000
Tunku Dato' Seri Iskandar bin Tunku Tan Sri Abdullah					
- indirect interest	61,420,800	21,506,932	7,069,100	-	89,996,832
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah					
- indirect interest	61,420,800	21,506,932	7,069,100	-	89,996,832
Datin Ezurin Yusnita binti Abdul Malik					
- indirect interest	61,420,800	21,506,932	7,069,100	-	89,996,832
Datuk Lim Kim Chuan					
- direct interest	140,000	46,666	-	-	186,666
Azlan bin Abdullah					
- direct interest	100,000	33,333	-	-	133,333

	Number of options over ordinary shares of RM1 each				
	At 01.02.2006	**Adjustment as a result of bonus issue**	**Exercised**	**Lapsed**	**At 30.06.2007**
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah	300,000	100,000	-	-	400,000
Datuk Lim Kim Chuan	210,000	70,000	-	-	280,000
Azlan bin Abdullah	150,000	50,000	-	-	200,000

DIRECTORS' INTERESTS (continued)

Melewar Industrial Group Berhad (the Company) (continued)	**Number of warrants over ordinary shares of RM1 each**				
	At 01.02.2006	**Adjustment as a result of bonus issue**	**Entitled/ Bought**	**Exercised/ Sold**	**At 30.06.2007**
Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman - indirect interest	1,579,200	526,400	-	-	2,105,600
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah - indirect interest	1,579,200	526,400	-	-	2,105,600
Tunku Dato' Seri Iskandar bin Tunku Tan Sri Abdullah - indirect interest	1,579,200	526,400	-	-	2,105,600
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah - indirect interest	1,579,200	526,400	-	-	2,105,600
Datin Ezurin Yusnita binti Abdul Malik - indirect interest	1,579,200	526,400	-	-	2,105,600
Datuk Lim Kim Chuan - direct interest	28,000	9,333	-	-	37,333

Mycron Steel Berhad (related corporation)	**Number of ordinary shares of RM1 each**			
	At 01.02.2006	**Bought**	**Sold**	**At 30.06.2007**
Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman - indirect interest	114,615,366	-	-	114,615,366
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah - indirect interest	114,065,366	-	-	114,065,366
- direct interest	550,000	-	-	550,000
Tunku Dato' Seri Iskandar bin Tunku Tan Sri Abdullah - indirect interest	114,615,366	-	-	114,615,366
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah - indirect interest	114,615,366	-	-	114,615,366
Datin Ezurin Yusnita binti Abdul Malik - indirect interest	114,615,366	-	-	114,615,366
Datuk Lim Kim Chuan - direct interest	385,000	-	-	385,000
Azlan bin Abdullah - direct interest	375,000	-	-	375,000
Lee Ching Kion - direct interest	100,000	28,000	-	128,000

DIRECTORS' INTERESTS (continued)

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

None of the other Directors holding office at the end of the financial period 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 period.

DIRECTORS' BENEFITS

During and at the end of the financial period, 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 year, 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 29 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 period 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 period 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 period.

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.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

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 19 to the financial statements, the results of the operations of the Group and Company during the financial period 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 period 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 period in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Bonus Issue

During the financial period, the Company had made a Bonus Issue of 56,287,131 new ordinary shares of RM1 each on the basis of one (1) new ordinary share of RM1 each for every three (3) existing ordinary shares of RM1 each. As a result of the Bonus Issue, the Company also issued additional 7,727,188 and 1,876,990 new warrants and new ESOS options respectively. The warrant and ESOS option exercise prices were adjusted to RM1.125 and RM1.46 per share respectively. This exercise was completed in February 2007.

Transfer of operations

Pursuant to the internal restructuring exercise to streamline and rationalise the business operations of the Group, the Company transferred substantially its manufacturing operations and its related assets totalling RM55,575,364, to a wholly owned subsidiary, Melewar Steel Tube Sdn. Bhd. The internal restructuring exercise is still in progress as at 30 June 2007.

Acquisition of equity interest in Siam Power Generation Company Ltd. ("SIPCO")

The Company had on 30 December 2005, via its wholly owned subsidiary, Mperial Power Ltd. ("Mperial"), entered into a share sale and purchase agreement with E Power Pte. Ltd. (the "Vendor") for the acquisition of 70% equity interest in SIPCO for a cash consideration of US$23 million (the "Proposed Acquisition").

Both the Vendor and Mperial have mutually agreed to extend the completion of the Proposed Acquisition to 31 October 2007 as there is a condition precedent pertaining to the power off-take that has yet to be fulfilled as at 30 June 2007.

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 26 September 2007.

TUNKU DATO' YA'ACOB BIN TUNKU TAN SRI ABDULLAH
MANAGING DIRECTOR

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH
DIRECTOR

We have audited the financial statements set out on pages 57 to 108. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB Approved Accounting Standards in Malaysia for Entities other than Private Entities so as to give a true and fair view of:

   (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

   (ii) the state of affairs of the Group and Company as at 30 June 2007 and of the results and cash flows of the Group and Company for the financial period ended on that date;

and

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

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

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SOO HOO KHOON YEAN
(No. 2682/10/07 (J))
Partner of the firm

Kuala Lumpur
26 September 2007

		Group		Company	
	Note	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM
Revenue	5	810,241,858	566,919,717	322,754,301	283,006,162
Cost of sales		(710,016,586)	(565,539,797)	(288,746,963)	(275,834,766)
Gross profit		100,225,272	1,379,920	34,007,338	7,171,396
Other operating income	6	1,208,247	1,154,231	6,816,322	7,836,158
Fair value gain on financial asset at fair value through profit or loss		140,137,147	65,091,429	-	-
Selling and distribution costs		(8,718,651)	(5,390,977)	(3,471,439)	(3,838,597)
Administrative and general expenses		(31,275,724)	(19,367,393)	(11,523,148)	(10,188,888)
Profit from operations	7	201,576,291	42,867,210	25,829,073	980,069
Finance cost	8	(12,673,116)	(8,086,693)	(2,901,568)	(3,523,049)
Share of results of associates		157,772	926,364	-	-
Profit/(loss) before tax		189,060,947	35,706,881	22,927,505	(2,542,980)
Tax income/(expense)	10				
- Company and subsidiaries		(73,799,696)	5,572,664	1,335,762	2,012,872
Profit/(loss) for the financial period/year		115,261,251	41,279,545	24,263,267	(530,108)
Attributable to:					
Equity holders of the Company		104,843,771	46,915,487	24,263,267	(530,108)
Minority interests		10,417,480	(5,635,942)	-	-
Profit/(loss) for the financial period/year		115,261,251	41,279,545	24,263,267	(530,108)
Earnings per share	11				
- basic (sen)		32.9	21.4		
- diluted (sen)		Not applicable	Not applicable		

		Group		Company	
	Note	30.06.2007 RM	31.01.2006 RM	30.06.2007 RM	31.01.2006 RM
NON-CURRENT ASSETS					
Property, plant and equipment	12	348,640,429	303,136,305	39,664,759	96,825,914
Investment properties	13	4,284,500	-	46,209,100	-
Prepaid lease rental	14	37,183,314	37,940,000	11,422,809	33,120,000
Subsidiaries	15	-	-	106,562,959	74,940,676
Associates	16	112,625,218	86,199,131	-	-
Deferred tax assets	17	13,734	160,855	-	-
Available-for-sale financial assets	18	1,869,077	7,804,064	934,531	3,104,064
		504,616,272	435,240,355	204,794,158	207,990,654
CURRENT ASSETS					
Inventories	20	152,421,385	132,730,480	23,062,954	53,134,347
Trade and other receivables	21	249,970,414	128,683,925	39,777,073	44,465,349
Financial asset at fair value through profit or loss	19	225,235,620	85,098,473	-	-
Amounts owing by subsidiaries	22	-	-	206,847,141	97,995,774
Tax recoverable		2,839,853	8,653,805	95,384	5,252,518
Deposits with licensed financial institutions	23	23,945,951	10,217,586	18,942,122	10,217,586
Cash and bank balances	23	22,869,412	27,445,510	1,381,032	2,528,616
		677,282,635	392,829,779	290,105,706	213,594,190

	Note	Group 30.06.2007 RM	Group 31.01.2006 RM	Company 30.06.2007 RM	Company 31.01.2006 RM
Less: CURRENT LIABILITIES					
Trade and other payables	24	42,367,731	16,692,892	3,171,304	5,326,535
Derivative liability	25	77,499	-	-	-
Amounts owing to subsidiaries	22	-	-	18,976,350	5,318,619
Tax payable		9,603,684	19,021	-	-
Borrowings	26	255,649,752	158,964,526	124,467,303	79,300,000
		307,698,666	175,676,439	146,614,957	89,945,154
NET CURRENT ASSETS		369,583,969	217,153,340	143,490,749	123,649,036
NON-CURRENT LIABILITIES					
Deferred tax liabilities	17	98,086,456	47,505,152	19,072,621	25,730,134
Borrowings	26	81,769,219	20,326,879	466,049	-
		179,855,675	67,832,031	19,538,670	25,730,134
		694,344,566	584,561,664	328,746,237	305,909,556
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	27	226,227,011	169,939,880	226,227,011	169,939,880
Treasury shares		(1,953,900)	(1,663,128)	(1,953,900)	(1,663,128)
Retained earnings		276,156,455	223,146,835	80,926,483	91,369,822
Share premium		-	9,987,715	-	9,987,715
Warrants reserve		4,164,662	4,164,662	4,164,662	4,164,662
Asset revaluation reserve		76,511,541	77,215,892	19,381,981	34,515,000
Other reserves		-	(7,324,362)	-	(2,404,395)
		581,105,769	475,467,494	328,746,237	305,909,556
Minority interests		113,238,797	109,094,170	-	-
TOTAL EQUITY		694,344,566	584,561,664	328,746,237	305,909,556

