ANNUAL REPORT 2013

MELEWAR INDUSTRIAL GROUP BERHAD
(8444-W)

Contents

NOTICE OF FORTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **Forty-Fourth (44th) Annual General Meeting** of the Company will be held at **Crystal Function Room, 4th Floor, Mutiara Complex, 3 ½ Miles, Jalan Ipoh, 51200 Kuala Lumpur** on **Friday, 29 November 2013 at 11.30 a.m.** for the following purposes:

AS ORDINARY BUSINESS	**Resolution**
1. To receive the Audited Financial Statements for the year ended 30 June 2013 together with the Reports of the Directors and the Auditors thereon.	**Please refer to Explanatory Note A**
2. To approve the payment of Directors' fees amounting to RM308,400 for the financial year ending 30 June 2014 to be payable quarterly in arrears.	(Resolution 1)
3. To re-elect Major General Datuk Lai Chung Wah (Rtd) who is retiring pursuant to Section 129(6) of the Companies Act, 1965 ("the Act") to hold office until the conclusion of the next Annual General Meeting ("AGM").	(Resolution 2)
4. To re-elect the following Directors of the Company who are retiring pursuant to Article 96 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:	
(i) Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	(Resolution 3)
(ii) Datin Ezurin Yusnita binti Abdul Malik	(Resolution 4)
(iii) En Shazal Yusuf bin Mohamed Zain	(Resolution 5)
5. To re-elect Mr Muk Sai Tat who is retiring pursuant to Article 100 of the Company's Articles of Association and who, being eligible, offers himself for re-election.	(Resolution 6)
6. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.	(Resolution 7)

AS SPECIAL BUSINESS

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

(a) **Proposed Renewal of Share Buy-Back Authority** (Resolution 8)

"THAT subject to compliance with Section 67A of the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority, the Company be and is hereby unconditionally and generally authorised to purchase and hold such number of ordinary shares of RM1.00 each in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this Ordinary Resolution does not exceed ten percent (10%) of the issued and paid-up share capital of the Company and that an amount not exceeding the Company's total audited retained profits of RM101,493,643 and share premium account of RM241,447 as at 30 June 2013 would be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

AND THAT such authority shall commence immediately upon passing of this Ordinary Resolution and will expire at the conclusion of the next AGM of the Company unless earlier revoked or varied by Ordinary Resolution of shareholders of the Company in a general meeting or upon the expiration of the period within which the next AGM is required by law to be held whichever is earlier but not so as to prejudice the completion of purchase(s) made by the Company before the aforesaid expiry date.

AND THAT the Directors be and are hereby authorised to take all steps necessary to implement, finalise and to give full effect to the Proposed Renewal of Share Buy-Back Authority and further that authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the shares so purchased as treasury shares or cancel them or both."

(b) **Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")** (Resolution 9)

"THAT the mandate granted by the shareholders of the Company on 13 December 2012 pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities, authorising the Company and its subsidiaries ("the MIG Group") to enter into the RRPTs which are necessary for the MIG Group's day-to-day operations as set out in Section 3.3(A) and (B) of Part B of the Circular to Shareholders dated 7 November 2013 ("the Circular") with the related parties mentioned therein, be and is hereby renewed, AND THAT mandate be and is hereby granted by the shareholders of the Company to apply to the new RRPTs as set out in Section 3.3(C) of Part B of the Circular with the related party mentioned therein, provided that:

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

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

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

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

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

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

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

whichever is earlier.

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

(c) **Authority to Issue and Allot Shares Pursuant to Section 132D of the Act** (Resolution 10)

"THAT, subject always to the Act, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Section 132D of the Act, to issue and allot shares in the Company at any time until the conclusion of the next AGM, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued."

By Order of the Board

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

Kuala Lumpur
7 November 2013

(continued)

NOTES:

1. Applicable to shares held through a nominee account.

2. A member entitled to attend, speak and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company, and the provision of Section 149(a) & (b) of the Act shall not apply to the Company.

3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

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

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

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

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

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

9. For the purpose of determining a member who shall be entitled to attend this Forty-Fourth (44th) AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 56 (2.1), 56 (2.2) and 56 (2.3) of the Company's Articles of Association and Section 34 (1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 26 November 2013. Only a depositor whose name appears on the Record of Depositors as at 26 November 2013 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.

10. (i) Explanatory Note to Ordinary Business of Agenda 1 (Explanatory Note A):

    This Agenda item is meant for discussion only as the provision of Section 169(1) of the Act, does not require a formal approval of the shareholders and hence, is not put forward for voting.

    (ii) Explanatory Notes to Special Business of Agenda 7:

    (a) Proposed Renewal of Share Buy-Back Authority
    The Proposed Resolution 8, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilising its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

    (b) Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")
    The Proposed Resolution 9, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

    (c) Authority to Issue and Allot Shares Pursuant to Section 132D of the Act
    This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

    The Proposed Resolution 10, if passed, will empower the Board to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company, subject to compliance with regulatory requirements. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

    The detailed information on Special Business of Agenda 7 except for Ordinary Resolution 10 as mentioned above is set out in the Circular to Shareholders of the Company dated 7 November 2013 which is dispatched together with the Company's 2013 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities, the details of the Directors who are seeking for re-election or re-appointment in Agenda 3, 4 and 5 of the Notice of the Forty-Fourth (44th) Annual General Meeting of the Company are set out in the Directors' Profile on pages 18 to 22 of this Annual Report. Their securities holdings in the Company are set out in the Directors' Shareholdings which appears on page 27 of this Annual Report.

On behalf of the Board of Directors, I am pleased to present the Annual Report of Melewar Industrial Group Berhad and its group of companies ("the Group") for the financial year ended 30 June 2013.

FINANCIAL RESULTS

For the financial year ended 30 June 2013, the Group recorded total revenue of RM978 million, which was 8% higher than the previous year's RM905 million. The higher revenue for the financial year arose mainly from higher revenue from the steel operations, namely the steel tube manufacturing as well as the cold rolling operations.

Despite the higher revenue, the Group registered a Loss After Tax of RM216 million compared to a Loss After Tax of RM149 million in the previous year, which is attributed to the impairments made for the following assets of the Group:

- Intangible asset provision of RM16.3 million;
- Trade receivable provision of RM3.7 million;
- Other receivable provision of RM11.2 million; and
- Property, plant and equipment provisions of RM63.3 million.

DIVIDEND

Due to the weak performance for the period under review, the Directors do not recommend the payment of any Dividend for the financial year.

OPERATING REVIEW

For the period under review, the steel industry continued to remain soft amid sluggish market conditions. The only bright spark was in the last quarter of the calendar year 2012, where a spike in deliveries at good spreads was achieved, due to the general belief then that the steel industry had bottomed out, resulting in customers purchasing more steel products, in anticipation of an upward price movement.

With the prevailing uncertainties in the global economy, the much anticipated steel global recovery did not materialise, dragging most steel producers into deficit territory, caused by global overproduction and intense competition amidst rising raw material prices. Demand remained depressed for most of the year under review.

In early 2012, the Ministry of International Trade and Industry ("MITI") commissioned the Boston Consulting Group ("BCG") to conduct a study on "Enhancing the Competitiveness of the Iron and Steel Industry in Malaysia". The study pointed out that Malaysia's Steel Industry contributed approximately 4% to the Gross Domestic Product ("GDP") of the country, while providing employment to 150,000 workers. It was estimated that a fully developed Steel Industry could contribute up to 6.5% of the country's GDP, supporting 225,000 jobs by 2020. Upon the conclusion of the study, the Government adopted some of the recommendations made by BCG, and formed the Malaysia Steel Council ("MSC") as well as 5 Working Groups reporting to it, namely:

- Working Group 1 – "Megasteel Solutioning"
- Working Group 2 – "Access to Key Inputs"
- Working Group 3 – "Steel Industry Capability"
- Working Group 4 – "Standards and Importation Process"
- Working Group 5 – "Trade Measures"

Input from the 5 Working Groups were used by MITI to further enhance the competitiveness of the entire value chain of the steel industry. On Feb 1, 2013, the New Steel Policy was announced by the Minister of International Trade and Industry. As part of the restructuring of the industry, the Government put an immediate stop for 18 grades of Hot Rolled Coil ("HRC") steel sheets from receiving import duty exemption. These identified grades of HRC can now only be imported by paying duties of 20%, and were classified as being under the "Priority List". Another 19 HRC products were classified under "Non-Priority List", which meant that import duty exemptions could still be applied for, but which had to be approved by the Mesyuarat Mingguan Besi Keluli ("MMBK") Committee, chaired by MITI, as the need arises.

(continued)

Similarly, the Government also agreed to impose similar conditions for the downstream industry, namely for Cold Rolled Coil ("CRC") steel sheets, Galvanized Coil and Electro Galvanized coil sheets, in order to attain a level playing field.

At present, the Government has implemented strict duty controls on the importation of HRC, but unfortunately, limited controls have been applied to downstream steel imports, resulting in downstream customers being granted relatively easy access to import duty-exempt CRC and Galvanized CRC. In the year 2012, over 940,000 tonnes of CRC was imported into the country (Source: MISIF-Malaysian Iron and Steel Industry Federation). This uneven practice of granting import duty exemption has caused an imbalance in the country's steel supply chain.

This has not been the case for the steel tube sector. For steel tube manufacturers, where no duty exempt HRC raw material may be imported, strict enforcement of duty exemption for imported tubes, has kept the sector in balance.

On the power generation side, the operation of Siam Power Generation Company Limited ("Siam Power") continued to be very challenging as one customer was still unable to meet its contractual obligation to purchase electrical power, of 70 MW out of the total capacity of 160 MW, thereby forcing the power generation unit to operate at sub-efficient levels.

The affected customer had recently undergone a corporate restructuring exercise whereby the top management was all replaced with new people. It is hoped that with new shareholders and management in place, the customer will be able to resume the purchase of power as per the terms stated in the power purchase agreement.

DIVISIONAL PERFORMANCE

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

1. Iron and Steel
2. Energy
3. Engineering

Each division's performance will be addressed separately in the following paragraphs.

1.0 IRON AND STEEL DIVISION

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

- Melewar Steel Tube Sdn Bhd - Manufacturer of Steel Tubes
- Mycron Steel Berhad - Manufacturer of CRC Steel Sheets
- Melewar Steel Mills Sdn Bhd - Manufacturer/Trader of Steel Rebar and Scrap

1.1 Industry Overview (Iron and Steel Division)

The calendar year 2012 continued to prove to be a challenging year for the Steel Industry, domestically and internationally. Other than the economic woes plaguing many countries and markets, there were also other uncertainties caused by the US Presidential election and the transition of political power in China.

At the end of 2012, the Malaysian government enforced the decision to restrict CRC manufacturers from importing more than 50% of their HRC steel sheet raw material needs, on an import duty exempt basis. This new policy, effectively forced the CRC industry to purchase 50% of their HRC needs from the sole HRC manufacturer in Malaysia, namely Megasteel Sdn Bhd. After this policy was implemented, Megasteel Sdn Bhd increased the price of their HRC, which was already higher than the international price, even further, to the detriment of the CRC and Steel Tube manufacturers.

This was followed by the announcement of the New Steel Policy, effective from February 1, 2013 which saw 18 grades of HRC losing their eligibility for import duty exemption. Although the policy had the intention of protecting the HRC industry from imports, the enforcement of downstream protection for the CRC industry was rather vague, with the majority of CRC consumers being allowed to import CRC on a duty exempt basis. Domestic CRC manufacturers therefore experienced an imbalance in operations, where HRC could not be sourced at a reasonable cost, but where its downstream customers could import large quantities of cheap duty exempt CRC.

CRC is used by downstream customers for the manufacture of automotive, roof galvanizing, drum making for palm oil and petroleum, electronic and electrical appliances (e.g. fridges, rice cookers, computers, mobile phones, air conditioners, etc.), furniture and electrical conduit tube products. Being a key raw material for the manufacture of a wide range of downstream products, demand for CRC has been reasonably healthy; with 2012 statistics, showing total consumption of CRC related products of 1,499,000 t/y, supplied by 885,000 t/y of domestic CRC, and 815,000 t/y of imported CRC (source: MISIF).

(continued)

1.2 Steel Tube Operations (Melewar Steel Tube Sdn Bhd)

Unlike the CRC sector, all HRC used by tube/pipe manufacturers have to be sourced from the sole domestic HRC manufacturer, Megasteel Sdn Bhd, as no duty exemption is given for imported HRC, for the manufacture of tubes/pipes. Being in a privileged monopolistic position, Megasteel Sdn Bhd has, since import duties were first imposed in 1999, charged an HRC price that is substantially higher than the international price of HRC, resulting in the margins of domestic tube/pipe manufacturers being significantly squeezed. The New Steel Policy announced by the Government did not result in any policy change for the tube/pipe sector, other than increasing the price of HRC even further.

The financial year can generally be described as sluggish, due to very stiff price pressure and competition among steel tube/pipe producers, resulting in price erosions for steel products, in the domestic, as well as international market. Most steel tube customers reported that the slow progress of ongoing construction projects had affected business volumes. There were high hopes that the Economic Transformation Programme ("ETP") launched by the Government would boost demand for building materials, but thus far, the steel tube sector has yet to experience any significant demand uptake.

1.3 Cold Rolled Coil Operations (Mycron Steel Berhad)

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

For the financial year ended 30 June 2013, the CRC Division achieved total sales revenue of RM513 million compared to RM443 million in the preceding year, representing an increase of RM70 million or 15.8%. Sales tonnage also improved to 204,000 tonnes compared to 165,000 tonnes previously, an increase of 39,000 tonnes or 23.6%.

With a total production capacity of 260,000 tonnes per year, the sales volume can be translated into a fair utilisation rate of 78%, compared to 63% the previous year. Buoyed by the increase in sales revenue as well as sales tonnage, the Group recorded a Profit After Tax of RM7.0 million, compared to a loss of RM15.7 million the previous year.

Despite the prevailing soft market conditions and the ease of importing cheap duty exempt CRC into the country, together with the high cost for domestic HRC, Mycron managed to take advantage of the demand and supply cycles of the steel industry, improve quality to meet customers' satisfaction, whilst cutting costs to the bare minimum, to generate better financial results for the financial year.

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

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

Due to the present domestic rebar industry scenario of narrow margins and weak demand, the rebar operations of the Group continue to be mothballed for the period under review with the focus on the trading of scrap.

The overcapacity situation in the domestic long steel product sector still prevail, and there are still no clear signs when the rebar prices may bottom out. Domestic steel producer manufacturers continue to suffer from low capacity utilisation rates due to weak domestic demand as well as continued downward pressure on operating margins.

Market confidence is further weakened by a confluence of negative news like the waning strength of emerging economies such as China and India, the possible downgrading of our economic outlook by Fitch and the downward revision of our economic growth forecast by Bank Negara Malaysia to 4.5% from 5-6%.

Until the above challenges taper to a reasonable level, the Group does not see its rebar operations restart in the forthcoming year.

2.0 ENERGY DIVISION

The Group's involvement in Energy is principally through its wholly owned subsidiary, Mperial Power Ltd ("Mperial") which in turn, owns Siam Power and Siam Power Phase 2 Company Limited ("SPP2"), which are both incorporated under the laws of Thailand.

Amidst increasing challenges faced by Siam Power, the Group continues to be in active discussions with potential buyers for the divestment of the Power Division.

(continued)

2.1 Power Generation Operations (Siam Power Generation Company Limited)

Mperial holds 98.4% in the equity interest of Siam Power. Siam Power holds a license to build, own and operate up to 450 MW of power generating plants under the Small Power Producer ("SPP") programme in Thailand. Under the SPP Programme, Siam Power is required to supply power to the Electricity Generating Authority of Thailand ("EGAT") and the industrial customers within the SPP Industrial Park concession area in the district of Baan Khai in Rayong Province.

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

Although EGAT is fulfilling its offtake agreement, G Steel has not, resulting in the power plant operating at sub-optimal capacity levels.

For the period under review, total revenue generated was RM217 million, with an After Tax Loss of RM213 million compared to an After Tax Loss of RM116 million the previous year. The loss was primarily due to the temporary suspension of electricity supply to G Steel, which had completed its corporate restructuring exercise, but has yet to resume operations, resulting in Siam Power making an impairment loss on the outstanding debts due from G Steel, as well as making impairment provisions on the carrying value of the power plant.

2.2 Second PPA with EGAT (Siam Power Phase 2 Company Limited)

Mperial also has a 99.9% in the equity interest of SPP2 which holds a second PPA with EGAT for a period of 25 years from the COD. As the COD of the second PPA's power plant is 1 June 2016, the Group has commenced negotiations with contractors who are keen to also become investors in SPP2.

3.0 ENGINEERING DIVISION

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

3.1 Engineering (Melewar Integrated Engineering Sdn Bhd)

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

For the past year under review, MIE's main activities were in the area of:

- Turnkey works for revamping of ash handling systems of domestic power plants;
- Conduct of feasibility studies and basic engineering for foreign ports;
- Designing of material handling systems for domestic and foreign projects;
- Fabrication of conveyor structure for foreign projects;
- Concept development for a domestic steel mill; and
- Project management for a number of projects from concept to completion.

Highlights of this financial year were the completion of basic design work for a proposed Monorail System in Istanbul, basic engineering for a Ferrochrome Smelter in Sarawak, and engineering and turnkey project development for a Mineral Refining plant in Perak.

3.2 Equipment Marketing (Melewar Industrial Technology Ltd)

MIT is 100% owned by the Group, and is involved in the promotion and sales of the Group's rebar making equipment for the steel industry, as well as the Group's prefabricated modular home system for the construction sector. Although relatively small in terms of revenue it is hope that in the longer term, MIT will be able to contribute more significant results.

LONG-TERM BUSINESS OUTLOOK

The Group remains cautiously confident of the long-term growth potential of the flat steel sector in Malaysia. Now that the General Elections are over, the implementation of the much awaited ETP projects can finally take place. Although only a handful of the announced projects had taken off the ground, the full implementation of the projects will certainly provide a boost to the steel industry in general, and the economy as a whole.

Irrespective of the potential macro prospects for the industry, on a micro level, the domestic steel industry still faces some key challenges, which include the Government's national policies for the steel industry and the imbalance is the supply and demand structure of the country. In particular, the free trade agreements signed, and to be signed by the Government, the growing steel capacities in other ASEAN countries, the continuous threat of cheap duty exempt imported CRC from China, and the weak Ringgit, will remain a concern to the industry.

PROSPECTS FOR THE NEW FINANCIAL YEAR

For the coming new financial year, the Group expects the demand for CRC to be relatively stable, while the tube division is expected to remain competitive. The steel industry has historically always been cyclical and remains highly sensitive to the volatility of raw material prices, such as iron ore, scrap and coking coal. Hopefully, the ETP domestic fiscal stimulus announced by the Government will be a shield for the domestic steel tube industry, from the woes of the global economic drama.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my heartfelt thanks and gratitude, as well as sincere appreciation to all members of the management team and their staff for their contribution and hard work. To our shareholders, I look forward to your continuous support in the years to come and thank you for your patience especially during the challenging times in the past.