	Attributable to equity holders of the Company									
	Share capital RM	Treasury shares RM	Share premium RM	Warrants reserve RM	Other reserves RM	Asset revaluation reserve RM	Retained earnings RM	Total RM	Minority Interests RM	Total 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 in 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 reserve 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 (Note 28)	-	-	-	-	-	-	(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
At 1 February 2005	160,979,800	(723,553)	3,896,070	-	-	41,014,898	146,238,639	351,405,854	105,947,378	457,353,232
Adjustments due to changes in accounting policies	-	-	-	-	(4,991,343)	-	(90,904)	(5,082,247)	-	(5,082,247)
	160,979,800	(723,553)	3,896,070	-	(4,991,343)	41,014,898	146,147,735	346,323,607	105,947,378	452,270,985
Realisation of revaluation surplus on disposal on property, plant and equipment	-	-	-	-	-	(1,573,346)	1,573,346	-	-	-
Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-	37,774,340	-	37,774,340	14,553,608	52,327,948
Foreign exchange differences, representing net gain not recognised in income statement	-	-	-	-	33	-	-	33	-	33
Negative goodwill on acquisition of an associate being recognised	-	-	-	-	-	-	41,451,542	41,451,542	-	41,451,542
Pre-acquisition profit on acquisition of an associate being recognised	-	-	-	-	-	-	2,055,626	2,055,626	-	2,055,626
Fair value loss on available-for-sale financial assets	-	-	-	-	(2,333,052)	-	-	(2,333,052)	-	(2,333,052)
Income and expense recognised directly in equity	-	-	-	-	(2,333,019)	36,200,994	45,080,514	78,948,489	14,553,608	93,502,097
Profit for the financial year	-	-	-	-	-	-	46,915,487	46,915,487	(5,635,942)	41,279,545
Total recognised income and expense for the financial year	-	-	-	-	(2,333,019)	36,200,994	91,996,001	125,863,976	8,917,666	134,781,642
Issue of new shares in a subsidiary	-	-	-	-	-	-	-	-	89,850	89,850
Issue of shares from the exercise of ESOS options	8,000	-	7,520	-	-	-	-	15,520	-	15,520
Issue of warrants	-	-	-	5,772,747	-	-	-	5,772,747	-	5,772,747
Warrants converted to ordinary shares	8,952,080	-	6,084,125	(1,608,085)	-	-	-	13,428,120	-	13,428,120
Dividends paid (Note 28)	-	-	-	-	-	-	(14,996,901)	(14,996,901)	(5,860,724)	(20,857,625)
Shares repurchased	-	(939,575)	-	-	-	-	-	(939,575)	-	(939,575)
At 31 January 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

		← Non-distributable				→	Distributable	
	Share capital RM	Treasury shares RM	Share premium RM	Warrant reserve RM	Other reserves RM	Asset revaluation reserve RM	Retained earnings RM	Total 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 (Note 28)	-	-	-	-	-	-	(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
At 1 February 2005	160,979,800	(723,553)	3,896,070	-	-	15,671,811	104,121,089	283,945,217
Adjustments due to changes in accounting policies	-	-	-	-	(71,343)	-	1,202,396	1,131,053
	160,979,800	(723,553)	3,896,070	-	(71,343)	15,671,811	105,323,485	285,076,270
Realisation of revaluation surplus on disposal of property, plant and equipment	-	-	-	-	-	(1,573,346)	1,573,346	-
Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-	20,416,535	-	20,416,535
Fair value loss on available-for-sale financial assets	-	-	-	-	(2,333,052)	-	-	(2,333,052)
Income and expense recognised directly in equity	-	-	-	-	(2,333,052)	18,843,189	1,573,346	18,083,483
Loss for the financial year	-	-	-	-	-	-	(530,108)	(530,108)
Total recognised income and expense for the financial year	-	-	-	-	(2,333,052)	18,843,189	1,043,238	17,553,375
Issue of shares from the exercise of ESOS options	8,000	-	7,520	-	-	-	-	15,520
Issue of warrants	-	-	-	5,772,747	-	-	-	5,772,747
Warrants converted to ordinary shares	8,952,080	-	6,084,125	(1,608,085)	-	-	-	13,428,120
Dividends paid (Note 28)	-	-	-	-	-	-	(14,996,901)	(14,996,901)
Shares repurchased	-	(939,575)	-	-	-	-	-	(939,575)
At 31 January 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

	Group		Company	
	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	189,060,947	35,706,881	22,927,505	(2,542,980)
Adjustments for:				
Goodwill written off	108,009	-	-	-
Depreciation on property, plant and equipment	22,175,451	8,530,389	5,185,694	2,922,368
Prepaid lease rental	756,685	479,083	451,635	430,876
Loss/(gain) on disposal of property, plant and equipment	1,236,005	(12,099)	143,666	-
Gain on disposal of investment properties	(600,000)	-	(600,000)	-
Impairment loss on property, plant and equipment	-	1,286,938	-	1,001,639
Impairment loss on inventory	-	30,114,527	-	5,629,887
Unrealised loss on foreign exchange	458,901	77,723	395,193	-
Property, plant and equipment written off	72,841	3	43,562	-
Fair value gain on financial asset at fair value through profit or loss	(140,137,147)	(65,091,429)	-	-
Fair value gain on investment properties	(104,500)	-	(641,500)	-
Gain on disposal of available-for-sale financial assets	-	(146,680)	-	(146,680)
Dividend income	-	(360,747)	(2,440,095)	(7,310,476)
Interest income	(1,562,109)	(377,195)	(811,721)	(216,762)
Interest expense	12,673,116	8,086,693	2,901,568	3,523,049
Share of results of associates	(157,772)	(926,364)	-	-
	83,980,427	17,367,723	27,555,507	3,290,921
Changes in inventories	(19,690,905)	12,270,361	30,071,393	19,082,459
Changes in trade and other receivables	(56,738,219)	14,394,153	4,293,084	13,496,132
Changes in trade and other payables	25,752,342	2,676,717	(2,155,232)	1,093,057
Cash generated from operations	33,303,645	46,708,954	59,764,752	36,962,569
Interest paid	(12,673,116)	(8,086,693)	(2,901,568)	(3,523,049)
Interest received	1,562,109	377,195	811,721	216,762
Tax paid	(3,837,647)	(8,456,816)	1,506,706	(4,200,460)
Net cash generated from operating activities	18,354,991	30,542,640	59,181,611	29,455,822

(continued)

	Group		Company	
	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase consideration paid (Note 21)	(64,943,464)	(18,900,500)	-	-
Investment in subsidiary	-	-	(999,998)	(209,654)
Purchase of property, plant and equipment	(79,327,331)	(32,682,525)	(2,515,996)	(3,067,587)
Proceeds from disposal of property, plant and equipment	691,676	3,867,095	273,359	3,845,655
Proceeds from disposal of investment properties	5,600,000	-	5,600,000	-
Proceeds from disposal of available-for-sale financial asset	-	346,680	-	346,680
Purchase of available-for-sale financial assets	(969,077)	(7,258,513)	(484,531)	(2,558,511)
Purchase of investment in associates	(20,693,805)	(8,285,599)	-	-
Purchase of financial asset at fair value through profit or loss	-	(12,260,045)	-	-
Dividends received	-	-	2,302,894	7,173,276
Dividends received from associates	376,660	360,747	-	-
Advances to subsidiaries	-	-	(95,193,636)	(61,616,910)
Issue of shares:				
- minority interests	-	89,850	-	-
Net cash used in investing activities	(159,265,341)	(74,722,810)	(91,017,908)	(56,087,051)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares:				
- exercise of ESOS options	-	15,520	-	15,520
- warrants converted to ordinary shares	-	13,428,120	-	13,428,120
Proceeds from issuance of warrants	-	5,772,747	-	5,772,747
Dividends paid	(5,074,331)	(14,996,901)	(5,074,331)	(14,996,901)
Dividends paid - minority interests	(1,781,105)	(5,860,724)	-	-
Proceeds from borrowings	157,384,214	59,765,599	44,890,000	22,740,618
Repurchase of own shares	(290,772)	(939,575)	(290,772)	(939,575)
Repayment of hire purchase	(111,648)	-	(111,648)	-
Deposit with licensed financial institution pledged as security	(15,000,000)	-	(15,000,000)	-
Net cash generated from financing activities	135,126,358	57,184,786	24,413,249	26,020,529
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,783,992)	13,004,616	(7,423,048)	(610,700)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	37,663,096	24,658,447	12,746,202	13,356,902
CURRENCY TRANSLATION DIFFERENCES	(63,741)	33	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD (Note 23)	31,815,363	37,663,096	5,323,154	12,746,202

1 GENERAL INFORMATION

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

During the financial period, the Company transferred its manufacturing operations substantially to a subsidiary, Melewar Steel Tube Sdn. Bhd.