Acknowledging the importance of Corporate Social Responsibility, the Group is committed to be mindful of its responsibilities to the community through the practice of good corporate citizenship as well as to actively pursue policies and actions that are in the best interests of the community.

To this end, the Group seeks to ensure that the interests of its key stakeholders from shareholders, investors, customers, employees and the community are cared for through our conscious endeavours by integrating corporate responsibility values in all our business plans and activities.

In this regard, we have undertaken the following with respect to various aspects of our business:

BUSINESS GOVERNANCE ETHICS

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

CUSTOMER SATISFACTION

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

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

WORKPLACE

The Group recognises the importance of employees as the most valuable asset. Towards this end, the Company constantly enhances employees' job-related skills, knowledge and experience via in-house and external training programmes. A structured internal training and development programme has been planned and implemented to improve the technical skills of the employees. This is also complemented by a clear and transparent approach that ensures all employees are fully aware of the Group's business objectives and goals.

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

The Company has also maintained the policy of rewarding the employees when the "Accident Frequency Rate" is kept at a minimal level under its safety campaign named "Think Safety, We're Safe" or in Bahasa Malaysia, "Ingat Selamat, Kita Selamat".

ENVIRONMENT

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

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

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

COMMUNITY

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

To achieve this, the Group consciously makes the effort of employing physically disabled workers to perform daily factory operations and provide the necessary training to them to enable them to carry out their jobs effectively. There are currently 7 physically disabled employees who are placed in the pipe lines, threading lines and maintenance workshops according to their individual capabilities.

Domicile : Malaysia

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

Directors :

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah
- *Executive Chairman*

Datuk Lim Kim Chuan
- *Executive Director*

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

Mr Uwe Ahrens
- *Executive Director*

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

Datin Ezurin Yusnita binti Abdul Malik
- *Non-Independent Non-Executive Director*

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
- *Non-Independent Non-Executive Director*

En Shazal Yusuf bin Mohamed Zain
- *Independent Non-Executive Director*

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

Mr Muk Sai Tat
- *Independent Non-Executive Director*

Secretaries :

Ms Lily Yin Kam May
Ms Soon Leh Hong

Audit Committee :

Mr Muk Sai Tat
- *Chairman*

Major General Datuk Lai Chung Wah (Rtd)
- *Member*

En Shazal Yusuf bin Mohamed Zain
- *Member*

Registrar & Transfer Office :

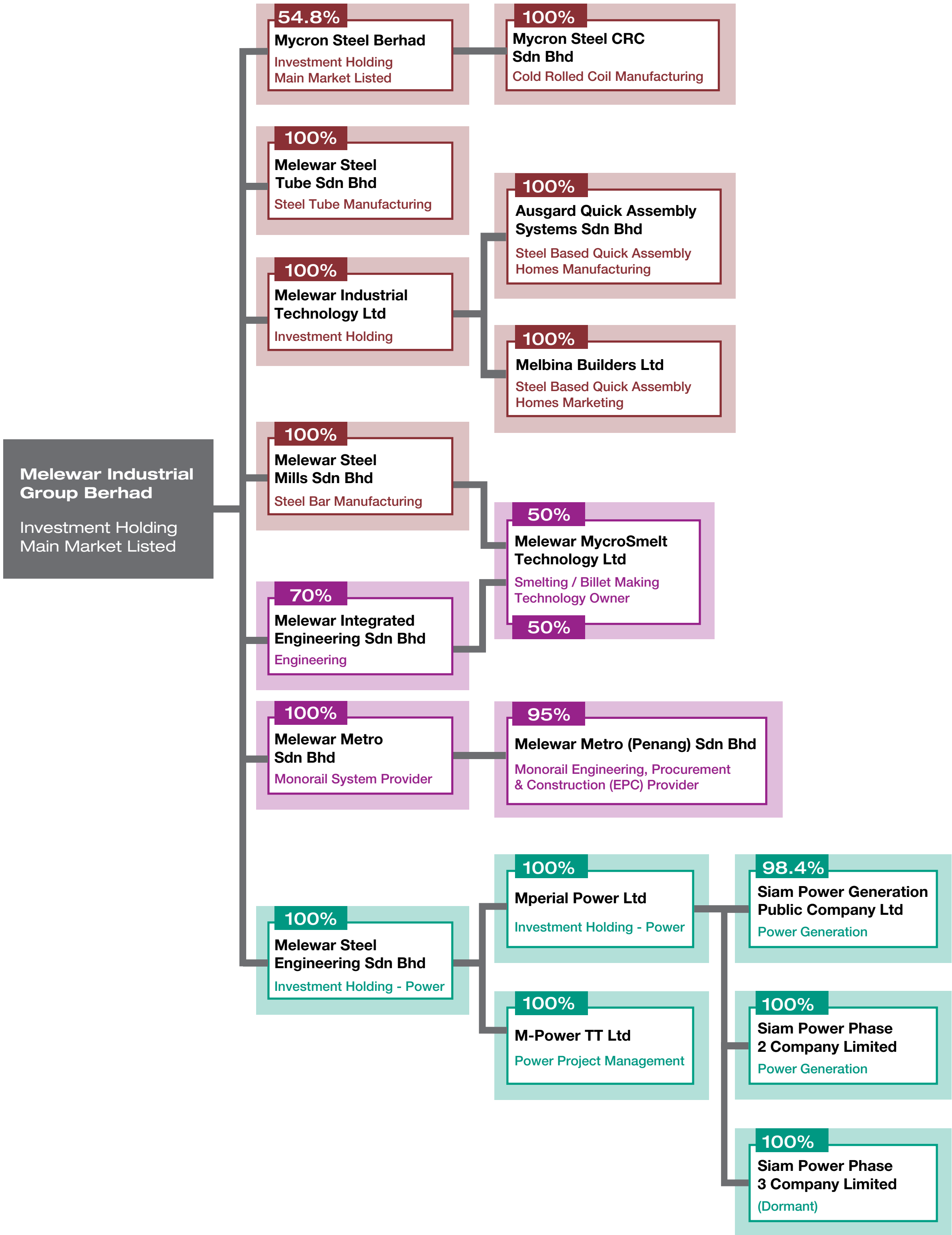
Trace Management Services Sdn Bhd
Suite 12.03, 12th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur
Telephone No.: 03-6252 8880
Telefax No.: 03-6252 8080

(continued)

Registered Office	:	Suite 12.03, 12th Floor No. 566 Jalan Ipoh 51200 Kuala Lumpur Telephone No.: 03-6252 8880 Telefax No.: 03-6252 8080
Principal Place of Business	:	Lot 53 Persiaran Selangor 40200 Shah Alam Selangor Darul Ehsan Telephone No.: 03-5519 2455 Telefax No.: 03-5519 2033
Solicitors	:	Cheang & Ariff 39, Court @ Loke Mansion No. 273A, Jalan Medan Tuanku 50300 Kuala Lumpur Telephone No.: 03-2161 0803 Telefax No.: 03-2161 4475 Othman Hashim & Co. 6th Floor Wisma Kah Motor No. 566, Bt 3½ Jalan Ipoh 51200 Kuala Lumpur Telephone No.: 03-6257 3399 Telefax No.: 03-6257 3393
Auditors	:	Messrs PricewaterhouseCoopers (AF 1146) Level 8-15, 1 Sentral Jalan Travers Kuala Lumpur Sentral 50706 Kuala Lumpur Telephone No.: 03-2173 1188 Telefax No.: 03-2173 1288
Principal Bankers (In alphabetical order)	:	▪ Malayan Banking Berhad ▪ OCBC Bank (Malaysia) Berhad ▪ Standard Chartered Bank Malaysia Berhad
Stock Exchange Listing	:	Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) Stock Number 3778
Website	:	www.melewar-mig.com
E-mail	:	enquiry@melewar-mig.com

(continued)

CORPORATE GROUP STRUCTURE
(AS AT 30 SEPTEMBER 2013)



IRON & STEEL DIVISION ENGINEERING DIVISION ENERGY DIVISION

MELEWAR INDUSTRIAL GROUP BERHAD


SIEMENS
VAI

QUALITY MANAGEMENT SYSTEM (QMS)

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

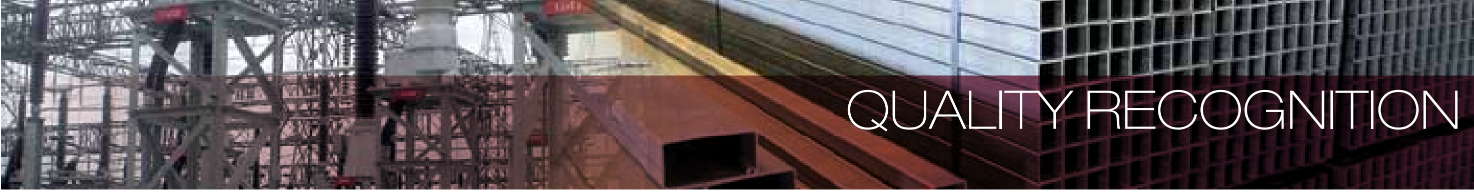

CERTIFICATE

MELEWAR INDUSTRIAL GROUP BERHAD

QUALITY MANAGEMENT SYSTEM

ISO 9001 : 2008

SIRIM ISO 9001 : 2008



(continued)

PRODUCT CERTIFICATION

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

British Standard
- BS 1387: 1985
  for Welded Steel Pipes
  (Black & Galvanised)

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

British Standard
- BS4568 Part 1: 1970
  for Steel Conduits with
  Metric Threads of ISO Form
  for Electrical Installation

Japanese Standard
- JIS G3350: 1987
  for Light Gauge Steel
  for General Structural
  Class SSC 400

Japanese Standard
- JIS G3452: 2010
  for Carbon Steel Pipes
  for Ordinary Piping
  (Black & Galvanised)

Japanese Standard
- JIS G3445: 1988
  for Carbon Steel Tube
  for Machine Structural
  Purposes Grade
  STKM 11A

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

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

MS 1968: 2007
for Non-Alloy Steel Tubes

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

MS 863: 1983
for Welded Steel Pipes
(Black & Galvanised)

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

PROFILE OF DIRECTORS

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah is the Executive Chairman of the Company and was appointed to the Board of Directors of the Company on 7 October 2002. He was the Group Managing Director/Chief Executive Officer of the Company since 11 October 2002 before being redesignated as the Executive Chairman on 26 August 2008. He sits on the Boards of Khyra Legacy Berhad, Mycron Steel Berhad ("MSB"), MAA Group Berhad ("MAAG"), MAAKL Mutual Bhd, Melewar Group Berhad, Ithmaar Bank B.S.C. (listed on the Bahrain Stock Exchange) and several other private limited companies.

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

Tunku Dato' Ya'acob started his career as an Auditor with Price Waterhouse in London from 1982 to 1985 and subsequently, employed by the same firm in Kuala Lumpur from 1986 to 1987. He joined Malaysian Assurance Alliance Berhad (now known as Zurich Insurance Malaysia Berhad) in 1987 until October 2006 and has been heading MAA Group of Companies since 1999.

Tunku Dato' Ya'acob currently holds the position of Executive Chairman of MAAG and Non-Independent Non-Executive Chairman of MSB.

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

Tunku Dato' Ya'acob is the brother to Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah and the husband to Datin Ezurin Yusnita binti Abdul Malik. Tunku Dato' Ya'acob is deemed to be interested in the Company by virtue of him being the ultimate beneficial owner of Melewar Equities (BVI) Ltd, the substantial shareholder of the Company. His shareholding in the Company is disclosed on page 27 of the Annual Report.

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

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

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah

Aged 53, Malaysian

Executive Chairman

Member of the Executive Committee

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

Datuk Lim has over thirty three (33) years of experience in the finance and manufacturing industries. He started his career with OCBC Finance Berhad in 1979. He left in 1983 to join MUI Finance Berhad. He joined the Melewar Group in 1985 and was appointed as the General Manager and Director of its equipment leasing division. In 1991, he started a new credit and leasing company under the Group and was its Chief Executive Officer until 2003.

Datuk Lim has no family ties with any of the Directors and/or major shareholders of the Company. His shareholding in the Company is disclosed on page 27 of the Annual Report.

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

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

Datuk Lim Kim Chuan

Aged 54, Malaysian

Executive Director

Member of the Executive Committee

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

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

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

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

En Azlan has no family ties with any of the Directors and/or major shareholders of the Company. His shareholding in the Company is disclosed on page 27 of the Annual Report.

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

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

Azlan bin Abdullah

Aged 55, Malaysian

Managing Director / Group Chief Executive Officer

Chairman of the Executive Committee

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

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

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

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

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

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

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

Uwe Ahrens

Aged 48, German

Executive Director

Member of the Executive Commitee

(continued)

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

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

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

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

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

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

Aged 58, Malaysian

Independent Non-Executive Director

Chairman of the Nomination and Remuneration Committee

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

Datin Ezurin is the wife of Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, the Executive Chairman of the Company. She is therefore deemed to be interested in the Company by virtue of her relationship with Tunku Dato' Ya'acob who is the ultimate beneficial owner of Melewar Equities (BVI) Ltd, the substantial shareholder of the Company. Her shareholding in the Company is disclosed on page 27 of the Annual Report.

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

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

Datin Ezurin Yusnita binti Abdul Malik

Aged 41, Malaysian

Non-Independent Non-Executive Director

(continued)

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

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

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

Tunku Yahaya is the brother to Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, the Executive Chairman of the Company. He is therefore deemed to be interested in the Company by virtue of his relationship with Tunku Dato' Ya'acob who is the ultimate beneficial owner of Melewar Equities (BVI) Ltd, the substantial shareholder of the Company. His shareholding in the Company is disclosed on page 27 of the Annual Report.

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

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

Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah

Aged 52, Malaysian

Non-Independent Non-Executive Director

Member of the Executive Committee

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

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

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

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

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

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

Shazal Yusuf bin Mohamed Zain

Aged 42, Malaysian

Independent Non-Executive Director

Chairman of the Risk Management Committee

Member of the Audit Committee

Member of the Nomination and Remuneration Committee

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

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

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

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

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

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

Major General Datuk Lai Chung Wah (Rtd)

Aged 80, Malaysian

Senior Independent Non-Executive Director

Member of the Audit Committee

Member of the Risk Management Committee

Member of the Nomination and Remuneration Committee

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

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

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

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

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

Mr Muk does not have any personal interest in any business arrangements involving the Company.

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

Muk Sai Tat

Aged 50, Malaysian

Independent Non-Executive Director

Chairman of the Audit Committee

Member of the Risk Management Committee

GROUP FINANCIAL HIGHLIGHTS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1. Results of Operations											
Revenue (RM mil)	390.8	462.3	598.7	566.9	810.2	703.3	599.5	707.1	754.8	904.7	977.5
Profit/(Loss) Before Tax (RM mil)	77.5	80.6	72.7	35.7	189.1	56.2	(246.7)	91.6	4.9	(152.1)	(208.4)
Profit/(Loss) After Tax (RM mil)	56.6	64.4	46.5*	46.9*	104.8*	45.5	(156.0)*	67.6*	5.9*	(148.9)*	(215.7)*
2. Balance Sheet											
Share Capital (RM mil)	158.1	158.3	161.0	169.9	226.2	226.7	226.7	226.8	226.8	226.8	226.8
Bonus Shares (RM mil)	79.0	-	-	56.3	-	-	-	-	-	-	-
Shareholders' Fund (RM mil)	630.3	359.1	351.4	475.5	581.1	616.4	454.9	521.2	542.1	411.5	205.4
Total Assets (RM mil)	685.5	484.8	621.2	828.1	1,181.9	1,582.6	1,279.5	1,755.3	1,628.3	1,578.2	1,424.3
3. Financial Ratio											
Return on Equity (%)	9.0	17.9	13.3	9.9	18.0	7.4	(34.3)	13.0	1.1	(33.6)	(104.6)
Debts/Equity (Times)	0.05	0.29	0.38	0.41	0.67	1.16	1.50	2.09	1.72	2.47	5.16
Current Assets / Current Liabilities (Times)	12.56	2.20	2.41	2.24	2.20	1.36	1.07	1.33	1.06	0.42	0.36
Pre-Tax Profit/(Loss) / Average Shareholders' Fund (%)	12.4	16.3	20.5	8.6	35.8	9.4	(46.1)	18.8	0.9	(31.9)	(67.6)
Pre-Tax Profit/(Loss) / Revenue (%)	19.8	17.4	12.1	6.3	23.3	8.0	(41.1)	13.0	0.7	(16.8)	(21.3)
4. Per Share											
Gross Earnings/ (Loss) per share (sen) ***	36.8	38.2	34.0	16.3	59.2**	24.9	(109.4)	40.6	2.2	(67.5)	(92.4)
Net Earnings/(Loss) per share (sen) ***	26.7	30.6	21.8	21.4	32.9**	20.2	(69.1)	30.0	2.6	(61.2)	(95.3)
Net Assets per share (RM)	3.99	2.27	2.19	2.81	2.58	2.73	2.02	2.31	2.40	1.82	0.91
5. Dividends											
Tax Exempt Dividend (sen)	10.0	80.0	-	3.0	6.0	-	-	-	-	-	-
Ordinary Dividend (sen)	-	180.0	13.0	-	-	4.0	-	2.0	-	-	-

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

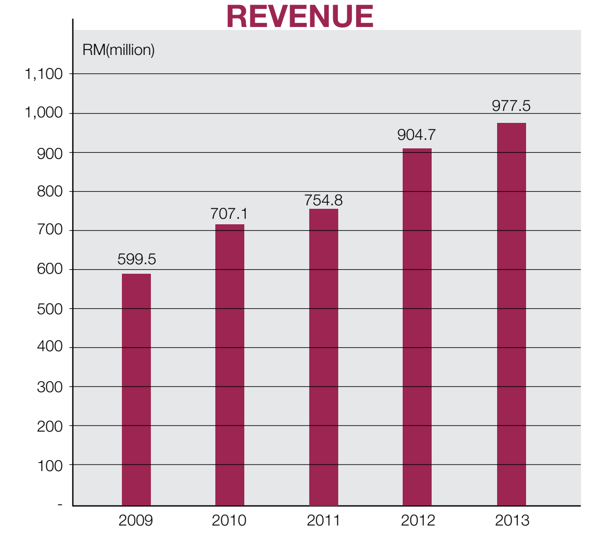
* Profit After Tax and After Minority Interests

** Annualised

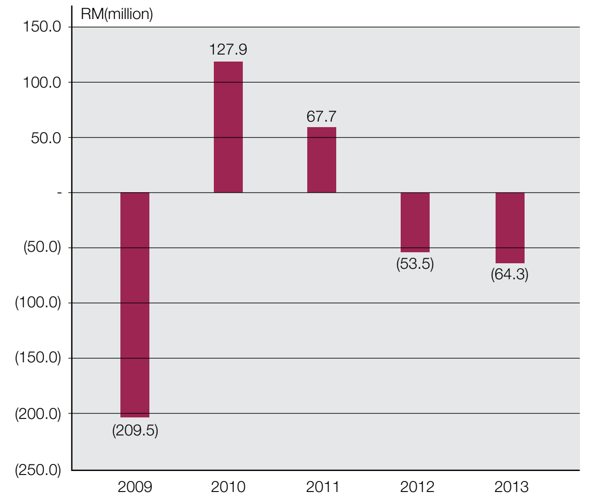
*** After adjusting for bonus issues

(continued)

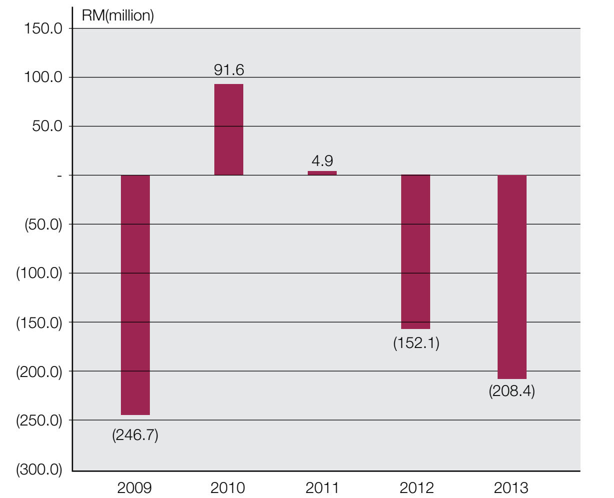
REVENUE



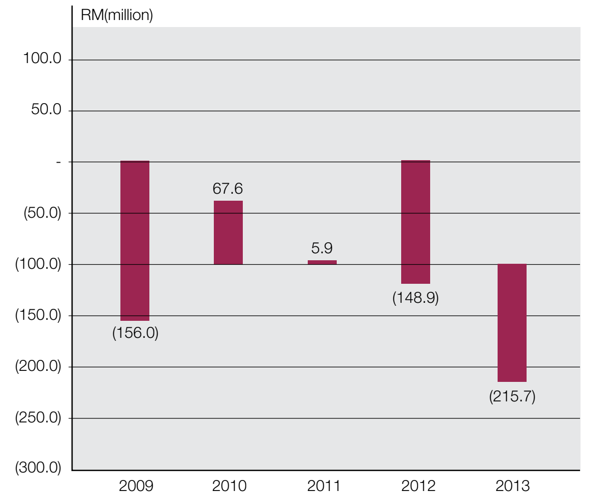
EBITDA/(LBITDA)



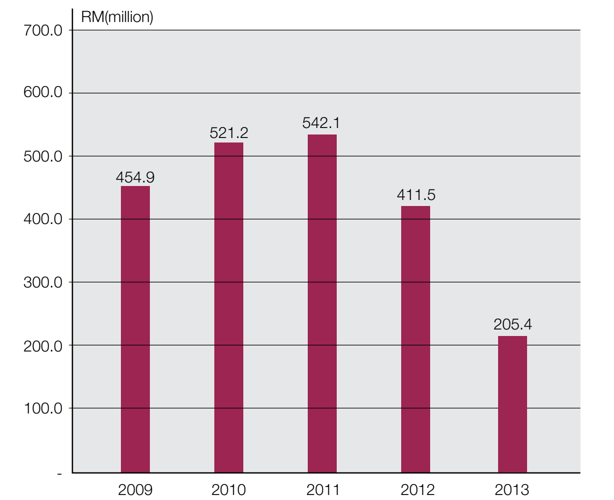
PROFIT/(LOSS) BEFORE TAX



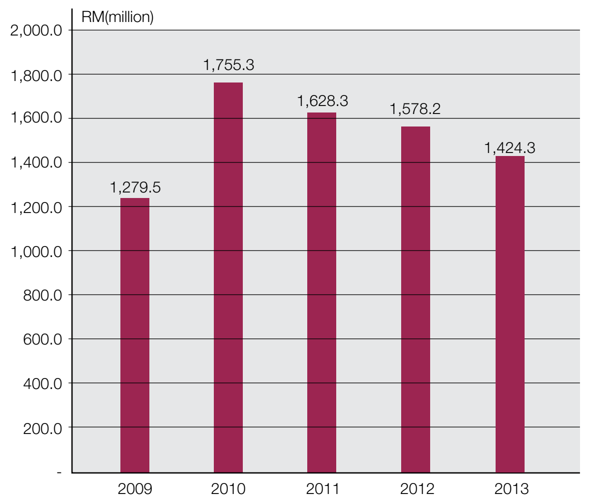
PROFIT/(LOSS) AFTER TAX



SHAREHOLDER'S FUNDS



TOTAL ASSETS



Authorised Share Capital	-	RM500,000,000
Issued and Paid-up Capital	-	RM226,755,408
Class of Shares	-	Ordinary Shares of RM1 each
Voting Rights	-	1 Vote Per Ordinary Share
No. of Shareholders	-	8,159

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	527	6.46	22,051	0.01
100 - 1,000	731	8.96	572,919	0.25
1,001 - 10,000	4,835	59.26	21,250,626	9.37
10,001 - 100,000	1,865	22.86	56,713,232	25.01
100,001 and below 5% of issued shares	199	2.44	65,815,348	29.03
5% and above of issued shares	2	0.02	82,381,232	36.33
TOTAL	8,159	100.00	226,755,408	100.00

THIRTY LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2013

	Name	Ordinary Shares of RM1 each	(1) % of Issued Capital
1.	Melewar Equities (BVI) Ltd	60,379,733	26.77
2.	RHB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Melewar Khyra Sdn Bhd)	22,001,499	9.76
3.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Wong Ai Nong)	3,993,300	1.77
4.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Beneficiary: UOB Kay Hian Pte Ltd for Bradford Securities Ltd)	3,000,000	1.33
5.	Yeoh Kean Hua	2,800,000	1.24
6.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Wong Choo Mok)	2,157,500	0.96
7.	Araneum Sdn Bhd	2,085,166	0.92
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Neo Eng Hui)	1,617,700	0.72
9.	Mohamed Nizam bin Mohamed Jakel	1,317,600	0.58
10.	Lim Seng Qwee	1,056,500	0.47
11.	Mohamed Faroz bin Mohamed Jakel	1,048,500	0.46
12.	Tay Hup Choon	1,000,000	0.44
13.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Wong Choo Mok)	982,300	0.44

(continued)

THIRTY LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2013

	Name	Ordinary Shares of RM1 each	(1) % of Issued Capital
14.	Er Hock Lai	900,000	0.40
15.	Mohamed Izani bin Mohamed Jakel	896,500	0.40
16.	HLIB Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Na Chaing Ching)	845,100	0.37
17.	Chia Beng Tat	800,000	0.35
18.	Lim Seng Chee	713,100	0.32
19.	Public Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Zet Enterprise Sdn Bhd)	673,333	0.30
20.	M & A Nominee (Tempatan) Sdn Bhd (Beneficiary: Titan Express Sdn Bhd)	656,700	0.29
21.	Ho Yoon Hoong	620,000	0.27
22.	Maybank Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Lim Gim Leong)	619,400	0.27
23.	Cheng Hon Sang	610,000	0.27
24.	Citigroup Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for UBS AG Hong Kong)	610,000	0.27
25.	Citigroup Nominees (Asing) Sdn Bhd (Beneficiary: Exempt An for OCBC Securities Private Limited)	589,332	0.26
26.	Maybank Securities Nominees (Asing) Sdn Bhd (Beneficiary: Maybank Kim Eng Securities Pte Ltd for Hexacon Construction Pte Ltd)	587,733	0.26
27.	Daiman bin Jamaluddin	560,000	0.25
28.	Malacca Equity Nominees (Tempatan) Sdn Bhd (Beneficiary: Exempt An For Phillip Capital Management Sdn Bhd)	550,000	0.24
29.	Yeo Whee Kiak	543,000	0.24
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Beneficiary: Pledged securities account for Chew Chun Thing)	530,000	0.24
	TOTAL	114,743,996	50.86

Note:

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

(continued)

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2013

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

DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2013

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

Notes:

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

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

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

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

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

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

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

The Board of Directors ("the Board") of Melewar Industrial Group Berhad ("the Company") fully appreciates the importance of adopting high standards of corporate governance within the Group. The general framework of corporate governance that the Board upholds is one which aims to encourage positive entrepreneurial behaviour while ensuring that the appropriate checks and balances are in place so that decisions are made wisely in the long-term interests of the Company and its shareholders.

The Board of Directors of the Company is pleased to present this statement on the Company's corporate governance practices and particularly, in relation to the Company's application of the principles and compliance with the recommendations under the Malaysian Code on Corporate Governance 2012 ("Code") for its financial year ended 30 June 2013.

1.0 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Board oversees the Group's business and its performance. Its primary functions are to:

- review and approve the corporate policies, strategies, forecasts and financial plans of the Group;
- monitor financial performance including approval of the annual and quarterly financial reports;
- approve major funding proposals, investments, acquisitions and divestment proposals;
- review the Group's performance and the adequacy and effectiveness of the framework and processes for internal controls, risk management, financial reporting and compliance; and
- assume responsibility for good corporate governance

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

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

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

There is a clear division of responsibilities at the helm of the Company to ensure a balance of authority and power. The Board is led by Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah as the Executive Chairman, who guides and ensures the effectiveness of Board policies whilst the Managing Director/Group Chief Executive Officer and Executive Directors lead the executive management and are responsible for the day-to-day operations and implementation of Board policies and decisions. Decisions made by the Board are communicated through the Managing Director/Group Chief Executive Officer and Executive Directors to the senior management team.

The Executive Chairman's main responsibility is to ensure effective conduct of the Board and that all Directors, Executive and Non-Executive, have unrestricted and timely access to all relevant information necessary for informed decision-making. The Executive Chairman encourages participation and deliberation by Board members to tap the wisdom of all the Board members and to promote consensus building as much as possible.

While the Board is responsible for creating the framework and policies within which the Group should be operating, the Management is accountable for the execution of the expressed policies and the attainment of the Group's expressed corporate objectives. This demarcation complements and reinforces the supervisory role of the Board.

1.2 Clear Roles and Responsibilities

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

(continued)

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

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

1.3 Code of Conduct

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

1.4 Strategies Promoting Sustainability

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

1.5 Access to Information and Advice

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

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

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

The Directors can obtain, at the expense of the Group, external legal or other independent professional advice they consider necessary.

1.6 Qualified and Competent Company Secretary

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

1.7 Board Charter

The Board Charter provides guidance to the Board in the fulfillment of its roles and responsibilities which are in line with the principles of good corporate governance. The Board Charter is subject to review periodically in order to ensure it is updated to reflect the changes to the Company's policies, procedures and processes as well as the latest relevant legislations and regulations. The Board Charter was recently approved by the Board on 25 October 2013.

2.0 STRENGTHEN COMPOSITION

2.1 Nomination and Remuneration Committee ("NRC")

The Board had agreed on 27 February 2013 to combine both the Nomination Committee and Remuneration Committee into one committee to be named as "Nomination and Remuneration Committee". The NRC comprises wholly of Independent Non-Executive Directors. The members of the NRC as at the date of this Annual Report are as follows:

(continued)

Chairman	:	Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah - Independent Non-Executive Director
Members	:	En Shazal Yusuf bin Mohamed Zain - Independent Non-Executive Director Major General Datuk Lai Chung Wah (Rtd) - Independent Non-Executive Director

The duties and responsibilities of the NRC are to assist the Board in reviewing and recommending the appropriate remuneration policies applicable to Directors, Managing Director/Group Chief Executive Officer ("MD/GCEO"), Executive Directors and Senior Management and the appointment and evaluation of the performance of Directors.

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

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

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

2.2.1 Criteria and process for recruitment or appointment of Directors

In selecting suitable candidates, the NRC is guided by the Procedure for the Appointment and Removal of Directors, which takes into account the following criteria:

- Number of directorships already held by the candidate;
- Candidate's other commitments, resources and time available for input to the Board;
- Relationship of the candidate with another Director or major shareholder of the Company;
- Interest of the Company's stakeholders;
- Diverse background of the candidates;
- Education qualification and/or working experience of the candidates;
- Candidates with strategic thinking and leadership skills who are dynamic and responsive to the business environment;
- Ability of the candidates to ensure the effective management of internal and external risks of the Company;
- Ability of the candidates to interact effectively with the Board and the Management, to resolve contentious issues/problems arising in connection with the Company's business activities; and
- Whether the candidates have directed sufficient attention and resources towards the continuous growth and development of the Company.

The final decision on the appointment of a candidate recommended by the NRC rests with the whole Board. The assessment of the effectiveness of the Board is an ongoing responsibility of the NRC.

2.2.2 Annual Assessment

The Group has in place a formal process for assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. The NRC assesses the Board's performance as a whole annually, using objective and appropriate quantitative and qualitative criteria which were recommended by the NRC and approved by the Board. When assessing the overall Board performance, the NRC takes into consideration the feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the overall evaluation of the Board by the NRC including its recommendation, if any, for improvements are presented to the Board.

The annual evaluation process for the individual Directors' performance comprises three parts:

(a) background information concerning the Directors including their attendance records at Board and Committee meetings;
(b) questionnaires for completion by all individual Board members; and
(c) NRC's evaluation based on certain assessment parameters.

2.2.3 Gender Diversity

Currently the Board has one female Director and will consider another female representation when vacancies arise and suitable candidates, identified, under pinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's strategic objective.

The Board is of the view that membership of the Board should be dependent on each candidate's skills, experience, core competencies and other qualities regardless of gender. The Board has also taken note of recommendation 2.2 of the Code in respect of formalising the gender diversity policy. Steps are being taken to draw up the Procedure for the Appointment and Removal of Directors taking into consideration the requirement on gender diversity, and to formalise a gender diversity policy.

2.3 Remuneration Policies

The NRC met once during the financial year ended 2013 to review, assess and recommend to the Board the remuneration packages.

The Board is aware that fair remuneration is critical to attract, retain and motivate Directors. The NRC in discharging its responsibilities in the review of the remuneration considers various factors including the following:

- Directors' skills and experiences;
- Market rate for Executive Director's salary having regard to the nature of the Company's business;
- Evaluation conducted by the NRC with respect to the effectiveness and contribution of the Director concerned;
- Non-Executive Directors' time devoted to the Company's affairs; and
- Directors' experience and responsibilities undertaken.

The Remuneration of the Directors for the financial year ended 30 June 2013 is set out below:

Type of Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000
Salaries	2,310	-
Allowances	-	-
Bonuses	385	-
Fees	-	236
Benefits-In-Kind	79	-
Other Emoluments	504	73
TOTAL	3,278	309

The number of Directors whose total remuneration falls within the following bands is as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Less than RM50,000	-	9
RM50,001 to RM100,000	-	1
RM700,001 to RM750,000	1	-
RM1,050,001 to RM1,100,000	1	-
RM1,450,001 to RM1,500,000	1	-

3.0 REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board conducts an annual self-assessment on the effectiveness of the Board and the Board Committees. The self-assessment covers topics that include independence of the Independent Directors, the effectiveness of the roles and responsibilities, board structure, conduct of Board and Board Committees meetings and decision making. The results of the self-assessment are evaluated and assessed at the NRC meeting. Thereafter, the Chairman of the NRC would report its recommendations to the Board for the decision of the Board.

The Board values the independent and objective judgment brought by the Independent Directors to the Board, and recognises that the independence of the Independent Directors is crucial to provide an unbiased and independent view, advice and judgment to take into account the interest, of not only the Group but also of shareholders, employees and communities in which the Company conducts business.

There have been changes to the Board composition and the Independent Directors of the Company for the financial year ended 2013 pursuant to the new recommendations under the Code.

Based on the assessment conducted on 25 October 2013, the Board is satisfied with the level of independence demonstrated by the present Independent Directors and their ability to act in the best interest of the Company.

3.2 Tenure of Independent Directors

The Board complies with the recommendation on the tenure of an Independent Director for a cumulative term of nine (9) years. Independent Directors who have exceeded the tenure or were about to reach the cumulative term of nine (9) years have resigned during the financial year ended 30 June 2013 and new Independent Directors have been appointed to replace the resigned Independent Directors.

3.3 Shareholders' Approval for the Re-appointment of Non-Executive Directors

Currently, the Company does not have any Independent Non-Executive Director who has exceeded the nine (9) years tenure.

3.4 Positions of the Executive Chairman and the Managing Director/Group Chief Executive Officer

The roles of Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah as the Executive Chairman and En Azlan bin Abdullah as the Managing Director/Group Chief Executive Officer are distinct and separate, each has a clearly accepted division of responsibilities to ensure accountability.

The responsibilities of the Executive Chairman are, inter alia, as follows:

- Provides management of and leadership to the Board;
- Ensures regular Board meetings are held and ad hoc Board meetings are convened when necessary;
- Ensures that Board members are provided with complete, adequate and timely information;
- Chairs the shareholders' meeting;
- Acts as the Group's ambassador within the domestic and international market;
- Participates in the management committee meetings;
- Ensures and monitors compliance with policies set by the Board;
- Provides opinion to and/or work with the MD/GCEO on major strategic issues;
- Acts as a liaison between the Group and government officials, embassy and foreign investors; and
- The main spokesperson for the Group.

The MD/GCEO is responsible to ensure the execution of strategic goals, implementation of all decisions of the Board and the strategy adopted by the Board and assumes full accountability to the Board for all aspects of the Company's day-to-day operations and overall performance of the Group. The MD/GCEO further ensures accurate and timely preparation of information for the Board on matters pertaining to the Group and sets the Board agenda for the approval of the Executive Chairman.

Based on the review and recommendation made by the NRC, the Board is of the view that Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah has been able to perform his role and responsibilities as the Executive Chairman without any impairment of objectivity and always in consideration of the best interests of the shareholders.

(continued)

3.5 Composition of the Board

The Board is a balanced board with a complementary blend of expertise, with professional and business experiences relevant to the Group's business. These can be seen in the Board of Directors' profile section which illustrates the Directors' background and experiences.

The Board comprises ten (10) members as at the date of this Annual Report, of whom four (4) are Independent Non-Executive Directors. The present composition is in compliance with Chapter 15.02 of the Bursa Securities Listing Requirements which is to have at least one third of the Board consisting of Independent Directors.

The composition of the Board is deemed fairly balanced to complement itself in providing the industry-specific knowledge, technical and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgment to various aspects of the Group's strategies and performance.

4.0 FOSTER COMMITMENT

4.1 Time Commitment

The Board is satisfied with the time commitment given by the Directors of the Company in discharging their duties for the financial year ended 30 June 2013.