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

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 income statement, changes in equity, cash flow and related notes are not comparable.

As at 30 June 2007, 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 period/year 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 period. It also requires the Directors to exercise their judgment in the process of applying the Group's accounting policies. Although these estimates and judgments are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment 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 effective

The new accounting standards, amendments to published standards and IC (Interpretation Committee) interpretations to existing standards effective for the Group's financial period beginning on or after 1 February 2006 are as follows:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

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

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 2 Share-based Payment
- FRS 3 Business Combinations
- FRS 5 Non-current Assets Held for Sale and Presentation of Discontinued Operations
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 110 Events After the Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 121 The Effect of Changes in Foreign Exchange Rates
- FRS 127 Consolidated and Separate Financial Statements
- FRS 128 Investments in Associates
- FRS 131 Interest in Joint Ventures
- FRS 133 Earnings Per Share
- FRS 136 Impairment of Assets
- FRS 138 Intangible Assets
- FRS 140 Investment Property
- Amendments to FRS 119_{2004} Employee Benefits-Actuarial Gains and Losses, Group Plans and Disclosures - in relation to the "assets ceiling" test
- IC 107 Introduction of the Euro
- IC 110 Government Assistance - No Specific Relation to Operating Activities
- IC 112 Consolidation - Special Purpose Entities
- IC 113 Jointly Controlled Entities - Non - Monetary Contributions by Ventures
- IC 115 Operating Leases - Incentives
- IC 121 Income Taxes - Recovery of Revalued Non-Depreciable Assets
- IC 125 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
- IC 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- IC 129 Disclosure - Service Concession Arrangements
- IC 131 Revenue - Barter Transactions Involving Advertising Services
- IC 132 Intangible Assets - Web Site Costs

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 other than:

- FRS 2 - retrospective application for all equity instruments granted after 31 December 2004 and not vested at 1 February 2006;
- FRS 3 - prospectively for business combinations for which the agreement date is on or after 1 January 2006;
- FRS 5 - prospectively to non-current assets (or disposal groups) that meet the criteria to be classified as held for sale and to operations that meet the criteria to be classified as discontinued on/after 1 February 2006;
- FRS 116 - the exchange of property, plant and equipment is accounted at fair value prospectively;
- FRS 121 - prospective accounting for goodwill and fair value adjustments as part of foreign operations;
- FRS 136 & 138 - applies to goodwill and intangible assets acquired in business combinations for which the agreement date is on or after 1 January 2006 and all other assets prospectively from 1 February 2006;
- FRS 140 - the effect of adopting the fair value model is adjusted to the opening balance of retained earnings for the financial period.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

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

- Irrelevant or immaterial effect on financial statements

  The adoption of FRS 1, 2, 3, 5, 102, 108, 110, 116, 121, 127, 128, 131, 133, 136, 138, the "asset ceiling" amendment to FRS 119_{2004} and ICs did not have a material impact on the financial statements of the Group. In summary:

  - FRS 2, 5 131, amendment to FRS 119_{2004} and ICs are not relevant to the Group.
  - FRS 1, 3, 102, 108, 110, 116, 121, 127, 128, 133, 136 and 138 had no material effect to the Group.

- Reclassification of prior year comparatives

  Set out below are changes in accounting policies that resulted in reclassification of prior financial year comparatives but did not affect the recognition and measurement of the net assets of the Group and Company:

  - FRS 101 has affected the presentation of minority interest. In the consolidated balance sheet, minority interest is now presented within equity, separately from parent shareholders' equity. Profit or loss in the consolidated income statement as well as total income and expenses for the financial year recognised directly in equity are now allocated between minority interest and equity holders of the parent.

  - Under FRS 101, the Group's share of associates are now shown net of tax.

- FRS 140 - Investment Properties

  The adoption of FRS 140 has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement in the period in which they arise.

  The definition of investment properties under FRS 140 has resulted in identification of assets of the Group and Company that meet the definition of investment properties. These properties are now classified into a separate asset category in the balance sheet.

  Previously, investment property was treated as part of property, plant and equipment and measured at cost at initial recognition. Subsequently, investment property is carried at fair value determined at regular intervals by external independent valuers based on open market values with additional valuations performed in the intervening period where market conditions indicate that the carrying amount on the revalued asset is materially different from the market value. Surplus arising from revaluation is dealt with through the asset revaluation reserve account. Any deficit arising is set-off against the asset revaluation reserve to the extent of a previous increase for the same asset. In all other cases, a decrease in carrying amount will be charged immediately to the income statement.

  In accordance with the transitional provision of FRS 140, this change in accounting policy is applied prospectively and the comparatives are not restated. The assets revaluation reserve arising from the investment property was derecognised with a corresponding increase in retained earnings.

  The adoption of this new standard has resulted in the Group's earnings per share to increase by one sen due to the fair value gain on investment properties of RM104,500.

(ii) Standards early adopted by the Group

The following standards have been early adopted by the Group:

- FRS 124 - Related Party Disclosures. This standard affects the identification of related parties and some other related party disclosures.

- FRS 117 - Leases. This standard requires the classification of leasehold land as prepaid lease payments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) Standards early adopted by the Group (continued)

The following adjustments have been made in accordance with the new FRS 117 to the affected balance sheet items as at 31 January 2006 and affected income statement items for the financial year ended 31 January 2006:

	GROUP		
	As previously reported RM	**Impact of accounting policy changes RM**	**Adjusted for accounting policy changes RM**
Balance sheet			
NON-CURRENT ASSETS			
Property, plant and equipment	341,076,305	(37,940,000)	303,136,305
Prepaid lease rental	-	37,940,000	37,940,000

	COMPANY		
	As previously reported RM	**Impact of accounting policy changes RM**	**Adjusted for accounting policy changes RM**
NON-CURRENT ASSETS			
Property, plant and equipment	129,945,914	(33,120,000)	96,825,914
Prepaid lease rental	-	33,120,000	33,120,000

	GROUP		
	As previously reported RM	**Impact of accounting policy changes RM**	**Adjusted for accounting policy changes RM**
Income statement			
Depreciation of property, plant and equipment	9,009,472	(479,083)	8,530,389
Prepaid lease rental	-	479,083	479,083

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) Standards early adopted by the Group (continued)

	COMPANY		
	As previously reported RM	**Impact of accounting policy changes RM**	**Adjusted for accounting policy changes RM**
Depreciation of property, plant and equipment	3,353,244	(430,876)	2,922,368
Prepaid lease rental	-	430,876	430,876

There is no impact to the Group's earnings per share as a result of the adoption of FRS 117.

(iii) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

- FRS 107 - Cash Flow Statements
- FRS 111 - Construction Contracts
- FRS 112 - Income Taxes
- FRS 118 - Revenue
- FRS 134 - Interim Financial Reporting
- FRS 137 -Provisions, Contingent Liabilities and Contingent Assets
- IC Interpretation 8 - Scope of FRS 2

The adoption of the above standards and interpretations to existing standards in financial year ending 30 June 2008 are not expected to have any significant effects on the financial statements of the Group and Company.

(iv) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and not relevant for the Group's operations

Effective for accounting periods beginning on or after 1 January 2007

- FRS 6 - Exploration for and Evaluation of Mineral Resources
- Amendment to FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

Effective for accounting periods beginning on or after 1 July 2007

- FRS 120 – Accounting for Government Grants and Disclosures of Government Assistance
- IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments
- IC Interpretation 5 - Rights to Interests arising from Decommission, Restoration and Environmental Rehabilitation Funds

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(iv) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and not relevant for the Group's operations (continued)

- IC Interpretation 6 - Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

- IC Interpretation 7 - Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economics

Effective for accounting periods beginning on or after 1 January 2008

- Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates - *Net Investment in a Foreign Operations*

(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 as 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 of 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.

Intragroup 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.

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

(b) Basis of consolidation (continued)

(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 are accounted for using the equity method of accounting and are 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.

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.

Goodwill on acquisitions of associates occurring on or after 1 February 2006 is included in investment in associates. Such goodwill is tested for impairment as part of the overall balance.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries 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 February 2006 are included in the balance sheet as intangible assets.

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 (g) on impairment of assets).

(d) Property, plant and equipment

(i) Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

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.

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

(d) Property, plant and equipment (continued)

(i) Measurement basis (continued)

The Group revalues its properties comprising land and buildings, as well as assets held as plant, machinery and electrical installation periodically, at least once in every five (5) years. 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. Additions of land and buildings, and plant, machinery and electrical installation are stated at cost in the intervening years. Surplus arising from revaluation is dealt with through the asset revaluation reserve account. Any deficit arising is set-off against the asset revaluation reserve to the extent of a previous increase for the same 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.

(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.

(e) 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.

In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives are not restated. The assets revaluation reserve relating to investment properties was derecognised with a corresponding increase in retained earnings.