The Board has met six (6) times during the financial year ended 30 June 2013. The details of the attendance by each of the Directors for the financial year ended 30 June 2013 are as follows:

Executive Directors	**No. of Attendance**	**%**
1. Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah (Chairman)	6/6	100
2. Datuk Lim Kim Chuan	6/6	100
3. En Azlan bin Abdullah	6/6	100
4. Mr Uwe Ahrens	6/6	100
Non-Independent Non-Executive Directors	**No. of Attendance**	**%**
1. Datin Ezurin Yusnita binti Abdul Malik	6/6	100
2. Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	6/6	100
Independent Non-Executive Directors	**No. of Attendance**	**%**
1. Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	4/6	67
2. En Shazal Yusuf bin Mohamed Zain	6/6	100
3. Major General Datuk Lai Chung Wah (Rtd)^	5/5	100
4. Mr Muk Sai Tat^^	2/2	100
5. Dato' Abu Talib bin Mohamed^@	1/3	33
6. Mr Paul Chan Wan Siew^##	3/3	100
7. Mr Onn Kien Hoe#	1/1	100
8. Dato' Jaffar Indot#	1/1	100

Note:

^ Appointed on 4 September 2012
^^ Appointed on 27 February 2013
# Resigned on 4 September 2012
Resigned on 7 January 2013
@ Resigned on 27 February 2013

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

(continued)

4.2 Training

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

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

Members of the Board	Programmes / Forum
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah	• In-House Directors' Training: Economic & Capital Market Review (July 2012) • In-House Directors' Training: Economic & Capital Market Review (May 2013)
Datuk Lim Kim Chuan	• In-House Directors' Training: Economic & Capital Market Review (July 2012) • In-House Directors' Training: Economic & Capital Market Review (May 2013)
En Azlan bin Abdullah	• In-House Directors' Training: Economic & Capital Market Review (July 2012) • Governance, Risk Management & Compliance • Status & Outlook of Malaysian Steel Industry • Labuan IBFC Leasing Symposium • In-House Directors' Training: Economic & Capital Market Review (May 2013)
Mr Uwe Ahrens	• MISIF 10th Conference on Status and Outlook of the Malaysian Iron and Steel Industry • In-House Directors' Training: Economic & Capital Market Review (May 2013)
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	• Director Duties, Regulatory Updates and Governance Seminar for Directors of PLCs 2013 • Enterprise Risk Management - What A Director Must Know • Induction Programme of Melewar Industrial Group Berhad
Datin Ezurin Yusnita binti Abdul Malik	• In-House Directors' Training: Economic & Capital Market Review (July 2012)
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	• In-House Directors' Training: Economic & Capital Market Review (July 2012) • In-House Directors' Training: Economic & Capital Market Review (May 2013)
En Shazal Yusuf bin Mohamed Zain	• Induction Programme of Melewar Industrial Group Berhad • Bursa Malaysia: Advocacy Sessions on Corporate Disclosure for Directors
Major General Datuk Lai Chung Wah (Rtd)[^]	• Induction Programme of Melewar Industrial Group Berhad • National Sales Congress 2013 • In-House Directors' Training: Economic & Capital Market Review (May 2013) • Bursa Malaysia: Advocacy Sessions on Corporate Disclosure for Directors
Mr Muk Sai Tat[^^]	• Induction Programme of Melewar Industrial Group Berhad • In-House Directors' Training: Economic & Capital Market Review (May 2013) • Care Awareness Briefing
Dato' Abu Talib bin Mohamed[^@]	• Failed Business: Deriving Sound Strategic Insights

(continued)

Members of the Board	Programmes / Forum
Mr Paul Chan Wan Siew^##	• SID Annual Conference 2012 • OECD Asian Roundtable on Corporate Governance • ACGA 12th Annual Conference 2012 • MIA Annual Conference 2012
Mr Onn Kien Hoe#	• National Tax Conference 2012 • In-House Directors' Training: Fundamentals of Shariah & Shariah Governance Framework
Dato' Jaffar Indot#	• 4th Professionalism in Directorship Programme

Note :
^ Appointed on 4 September 2012
^^ Appointed on 27 February 2013
# Resigned on 4 September 2012
Resigned on 7 January 2013
@ Resigned on 27 February 2013

5.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

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

5.2 Assessment of Suitability and Independence of External Auditors

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

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

During the financial year ended 2013, the Audit Committee had conducted two (2) meetings with the External Auditors without the presence of the Executive Directors and Management to discuss their audit plan, audit findings, financial statements and other matters that require the Board's attention.

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

6.0 RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

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

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

6.2 Internal Audit Function

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

7.0 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policies and Procedures

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

7.2 Leverage of Information Technology for Effective Dissemination of Information

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

8.0 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND ITS SHAREHOLDERS

8.1 Shareholders Participation at General Meetings

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

8.2 Poll Voting

In line with recommendation 8.2 of the Code on poll voting, the Company has made the necessary preparation for poll voting for resolution in respect of related party transactions in this forthcoming AGM.

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

8.3 Effective Communication and Proactive Engagement

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

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

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

(i) Major General Datuk Lai Chung Wah (Rtd) can be contacted as follows:

Telephone number: +603-5519 2455 Facsimile number: +603-5510 8618
Email address: cwlai@melewar-mig.com

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

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

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

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

(continued)

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required to prepare the financial statements which give a true and fair view of the state of affairs of the Company and of the Group at the end of each financial year end of the results and cash flow for that year. The financial statements must be prepared in compliance with the Act and with applicable approved accounting standards.

The Directors considered the following in preparing the financial statements:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable approved accounting standards have been followed.

The Directors are of the opinion that the financial statements comply with the above requirements. The Directors are also responsible for ensuring the maintenance of adequate accounting records to enable them to ensure that the financial statements comply with the requirements of the Act.

OTHER BURSA SECURITIES COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiary companies involving the Company's Directors and/or major shareholders' interests either still subsisting at the end of financial year, or which were entered into since the end of the previous financial year.

2. MATERIAL CONTRACTS RELATED TO LOAN

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

3. SHARE BUY-BACK

There was no share buy-back during the financial year ended 30 June 2013. As at 30 June 2013, the Company had repurchased in total 1,232,600 ordinary shares of MIG from the open market at an average price of RM1.62 per share. All the shares repurchased are being held as treasury shares.

4. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

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

The Group has not sponsored any ADR or GDR programme for the financial year ended 30 June 2013.

6. NON-AUDIT FEES

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

7. PROFIT ESTIMATION, FORECAST OR PROJECTION

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

8. PROFIT GUARANTEES

There were no profit guarantees given by the Group.

9. REVALUATION POLICY ON LANDED PROPERTIES

The Group revalued its properties comprising land and buildings periodically, with sufficient regularity. Surplus arising from revaluation is dealt with through the asset revaluation reserve account. Any deficit arising is set-off against the asset revaluation reserve to the extent of a previous increase for the same property. In all cases, a decrease in carrying amount will be charged to the income statement. The last revaluation of its properties was carried out during financial year ended 30 June 2013.

10. IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 30 June 2013.

(continued)

11. VARIATION IN RESULTS

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

12. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") ENTERED INTO DURING THE FINANCIAL YEAR ENDED 30 JUNE 2013

On 13 December 2012, the Company sought approval for a shareholders' mandate for MIG Group to enter into Recurrent Transactions (as defined in the Circular to Shareholders dated 21 November 2012) in their ordinary course of business with related parties ("Shareholders' Mandate") as defined in Chapter 10 of the Listing Requirements of Bursa Securities.

The aggregate value of transactions conducted during the financial year ended 30 June 2013 in accordance with the Shareholders' Mandate obtained in the last AGM were as follows:

A. RRPTs with Melewar Group of Companies

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2012 - 30/06/2013) (RM)
				Director	Major Shareholder	
1.	Trace Management Services Sdn Bhd ("Trace")	Provision of corporate secretarial services by Trace to Melewar Industrial Group Berhad ("MIG") and its subsidiaries ("MIG Group")	**Interested Directors** Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah ("TY"), Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah ("TYY") and Datin Ezurin Yusnita binti Abdul Malik ("Datin Ezurin")	TY and TYY are deemed interested in Trace by virtue of their major shareholdings in The Melewar Corporation Berhad, the substantial shareholder of Trace. Datin Ezurin is therefore deemed interested by virtue of her family relationship with TY based on Section 122A(1)(a) of the Act.	Nil	397,382

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

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2012 - 30/06/2013) (RM)
				Director	Major Shareholder	
1.	MAA Corporation Sdn Bhd ("MAA Corp")	Office rental charged by MAA Corp to MIG	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** Melewar Equities (BVI) Ltd ("MEBVI"), Melewar Khyra Sdn Bhd ("MKSB"), Melewar Equities Sdn Bhd ("MESB"), Iternum Melewar Sdn Bhd ("IMSB"), Melewar Group Berhad ("MGB") and Khyra Legacy Berhad ("KLB")	TY is deemed interested in MAA Corp. TY is the founder and ultimate beneficial owner of KLB. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MAA Corp is a wholly owned subsidiary of MAAG whose ultimate major shareholder is KLB.	39,046

(continued)

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2012 - 30/06/2013) (RM)
				Director	Major Shareholder	
2.	MAA Corp	Office service charge by MAA Corp to MIG Group	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MAA Corp. TY is the founder and ultimate beneficial owner of KLB. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MAA Corp is a wholly owned subsidiary of MAAG whose ultimate major shareholder is KLB.	8,785
3.	MAA Corporate Advisory Sdn Bhd (“MAACA”)	Provision of corporate consultancy services by MAACA to MIG Group	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MAACA. TY is the founder and ultimate beneficial owner of KLB. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MAACA is a wholly owned subsidiary of MAA Corp who in turn is a wholly owned subsidiary of MAAG whose ultimate major shareholder is KLB.	-
4.	MAA Takaful Berhad (“MAAT”)	Provision of insurance business by MAAT to MIG Group	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MAAT. TY is the founder and ultimate beneficial owner of KLB. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MAAT is a 75% owned subsidiary of MAAG whose ultimate major shareholder is KLB.	954,179

(continued)

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

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2012 - 30/06/2013) (RM)
				Director	Major Shareholder	
1.	Mycron Steel CRC Sdn Bhd ("MSCRC")	Provision of treasury services by MIG to MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	-
2.	MSCRC	Provision of finance, payroll and information technology services by Melewar Steel Tube Sdn Bhd ("MST") to MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MST is a wholly owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	72,000
3.	MSCRC	Rental charged by MSCRC to Melewar Steel Mills Sdn Bhd ("MSM") for using land belonging to MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MSM is a wholly owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	-

(continued)

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2012 - 30/06/2013) (RM)
				Director	Major Shareholder	
4.	MSCRC	Purchase of cold rolled coils by MST from MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MST is a wholly owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	23,883,662
5.	MSCRC	Sale of pipes by MIG to MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	22,335
6.	MSCRC	Sale of second grade pipes and provision of slitting services by MST to MSCRC	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MST is a wholly owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	-

(continued)

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2012 - 30/06/2013) (RM)
				Director	Major Shareholder	
7.	MSCRC	Sale of scrap by MSCRC to MSM	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MSM is a wholly owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	7,518,604
8.	MSCRC	Provision of technical and consultancy services by Melewar Integrated Engineering Sdn Bhd ("MIE") to MSCRC for the expansion projects in cold roll mill	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MSB by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MSCRC is a wholly owned subsidiary of MSB. MIE is a 70% owned subsidiary of MIG. MIG is the substantial shareholder of MSB by virtue of its 54.8% shareholding in MSB.	-

D. RRPTs with MIE

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2012 - 30/06/2013) (RM)
				Director	Major Shareholder	
1.	MIE	Provision of technical and consultancy services by MIE to MSM for expansion projects in induction mill	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MIE by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MIE is a 70% owned subsidiary of MIG. MSM is a wholly owned subsidiary of MIG.	-

(continued)

No.	Related Party	Nature of Transaction	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2012 - 30/06/2013) (RM)
				Director	Major Shareholder	
2.	MIE	Sales of steel bar by MSM to MIE	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG and MIE by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MIE is a 70% owned subsidiary of MIG. MSM is a wholly owned subsidiary of MIG.	-
3.	MIE	Provision of professional services by MIE to MIG in relation to a joint development study on pellet plant	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIE and MIG by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MIE is a 70% owned subsidiary of MIG.	-

(continued)

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

Type of Financial Assistance	Related Party	Interested Related Parties	Manner of relationship with the Related Parties		Value of Transaction (1/07/2012 - 30/06/2013) (RM)
			Director	Major Shareholder	
Provision of guarantees, indemnity or such other collateral to or in favour of another person which is necessary in order for MIE to procure a contract or secure work from the other person or to enable the other person to commence and/or complete a contract or work for the MIG Group.	MIE	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIE and MIG by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	MIE is a 70% owned subsidiary of MIG.	-
Provision of financial assistance to the Group by the pooling of funds via a centralised treasury management function within the MIG Group on a short or medium term basis i.e. for a duration not exceeding three (3) years.	MIG Group	**Interested Directors** TY, TYY and Datin Ezurin **Interested Major Shareholders** MEBVI, MKSB, MESB, IMSB, MGB and KLB	TY is deemed interested in MIG Group by virtue of his indirect substantial interests in MEBVI and MKSB who collectively are the substantial shareholders of MIG. TYY and Datin Ezurin are therefore deemed interested by virtue of their family relationship with TY based on Section 122A(1)(a) of the Act.	Nil	9,971,850

COMPLIANCE STATEMENT

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

This Statement is made in accordance with the resolution of the Board dated 25 October 2013.

(continued)

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 ("Code") requires public listed companies to conduct itself in compliance with laws and ethical values, and maintain an effective governance structure to ensure appropriate management of risks and internal controls.

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") of listed issuers is required to include in its annual report, a statement of the Group's risk management and internal control.

The revised guidelines require the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") to provide assurance to the Board stating whether the Company's risk management and internal control system is operating adequately and effectively.

For the purpose of applying these guidelines, a CEO is defined as the highest ranking executive in a Company, responsible for carrying out corporate policies established by the Board and whose main responsibilities include developing and implementing high-level strategies, making major corporate decisions, managing the overall operations and resources of a Company, and acting as the main point of communication between the Board and corporate operations.

A CFO is defined as the person primarily responsible for the management of the financial affairs of the Company (such as record keeping, financial planning and financial reporting), by whatever name called.

The Board of Melewar Industrial Group Berhad recognises the importance of sound internal control and has established an appropriate control environment and framework to assist, review and manage the risk issues identified for a good corporate governance.

Set out below is the Board's Statement on Risk Management and Internal Control, which outlines the nature and scope of internal control of the Group, prepared in accordance to the guidelines provided.

RESPONSIBILITIES OF THE BOARD

The Board affirms its overall responsibility for the Group's system of internal control and is fully committed to ensure the existence of an effective system of internal control and risk management within the Group. The Board also continuously reviews and evaluates the adequacy and integrity of those systems. However, the Board recognises that such systems are designed to manage the Group's risks within an acceptable risk profile. As there are limitations that are inherent in any system of internal control, the Board is aware that the system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

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

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

RISK MANAGEMENT FRAMEWORK

The RMC had formally adopted a Risk Management Framework for the Group in 2005. The objective of this framework is to provide guidance to the Group to facilitate a structured approach in identifying, evaluating and managing significant risks and to achieve a level of adequacy and standard reporting by the subsidiaries to the holding company in a timely manner. This process is working effectively during the financial year ended 30 June 2013 and up to the date of approval of the financial statements.

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

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

a. Reviewing existing controls that may reduce the risk factors of the Group;
b. Reviewing and providing recommendations on risk management strategies, policies and risk tolerance for the Board's approval;
c. Reviewing and assessing the adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;
d. Ensuring the adequacy of infrastructure, resources and systems for an effective risk management to ensure the implementation of risk management systems are performed by the staff independently; and
e. Reviewing the Management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

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

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

INTERNAL AUDIT

The Board has engaged the services of BTMH to carry out the internal audit function. The principle duty and responsibility of BTMH is to examine and evaluate all major phases of operations of the Group and to assist the Board in the effective discharge of the Board's responsibilities. Actual audits are varied on a cyclical basis with more attention being paid to the areas perceived to have more risk. The fee incurred for the internal audit function in respect of the financial year ended 30 June 2013 was RM128,000.

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

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

KEY ELEMENTS OF THE INTERNAL CONTROL ENVIRONMENT

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

a. The Internal Auditors prepare a 'risk-based' internal audit plan which considers all the critical and high impact areas within the business operations. During the financial year, the various audit areas as set out in the approved internal audit plan were carried out by the Internal Auditors. Any weaknesses identified during the reviews and improvement measures recommendations to strengthen these controls were reported to the AC. This provides an assurance regarding the adequacy and the integrity of the internal control system.

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

c. The Group has an appropriate organisational structure for planning, executing and controlling business operations which enables adequate monitoring of the activities and ensures effective flow of information across the Group.

d. Management is responsible in identifying and evaluating the key risks applicable to their areas of business on a continuous basis. Risks identified are reported in a timely manner during the periodic management meetings to enable corrective actions to be taken.

e. Lines of responsibility and delegations of authority are clearly defined such as the approval matrix for the capital expenditure and investment programmes.

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

(continued)

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

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

i. The AC meets at least four (4) times a year and, within its limit, reviews the effectiveness of the Group's system of internal control. The Committee receives reports from the Internal Auditors and Management. Refer to Audit Committee Report set out on pages 48 to 52 of this Annual Report.

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

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

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

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

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

CONTROL ASSURANCE OVER FINANCIAL REPORTING

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

CONCLUSION

The Board has received assurance from Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material respects, based on the risk management and internal control framework of the Group.

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

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

(continued)

ESTABLISHMENT

The Audit Committee was established on 15 April 1994 as a subcommittee of the Board of Directors with specific terms of reference that have been approved by the Board. Its principle objectives are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

- evaluate the quality of the audits performed by the Internal and External Auditors;
- provide assurance that the financial information presented by Management is relevant, reliable and timely;
- oversee compliance with relevant laws and regulations and observance of a proper code of conduct; and
- determine the quality, adequacy and effectiveness of the Group's internal control environment.

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

1.	Mr Muk Sai Tat[^^]	-	Independent Non-Executive Director *(Audit Committee Member who fulfils requirement under Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements ("MMLR"))*
2.	En Shazal Yusuf bin Mohamed Zain	-	Independent Non-Executive Director
3.	Major General Datuk Lai Chung Wah (Rtd)[^]	-	Independent Non-Executive Director
4.	Dato' Abu Talib bin Mohamed[^@]	-	Independent Non-Executive Director
5.	Mr Paul Chan Wan Siew[^##]	-	Independent Non-Executive Director
6.	Mr Onn Kien Hoe[#]	-	Independent Non-Executive Director
7.	Dato' Jaffar Indot[#]	-	Independent Non-Executive Director

Note:

^ Appointed on 4 September 2012
^^ Appointed on 27 February 2013
# Resigned on 4 September 2012
Resigned on 7 January 2013
@ Resigned on 27 February 2013

The Chairman of the Audit Committee is Mr Muk Sai Tat. The Directors' profiles are set out on pages 18 to 22 in the Annual Report.

The Chairman of the Audit Committee engages on a continuous basis with the Senior Management, Internal Auditors and External Auditors, in order to keep abreast of matters and issues affecting the Group.

(continued)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2013

The members of the Audit Committee are all Independent Non-Executive Directors. During the financial year ended 30 June 2013, six (6) Audit Committee meetings were held. The details of attendance of each Committee member are as follows:

Name	No. of Meetings Attended
Mr Muk Sai Tat^^	2/2
En Shazal Yusuf bin Mohamed Zain	6/6
Major General Datuk Lai Chung Wah (Rtd)^	5/5
Dato' Abu Talib bin Mohamed^@	1/2
Mr Paul Chan Wan Siew^##	2/2
Mr Onn Kien Hoe#	1/1
Dato' Jaffar Indot#	1/1

Note:

^ Appointed on 4 September 2012
^^ Appointed on 27 February 2013
# Resigned on 4 September 2012
Resigned on 7 January 2013
@ Resigned on 27 February 2013

The Company has fulfilled the requirements of Section 15.09 of the MMLR with regard to composition of the Audit Committee. The Committee met according to the schedule of at least once every quarter. The Managing Director/Group Chief Executive Officer, Independent Non-Executive Directors, Internal Auditors, External Auditors and members of Senior Management were also invited to attend the meetings. Notice of meeting was given to the Audit Committee members accordingly and minutes of meetings were distributed to the Board members and the Audit Committee Chairman reports to the Board. The Company Secretary, Ms Lily Yin Kam May is the Secretary to the Audit Committee.

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

During the financial year ended 30 June 2013, the Audit Committee has carried out its duties as set in the terms of reference. The main activities were as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

TERMS OF REFERENCE

The Terms of Reference of the Committee are as follows:

1. Composition

1.1 The members of the Audit Committee shall be appointed from among the Directors of the Company and composed of no fewer than three (3) Directors of whom all must be Non-Executive Directors, with majority of them being Independent Directors.

1.2 All members of the Audit Committee should be financially literate and at least one (1) member of the Audit Committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of experience and:
i. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
ii. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

(c) fulfils such other requirements as prescribed or approved by Bursa Securities.

1.3 If a member of the Audit Committee ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members, the majority of whom must be Independent Directors.

1.4 The members of the Audit Committee shall elect a Chairman from among their numbers who shall be an Independent Non-Executive Director.

1.5 No Alternate Director is to be appointed as a member of the Audit Committee.

1.6 The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

2. Quorum and Procedure

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

(continued)

2.2 The quorum for any meeting of the Audit Committee shall consist of not less than two (2) members; the majority of the members present shall be Independent Directors.

2.3 In the absence of the Chairman, the Audit Committee shall appoint one (1) of the independent members present to chair the meeting.

2.4 The Secretary of the Company shall also be the Secretary of the Audit Committee. The Secretary shall be responsible for drawing up the agenda in consultation with the Chairperson and shall be responsible for keeping the minutes of the meeting of the Audit Committee, circulating them to Committee members and ensuring compliance with regulatory requirements. The agenda together with relevant explanatory papers and documents are circulated to the Committee members.

2.5 The Chairman of the Audit Committee shall report on each meeting to the Board.

2.6 Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and the Board.

3. Authority

3.1 The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company:

(a) have explicit authority to investigate any matters within its terms of reference. All employees shall be directed to cooperate as requested by members of the Audit Committee;
(b) have full and unrestricted access to any information and resources which are required to perform its duties;
(c) be able to obtain, if it considers necessary, external independent professional advice;
(d) be able to invite outsiders with relevant experience to attend meeting(s) if necessary;
(e) be able to convene meetings with the External Auditors, Internal Auditors or both, excluding the attendance of other Directors and employees, whenever deemed necessary;
(f) have direct communication channels with the External Auditors and Internal Auditors; and
(g) be able to make prompt reports to Bursa Securities when the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of listing requirements.

3.2 The Terms and Reference of the Audit Committee shall not limit in any way the responsibilities and authorities of the Managing Director/Group Chief Executive Officer to institute or instruct internal audits and reviews to be undertaken from time to time. Full report must be made to the Audit Committee upon completion of such reviews.

4. Duties and Responsibilities

4.1 The Chairman of the Audit Committee should engage on a continuous basis with Senior Management, such as the Executive Chairman, Managing Director/Group Chief Executive Officer, Chief Financial Officer and the External Auditors in order to be kept informed of matters affecting the Company.

4.2 In discharging its duties and responsibilities, the Audit Committee shall perform and where appropriate, report to the Board of Directors on the following:

(a) Financial Reporting

i. To review the quarterly and year-end financial statements of the Board, focusing particularly on:
- Any change in accounting policies and practices;
- Significant adjustments arising from the audit;
- The going concern assumption; and
- Compliance with accounting standards and other legal requirements.

(b) External Audit

i. To consider the appointment of the External Auditor, the audit fee and any question of resignation or dismissal;
ii. To discuss with the External Auditor before the audit commences, the nature and scope of audit, and ensure coordination where more than one (1) audit firm is involved;
iii. To monitor provision of non-audit services by External Auditors;
iv. To review the External Auditors' management letter and Management's response; and
v. To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditor may wish to discuss (in the absence of Management where necessary).

(continued)

(c) Internal Audit

i. To do the following, in relation to Internal Audit Function:
- Review the adequacy of the scope, functions competency and resources, and that it has the necessary authority to carry out its work;
- Review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations;
- Review any appraisal of the performance and compensation of staff members;
- Approve any appointment or termination of senior staff members; and
- Take cognisance of resignations of staff members and provide the resigning staff members an opportunity to submit their reasons for resigning.

(d) Related Party Transaction

i. To consider any related party transactions that may arise within the Company or Group.

(e) Other Functions

i. To consider the major findings of internal investigations and Management's response; and
ii. To consider other topics as defined by the Board.

This report was approved by the Board of Directors on 25 October 2013.

The Directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 30 June 2013.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year	(215,711,912)	(563,760)
Attributable to:		
- Equity holders of the Company	(214,959,675)	(563,760)
- Non-controlling interests	(752,237)	-
Net loss for the financial year	(215,711,912)	(563,760)

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. There were no dividends declared or paid by the Company since 30 June 2012.

The Directors do not recommend the payment of any dividend for the financial year ended 30 June 2013.

RESERVES AND PROVISIONS

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

DIRECTORS

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

Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah	
Datuk Lim Kim Chuan	
Azlan bin Abdullah	
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah	
Tengku Datuk Seri Ahmad Shah ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	
Datin Ezurin Yusnita binti Abdul Malik	
Shazal Yusuf bin Mohamed Zain	
Uwe Ahrens	
Dato' Abu Talib bin Mohamed	(resigned on 27 February 2013)
Major General Datuk Lai Chung Wah (Rtd)	
Paul Chan Wan Siew	(resigned on 7 January 2013)
Muk Sai Tat	(appointed on 27 February 2013)

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

In accordance with Article 95 of the Company's Articles of Association, Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah, Datin Ezurin Yusnita binti Abdul Malik and Shazal Yusuf bin Mohamed Zain retire by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

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

(continued)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each in the Company			
	At 01.07.2012	**Bought**	**Sold**	**At 30.06.2013**
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah - indirect interest	82,381,232	-	-	82,381,232
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah - indirect interest	82,381,232	-	-	82,381,232
Datin Ezurin Yusnita binti Abdul Malik - indirect interest	82,381,232	-	-	82,381,232
Datuk Lim Kim Chuan - direct interest	186,666	-	-	186,666
Azlan bin Abdullah - direct interest	133,333	-	-	133,333

Mycron Steel Berhad (Related corporation)	Number of ordinary shares of RM1.00 each			
	At 01.07.2012	**Bought**	**Sold**	**At 30.06.2013**
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah - indirect interest	97,557,066	-	-	97,557,066
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah - indirect interest	97,557,066	-	-	97,557,066
Datin Ezurin Yusnita binti Abdul Malik - indirect interest	97,557,066	-	-	97,557,066
Azlan bin Abdullah - direct interest	247,000	-	-	247,000

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

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

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Notes 10 and 32 to the financial statements.

(continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

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

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

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

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

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

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

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

(b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors,

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are as disclosed in Note 36 to the financial statements.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance to their resolution dated 25 October 2013.

DATUK LIM KIM CHUAN
EXECUTIVE DIRECTOR

AZLAN BIN ABDULLAH
MANAGING DIRECTOR

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

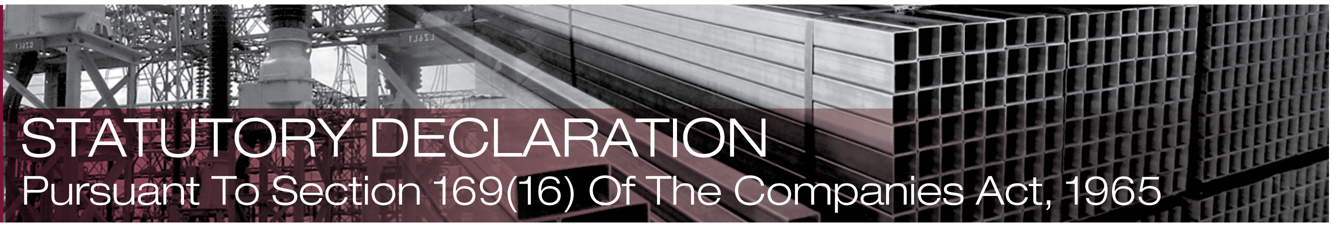
We, Datuk Lim Kim Chuan and Azlan bin Abdullah, two of the Directors of Melewar Industrial Group Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 59 to 142 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2013 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 1965 in Malaysia.

The information set out in Note 41 on page 143 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance to their resolution dated 25 October 2013.

DATUK LIM KIM CHUAN
EXECUTIVE DIRECTOR

AZLAN BIN ABDULLAH
MANAGING DIRECTOR



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

I, Azlan bin Abdullah, the Director primarily responsible for the financial management of Melewar Industrial Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 59 to 142 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

AZLAN BIN ABDULLAH

Subscribed and solemnly declared by the abovenamed Azlan bin Abdullah, at Kuala Lumpur in Malaysia on 25 October 2013, before me.

COMMISSIONER FOR OATHS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Melewar Industrial Group Berhad on pages 59 to 142, which comprise the statements of financial position as at 30 June 2013 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 40.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of Matter

We draw attention to Note 2(a) to these financial statements, which states that the Group incurred a net loss of RM215.7 million during the financial year ended 30 June 2013 and as of that date the Group's current liabilities exceeded its current assets by RM658.2 million. This along with other matters as described in Note 2(a) indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

(continued)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 41 on page 143 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

1. As stated in Note 2(a) to the financial statements, Melewar Industrial Group Berhad adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2012 and 1 July 2011, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 30 June 2012 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as of 30 June 2013 and financial performance and cash flows for the financial year then ended.

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

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

Kuala Lumpur
25 October 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012
Revenue	6	977,548,326	904,685,999	251,594,003	212,562,664
Cost of sales		(947,838,744)	(874,410,562)	(240,524,657)	(205,855,296)
Gross profit		29,709,582	30,275,437	11,069,346	6,707,368
Other operating (loss)/income	7	(1,661,617)	1,294,144	10,116,354	7,427,833
(Impairment losses)/write back on:					
- investment in subsidiaries	15	-	-	(583,723)	(11,921,541)
- amount owing by a subsidiary	4(c)	-	-	(6,675,500)	(4,171,423)
- intangible assets	18	(16,267,365)	(40,624,746)	-	-
- property, plant and equipment	13	(63,308,483)	(11,039,327)	1,454	(82,049)
- trade receivables	4(c)	(3,715,528)	(24,327,533)	-	-
- other receivables/construction financing	4(c)	(11,222,095)	(14,897,117)	-	-
Selling and distribution costs		(6,844,020)	(6,098,400)	(3,307,591)	(3,069,613)
Administrative and general expenses		(39,240,034)	(31,309,975)	(7,368,603)	(8,002,848)
		(112,549,560)	(96,727,517)	3,251,737	(13,112,273)
Finance income	9	1,093,764	2,355,756	397,264	389,499
Finance costs	9	(96,969,440)	(57,758,447)	(1,680,425)	(1,241,026)
(Loss)/profit before tax	8	(208,425,236)	(152,130,208)	1,968,576	(13,963,800)
Taxation	11	(7,286,676)	3,184,736	(2,532,336)	(877,251)
Net loss for the financial year		(215,711,912)	(148,945,472)	(563,760)	(14,841,051)
Attributable to:					
- Equity holders of the Company		(214,959,675)	(138,094,513)	(563,760)	(14,841,051)
- Non-controlling interests		(752,237)	(10,850,959)	-	-
		(215,711,912)	(148,945,472)	(563,760)	(14,841,051)
Loss per share attributable to equity holders of the Company during the financial year:					
- basic and diluted (sen)	12	(95.32)	(61.23)		

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Net loss for the financial year		(215,711,912)	(148,945,472)	(563,760)	(14,841,051)
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss:					
Currency translation differences		1,880,375	2,339,783	-	-
Item that will not be reclassified to profit or loss:					
Revaluation surplus on property, plant and equipment, net of tax		9,031,776	9,800,234	12,186	-
Total other comprehensive income for the financial year, net of tax		10,912,151	12,140,017	12,186	-
Total comprehensive loss for the financial year		(204,799,761)	(136,805,455)	(551,574)	(14,841,051)
Attributable to:					
- Equity holders of the Company		(206,067,885)	(127,802,705)	(551,574)	(14,841,051)
- Non-controlling interests		1,268,124	(9,002,750)	-	-
		(204,799,761)	(136,805,455)	(551,574)	(14,841,051)

	Note	Group 30.6.2013 RM	Group 30.6.2012 RM	Group 1.7.2011 RM	Company 30.6.2013 RM	Company 30.6.2012 RM	Company 1.7.2011 RM
NON-CURRENT ASSETS							
Property, plant and equipment	13	1,050,102,998	1,133,713,593	1,140,956,696	2,832,207	2,694,615	3,151,731
Investment properties	14	-	-	-	72,550,000	69,300,000	68,450,000
Investments in subsidiaries	15	-	-	-	155,767,955	156,351,678	168,273,219
Intangible assets	18	-	16,930,936	82,881,893	-	-	-
Deferred tax assets	19	3,298,010	3,754,293	357,993	-	-	-
Available-for-sale financial assets	20	-	15	15	-	-	-
Derivatives	21	-	-	3,365,076	-	-	-
Other receivables	23	4,663,920	17,132,203	31,279,772	-	-	-
		1,058,064,928	1,171,531,040	1,258,841,445	231,150,162	228,346,293	239,874,950
CURRENT ASSETS							
Inventories	22	129,474,469	110,570,811	117,273,860	-	-	-
Trade and other receivables	23	191,194,348	248,889,194	158,003,496	42,434,106	40,679,632	32,653,304
Financial asset at fair value through profit or loss	24	-	-	2,824,835	-	-	-
Derivatives	21	173,447	43,122	1,505,534	-	-	-
Amounts owing by subsidiaries	25	-	-	-	182,646,168	192,106,416	170,897,735
Tax recoverable		563,262	831,194	994,638	-	-	-
Deposits with licensed financial institutions	26	30,482,456	25,170,000	27,703,816	11,988,524	10,670,000	8,000,000
Cash and bank balances	26	14,360,472	21,186,449	58,338,173	3,270,779	4,517,158	5,349,943
		366,248,454	406,690,770	366,644,352	240,339,577	247,973,206	216,900,982
Assets classified as held- for-sale	27	-	-	2,768,541	-	-	-
		366,248,454	406,690,770	369,412,893	240,339,577	247,973,206	216,900,982

(continued)

	Note	Group 30.6.2013 RM	Group 30.6.2012 RM	Group 1.7.2011 RM	Company 30.6.2013 RM	Company 30.6.2012 RM	Company 1.7.2011 RM
LESS: CURRENT LIABILITIES							
Trade and other payables	28	232,857,060	171,211,356	102,094,105	4,804,049	12,931,554	3,028,963
Amounts owing to subsidiaries	25	-	-	-	47,477,823	45,402,069	28,738,002
Derivatives	21	2,790,260	1,312,432	-	-	-	-
Tax payable		1,579,071	220,103	704,360	1,119,455	95,059	668,764
Borrowings	29	787,184,331	803,350,594	247,033,200	75,434,984	75,760,000	67,682,644
		1,024,410,722	976,094,485	349,831,665	128,836,311	134,188,682	100,118,373
NET CURRENT (LIABILITIES)/ASSETS		(658,162,268)	(569,403,715)	19,581,228	111,503,266	113,784,524	116,782,609
LESS: NON-CURRENT LIABILITIES							
Deferred tax liabilities	19	36,876,877	31,264,201	31,214,700	16,055,565	15,118,752	14,804,443
Trade and other payables	28	25,183,133	25,893,911	21,982,800	-	-	-
Borrowings	29	15,676,850	18,003,652	561,453,771	137,372	-	-
		77,736,860	75,161,764	614,651,271	16,192,937	15,118,752	14,804,443
		322,165,800	526,965,561	663,771,402	326,460,491	327,012,065	341,853,116
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							
Share capital	30	226,755,408	226,755,408	226,755,408	226,755,408	226,755,408	226,755,408
Share premium		241,447	241,447	241,447	241,447	241,447	241,447
Treasury shares		(2,042,193)	(2,042,193)	(2,042,193)	(2,042,193)	(2,042,193)	(2,042,193)
(Accumulated losses)/ Retained earnings		(38,195,048)	176,764,621	317,612,139	101,493,643	102,057,403	116,898,454
Asset revaluation reserves		15,081,721	8,035,715	-	12,186	-	-
Foreign currency translation reserve		3,592,543	1,746,759	(509,334)	-	-	-
		205,433,878	411,501,757	542,057,467	326,460,491	327,012,065	341,853,116
Non-controlling interests		116,731,922	115,463,804	121,713,935	-	-	-
TOTAL EQUITY		322,165,800	526,965,561	663,771,402	326,460,491	327,012,065	341,853,116

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

	← Attributable to equity holders of the Company						→		
	Share capital RM	Treasury shares RM	Share premium RM	Foreign currency translation reserve RM	Assets revaluation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total RM
At 1 July 2011	226,755,408	(2,042,193)	241,447	(509,334)	102,095,642	215,516,497	542,057,467	121,713,935	663,771,402
Effects of first-time adoption of MFRS (Note 40): Revaluation surplus arising from prior year fair valuation of property, plant and equipment	-	-	-	-	(102,095,642)	102,095,642	-	-	-
At 1 July 2011 (restated)	226,755,408	(2,042,193)	241,447	(509,334)	-	317,612,139	542,057,467	121,713,935	663,771,402
Net loss for the financial year	-	-	-	-	-	(138,094,513)	(138,094,513)	(10,850,959)	(148,945,472)
Other comprehensive income:									
Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	8,035,715	-	8,035,715	1,764,519	9,800,234
Currency translation differences	-	-	-	2,256,093	-	-	2,256,093	83,690	2,339,783
Total comprehensive income / (loss) for the financial year	-	-	-	2,256,093	8,035,715	(138,094,513)	(127,802,705)	(9,002,750)	(136,805,455)
Transactions with owners:									
Acquisition of additional interests in a subsidiary from non-controlling interests	-	-	-	-	-	(2,753,005)	(2,753,005)	2,753,005	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	(386)	(386)
At 30 June 2012	226,755,408	(2,042,193)	241,447	1,746,759	8,035,715	176,764,621	411,501,757	115,463,804	526,965,561