(f) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

As the Group had previously revalued its leasehold land, the Group adopted the transitional provisions by retaining the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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 costs 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss and subsequent increase in recoverable amount is recognised in the income statement.

(h) 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.

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.

Gain 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.

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

(h) Financial assets (continued)

(iv) Available-for-sale financial assets (continued)

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.

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.

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 as 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 statements on equity instruments are not reversed through the income statement.

(i) Inventories

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

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

(j) 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 three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Share capital (continued)

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.

(l) 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.

(m) 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) 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 the 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.

(iii) Defined contribution plan

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

(iv) 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 assumptions about the number of options that are expected to vest. At each balance sheet date, the entity 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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 service income

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

(iii) Dividend income

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

(iv) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective 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 services

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

(o) 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 financial statements, are included in the fair value reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) 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 are 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, expense, 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 each 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.

(q) Assets acquired under hire purchase arrangements

The cost of property, plant and equipment acquired under hire purchase arrangements which transfers 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.

(r) 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.

(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.

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) 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 marketing 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 marketing costs in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) 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.

(v) Derivative financial instruments

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

Derivative financial instruments that do not qualify for hedge accounting are accounted for 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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.

(i) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for 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 judgment, the Group considers information from a variety of sources including:

- 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

- 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.

(ii) Income taxes

Significant judgment is required in determining the provision for income taxes. These 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. When the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

(iii) Valuation of property, plant and equipment

The fair value of property, plant and equipment is individually determined periodically, at least once every five (5) years, by independent valuers based on a market value assessment. The valuers have relied on the discounted cash flow analysis and the 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.

(iv) 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(v) 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.

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 period.

(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 the application of 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. This risk is managed through monitoring of the money market for favourable returns.

The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

It is the policy of the Group not to trade in interest rate swap agreements.

(c) Market risk

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

The management of the Group also monitors the quoted investments in order to minimise the impact.

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

(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 period, the Group entered into forward foreign currency exchange contracts to limit its exposure on cash flows generated from anticipated borrowing drawdown transactions denominated in foreign currencies. However, the forward foreign currency exchange contracts do not form a significant proportion of the Group's transaction.

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.

(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**	
	17 months ended 30.06.2007 RM	**Year ended 31.01.2006 RM**	**17 months ended 30.06.2007 RM**	**Year ended 31.01.2006 RM**
Sale of goods	774,640,457	554,880,787	319,652,076	278,502,019
Processing service income	7,865,330	5,070,475	3,102,225	4,504,143
Consultancy and project services	27,736,071	6,968,455	-	-
	810,241,858	566,919,717	322,754,301	283,006,162

(continued)

6 OTHER OPERATING INCOME

	Group		Company	
	17 months ended 30.06.2007 RM	**Year ended 31.01.2006 RM**	**17 months ended 30.06.2007 RM**	**Year ended 31.01.2006 RM**
Interest on deposits with financial institutions	1,562,109	377,195	811,721	216,762
(Loss)/gain on disposal of property, plant and equipment	(1,236,005)	12,099	(143,666)	-
Gain on disposal of investment properties	600,000	-	600,000	-
Gain/(loss) on disposal of available-for-sale financial asset	-	146,680	-	146,680
Rental income	280,714	309,500	2,301,714	309,500
Dividend income	-	360,747	2,440,095	7,310,476
Realised foreign exchange gain/(loss)	166,140	59,460	(8,317)	(106,060)
Unrealised foreign exchange loss	(458,901)	(77,723)	(395,193)	-
Fair value gain on investment properties	104,500	-	641,500	-
Management fees	-	-	400,000	-
Marketing fees	-	-	283,468	-
Others	189,690	(33,727)	(115,000)	(41,200)
	1,208,247	1,154,231	6,816,322	7,836,158

7 PROFIT FROM OPERATIONS

	Group		Company	
	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM
Profit from operations is stated after charging:				
Auditors' remuneration:				
- current financial year	172,000	131,700	75,083	53,000
Depreciation on property, plant and equipment	22,175,451	8,530,389	5,185,694	2,922,368
Prepaid lease rental	756,685	479,083	451,635	430,876
Staff costs	30,508,234	17,957,811	7,813,640	9,670,972
Rental of buildings	545,529	21,020	505,710	253,200
Loss on disposal of property, plant and equipment	1,236,005	-	143,666	-
Unrealised foreign exchange loss	458,901	77,723	395,193	-
Realised foreign exchange loss	-	-	8,317	106,060
Impairment losses:				
- property, plant and equipment	-	1,286,938	-	1,001,639
- inventories	-	30,114,527	-	5,629,887
Property, plant and equipment written off	72,841	3	43,562	-
Goodwill written off	108,009	-	-	-
and crediting:				
Bad debts recovered	45,000	-	-	-
Gain on disposal of property, plant and equipment	-	12,099	-	-
Gain on disposal of investment properties	600,000	-	600,000	-
Gain on disposal of available-for-sale financial assets	-	146,680	-	146,680
Gross dividend income:				
- subsidiaries	-	-	490,000	7,310,476
- investment quoted in Malaysia	-	360,747	1,950,095	-
Interest income:				
- deposits with licensed financial institutions	1,520,002	377,195	811,721	216,762
- bank balances	42,107	-	-	-
Rental income	280,714	309,500	2,301,714	309,500
Realised foreign exchange gain	166,140	59,460	-	-
Fair value gain on investment properties	104,500	-	641,500	-
Fair value gain on financial asset at fair value through profit or loss	140,137,147	65,091,429	-	-

The contribution to Employee Provident Fund included in staff costs was RM2,820,109 (2006: RM1,835,196) for the Group and RM861,292 (2006: RM1,096,485) for the Company.

Direct operating expenses of investment properties that generated rental income to the Group and Company during the financial period amounted to nil and RM370,603 respectively.

Direct operating expenses of investment properties that did not generate rental income to the Group and Company during the financial period amounted to RM17,999.

(continued)

8 FINANCE COST

	Group		Company	
	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM
Interest on borrowings	12,580,034	8,086,693	2,885,985	3,523,049
Interest on hire-purchase	15,583	-	15,583	-
Fair value loss on foreign currency forward contract	77,499	-	-	-
	12,673,116	8,086,693	2,901,568	3,523,049

9 DIRECTORS' REMUNERATION

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

	Group		Company	
	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM
Directors of the Company				
Non-executive Directors:				
- fees	722,500	502,500	722,500	502,500
- allowances	67,500	72,750	67,500	72,750
- estimated monetary value of benefits-in-kind	22,504	11,939	22,504	11,939
Executive Directors:				
- salaries and bonuses	1,935,695	1,106,673	1,935,695	1,106,673
- estimated monetary value of benefits-in-kind	68,128	50,236	68,128	50,236
- defined contribution plan	275,535	166,005	275,535	166,005
Directors of subsidiaries				
Non-executive Directors:				
- fees	374,000	259,614	-	-
- allowances	43,500	25,000	-	-
- estimated monetary value of benefits-in-kind	52,800	27,156	-	-
Executive Directors:				
- salaries and bonuses	2,074,465	1,699,884	-	-
- estimated monetary value of benefits-in-kind	73,234	30,100	-	-
- defined contribution plan	262,798	135,000		
	5,972,659	4,086,857	3,091,862	1,910,103

10 TAX

	Group		Company	
	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM	17 months ended 30.06.2007 RM	Year ended 31.01.2006 RM
Current tax:				
- Malaysian tax	9,951,129	637,198	3,787,629	280,000
- Foreign tax	9,075,960	-	-	-
- Under accrual in prior financial year	194,062	20,546	-	-
Deferred tax (Note 17)	54,578,545	(6,230,408)	(5,123,391)	(2,292,872)
	73,799,696	(5,572,664)	(1,335,762)	(2,012,872)
Profit/(loss) before tax	189,060,947	35,706,881	22,927,505	(2,542,980)
Tax calculated at the Malaysian tax rate of 27% (2006: 28%)	51,046,456	9,997,927	6,190,426	(712,034)
Tax effects of:				
- share of results of associates	(42,598)	131,618	-	-
- different tax rate in other countries	6,952,537	-	-	-
- expenses not deductible for tax purposes	869,844	1,426,367	442,086	649,966
- income not subject to tax	(3,153,950)	(18,194,878)	(526,526)	(1,950,804)
- change in tax rate	(764,035)	(16,384)	(409,485)	-
- utilisation of previously unrecognised tax losses	401,892	-	401,892	-
- controlled transfer of property, plant and equipment to subsidiary	(2,843,450)	-	(6,702,952)	-
- under accrual in prior financial year	135,065	741,460	-	-
- tax incentive obtained for double deduction	(96,516)	(85,086)	-	-
- utilisation of reinvestment allowance	(426,072)	-	(341,252)	-
- current financial period tax losses not recognised	612,115	-	-	-
- change in tax estimates	19,826,469	-	-	-
- deferred tax assets not recognised	1,671,890	426,312	-	-
- others	(389,951)	-	(389,951)	-
Tax expense	73,799,696	(5,572,664)	(1,335,762)	(2,012,872)

11 EARNINGS PER SHARE

(a) Basic earnings per share

	Group	
	17 months ended 30.06.2007 RM	**Year ended 31.01.2006 RM**
Profit attributable to equity holders of the Company	104,843,771	46,915,487
Number of ordinary shares in issue at beginning of financial period/year after deducting treasury shares	169,144,380	160,674,100
Effect of exercise of ESOS options and warrants	-	2,259,030
Effect of share repurchase	(167,265)	(405,325)
Effect of bonus issue	56,287,131	56,287,131
Weighted average number of ordinary shares	225,264,246	218,814,936
Basic earnings per share (sen) *	32.9	21.4

* For comparative purposes, the calculation of earnings per share for the financial period ended 30 June 2007 is annualised and the earnings per share for the previous financial year is adjusted to reflect the bonus issue of shares on the basis of one (1) bonus share for every three (3) existing shares held.