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

	← Non-distributable			→	Distributable	
	Share capital	Treasury shares	Share premium	Assets revaluation reserve	Retained earnings	Total
	RM	RM	RM	RM	RM	RM
At 1 July 2011	226,755,408	(2,042,193)	241,447	111,073	116,787,381	341,853,116
Effects of first-time adoption of MFRS (Note 40):						
Revaluation surplus arising from prior year fair valuation of property, plant and equipment	-	-	-	(111,073)	111,073	-
At 1 July 2011 (restated)	226,755,408	(2,042,193)	241,447	-	116,898,454	341,853,116
Net loss for the financial year	-	-	-	-	(14,841,051)	(14,841,051)
At 30 June 2012	226,755,408	(2,042,193)	241,447	-	102,057,403	327,012,065

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before tax		(208,425,236)	(152,130,208)	1,968,576	(13,963,800)
Adjustments for:					
Property, plant and equipment:					
- depreciation		49,214,441	49,093,732	355,064	353,366
- net loss /(gain) on disposals		628,988	(63,251)	(2,277)	(26,800)
- impairment losses/(write back) - net		63,308,483	11,039,327	(1,454)	82,049
- write-offs		48,600	1,064,359	-	23,189
Amortisation of:					
- intangible assets		932,564	3,134,748	-	-
- deferred financing fees		2,208,393	2,180,670	-	-
Impairment losses on:					
- intangible assets		16,267,365	40,624,746	-	-
- investments in subsidiaries		-	-	583,723	11,921,541
- inventories		-	305,949	-	-
- amount owing by a subsidiary		-	-	6,675,500	4,171,423
- available-for-sale financial assets		15	-	-	-
- trade receivables		3,715,528	24,327,533	-	-
- other receivables/construction financing		11,222,095	14,897,117	-	-
Inventories written off		-	5,197	-	-
Investment properties:- fair value gain		-	-	(3,250,000)	(850,000)
Financial asset at fair value through profit or loss: loss on disposal		-	47,352	-	-
(Gain)/loss on disposals of: non-current asset held-for-sale		-	(112,372)	-	-
Net unrealised (gain)/loss on foreign exchange		(101,199)	163,583	(57,756)	(55,450)
Fair value (gain)/loss on:					
- foreign currency exchange forward contract		(173,447)	(43,122)	-	-
- interest rate swap		3,757,245	5,896,164	-	-
Net (gain)/loss on a restructured liability		(1,101,633)	690,362	-	-
Fair value loss on restructuring of construction financing		736,326	506,004	-	-
Interest income		(754,878)	(1,006,832)	(397,264)	(389,499)
Interest expense		91,721,015	44,270,077	1,680,425	1,241,026
		33,204,665	44,891,135	7,554,537	2,507,045

(continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Changes in working capital:				
- inventories	(18,686,134)	6,577,604	-	-
- trade and other receivables	72,368,477	(114,908,492)	(1,691,280)	(7,958,119)
- trade and other payables	(24,896,549)	66,727,520	(9,132,767)	9,898,581
Cash generated from/ (used in) operations	61,990,459	3,287,767	(3,269,510)	4,447,507
Interest paid	(21,976,159)	(41,430,600)	(1,682,720)	(1,245,847)
Interest received	756,998	1,002,903	399,384	385,571
Tax paid	(1,301,124)	(1,544,754)	(575,189)	(1,136,647)
Net cash generated from / (used in) operating activities	39,470,174	(38,684,684)	(5,128,035)	2,450,584
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment	(6,931,162)	(5,926,433)	(513,340)	(1,488)
Proceeds from disposals of:				
- plant and equipment	273,040	355,575	40,662	26,800
- non-current asset held-for-sale	-	2,880,913	-	-
- financial asset at fair value through profit or loss	-	2,777,483	-	-
Repayment from/(advances to) subsidiaries	-	-	5,860,501	(8,716,037)
Net cash (used in)/ generated from investing activities	(6,658,122)	87,538	5,387,823	(8,690,725)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	501,052,398	429,230,000	198,490,000	169,420,000
Repayment of borrowings	(535,190,862)	(428,400,445)	(198,900,000)	(161,239,000)
Proceeds/(repayment) of hire purchase	901,982	(102,126)	222,357	(103,644)
Deposits with licensed financial institutions (pledged)/uplift as security	(508,524)	11,792	(508,524)	-
Net cash (used in)/ generated from financing activities	(33,745,006)	739,221	(696,167)	8,077,356
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(932,954)	(37,857,925)	(436,379)	1,837,215
CURRENCY TRANSLATION DIFFERENCES	(1,089,091)	(1,815,823)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	38,356,449	78,030,197	7,187,158	5,349,943
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 26)	36,334,404	38,356,449	6,750,779	7,187,158

1 GENERAL INFORMATION

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

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

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

The registered office of the Company is:

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

The principal place of business of the Company is:

Lot 53, Persiaran Selangor
40200 Shah Alam
Selangor Darul Ehsan

As at 30 June 2013, all monetary assets and liabilities of the Group and the Company are denominated in Ringgit Malaysia, unless otherwise stated.

The financial statements were approved and authorised for issue in accordance with a resolution of the Board of Directors on 25 October 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subject to certain transition elections disclosed in Note 40, the following accounting policies have been applied consistently to all the financial years presented in dealing with items which are considered material in relation to the financial statements, unless otherwise stated.

(a) Basis of preparation

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

The financial statements of the Group and the Company for the financial year ended 30 June 2013 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1, ‘First-time Adoption of Malaysian Financial Reporting Standards’.

The Group and the Company have consistently applied the same accounting policies in the opening MFRS statements of financial position as at 1 July 2011 (transition date) and throughout all financial years presented, as if these policies had always been in effect.

Comparative figures for 2012 in these financial statements have been restated to give effect to these changes. Subsequent to the transition in the financial reporting framework to MFRS on 1 July 2011, the restated comparative information has not been audited under MFRS. However, the comparative statements of financial position as at 30 June 2012, comparative statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended have been audited under the previous financial reporting framework, Financial Reporting Standards in Malaysia.

Note 40 discloses the impact of the transition to MFRS on the Group and Company’s reported financial position, financial performance and cash flows.

(continued)

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

(a) Basis of preparation (continued)

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

The preparation of financial statements in conformity with MFRS and the provisions of the Companies Act, 1965 requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

Going concern

The Group is in a net current liabilities position of RM658.2 million (2012: net current liabilities of RM569.4 million) as at 30 June 2013. The net current liabilities position is mainly attributable to the re-classification of a non-recourse long-term loan of the foreign power generation subsidiary ("power subsidiary") from non-current liability to current liability amounting to THB5.5 billion (approximately RM557.4 million); and the predominantly short-term trade and loan facilities of the Group's steel businesses helmed under the Company (RM75.4 million) and other subsidiaries (RM154.3 million). Refer to Notes 4(a), 4(b), and 29 for details.

The Group reported a net loss of RM215.7 million (2012: net loss RM148.9 million) for the financial year ended 30 June 2013 – with the power generation segment being the major loss contributor (2013: net loss RM212.9 million; 2012: net loss RM116.0 million). However, the Steel Tube and Cold Roll segments contributed a net profit of RM3.6 million (2012: net loss RM3.2 million) and RM9.1 million (2012: net loss RM4.4 million) respectively to the Group. Refer to Note 34 for details.

Whilst the Company and subsidiaries involved in the Steel Tube and Cold Roll businesses were able to meet their financial obligations when due over the reporting period, the foreign power subsidiary has defaulted in its principal (THB366 million; approximately RM36 million) and interest payment (THB91 million; approximately RM9 million) on the non-recourse long-term loan since 30 December 2012. The power subsidiary is also in non-compliant on all of its loan covenants as at the reporting date due to the continued delay of operation resumption by one of its key power off-taker (Affected Customer). Whilst the banks have, on 1st October 2013, notified the power generation subsidiary of the payment default and that the loan is now due and payable, the banks have not initiated legal recovery against the power subsidiary or initiated a takeover of the project. Being a non-recourse loan, the banks' recovery is limited to the power plant as collateral. Instead, the banks jointly appointed Baker Tilly Thailand (an independent accounting & consulting firm) to work closely with the power subsidiary to seek ways to restructure and to assist the Group in the possible divestiture of the power subsidiary.

The Affected Customer attributed the delay in operation resumption to the slower than expected economic recovery in Thailand and the present low demand and depressed prices of steel hot-rolled coils internationally, but hopes to resume power off-take as soon as the situation improves. Refer to Note 13(v). The Management's effort to get its other sole paying customer (Other Customer) to purchase the excess power left vacuum by the Affected Customer as previously reported has also not materialised over this reporting period. On January 2012, the holding company of the power subsidiary has entered to a Memorandum of Understanding (MOU) with a potential acquirer for a 20% stake on the existing phase of the power plant and a 60% stake on the rights to develop and operate phase II for which, the scheduled completion date has been extended to June 2016 by the Thai authority recently. The due diligence review pursuant to the MOU is still on-going as at this reporting date. The management is also in negotiation with a few other potential parties in its stake divestiture and hopes to make headway soon.

The abovementioned setbacks of the power subsidiary has affected its valuation based on value-in-use (discounted future free cash-flow stream) which resulted in a further impairment of THB802.60 million or RM80.2 million (2012: RM40.6 million) against its plant and related intangible assets. Refer to Note 13(v). The power subsidiary's default in principal payment has also resulted in default interest charges by the banks for the reporting period amounting to THB470.3 million (about RM 46.9 million). Considering that the power subsidiary has stopped servicing the non-recourse loan and that around 85% of the power subsidiary's losses for the reporting period is non- immediate cash-flow depleting, the power subsidiary is expected to continue as a going concern based on its forecast cash flows and support from bankers and suppliers over the next twelve months which allows it to resolve its power off-take issue or its divestiture, whichever is the earlier.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Going concern (continued)

The power subsidiary's default has triggered the Company's Practice Note 1 (PN1) status pursuant to Bursa Malaysia's listing rules in January 2013. The Company has since obtained the continuing support from its bankers for its Steel Tube business – and is evident from the continuing availability of their trade and credit facilities subsequent to this reporting date. The power subsidiary's cumulative losses have significantly affected consolidated metrics on-which 3 of the 4 Company's covenants to its bankers are based. As a result, the Company is in non-compliant on 2 out of the 4 covenants. Refer Notes 4(a) and 4(b). The Company has obtained before this reporting date the banks' indulgence/ waiver on the said covenants' compliance for current reporting period as well as for the next financial period. The Company's positive cash-flows from its Steel Tube operation (for the reporting period and forecast for the next 12 months) coupled with the banks' continuing support form the basis for its going concern assumption. As at the reporting date, the Company complied with Bursa Malaysia Practice Note 17 Section 2.1(e) which requires its consolidated shareholders' equity to be above 50% of the Company's paid up capital less treasury shares. Due to the ongoing challenges at the power subsidiary, the Directors are wary on the timing and resolution of the aforementioned matters and have certain restructuring and/or corporate exercise plans (which would be announced and executed at the appropriate time) in tandem with on-going efforts to conclude the divestiture or capacity regularisation of the power subsidiary.

The Company's proposed rights issue in October 2011 as reported in the preceding year's financial report was aborted on 28 November 2012 due to unfavorable market condition.

The Cold Roll subsidiary recorded a net profit of RM7.0 million for the current reporting period (2012: net loss RM15.8 million). The Directors are of the opinion that its Cold Roll subsidiary's consolidated net current liability position at RM5.9 million (which has been significantly reduced from preceding reporting date at RM16.6 million) should be manageable considering that a bulk of its current loan/borrowing liabilities are trade facilities available for rollover utilisation. For the reporting period, the Cold Roll subsidiary complied with 4 out of its 5 bank covenants. Refer to Note 4(b). The subsidiary has prior to this reporting date obtained the banks' indulgence/waiver on the covenants for current reporting period. Even-though the subsidiary is confident of meeting all the said covenants for the next financial year, it has after the reporting date obtained the indulgence/ waiver from two of its major bankers on the covenant which it did not comply with as at 30 June 2013 for the first half of the financial year 2014 to coincide with its semi-annual testing. The positive cash flows from its Cold Roll operation (for the reporting period and forecast for the next 12 months) coupled with the banks' continuing support form the basis for its going concern assumption.

In summary, the Group's going concern is subject to a degree of material uncertainty and is dependent on the following:

(i) continuous financial support from the bankers; in particular the continued refrain and cooperation from the non-recourse loan bankers to work towards mutual benefiting solution with the power subsidiary;

(ii) the timely divestiture of the power subsidiary or the regularisation of its power plant's excess capacity through the resumption of power off-take by the Affected Customer or additional up-take by the Other Customer; and

(iii) the Group's ability to carry out certain restructuring plans.

If these events do not occur, this will give rise to the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns and, therefore may be unable to realise their assets and discharge their liabilities in the normal course of business.

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

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

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

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

(continued)

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

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

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

Financial year beginning on/after 1 July 2013

- MFRS 10, 'Consolidated Financial Statements' (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127, 'Consolidated and Separate Financial Statements' and IC Interpretation 112, 'Consolidation - Special Purpose Entities'.

- MFRS 11 "Joint arrangements" (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- MFRS 12, 'Disclosures of Interests in Other Entities' (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128, 'Investments in Associates'. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities and the Company.

- MFRS 13, 'Fair Value Measurement' (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7, 'Financial Instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127, 'Separate Financial Statements' (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128, 'Investments in Associates and Joint Ventures' (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

- Amendment to MFRS 119, 'Employee benefits' (effective from 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.

- Amendment to MFRS 7, 'Financial Instruments: Disclosures' (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset

- Amendment to MFRS 116, 'Property, Plant and Equipment' (effective from 1 January 2013) clarifies that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(continued)

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

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

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

Financial year beginning on/after 1 July 2014

- Amendment to MFRS 132, 'Financial Instruments: Presentation' (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

Financial year beginning on/after 1 July 2015

- MFRS 9, 'Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities' (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ('FVTPL'). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in OCI. There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity. The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply. MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

The Directors are of the opinion that the abovementioned MFRSs would not have any significant impact on the Group and Company upon their initial application. The Group and the Company will continue to assess and comply with these new standards, amendments to published standards, and IC interpretations where relevant when these come into effect.

(b) **Basis of consolidation**

(i) Investment in subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies 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.

The Group also assesses existence of control where it does not have more 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Acquisition-related costs are expensed as incurred.

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

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

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

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

(iii) Disposal of subsidiaries

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

(iv) Jointly controlled entity

Jointly controlled entities are corporations, partnerships, or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interest in a jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting. Equity accounting involves recognising the Group's share of the post-acquisition results of a jointly controlled entity in the profit or loss and its share of post-acquisition movements of reserves in other comprehensive income. The cumulative post-acquisition movements are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment).

Unrealised gains on transactions between the Group and its jointly controlled entity is eliminated to the extent of the Group's interest in the jointly controlled entity; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the assets transferred.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment.

Where necessary, adjustments are made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with the Group.

(v) Investments in subsidiaries and jointly controlled entity

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

(c) Changes in ownership interests

When the Group ceases to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceases becomes its cost on initial measurement as a financial asset in accordance with MFRS 139 "Financial Instruments: Recognition and Measurement". Any amounts previously recognised in other comprehensive income in respect of that investment are accounted for as if the Group had directly disposed off that investment.

(d) Property, plant and equipment

(i) Measurement basis

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

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(i) Measurement basis (continued)

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

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

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

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

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

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

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

(ii) Depreciation

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

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

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

(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 and borrowing costs if the investment property meets the definition of qualifying asset.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investment properties (continued)

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

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

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

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

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

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

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

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

(g) Leases

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

<u>Accounting as lessee</u>

(i) Finance leases

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

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

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

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

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Leases (continued)

Accounting as lessee (continued)

(ii) Operating leases

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

Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in the profit or loss when incurred.

(h) Impairment of non-financial assets

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

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

(i) Intangible assets

Intangible assets of the Group comprise the license rights to operate a power plant, the license rights to use power transmission line under a power purchase agreement and the license rights to use gas interconnecting pipeline under a gas supply agreement. These license rights have a finite useful life and are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over the estimated useful lives of 25 years and amortisation commences once the power plant is commissioned.

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

(j) Financial assets

Classification

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

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

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

(continued)

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

(j) **Financial assets** (continued)

Classification (continued)

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

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting date. These are classified as non-current assets. The Group's loans and receivables are as disclosed in Note 37 to the financial statements.

(iii) Available-for-sale financial assets

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

Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on trade date i.e. the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are initially recognised at their fair values plus transaction costs 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 their fair values, and transaction costs are expensed in the profit or loss.

Subsequent measurement – gains and losses

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

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

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

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

Subsequent measurement - impairment of financial assets

(i) Assets carried at amortised costs

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

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial assets (continued)

Subsequent measurement - impairment of financial assets (continued)

(i) Assets carried at amortised costs (continued)

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - adverse changes in the payment status of borrowers in the portfolio; and
  - national or local economic conditions that correlate with defaults on the assets in the portfolio.

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

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

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

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

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

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

(continued)

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

(j) **Financial assets** (continued)

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

De-recognition

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

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

(k) **Offsetting financial instruments**

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

(l) **Derivative financial instruments**

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

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

(m) **Inventories**

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

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

(n) **Cash and cash equivalents**

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

(o) **Trade receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the collection is expected within one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are classified as loan and receivables as disclosed in Note 37 to the financial statements. Refer accounting policy Note 2(j) on financial assets.

(p) **Trade payables**

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

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

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

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Assets acquired under hire-purchase arrangements

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

(r) Borrowings and borrowing costs

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

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

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

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

(s) Provisions

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

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

(t) Share capital

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

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

Interim dividends on ordinary shares are recognised as liabilities when declared before the reporting date. Proposed final dividends are accrued as liabilities only after it had been approved by the Company's shareholders.

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

(u) Revenue recognition

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

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition (continued)

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

(i) Sale of goods

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

(ii) Revenue from power plant

Sales of electricity and steam

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

Deferred income arising from Take-or-Pay agreements

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

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

(iii) Processing and engineering service income

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

(iv) Dividend income

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

(v) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, unless collectability is in doubt, in which case it is recognised on the cash receipt basis.

(vI) Rental income

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

(v) Employees' benefits

(i) Short-term employee benefits

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

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Employees' benefits (continued)

(ii) Defined contribution plan

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

The Group may from time to time at its sole discretion make cash contribution into a fund established under the Melewar Industrial Group Key Executive Retirement ("MIGKER") Scheme, a defined contribution plan, for the benefit of eligible employees. The amount of cash contributed depends on the performance of the individual employees and the profitability of the Group. The contributions are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(w) Current and deferred income tax

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

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

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

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

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

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

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

(x) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Foreign currencies (continued)

(ii) Transactions and balances (continued)

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

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

(iii) Group companies

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

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

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

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

(y) Segment reporting

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

(z) Contingent liabilities and contingent assets

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

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

(aa) Financial guarantee contracts

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

A financial guarantee contract is recognised as a financial liability at the time the guarantee is issued. Liabilities arising from financial guarantee contracts, including the Group's and the Company's guarantees for its subsidiaries through deeds of cross guarantee, are initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Financial guarantee contracts (continued)

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

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

(b) Impairment of assets

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

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

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

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

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

(ii) Intangible assets and power plant (Notes 13 and 18)

(iii) Investments in subsidiaries (Note 15)

(iv) Amounts owing by subsidiaries (Note 25)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(continued)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

(a) Capital risk

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

The Group views its equity (shareholders' fund) less intangible assets but plus interest bearing debts as capital resources, and has a policy to maintain the ratio below 1.25 excluding the project financing facilities granted to a subsidiary amounting to THB5.8 billion (about RM582 million). Capital deployment amongst the Group's subsidiaries and/or business units is at the purview of the Board, but each of its subsidiaries and/or business units is primarily responsible for the management of its allocated capital subject to the oversight by the group executive management and the Board.

The Company helming Steel Tube division is subject the following covenants from one of its lender measured at Group consolidated level:

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

For the reporting period, the Company is in non-compliance with covenant (i) (RM205 million, preceding year RM412 million) and (iii) (-0.8 times; preceding year -0.7 times) due to the negative contribution by the power generation subsidiary on the consolidated measures. The Company complied with covenant (ii) (1.1 times, preceding year 0.6 times).

The Company has obtained the lender's indulgence on the same for the reporting period as well as for the financial year 2014. Under the requirement of Bursa Malaysia Practice Note No 17/2005 Sec 2.1(e), the Company is required to maintain a consolidated shareholders' equity above 50% of the issued and paid-up capital (excluding treasury shares) given that its preceding year's audited financial statements had a modified auditor's opinion. As at the reporting date, the Company complies with this requirement.

The Group's Cold Rolled Coil subsidiary is subject to a minimum shareholders' funds requirement of RM220 million and a maximum debt-to-equity ratio of 1.5 times as part of its loan covenants to lenders. Both covenants are met (RM264 million and 0.6 times; preceding year RM253 million and 0.7 times) for the reporting period. The subsidiary is however non-compliant on the minimum annual Debt Service Cover Ratio (DSCR) of 1.2 times (achieved 1.1 times; preceding year 0.5 times). Indulgences on the same have been obtained prior to the reporting date.

The Group's power subsidiary is subject to a maximum senior debt-to-equity ratio of 2.3 times as part of its covenant for the project financing facilities. This covenant has not been met for the reporting period as its equity represented by shareholders' funds less intangible assets is being depleted (current year end RM-57.0 million; preceding year end RM169.1 million) due to the net loss recorded at the power subsidiary level of Siam Power Generation Public Co Ltd (current year RM227.8 million; preceding year RM66.4 million). Until and unless the Power Plant's operation capacity is shored up to above breakeven capacity, it would be difficult to replenish its capital base.

Capital redeployment amongst the Group's and Company's subsidiaries /businesses is restricted by legal imposition from their respective lenders. On the same premises, capital risks are legally contained within each subsidiaries/ business units except where financial guarantees are extended as disclosed under Note 4(b) and Note 33.

(b) Liquidity risk

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

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

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

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

The Group's financial obligations as shown in the tables below are mainly short-term (due within 12 months), largely attributed to the preceding year's reclassification to current on the power generation subsidiary's project financing loan amounting to RM557.4 million. The Company's Steel Tube business and the Cold Rolled Coil subsidiary's debt financing comprising mainly of trade facilities also contributed to the short-term bias of the Group's financial obligations.

The Company and its steel tube manufacturing subsidiary have not failed to meet any of its financial obligations as when due for the reporting period despite that all its financial obligations are mostly due within 12 months. Both the entities' financial assets exceed its financial obligations and are in net current asset position. The Company's short-term financial obligations comprised mainly of trade credit facilities which are continuously rolled-over for utilisation.

On 8 January 2013, the Company, being a listed issuer, was categorised under Practice Note 1 of Bursa Malaysia's listing rules due to the Group's power generation subsidiary's default in payment of interest and principal sums. The Company has sought and obtained the continuing support of its bankers for the steel tube business, as evident from the continued availability of the trade and credit facilities even subsequent to the reporting date. As at 30 June 2013, the Company has provided the following off balance sheet financial assistance to its subsidiaries:

(i) Corporate guarantee to banks for banking facilities extended to its subsidiary amounting to RM4.7 million (2012: RM6.5 million), and

(ii) The Company pledged certain property, plant and equipment valued at RM51.7 million and cash deposit of RM8 million for a stand-by letter of credit (SBLC) facility of THB400 million for the benefit of a subsidiary in relation to a performance guarantee issued to EGAT (Electricity Generating Authority of Thailand) for due completion of the phase II development by 1 June 2016. This SBLC shall expire on 30 November 2013 subject to further renewal.

The Company does not anticipate any economic outflows arising from these guarantees / pledges.

The Cold Rolled Coil subsidiary has not failed to meet any of its financial obligations as when due for the reporting period. Its financial obligations are mainly short term comprising of trade and credit facilities which are continuously rolled-over for utilisation.

The foreign power generation subsidiary has failed to meet its principal (THB366 million, RM36 million) and interest (THB91 million, RM9 million) repayment obligations relating to the project financing facilities outstanding of RM557.4 million since end December 2012. The power generation subsidiary also failed to meet any of its covenants to the bankers for the reporting period. Even-though these trigger as a defaulting event, the banks have not requested for immediate repayment of the entire facilities nor have they commenced legal recovery on the power plant as collateral.

As mentioned in Note 2(a), the banks are working closely with the power generation subsidiary to remedy the situation whilst keeping the entity running as a going-concern. Whilst the liquidity risk of this segment is considerable, it is ringed-fenced within the segment given the non-recourse nature of the project financing. It is in the best mutual interest of the banks and the power subsidiary to seek recovery from the power operation as a going concern.

(continued)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

Maturity analysis

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

Group 30.6.2013	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 -4 years RM	4 – 5 years RM	> 5 years RM
Non-derivative financial liabilities									
Bankers' acceptance	181,130,000	4.53% - 6.22%	186,667,498	186,667,498	-	-	-	-	-
Revolving credits	34,000,000	3.77% - 5.25%	34,485,859	34,485,859	-	-	-	-	-
Revolving term loans	9,041,575	8.00%	9,379,360	337,785	4,128,689	4,912,886	-	-	-
Hire-purchase creditors	1,638,974	2.58% - 2.80%	1,801,067	846,693	704,938	249,436	-	-	-
Term loans	577,050,632	BLR + 2.00% 4.81% SIBOR + 2.50% THBFIX + 2.75%	788,056,661	782,100,066	5,387,144	569,451	-	-	-
Payables and accruals, excluding derivatives	246,272,602		246,272,602	221,089,469	25,183,133	-	-	-	-
Derivative financial liabilities									
Interest rate swap	2,790,260		2,790,260	2,790,260	-	-	-	-	-
	1,051,924,043		1,269,453,307	1,228,317,630	35,403,904	5,731,773	-	-	-

Group 30.6.2012	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 -4 years RM	4 – 5 years RM	> 5 years RM
Non-derivative financial liabilities									
Bankers' acceptance	185,020,000	4.53% - 6.22%	187,074,284	187,074,284	-	-	-	-	-
Revolving credits	45,105,254	3.77% - 5.25%	46,152,115	46,152,115	-	-	-	-	-
Revolving term loans	4,069,726	8.00%	4,466,474	337,785	4,128,689	-	-	-	-
Hire-purchase creditors	696,993	2.58% - 2.80%	745,524	305,855	272,707	135,295	31,667	-	-
Term loans	586,462,273	BLR + 2.00% 4.81% SIBOR + 2.50% THBFIX + 2.75%	788,022,688	773,703,592	8,479,541	5,270,105	569,450	-	-
Payables and accruals, excluding derivatives	169,404,359		170,749,073	143,510,448	27,238,625	-	-	-	-
Derivative financial liabilities									
Interest rate swap	1,312,432		1,312,432	1,312,432	-	-	-	-	-
	992,071,037		1,198,522,590	1,152,396,511	40,119,562	5,405,400	601,117	-	-
-									

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

(continued)

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

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

Maturity analysis (continued)

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Within 1 year RM	1 – 2 years RM	2 – 3 years RM	3 -4 years RM	4 – 5 years RM	> 5 years RM
1.7.2011									
Non-derivative financial liabilities									
Bankers' acceptance	134,419,000	4.54% - 5.97%	135,640,381	135,640,381	-	-	-	-	-
Revolving credits	45,105,518	3.91% - 5.20%	45,358,099	45,358,099	-	-	-	-	-
Revolving term loans	3,069,726	8.00%	3,317,187	922,010	2,395,177	-	-	-	-
Hire-purchase creditors	799,119	2.58% - 3.25%	867,954	322,959	217,800	184,651	110,879	31,665	-
Term loans	625,093,608	BLR + 2.00% 4.81% SIBOR + 2.50% THBFIX + 2.75%	834,523,937	109,572,885	79,065,268	71,927,069	66,439,542	59,535,451	447,983,722
Payables and accruals, excluding derivatives	124,076,905		124,076,095	102,094,105	21,982,800	-	-	-	-
	932,563,876		1,143,784,463	393,910,439	103,661,045	72,111,720	66,550,421	59,567,116	447,983,722

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

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

(continued)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

Maturity analysis (continued)

Company 30.6.2012	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Within 1 year RM	1 – 2 years RM	> 2 years RM
Non-derivative financial liabilities						
Bankers' acceptance	65,760,000	4.75% - 6.22%	66,425,209	66,425,209	-	-
Revolving credits	10,000,000	5.25%	10,008,630	10,008,630	-	-
Payables and accruals	12,931,554		12,931,554	12,931,554	-	-
Amounts owing to subsidiaries	45,402,069		45,402,069	45,402,069	-	-
	134,093,623		134,767,462	134,767,462	-	-
Financial guarantees	-		6,461,069	6,461,069	-	-

Company 1.7.2011	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Within 1 year RM	1 – 2 years RM	> 2 years RM
Non-derivative financial liabilities						
Bankers' acceptance	57,579,000	4.45% - 5.97%	58,167,180	58,167,180	-	-
Revolving credits	10,000,000	5.20%	10,011,397	10,011,397	-	-
Hire-purchase creditors	103,644	3.25%	105,159	105,159	-	-
Payables and accruals	3,028,963		3,028,963	3,028,963	-	-
Amounts owing to subsidiaries	28,738,002		28,738,002	28,738,002	-	-
	99,449,609		100,050,701	100,050,701	-	-
Financial guarantees	-		8,122,897	8,122,897	-	-

(c) Credit risk

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

The Group's credit risk exposure principally relates to trade receivables, prepayments, and monetary financial assets. At the Company level, credit risk exposure arises principally from amount owing by subsidiaries. The Group does not extend any loans or financial guarantees to external parties except for its own subsidiaries when permitted by lenders. The carrying "construction financing receivables" extended back in financial year 2009 is a one-off event (see Note 23(a)). Credit risk is managed at the respective segments or business entities' level, but Group-wide policies relating to credit control and monitoring such as the following are set centrally.

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

(continued)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

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

The Group's and the Company's major classes of financial assets are as disclosed in Note 37 to the financial statements and the credit analysis of these are presented in the tables and notes below.

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

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

				Past due not impaired					
Group	Total RM	Impaired RM	Neither past due nor impaired RM	< 30 days RM	31 – 60 days RM	61 – 90 days RM	91 -180 days RM	> 181 days RM	Total past due not impaired RM
At 30 June 2012									
Trade receivables	222,567,018	41,412,219	132,017,036	40,299,665	4,817,480	1,274,406	672,487	2,073,725	49,137,763
Other receivables	21,604,005	9,147,117	12,456,888	-	-	-	-	-	-
Deposits	400,158	-	400,158	-	-	-	-	-	-
Construction financing	22,493,996	5,750,000	16,743,996	-	-	-	-	-	-
Derivative financial asset	43,122	-	43,122	-	-	-	-	-	-
	267,108,299	56,309,336	161,661,200	40,299,665	4,817,480	1,274,406	672,487	2,073,725	49,137,763

				Past due not impaired					
Group	Total RM	Impaired RM	Neither past due nor impaired RM	< 30 days RM	31 – 60 days RM	61 – 90 days RM	91 -180 days RM	> 181 days RM	Total past due not impaired RM
At 1 July 2011									
Trade receivables	139,221,479	7,520,824	102,825,251	15,872,712	7,662,047	4,628,679	577,281	134,685	28,875,404
Other receivables	27,476,935	1,648,671	25,828,264	-	-	-	-	-	-
Deposits	453,912	-	453,912	-	-	-	-	-	-
Construction financing	22,526,008	-	22,526,008	-	-	-	-	-	-
Derivative financial asset	4,870,610	-	4,870,610	-	-	-	-	-	-
	194,548,944	9,169,495	156,504,045	15,872,712	7,662,047	4,628,679	577,281	134,685	28,875,404

(continued)

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

(c) **Credit risk** (continued)

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

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

Company	Total RM	Impaired RM	Neither past due nor impaired RM	Past due not impaired < 30 days RM	31 – 60 days RM	61 – 90 days RM	91 -180 days RM	> 181 days RM	Total past due not impaired RM
At 30 June 2012									
Trade receivables	40,390,579	429,483	34,689,581	5,002,525	156,785	112,205	-	-	5,271,515
Other receivables	360,248	-	360,248	-	-	-	-	-	-
Deposits	80,856	-	80,856	-	-	-	-	-	-
Amounts owing by subsidiaries	268,828,839	76,722,423	192,106,416	-	-	-	-	-	-
	309,660,522	77,151,906	227,237,101	5,002,525	156,785	112,205	-	-	5,271,515

Company	Total RM	Impaired RM	Neither past due nor impaired RM	Past due not impaired < 30 days RM	31 – 60 days RM	61 – 90 days RM	91 -180 days RM	> 181 days RM	Total past due not impaired RM
At 1 July 2011									
Trade receivables	32,291,683	429,483	26,111,817	5,536,105	195,736	18,542	-	-	5,750,383
Other receivables	353,924	-	353,924	-	-	-	-	-	-
Deposits	147,359	-	147,359	-	-	-	-	-	-
Amounts owing by subsidiaries	243,448,735	72,551,000	170,897,735	-	-	-	-	-	-
	276,241,701	72,980,483	197,510,835	5,536,105	195,736	18,542	-	-	5,750,383

(continued)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

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

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

None of the Group's and the Company's receivables in this category have been negotiated during the financial year, except for a construction financing originally amounted to RM23 million which has been substantially impaired over the years. The balance unimpaired amount of RM4.7 million represents the estimated minimum likely recoverable from the debtor. Refer Note 23(a) for further details.

The Company's receivables include amount due from subsidiaries which are non-trade in nature, except as disclosed in Note 4(c)(iii). In the absence of a repayment date and interest charge, these outstanding are in substance the Company's long term source of capital in the subsidiaries. These are not aged but are still subject to annual impairment review. For the reporting period ended, the Directors are of the view that these outstanding are recoverable as the counterparty subsidiaries have or will have the ability to repay the amount upon demand by the Company.

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

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

About 60% of the trade receivables in value reported in this category relate to the steel businesses. Of the total steel businesses' overdue outstanding of RM32.5 million, about RM26 million is backed by corporate guarantees and indemnities. Despite the stretched aging which reflects the norm of the industries, these amounts even at late aging are usually collected in full as about 90% of the counterparties have been with the Group/Company for three years and above. As of the approval date of the financial statements, the Group has received 100% on the outstanding amounts from these customers subsequent to the reporting date.

(iii) Financial assets that are impaired

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

At the Group level, specific credit impairment were made by the power generation subsidiary on trade receivables attributed to one of its power off-taker (RM315 million) in full and to its sole steam off-taker (RM1.7 million) in part. Even though the affected power off-taker has stopped operations and consumption of power since end 2011, the power subsidiary continues to invoice the said customer "capacity energy charges" in exercising its contractual rights. These invoices are not taken-up as revenue in the Statements of Profit or Loss on the grounds of improbable inflow of future economic benefits (see Note 6). Accordingly, the corresponding impairment is also not reflected in the Statements of Profit or Loss. The steam off-take is a key element for green credits relating to the power generation subsidiary's operation. The steam off-taker's payment has been sporadic and its cash-flow indicates a degree of strain. In this regard, an impairment of RM1.7 million was made for the financial period to reflect the credit erosion. There were no credit impairments made on trade receivables for the steel segments/subsidiaries over the reporting period as the prospect of recovery is high.

(continued)

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

(c) **Credit risk** (continued)

(iii) Financial assets that are impaired (continued)

The contract financing extended to the sole steam off-taker in the past by another subsidiary is further impaired by RM11.2 million for the same reasons mentioned above. See Note 23(a).

The Company made an impairment of RM6.7 million on amount owing by one of its subsidiaries as the same is unlikely to be recoverable.

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

	Trade receivables RM	Other receivables RM	Construction financing RM	Total RM
Group				
At 30 June 2013				
At gross amounts	344,424,011	9,150,462	16,968,750	370,543,223
Less: Accumulated impairment	(344,424,011)	(9,150,462)	(16,968,750)	(370,543,223)
	-	-	-	-
Accumulated impairment:				
At 1 July	41,412,219	9,147,117	5,750,000	56,309,336
Impairment charged for the financial year;				
(i) against revenue	299,296,264	-	-	299,296,264
(ii) as impairment expense	3,715,528	3,345	11,218,750	14,937,623
At 30 June	344,424,011	9,150,462	16,968,750	370,543,223
At 30 June 2012				
At gross amounts	41,412,219	9,147,117	5,750,000	56,309,336
Less: Accumulated impairment	(41,412,219)	(9,147,117)	(5,750,000)	(56,309,336)
	-	-	-	-
Accumulated impairment:				
At 1 July	7,520,824	1,648,671	-	9,169,495
Impairment charged for the financial year;				
(i) against revenue	16,638,102	-	-	16,638,102
(ii) as impairment expense	24,327,533	9,147,117	5,750,000	39,224,650
Impairment reversal	(7,074,240)	(1,648,671)	-	(8,722,911)
At 30 June	41,412,219	9,147,117	5,750,000	56,309,336

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

(c) Credit risk (continued)

(iii) Financial assets that are impaired (continued)

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

	Trade receivables RM	Amounts owing by subsidiaries RM	Total RM
Company			
At 30 June 2013			
At gross amounts	429,483	83,397,923	83,827,406
Less: Accumulated impairment	(429,483)	(83,397,923)	(83,827,406)
	-	-	-
Accumulated impairment:			
At 1 July	429,483	76,722,423	77,151,906
Impairment charge for the financial year	-	6,675,500	6,675,500
At 30 June	429,483	83,397,923	83,827,406
At 30 June 2012			
At gross amounts	429,483	76,722,423	77,151,906
Less: Accumulated impairment	(429,483)	(76,722,423)	(77,151,906)
	-	-	-
Accumulated impairment:			
At 1 July	429,483	72,551,000	72,980,483
Impairment charge for the financial year	-	4,171,423	4,171,423
At 30 June	429,483	76,722,423	77,151,906

(d) Interest rate risk

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

The Group's interest bearing financial instruments are mainly its borrowings. As at the reporting date, the Group's floating-rate to fixed-rate borrowing ratio (before any interest-rate hedging) is around 2.4:1 (the preceding period was 2.3:1) mainly due to the power generation subsidiary's project financing loan at floating-rate.