(b) Diluted earnings per share

Diluted earnings per share is not applicable to the Group because potential ordinary shares are anti-dilutive. The effect of anti-dilutive potential ordinary shares is ignored in the calculation of diluted earnings per share.

12 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
2007								
Cost/valuation								
At 1 February 2006								
Cost	-	-	-	-	2,458,208	9,619,703	26,756,450	38,834,361
Valuation	29,780,000	4,180,000	2,430,000	87,766,100	151,276,630	-	-	275,432,730
	29,780,000	4,180,000	2,430,000	87,766,100	153,734,838	9,619,703	26,756,450	314,267,091
Effects of adoption of FRS 140	(880,000)	(4,180,000)	(2,430,000)	(1,690,000)	-	-	-	(9,180,000)
As adjusted	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								
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)

Group	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
2006								
Cost/valuation								
At 1 February 2005								
Cost	871,000	410,014	-	9,986,277	271,720,697	9,228,871	2,990,614	295,207,473
Valuation	35,752,674	42,445,145	3,244,660	78,374,565	-	-	-	159,817,044
	36,623,674	42,855,159	3,244,660	88,360,842	271,720,697	9,228,871	2,990,614	455,024,517
Effects of adoption of FRS 117	-	(37,288,159)	-	-	-	-	-	(37,288,159)
As restated	36,623,674	5,567,000	3,244,660	88,360,842	271,720,697	9,228,871	2,990,614	417,736,358
Additions	-	-	-	4,528,741	1,645,712	390,832	26,117,240	32,682,525
Disposals	(3,845,655)	-	-	-	(63,750)	-	-	(3,909,405)
Reclassification of accounts	-	-	-	-	2,351,404	-	(2,351,404)	-
Write-off	-	-	-	-	(614,393)	-	-	(614,393)
Revaluation	(2,998,019)	(1,387,000)	(814,660)	(5,123,483)	(121,304,832)	-	-	(131,627,994)
At 31 January 2006								
Cost	-	-	-	-	2,458,208	9,619,703	26,756,450	38,834,361
Valuation	29,780,000	4,180,000	2,430,000	87,766,100	151,276,630	-	-	275,432,730
	29,780,000	4,180,000	2,430,000	87,766,100	153,734,838	9,619,703	26,756,450	314,267,091
Accumulated depreciation								
At 1 February 2005	-	2,280,020	353,585	5,535,912	193,671,255	6,240,309	-	208,081,081
Effects of adoption of FRS 117	-	(2,036,104)	-	-	-	-	-	(2,036,104)
As restated	-	243,916	353,585	5,535,912	193,671,255	6,240,309	-	206,044,977
Charge for the financial year	-	57,392	83,196	2,989,862	4,833,195	566,744	-	8,530,389
Disposals	-	-	-	-	(54,409)	-	-	(54,409)
Write-off	-	-	-	-	(614,390)	-	-	(614,390)
Adjustment for revaluation	-	(301,308)	(436,781)	(8,525,774)	(193,511,918)	-	-	(202,775,781)
At 31 January 2006	-	-	-	-	4,323,733	6,807,053	-	11,130,786
Net book value at 31 January 2006								
Cost	-	-	-	-	95,084	2,812,650	26,756,450	29,664,184
Valuation	29,780,000	4,180,000	2,430,000	87,766,100	149,316,021	-	-	273,472,121
	29,780,000	4,180,000	2,430,000	87,766,100	149,411,105	2,812,650	26,756,450	303,136,305

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
2007								
Cost/valuation								
At 1 February 2006								
Cost	-	-	-	-	-	6,530,378	692,277	7,222,655
Valuation	880,000	4,180,000	2,430,000	31,040,000	56,579,000	-	-	95,109,000
	880,000	4,180,000	2,430,000	31,040,000	56,579,000	6,530,378	692,277	102,331,655
Effects of adoption of FRS 140	(880,000)	(4,180,000)	(2,430,000)	(1,690,000)	-	-	-	(9,180,000)
As adjusted	-	-	-	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	-	-	-	(20,910,000)	-	-	-	(20,910,000)
Transfer of assets to 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)
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
Effects of adoption of FRS 140	-	-	-	-	-	-	-	-
As adjusted	-	-	-	-	-	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	-	-	-	(767,957)	-	-	-	(767,957)
Transfer of asset to 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)

Company	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
2006								
Cost/valuation								
At 1 February 2005								
Cost	871,000	-	-	904,000	105,066,181	6,526,604	583,283	113,951,068
Valuation	4,304,360	38,685,145	3,244,660	35,071,195	-	-	-	81,305,360
	5,175,360	38,685,145	3,244,660	35,975,195	105,066,181	6,526,604	583,283	195,256,428
Effects of adoption of FRS 117	-	(33,118,145)	-	-	-	-	-	(33,118,145)
As restated	5,175,360	5,567,000	3,244,660	35,975,195	105,066,181	6,526,604	583,283	162,138,283
Additions	-	-	-	139,512	463,903	3,774	2,460,398	3,067,587
Disposals	(3,845,655)	-	-	-	(2,627,424)	-	-	(6,473,079)
Reclassification of accounts	-	-	-	-	2,351,404	-	(2,351,404)	-
Revaluation	(449,705)	(1,387,000)	(814,660)	(5,074,707)	(48,675,064)	-	-	(56,401,136)
At 31 January 2006								
Cost	-	-	-	-	-	6,530,378	692,277	7,222,655
Valuation	880,000	4,180,000	2,430,000	31,040,000	56,579,000	-	-	95,109,000
	880,000	4,180,000	2,430,000	31,040,000	56,579,000	6,530,378	692,277	102,331,655
Accumulated depreciation								
At 1 February 2005	-	2,075,148	353,585	3,782,166	76,335,797	5,218,748	-	87,765,444
Effects of adoption of FRS 117	-	(1,831,232)	-	-	-	-	-	(1,831,232)
As restated	-	243,916	353,585	3,782,166	76,335,797	5,218,748	-	85,934,212
Charge for the financial year	-	57,392	83,196	1,508,658	986,129	286,993	-	2,922,368
Disposals	-	-	-	-	(1,818,887)	-	-	(1,818,887)
Adjustment for revaluation	-	(301,308)	(436,781)	(5,290,824)	(75,503,039)	-	-	(81,531,952)
At 31 January 2006	-	-	-	-	-	5,505,741	-	5,505,741
Net book value at 31 January 2006								
Cost	-	-	-	-	-	1,024,637	692,277	1,716,914
Valuation	880,000	4,180,000	2,430,000	31,040,000	56,579,000	-	-	95,109,000
	880,000	4,180,000	2,430,000	31,040,000	56,579,000	1,024,637	692,277	96,825,914

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.

During the financial period, the Group and Company acquired property, plant and equipment with a cost of RM950,000 of which RM855,000 was acquired by means of hire purchase. As at 30 June 2007, the net book value of the property, plant and equipment under hire purchase arrangement in the Group and Company stood at RM902,500 (2006: nil).

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Included in the capital work-in-progress incurred during the financial period was interest capitalised of RM1,007,852 (2006:nil).

Capital work-in-progress relating to an expansion project amounting to RM83,410,819 (2006: nil), has been pledged as security, for borrowings granted (see Note 26).

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 are as follows:

	Group		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
Freehold land	14,189,793	17,754,869	-	871,000
Long term leasehold land	-	4,180,000	-	4,180,000
Short term leasehold land	-	139,917	-	139,917
Buildings	48,134,584	51,694,906	3,496,145	11,420,451
Plant, machinery and electrical installation	70,426,642	77,304,962	17,444,481	29,776,101
	132,751,019	151,074,654	20,940,626	46,387,469

13 INVESTMENT PROPERTIES

	Group		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
At beginning of the financial period/year	-	-	-	-
Effects of adopting FRS 140:				
- transfer from property, plant and equipment	9,180,000	-	9,180,000	-
- transfer from prepaid lease rental	-	-	21,245,557	-
As restated	9,180,000	-	30,425,557	-
Transfer from property, plant and equipment	-	-	20,142,043	-
Fair value gain	104,500	-	641,500	-
Disposal	(5,000,000)	-	(5,000,000)	-
At end of the financial period/year	4,284,500	-	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. The fair value of these properties as at 30 June 2007 were estimated using the valuation performed as a base and with an estimated growth rate of 5% reflecting the growth in market value of properties in their surrounding areas.

14 PREPAID LEASE RENTAL

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 in January 2006 based on open market value. The Group has adopted the transitional provisions by retaining the unamortised revalued amount as the surrogate carrying amount of prepaid lease rental.

15 SUBSIDIARIES

	Company	
	30.06.2007 RM	**31.01.2006 RM**
Cost		
Quoted shares	47,058,463	42,000,000
Unquoted shares	59,504,496	32,940,676
	106,562,959	74,940,676
Market value of quoted shares	80,928,956	67,549,368

The details of the subsidiaries are as follows:

		Group's effective interest	
Name	**Principal activities**	**30.06.2007 %**	**31.01.2006 %**
Mycron Steel Berhad	Investment holding and provision of management services to subsidiaries	54.5	52.4
Mycron Steel CRC Sdn. Bhd.	Manufacturing and trading of cold rolled steel sheets in coils	54.5	52.4
Silver Victory Sdn. Bhd.	Dormant	54.5	52.4
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.	Provision of engineering services, and manufacturing and trading of steel pipes and tubes	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
Melewar MycroSmelt Technology Ltd.	Dormant	85.0	-
Melewar Metro Sdn. Bhd.	Dormant	100.0	-
Melewar Metro (Penang) Sdn. Bhd.	Dormant	100.0	-

15 SUBSIDIARIES (continued)

All subsidiaries are incorporated in Malaysia except for Melewar MycroSmelt Technology Ltd., which is incorporated in British Virgin Islands.

All subsidiaries are audited by PricewaterhouseCoopers, Malaysia.

16 ASSOCIATES

	Group	
	30.06.2007 RM	**31.01.2006 RM**
Share of net assets of associates	112,625,218	86,199,131
Market value of quoted shares	44,916,978	26,741,475

Although the carrying amounts of the associates are higher than the market value of quoted shares, no impairment is recognised as the Directors have determined that the value-in-use is 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 11.56% and estimated growth rate of 5% per annum.

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

	Group	
	30.06.2007 RM	**31.01.2006 RM**
Revenue	79,219,464	13,346,758
Profit after tax	157,772	926,364
Non-current assets	92,453,200	107,534,974
Current assets	59,919,971	50,997,035
Current liabilities	(24,242,119)	(33,268,447)
Non-current liabilities	(15,505,834)	(39,064,431)
Net assets	112,625,218	86,199,131

The details of associates are as follows:

		Group's effective interest	
Name	**Principal activities**	**30.06.2007 %**	**31.01.2006 %**
M3nergy Berhad #	Investment holding and provision of management services to its subsidiaries	22.59	21.54
PMP Galvanizers Sdn Bhd +	Manufacturing and trading of galvanised metal	10.89	8.89

\# Shares of the investment in the associate amounting to RM95,491,362 (2006: RM86,199,131) have been pledged as collateral for borrowings of a subsidiary (see Note 26).

\+ This company is an associate to the Group in this financial period, as a subsidiary is able to exercise significant influence over this company. The investment in this company was classified as available-for-sale financial assets in prior financial year and thus, the Group's effective interest of 8.89% is disclosed for comparison purposes only.

Contingent liabilities relating to associates are shown in Note 32.

17 DEFERRED TAX

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

	Group		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
Deferred tax assets	13,734	160,855	-	-
Deferred tax liabilities:				
- subject to income tax	(98,086,456)	(46,769,189)	(19,072,621)	(25,729,684)
- subject to real property gains tax	-	(735,963)	-	(450)
	(98,086,456)	(47,505,152)	(19,072,621)	(25,730,134)
	(98,072,722)	(47,344,297)	(19,072,621)	(25,730,134)
At beginning of the financial period/year	(47,344,297)	(29,833,260)	(25,730,134)	(19,575,519)
- tax effect arising from changes in accounting policies	-	(467,604)	-	(467,604)
As restated	(47,344,297)	(30,300,864)	(25,730,134)	(20,043,123)
(Charged)/credited to income statement (Note 10):				
- property, plant and equipment	8,297,454	(4,868,441)	8,085,007	(668,744)
- tax losses	(4,824,374)	4,824,374	(1,572,780)	1,572,780
- unabsorbed capital allowances	(6,249,534)	6,274,475	(1,388,836)	1,388,836
- financial asset at fair value through profit or loss	(51,902,464)	-	-	-
- others	100,373	-	-	-
	(54,578,545)	6,230,408	5,123,391	2,292,872
(Debited)/credited to asset revaluation reserve:				
- property, plant and equipment	-	(23,273,841)	-	(7,979,883)
- change in tax rate	3,491,227	-	1,534,122	-
- impairment of property, plant and equipment	343,781	-	-	-
- others	15,112	-	-	-
	(50,728,425)	(17,043,433)	6,657,513	(5,687,011)
	(98,072,722)	(47,344,297)	(19,072,621)	(25,730,134)
Subject to income tax:				
Deferred tax assets (before offsetting):				
- property, plant and equipment	13,734	-	-	-
- unabsorbed capital allowances	24,941	6,274,475	-	1,388,836
- tax losses	-	4,824,374	-	1,572,780
- others	100,373	-	-	-
	139,048	11,098,849	-	2,961,616
Offsetting	(125,314)	(10,937,994)	-	(2,961,616)
Deferred tax assets (after offsetting)	13,734	160,855	-	-

17 DEFERRED TAX (continued)

	Group		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
Deferred tax liabilities (before offsetting):				
- property, plant and equipment	(37,479,075)	(49,185,107)	(7,549,458)	(20,444,808)
- prepaid lease rental	(8,830,231)	(8,522,076)	(2,645,057)	(8,246,492)
- investment properties	-	-	(8,878,106)	-
- financial asset at fair value through profit or loss	(51,902,464)	-	-	-
	(98,211,770)	(57,707,183)	(19,072,621)	(28,691,300)
Offsetting	125,314	10,937,994	-	2,961,616
Deferred tax liabilities (after offsetting)	(98,086,456)	(46,769,189)	(19,072,621)	(25,729,684)
Subject to real property gains tax:				
Deferred tax liabilities:				
- property, plant and equipment	-	(735,963)	-	(450)

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		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
Tax losses	7,478,715	1,596,616	-	-
Capital allowances	6,634,860	167,092	-	-

18 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	Group		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
Securities:				
- Quoted in Malaysia	-	2,654,064	-	2,654,064
- Unquoted in Malaysia	1,869,077	5,150,000	934,531	450,000
	1,869,077	7,804,064	934,531	3,104,064

18 AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

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

	Group		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
At beginning of the financial period/year	7,804,064	41,549,948	3,104,064	3,149,948
Adjustment due to changes in accounting policy	-	(4,991,343)	-	(71,343)
As restated	7,804,064	36,558,605	3,104,064	3,078,605
Addition	969,077	15,544,110	484,531	2,558,511
Disposal	-	(200,000)	-	(200,000)
Deficit transferred to other reserves for available-for-sale financial assets	-	(2,333,052)	-	(2,333,052)
	8,773,141	49,569,663	3,588,595	3,104,064
Less : reclassification to investment in associates	(4,250,000)	(41,765,599)	-	-
Less : reclassification to investment in subsidiaries	(2,654,064)	-	(2,654,064)	-
At end of the financial period/year	1,869,077	7,804,064	934,531	3,104,064

19 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	Group	
	30.06.2007 RM	**31.01.2006 RM**
Equity securities:		
- Quoted outside Malaysia	225,235,620	85,098,473

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

	Group	
	30.06.2007 RM	**31.01.2006 RM**
At beginning of the financial period/year	85,098,473	7,859,700
Additions	-	12,147,344
Fair value gain	140,137,147	65,091,429
At end of the financial period/year	225,235,620	85,098,473

19 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The change in fair values of 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 charged as security for borrowings granted to the Group (see Note 26) and financing facilities granted to the Group and Company.

20 INVENTORIES

	Group		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
Raw materials	83,127,990	89,111,849	14,458,736	31,729,785
Work-in-progress	13,597,973	2,864,491	-	-
Finished goods	53,164,722	39,094,553	8,165,558	20,823,839
Consumables	2,530,700	1,659,587	438,660	580,723
	152,421,385	132,730,480	23,062,954	53,134,347

21 TRADE AND OTHER RECEIVABLES

	Group		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
Trade receivables	102,618,576	81,132,559	32,732,846	36,153,819
Other receivables	50,757,114	16,967,062	1,628,635	2,714,751
Deposits	10,384,460	10,410,365	5,161,643	5,189,851
Prepayments	2,366,300	1,273,439	253,949	406,928
Purchase consideration paid	83,843,964	18,900,500	-	-
	249,970,414	128,683,925	39,777,073	44,465,349
The currency exposure profile of trade receivables is as follows:				
- Ringgit Malaysia	91,924,608	76,527,033	29,660,420	36,153,819
- Singapore Dollar	2,908,822	4,540,708	2,908,822	-
- US Dollar	7,785,146	64,818	163,604	-
	102,618,576	81,132,559	32,732,846	36,153,819

The purchase consideration paid relates to the acquisition of Siam Power Generation Company Ltd. ("SIPCO"), which has yet to be completed as there is a condition precedent that has not been fulfilled as at 30 June 2007.

Included in other receivables are advances to SIPCO amounting to RM26,913,724 (2006:RM191,740).

(continued)

22 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 (2006: 30 to 90) days.

	Company	
	30.06.2007 RM	**31.01.2006 RM**
Amount owing by subsidiaries:		
Trade	93,364	10,062,254
Advance	206,753,777	87,933,520
	206,847,141	97,995,774
Amount owing to subsidiaries:		
Trade	18,976,350	5,118,619
Advance	-	200,000
	18,976,350	5,318,619

23 CASH AND CASH EQUIVALENTS

	Group		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
Deposits with licensed financial institutions	23,945,951	10,217,586	18,942,122	10,217,586
Cash and bank balances	22,869,412	27,445,510	1,381,032	2,528,616
	46,815,363	37,663,096	20,323,154	12,746,202
Less: Restricted cash	(15,000,000)	-	(15,000,000)	-
	31,815,363	37,663,096	5,323,154	12,746,202

The restricted cash relates to deposit with a financial institution that is pledged as security for financing facilities granted to the Group and Company.

The weighted average interest rate that was effective at the balance sheet date are as follows:

	Group		Company	
	30.06.2007 % per annum	**31.01.2006 % per annum**	**30.06.2007 % per annum**	**31.01.2006 % per annum**
Deposits with licensed financial institutions	2.79	2.20	2.94	2.20
Bank balances	0.03	-	-	-

Deposits with licensed financial institutions have an average maturity period of 30 (2006: 30) days.

23 CASH AND CASH EQUIVALENTS (continued)

	Group		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
The currency exposure profile of cash and bank balances is as follows:				
- Ringgit Malaysia	22,756,896	27,387,989	1,381,032	2,528,616
- Australian Dollar	43,123	42,474	-	-
- US Dollar	69,393	15,047	-	-
	22,869,412	27,445,510	1,381,032	2,528,616

24 TRADE AND OTHER PAYABLES

	Group		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
Trade payables	9,507,303	3,857,689	381,740	2,327,621
Other payables	5,838,846	3,907,889	1,739,110	1,383,242
Accruals	27,021,582	8,852,814	425,454	1,541,172
Deposits received	-	74,500	625,000	74,500
	42,367,731	16,692,892	3,171,304	5,326,535

25 DERIVATIVE LIABILITY

The notional principal amounts of the outstanding foreign currency forward contracts as at 30 June 2007 totalled RM8,667,000 (2006: nil).

The foreign currency forward contracts entered into during the financial period were for hedging the future drawdown of borrowings 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 period, the change in the fair value of the foreign currency forward contracts is recognised immediately in the income statement.

26 BORROWINGS

	Group		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
<u>Current</u>				
Bankers' acceptance	141,290,000	83,500,437	86,190,000	41,300,000
Revolving credit	73,000,000	73,000,000	38,000,000	38,000,000
Hire purchase creditor	277,303	-	277,303	-
Term loans	41,082,449	2,464,089	-	-
	255,649,752	158,964,526	124,467,303	79,300,000

(continued)

26 **BORROWINGS** (continued)

	Group		Company	
	30.06.2007 RM	**31.01.2006 RM**	**30.06.2007 RM**	**31.01.2006 RM**
Non-current				
Hire purchase creditor	466,049	-	466,049	-
Term loans	81,303,170	20,326,879	-	-
	81,769,219	20,326,879	466,049	-
Total				
Bankers' acceptance	141,290,000	83,500,437	86,190,000	41,300,000
Revolving credit	73,000,000	73,000,000	38,000,000	38,000,000
Hire purchase creditor	743,352	-	743,352	-
Term loans	122,385,619	22,790,968	-	-
	337,418,971	179,291,405	124,933,352	79,300,000

Contractual terms of borrowings

Group	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
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 + 1.5% - 12%	RM	45,460,485	35,460,485	10,000,000	-
- Term Loan (2)	BLR + 2.0%/ SIBOR + 1.2%, 3.23%	RM; RM/USD; RM/EURO	76,925,134	5,621,964	27,727,821	43,575,349
			337,418,971	255,649,752	38,018,324	43,750,895
At 31 January 2006						
Unsecured						
- Bankers' acceptance	3.40% - 4.25%	RM	41,300,000	41,300,000	-	-
- Revolving credit	3.75%	RM	38,000,000	38,000,000	-	-
Secured						
- Bankers' acceptance	3.65% - 5.26%	RM	42,200,437	42,200,437	-	-
- Revolving credit	4.05%	RM	35,000,000	35,000,000	-	-
- Term Loan (1)	COF + 2% - 8.8%	RM	12,464,089	2,464,089	-	10,000,000
- Term Loan (2)	BLR + 2.0%	RM	10,326,879	-	-	10,326,879
			179,291,405	158,964,526	-	20,326,879

26 BORROWINGS (continued)

Contractual terms of borrowings (continued)

Group	30.06.2007 Functional currency/ currency exposure	30.06.2007 Total amount RM	31.01.2006 Functional currency	31.01.2006 Total amount RM
Unsecured	RM	132,090,000	RM	79,300,000
Secured	RM	141,734,957	RM	99,991,405
	RM/USD	40,569,032	-	-
	RM/EURO	23,024,982	-	-
		337,418,971		179,291,405

Term Loan (1) is secured against the investment in an associate (see Note 16) or financial asset at fair value through profit or loss (see Note 19).
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.

Company	Contractual interest rate at balance sheet date (per annum)	Functional currency/ currency exposure	Total carrying amount RM	Maturity profile < 1 year RM	Maturity profile 1 - 2 years RM	Maturity profile > 2 years RM
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
At 31 January 2006						
Unsecured						
- Bankers' acceptance	3.40% - 4.25%	RM	41,300,000	41,300,000	-	-
- Revolving credit	3.75%	RM	38,000,000	38,000,000	-	-
			79,300,000	79,300,000	-	-

Fair Value

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

	Group 30.06.2007 RM	Group 31.01.2006 RM
Term loan (2)	22,550,460	-

26 BORROWINGS (continued)

The weighted average interest rates of borrowings as at 30 June 2007 are as follows:

	Group		Company	
	30.06.2007 % per annum	**31.01.2006 % per annum**	**30.06.2007 % per annum**	**31.01.2006 % per annum**
Banker's acceptance	4.32	3.96	4.41	3.82
Revolving credit	4.37	3.89	4.75	3.75
Hire purchase creditor	2.38	-	2.38	-
Term loans	6.35	6.71	-	-

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

	Group/Company	
	30.06.2007 RM	**31.01.2006 RM**
Not later than one (1) year	305,352	-
Later than one (1) year and not later than two (2) years	305,352	-
Later than two (2) years	178,113	-
	788,817	-
Less: future finance charge	(45,465)	-
Present value	743,352	-

27 SHARE CAPITAL

	Group/Company			
	30.06.2007		**31.01.2006**	
	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 period/year	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 period/year	169,939,880	169,939,880	160,979,800	160,979,800
Exercise of ESOS options	-	-	8,000	8,000
Exercise of warrants	-	-	8,952,080	8,952,080
Issue of bonus shares	56,287,131	56,287,131	-	-
At end of the financial period/year	226,227,011	226,227,011	169,939,880	169,939,880

During the financial period, the Company made a bonus issue of 56,287,131 new ordinary shares of RM1 each on the basis of one (1) new ordinary share of RM1 each for every three (3) existing ordinary shares of RM1 each (the "Bonus Issue"), by capitalising RM9,987,715 from share premium and RM46,299,416 from retained earnings.

27 SHARE CAPITAL (continued)

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

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 five (5) years. The ESOS is governed by the by-laws which were approved by the shareholders on 21 November 2003.

The main features of the ESOS are as follows:

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

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

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

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

- The 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 five (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.

- 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 01.02.2006**	**Adjustment as a result of Bonus Issue**	**Exercised**	**Lapsed**	**At 30.06.2007**
5 December 2003	4 December 2008	1.46	5,631,200	1,876,990	-	-	7,508,190

* Exercise price for outstanding options as at 30 June 2007

As a result of the Bonus Issue, an additional 1,876,990 new options were granted on the basis of one (1) new option for every three (3) options vested and the option exercise price was adjusted from RM1.94 per share to RM1.46 per share.

27 SHARE CAPITAL (continued)

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in an Annual General Meeting held on 22 June 2006, approved to renew the authorisation to enable the Company to repurchase its own shares. The Board of Directors is of the opinion that empowering the Company to undertake the share buy back is in the best interest of the Company and will provide an opportunity to the Company to purchase its own shares for the purposes of stabilising the supply and demand, as well as the price of the Company's shares and consequently, the fundamental value of the Company may be preserved.

During the financial period, the Company repurchased 276,100 of its issued ordinary shares from the open market at an average price of RM1.05 per share, for RM290,772. The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed under Section 67A of the Companies Act, 1965. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended.

At the balance sheet date, the number of outstanding shares in issue after setting off the treasury shares against equity is 225,155,411 (2006: 169,144,380).

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 one (1) new warrant for every five (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 one (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 a result of the Bonus Issue, an additional 7,727,188 new warrants were issued on the basis of one (1) new warrant for every three (3) warrants held and the warrant exercise price was adjusted from RM1.50 per share to RM1.125 per share.

As at 30 June 2007, there are 30,911,528 (2006: 23,184,340) warrants which have not been exercised.

28 DIVIDENDS

Dividends declared or proposed for the 17 months ended 30 June 2007 are as follows:

	17 months ended 30.06.2007		Year ended 31.01.2006	
	Tax exempt dividend per share Sen	Amount of tax exempt dividend RM	Gross dividend per share Sen	Amount of dividend, net of tax RM
Final dividend paid	3.0	5,074,331	13.0	14,996,901
Dividend recognised as distribution to equity holders of the Company	3.0	5,074,331	13.0	14,996,901

28 DIVIDENDS (continued)

At the forthcoming Annual General Meeting on 31 October 2007, a first and final tax exempt dividend in respect of the 17 months ended 30 June 2007 of 6 (2006: 3) sen per share amounting to RM13,509,325 (2006: RM5,074,331) will be proposed for shareholders' approval.

29 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 Group also has related party relationship with the following related parties:

The companies in which the Directors of the Company, Tunku Tan Sri Abdullah ibni Almarhum Tuanku Abdul Rahman, Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah, Tunku Dato' Seri Iskandar bin Tunku Tan Sri Abdullah and Datin Ezurin Yusnita binti Abdul Malik have or deemed to have financial interests in, are as follows:

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

Group

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

Entity	**Type of Transaction**	**17 months ended 30.06.2007 RM**	**Year ended 31.01.2006 RM**
Trace Management Services Sdn. Bhd.	Corporate secretarial services	378,236	377,106
MAA Corporate Advisory Sdn. Bhd.	Corporate consultancy services	-	105,514
Mitra Malaysia Sdn. Bhd.	Travel tickets	931,449	300,031
Malaysian Assurance Alliance Berhad	Insurance	2,467,643	1,535,474
	Rental and utilities	842,261	-
Wira Security Services Sdn. Bhd.	Security guard services	415,907	304,492
MAA Credit Sdn. Bhd.	Interest on term loan	921,789	-
	Term loan obtained	29,398,773	-

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

Entity	**30.06.2007 RM**	**31.01.2006 RM**
MAA Credit Sdn. Bhd.	29,398,773	-

29 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

Company

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

Entity	**Type of Transaction**	**17 months ended 30.06.2007 RM**	**Year ended 31.01.2006 RM**
Melewar Steel Tube Sdn. Bhd.	Purchase of pipes	79,094,770	600,692
	Sale of pipes	36,998,603	-
	Rental income	2,021,000	3,000
	Engineering services	534,864	1,170,902
	Marketing fees income	283,470	-
	Management fees income	400,000	-
Mycron CRC Sdn. Bhd.	Purchase of cold rolled coils	52,606,633	56,472,587
Mycron Steel Berhad	Dividend income	1,950,095	6,820,476
Melewar Steel Mills Sdn. Bhd.	Sale of pipes	17,378,965	32,374,322
Melewar Integrated Engineering Sdn. Bhd.	Dividend income	490,000	490,000
Melewar Steel Services Sdn. Bhd.	Rental expenses	240,000	240,000
Trace Management Services Sdn. Bhd.	Corporate secretarial services	234,559	249,370
MAA Corporate Advisory Sdn. Bhd.	Corporate consultancy services	-	105,514
Mitra Malaysia Sdn. Bhd.	Travel tickets	205,517	44,821
Malaysian Assurance Alliance Berhad	Insurance	1,005,573	514,747
	Rental and utilities	358,168	-
Wira Security Services Sdn. Bhd.	Security guard services	130,916	122,772

(b) There are no significant outstanding balances arising from the above transactions.

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 page 2 of the Directors' Report.

The key management compensation is disclosed in Note 9.

30 SEGMENTAL ANALYSIS

Business segment

The Group operates mainly in steel manufacturing.

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

	Steel manufacturing RM	Others RM	Elimination RM	Group RM
17 months ended 30.06.2007				
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

30 SEGMENTAL ANALYSIS (continued)

	Steel manufacturing RM	Others RM	Elimination RM	Group RM
17 months ended 30.06.2007				
Other information				
Capital expenditure	77,906,542	2,275,789	-	80,182,331
Goodwill written off	-	108,009	-	108,009
Depreciation of property, plant and equipment	21,854,784	320,667	-	22,175,451
Property, plant and equipment written off	72,841	-	-	72,841
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
Year ended 31.01.2006				
Operating revenue				
External revenue	559,951,262	6,968,455	-	566,919,717
Total operating revenue	559,951,262	6,968,455	-	566,919,717
Results				
Segment results	(14,153,713)	65,812,094	(8,791,171)	42,867,210
Finance cost				(8,086,693)
Share of results of associates				926,364
Taxation				5,572,664
Profit for the financial year				41,279,545

30 **SEGMENTAL ANALYSIS** (continued)

	Steel manufacturing RM	Others RM	Elimination RM	Group RM
At 31 January 2006				
Net assets				
Segment assets	600,179,840	132,876,503	-	733,056,343
Associates				86,199,131
Unallocated assets				8,814,660
Total assets				828,070,134
Segment liabilities	8,880,366	7,812,526	-	16,692,892
Unallocated liabilities				226,815,578
Total liabilities				243,508,470
Net assets				584,561,664
Year ended 31.01.2006				
Other information				
Capital expenditure	32,531,368	151,157	-	32,682,525
Depreciation of property, plant and equipment	8,173,126	357,263	-	8,530,389
Impairment losses:				
- property, plant and equipment	1,286,938	-	-	1,286,938
- inventories	30,114,527	-	-	30,114,527

31 **CAPITAL COMMITMENTS**

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

	Group	
	30.06.2007 RM	**31.01.2006 RM**
Property, plant and equipment	55,179,372	61,344,795
Acquisition of SIPCO	-	68,040,000
	55,179,372	129,384,795

32 CONTINGENT LIABILITIES

As at 30 June 2007, the Company had given guarantees to banks amounting to RM74,450,000 (2006: RM44,500,000) for banking facilities extended to its subsidiaries of which, RM58,791,611 have been drawndown.

The Group's share of contingent liabilities of associates is nil (2006: RM1,823,000).

33 FAIR VALUES

The fair values of financial assets and liabilities as at 30 June 2007 with maturity of a year approximate their respective carrying amounts.

34 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors on 26 September 2007.

STATEMENT BY DIRECTORS

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

We, Tunku Dato' Ya'acob Bin Tunku Tan Sri Abdullah and Tunku Yahaya @ Yahya Bin Tunku Tan Sri Abdullah, two (2) of the Directors of Melewar Industrial Group Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 57 to 108 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 2007 and of the results and cash flows of the Group and Company for the 17 months 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 26 September 2007.

TUNKU DATO' YA'ACOB BIN TUNKU TAN SRI ABDULLAH
MANAGING DIRECTOR

TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH
DIRECTOR

STATUTORY DECLARATION

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

I, Tunku Dato' Ya'acob Bin Tunku Tan Sri Abdullah, the Director primarily responsible for the financial management of Melewar Industrial Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 57 to 108 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

TUNKU DATO' YA'ACOB BIN TUNKU TAN SRI ABDULLAH

Subscribed and solemnly declared by the abovenamed Tunku Dato' Ya'acob Bin Tunku Tan Sri Abdullah, at Kuala Lumpur in Malaysia on 26 September 2007, before me.

COMMISSIONER FOR OATHS

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)	17	17,356,000
Lot 7, Jalan Gudang 2/9, 40200 Shah Alam Selangor.	17.7.2068	Factory building	43,000 sq.ft. (0.99 acre)	38	2,804,000
Lot 49, Jalan Utas, 40200 Shah Alam Selangor.	13.4.2072	Factory building	316,300 sq.ft. (7.26 acres)	33	23,002,000
Lot 10, Persiaran Selangor, 40200 Shah Alam Selangor.	11.5.2085	Factory building	220,437 sq.ft. (5.06 acres)	27	16,687,000
Lot 16, Jalan Pengapit 15/19, 40200 Shah Alam Selangor.	8.4.2078	Factory building	94,000 sq.ft. (2.16 acres)	29	6,721,000
Lot 717, Jalan Sungai Rasau, Seksyen 16, 40200 Shah Alam Selangor.	Freehold	Factory cum office building	781,423 sq.ft. (17.94 acres)	18	72,322,000
Lot 30 & Lot 36, Section 5, Phase 2B, Pulau Indah, Industrial Park, West Port, Selangor.	24.2.2097	Vacant industrial land	278,348 sq.ft. (6.39 acres)	-	4,284,000
Lot 2953, Mukim Kelemak, Daerah Alor Gajah, Melaka.	27.9.2082	Factory cum office building	66,022 sq.ft. (1.52 acres)	21	1,024,000
Flat 28, Consort House, 26 Queensway, Paddington, London W2 3RX.	23.3.2066	Apartment for corporate use	Approximately 900 sq.ft.	37	2,657,000
Flat 10, 19-23 Palace Court London W2 4LP.	30.9.2995	Apartment for corporate use	Approximately 1,456 sq.ft.	11	5,815,000

Note: The above properties were revalued in 2006.