This ratio would be significantly fixed-rate bias if the subsidiary's floating-to-fixed interest rate swap under its Interest Rate Swap (IRS) hedging instrument is taken into the equation. The fair valuation of the IRS and its impact to profit or loss represents its hedging intent. The fixed rate borrowings are mainly trade facilities by its steel subsidiaries to finance raw material purchases and credit sales with frequent re-pricing every 2 to 3 months. Despite the frequent re-pricing, the rates have been relatively stable for the entire reporting period.

(continued)

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

(d) **Interest rate risk** (continued)

The Group and the Company have insignificant interest bearing assets which comprised mainly of fixed interest bearing short-term deposits and money market placements subject to frequent but relatively stable re-pricing.

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

Details of the borrowings are as follows:

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Fixed rate borrowings:				
Unhedged	235,017,932	249,818,353	75,572,356	75,760,000
Advances received from customers	6,000,000	-	-	-
Floating rate borrowings:				
Hedged	557,374,519	545,657,742	-	-
Unhedged	10,468,730	25,878,151	-	-
	808,861,181	821,354,246	75,572,356	75,760,000

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

	Group RM	Company RM
	Increase/(Decrease)	
2013		
Impact to profit after tax:		
Borrowings denominated in RM	(34,907)	-
Borrowings denominated in USD	(43,608	-
2012		
Impact to profit after tax:		
Borrowings denominated in RM	(48,458)	-
Borrowings denominated in USD	(145,628)	-

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

(continued)

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Foreign currency exchange risk

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

The Group's exposure to foreign currency risk principally arises from its purchases of raw materials and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The Group's sales denominated in foreign currencies are insignificant.

As a policy, the Group would seek natural hedge methods to mitigate its FX exposure before incepting any derivative as hedging instrument. The Group mainly use forward exchange contracts to hedge its foreign currency risk.

The Group did not apply hedge accounting.

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

Group

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

(continued)

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

(e) **Foreign currency exchange risk (**continued)

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

	From SGD	From USD	From EUR	Total
Group				
At 30 June 2012				
Functional Currency RM				
Financial assets				
Trade and other receivables	4,792,418	50,945,029	150,758	55,888,205
Cash and bank balances	-	7,619,005	-	7,619,005
Forward foreign currency exchange contract (gross settled)	-	-	3,295,069	3,295,069
	4,792,418	58,564,034	3,445,827	66,802,279
Financial liabilities				
Trade and other payables	-	(34,982,636)	-	(34,982,636)
Borrowings	-	(19,417,082)	(14,926,379)	(34,343,461)
	-	(54,399,718)	(14,926,379)	(69,326,097)
Net currency exposure	4,792,418	4,164,316	(11,480,552)	(2,523,818)
Functional currency - THB				
Financial liability				
Trade and other payables	-	(7,055,068)	-	(7,055,068)
Net currency exposure	-	(7,055,068)	-	(7,055,068)

(continued)

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

(e) **Foreign currency exchange risk (**continued)

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

Company

	From SGD	From USD	Total
At 30 June 2013			
Functional currency - RM			
Financial asset			
Trade receivables	4,717,205	183,785	4,900,990
At 30 June 2012			
Functional currency - RM			
Financial asset			
Trade receivables	4,792,418	-	4,792,418

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

Group

	2013	2012
	Increase/(decrease)	
Impact to loss after tax:		
RM against SGD	(106,137)	(107,830)
RM against USD	613,555	(93,697)
RM against EURO	207,166	258,313
THB against USD	174,754	158,739

Company

	2013	2012
Impact to loss after tax:		
RM against SGD	(106,137)	(107,830)
RM against USD	(4,136)	-

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

(continued)

5 FAIR VALUE

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables (including non-trade amounts due to / from group companies) except as disclosed in Note 23 and Note 29.

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2013				
Asset				
Foreign currency exchange forward contract	-	173,447	-	173,447
Liability				
Interest rate swap	-	(2,790,260)	-	(2,790,260)
2012				
Asset				
Foreign currency exchange forward contract	-	43,122	-	43,122
Liability				
Interest rate swap	-	(1,312,432)	-	(1,312,432)

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

The fair value of foreign currency exchange forward contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value if material. The fair value of the Interest Rate Swap (IRS) is determined using benchmark forward interest yield against the fixed rate on future swap points and discounted back to present value. Reliance is made on the IRS's fair value as provided by the counterparty bank since the same represents the redemption sum of the instrument.

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

- Foreign currency forward exchange contracts in positive marked-to-market fair value which are reported as financial assets
- Interest rate swap contract in negative fair value which is reported as a financial liability

(continued)

6 REVENUE

	Group 2013 RM	Group 2012 RM Restated	Company 2013 RM	Company 2012 RM
Sale of goods	752,014,852	640,740,152	250,731,347	211,416,434
Sale of electricity and steam	217,117,663	243,372,117	-	-
Consultancy and project services	4,644,916	14,780,529	-	-
Processing service income	3,770,895	5,793,201	862,656	1,146,230
	977,548,326	904,685,999	251,594,003	212,562,664

The Group's power generation subsidiary's billings on "capacity energy charges" to one of its customers (that has stopped production and power up-take since 2011) has not been taken up in "Revenue" for the current financial year on the grounds that it is improbable that any future economic benefits will flow-in arising from the same. Nevertheless, the power generation subsidiary will continue to exercise its contractual rights on "capacity energy charges" billings. The comparative figures for the previous financial year with regards to the aforementioned have been restated as follows:

	As previously stated	Adjustment	Restated
Financial year ended 30/06/12			
Revenue	921,324,101	(16,638,102)	904,685,999
Impairment loss on trade receivables	(40,965,635)	16,638,102	(24,327,533)

7 OTHER OPERATING (LOSS)/INCOME

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Net (loss) / gain on disposals:				
- property, plant and equipment	(628,988)	63,251	2,277	26,800
- non-current asset held-for-sale	-	112,372	-	-
- financial assets at fair value through profit or loss	-	(47,352)	- -	
Rental income	-	-	3,924,000	3,924,000
Net realised foreign exchange (loss) / gain	(1,424,576)	(6,419)	(151,769)	(37,276)
Net unrealised foreign exchange gain	332,326	964,986	57,756	55,450
Management fees	-	-	600,000	600,000
Marketing fees	-	-	2,427,090	2,007,000
Fair value gain on investment properties (Note 14)	-	-	3,250,000	850,000
Others	59,621	207,306	7,000	1,859
	(1,661,617)	1,294,144	10,116,354	7,427,833

(continued)

8 (LOSS) / PROFIT BEFORE TAX

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
The following expenses have been charged/(credited) in arriving at (loss)/profit before tax:				
Auditors' remuneration:				
- current financial year	423,406	328,900	60,500	66,500
- under accrual in the prior year	196,856	275,535	136,520	169,049
Property, plant and equipment (Note 13):				
- depreciation	49,214,441	49,093,732	355,064	353,366
- write-offs	48,600	1,064,359	-	23,189
- impairment losses/(write back of impairment losses) - net	63,308,483	11,039,327	(1,454)	82,049
- loss/(gain) on disposal	628,988	(63,251)	(2,277)	(26,800)
Changes in inventories of finished goods and work in progress	13,821,709	(9,047,377)	-	-
Amortisation of intangible assets (Note 18)	932,564	3,134,748	-	-
Staff costs (excluding directors remuneration)	26,480,612	25,281,457	1,324,555	1,296,585
Rental of building	445,452	659,763	115,327	257,276
Realised foreign exchange loss	1,424,576	6,419	151,769	37,276
Unrealised foreign exchange gain	(332,326)	(964,986)	(57,756)	(55,450)
Impairment losses:				
- intangible assets	16,267,365	40,624,746	-	-
- inventories	-	305,949	-	-
- investment in subsidiaries (Note 15)	-	-	583,723	11,921,541
- available-for-sale financial assets (Note 20)	15	-	-	-
- trade receivables	3,715,528	24,327,533	-	-
- other receivables / construction financing	11,222,095	14,897,117	-	-
- amount owing by a subsidiary (Note 25)	-	-	6,675,000	4,171,423
Loss on disposal of financial asset at fair value through profit or loss	-	47,352	-	-
Inventories written off	-	5,197	-	-

Staff costs of the Group and of the Company include contributions to Employee Provident Fund of RM2,702,488 (2012: RM2,439,572) and RM281,860 (2012: RM277,969) respectively.

Direct operating expenses arising from investment properties that generate rental income are nil (2012: nil) for the Group and RM776,610 (2012: RM662,968) for the Company.

(continued)

9 FINANCE INCOME AND COSTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Finance income:				
Interest on deposits with financial institutions	(754,878)	(1,006,832)	(397,264)	(389,499)
Gain on a restructured liability (Note 28)	-	(1,322,688)	-	-
Net foreign exchange (gain) / loss:				
- realised	(341,624)	(274,716)	-	-
- unrealised	2,738	248,480	-	-
Total finance income	(1,093,764)	(2,355,756)	(397,264)	(389,499)
Finance costs:				
Interest on borrowings	91,278,376	42,541,259	1,676,356	1,239,511
Interest on hire purchase	66,303	39,435	4,069	1,515
Interest on advances received from customers	376,336	1,657,021	-	-
Interest on others	-	2,362	-	-
Interest expense	91,721,015	44,240,077	1,680,425	1,241,026
Amortisation of deferred financing fees	2,208,393	2,180,670	-	-
Loss on a restructured construction financing (Note 23)	736,326	506,004	-	-
Unwinding of fair value arising from restructured liability (Note 28)	(1,101,633)	2,013,050	-	-
Fair value loss/(gain) on derivatives:				
- interest rate swap	3,757,245	5,896,164	-	-
- foreign currency exchange forward contract	(173,447)	(43,122)	-	-
Net foreign exchange (gain)/loss:				
- realised	(406,848)	2,085,515	-	-
- unrealised	228,389	880,089	-	-
Total finance costs	96,969,440	57,758,447	1,680,425	1,241,026
Net finance costs	95,875,676	55,402,691	1,283,161	851,527

Interest on borrowings for financial year 2013 is substantially higher due to default interest charged amounting to RM46.9 million imputed on a subsidiary, Siam Power Generation Public Company Ltd.

(continued)

10 DIRECTORS' REMUNERATION

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-executive Directors:				
- fees	752,692	713,842	236,097	223,200
- allowances	117,746	116,000	73,246	77,000
Executive Directors:				
- salaries and bonuses	3,196,820	3,160,005	2,781,308	2,704,002
- estimated monetary value of benefits-in-kind	78,800	78,200	78,800	78,200
- defined contribution plan – contributions	436,810	424,013	417,210	405,613
	4,582,868	4,492,060	3,586,661	3,488,015

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

	Number of Directors	
	2013	2012
Executive Directors:		
RM600,000 – RM650,000	-	-
RM650,000 – RM700,000	1	1
RM1,000,000 – RM1,050,000	1	1
RM1,300,000 – RM1,350,000	-	-
RM1,350,000 – RM1,450,000	1	1
Non-executive Directors:		
Less than RM50,000	9	3
RM50,001 – RM100,000	1	3

11 TAXATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current tax:				
- Malaysian income tax	2,724,608	1,052,568	1,566,019	560,358
- under accrual in the prior years	203,419	171,373	33,567	2,584
Deferred taxation (Note 19)	4,358,649	(4,408,677)	932,750	314,309
Tax expense / (credit)	7,286,676	(3,184,736)	2,532,336	877,251

(continued)

11 TAXATION (continued)

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

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate				
(Loss)/profit before tax	(208,425,236)	(152,130,208)	1,968,576	(13,963,800)
Tax calculated at the Malaysian tax rate of 25% (2012: 25%)	(52,106,309)	(38,032,552)	492,144	(3,490,950)
Tax effects of:				
- expenses not deductible for tax purposes	59,260,345	33,171,964	2,006,625	4,370,540
- income not subject to tax	(24,066)	(575,288)	-	(4,923)
- tax incentive obtained for double deduction	(118,009)	(100,624)	-	-
- deferred tax assets not recognised	71,296	2,180,391	-	-
- under / (over) accrual in the prior years	203,419	171,373	33,567	2,584
Tax expense / (credit)	7,286,676	(3,184,736)	2,532,336	877,251

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

Companies with Section 108 credits as at 30 June 2013 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013, whichever is earlier unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act, 2007.

As at 30 June 2013, subject to agreement with the tax authorities, the Company has sufficient Section 108 credits and tax exempt income to pay in full all of its retained earnings as franked and exempt dividends respectively.

12 LOSS PER SHARE

(a) Basic loss per share

	Group	
	2013 RM	**2012 RM**
Loss attributable to equity holders of the Company	(214,959,675)	(138,094,513)
Number of ordinary shares in issue at beginning of financial year after deducting treasury shares	225,522,808	225,522,808
Weighted average number of ordinary shares	225,522,808	225,522,808
Basic loss per share (sen)	(95.32)	(61.23)

(continued)

12 LOSS PER SHARE

(b) Diluted loss per share

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

13 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Power plant RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
2013								
Cost / valuation								
At 1 July 2012								
- Deemed cost	-	-	-	-	-	11,962,585	112,668	12,075,253
- Valuation	59,920,636	49,097,768	100,757,468	254,886,211	744,373,223	-	-	1,209,035,306
	59,920,636	49,097,768	100,757,468	254,886,211	744,373,223	11,962,585	112,668	1,221,110,559
Additions	-	-	-	4,261,653	21,088	2,153,958	536,464	6,973,163
Disposals	-	-	-	(893,010)	-	(630,435)	-	(1,523,445)
Write-offs	-	-	-	(46,941)	-	(10,514)	-	(57,455)
Revaluation during the financial year	4,250,000	5,095,390	1,424,504	(27,812)	-	-	-	10,742,082
Effects of elimination of accumulated depreciation on revaluation	-	-	(1,865,801)	(11,942,494)	-	-	-	(13,808,295)
Currency translation differences	-	480,613	-	-	13,095,880	14,058	-	13,590,551
At 30 June 2013	64,170,636	54,673,771	100,316,171	246,237,607	757,490,191	13,489,652	649,132	1,237,027,160
Accumulated depreciation								
At 1 July 2012	-	-	2,962,870	11,159,526	46,879,147	7,104,913	-	68,106,456
Charge for the financial year	-	-	4,784,459	11,938,754	31,541,973	949,255	-	49,214,441
Disposals	-	-	-	(183,495)	-	(435,922)	-	(619,417)
Write-offs	-	-	-	(5,008)	-	(3,847)	-	(8,855)
Effects of elimination of accumulated depreciation on revaluation	-	-	(1,865,801)	(11,942,494)	-	-	-	(13,808,295)
Currency translation differences	-	-	26,234	-	1,008,957	12,340	-	1,047,531
At 30 June 2013	-	-	5,907,762	10,967,283	79,430,077	7,626,739	-	103,931,861
Accumulated impairment loss								
At 1 July 2012	-	-	890,224	18,287,592	-	112,694	-	19,290,510
(Write back)/charge for the financial year (Note 8)	-	-	(718,552)	145,139	63,881,896	-	-	63,308,483
Currency translation differences	-	-	-	-	393,308	-	-	393,308
At 30 June 2013	-	-	171,672	18,432,731	64,275,204	112,694	-	82,992,301
Net book value								
At 30 June 2013	64,170,636	54,673,771	94,236,737	216,837,593	613,784,910	5,750,219	649,132	1,050,102,998

(continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant, machinery and electrical installation RM	Power plant RM	Motor vehicles, furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
2012								
Cost / valuation								
At 1 July 2011	55,776,771	48,981,325	96,250,304	264,485,017	729,438,495	12,522,080	1,265,581	1,208,719,573
Additions	-	-	494,807	4,771,220	107,586	870,071	(317,251)	5,926,433
Power plant decommissioning cost	-	-	-	-	1,567,602	-	-	1,567,602
Disposals	-	-	-	-	(172,241)	(1,423,099)	-	(1,595,340)
Write-offs	-	-	-	(1,066,708)	-	(25,178)	-	(1,091,886)
Reclassification of assets under work-in-progress, now completed	-	-	-	835,662	-	-	(835,662)	-
Revaluation during the financial year	3,700,000	116,443	6,869,445	172,270	-	3,953	-	10,862,111
Elimination of accumulated depreciation on revaluation	-	-	(1,776,255)	(12,018,190)	-	-	-	(13,794,445)
Currency translation differences	443,865	-	(150,485)	-	13,431,781	14,758	-	13,739,919
At 30 June 2012	59,920,636	49,097,768	101,687,816	257,179,271	744,373,223	11,962,585	112,668	1,224,333,967
Accumulated depreciation								
At 1 July 2011	-	-	60,080	10,706,297	15,428,220	7,502,897	-	33,697,494
Charge for the financial year	-	-	4,654,885	12,498,680	31,048,274	891,893	-	49,093,732
Disposals	-	-	-	-	-	(1,303,016)	-	(1,303,016)
Write-offs	-	-	-	(27,261)	-	(266)	-	(27,527)
Elimination of accumulated depreciation on revaluation	-	-	(1,776,255)	(12,018,190)	-	-	-	(13,794,445)
Currency translation differences	-	-	24,160	-	402,653	13,405	-	440,218
At 30 June 2012	-	-	2,962,870	11,159,526	46,879,147	7,104,913	-	68,106,456
Accumulated impairment loss								
At 1 July 2011	-	-	890,224	10,577,517	22,590,792	6,850	-	34,065,383
Charge for the financial year (Note 8)	-	-	930,348	10,003,135	-	105,844	-	11,039,327
Reclassification to intangible assets (Note 18)*	-	-	-	-	(22,590,792)	-	-	(22,590,792)
At 30 June 2012	-	-	1,820,572	20,580,652	-	112,694	-	22,513,918
Net book value At 30 June 2012	59,920,636	49,097,768	96,904,374	225,439,093	697,494,076	4,744,978	112,668	1,133,713,593
Net book value At 1 July 2011	55,776,771	48,981,325	95,300,000	243,201,203	691,419,483	5,012,333	1,265,581	1,140,956,696

**Reclassification of accumulated impairment loss amounting to RM22.6 million to intangible assets during the financial year.*

(continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Total RM
2013				
Cost / valuation				
At 1 July 2012	111,322	1,176,454	3,545,288	4,833,064
Additions	-	-	513,340	513,340
Disposals	-	-	(221,468)	(221,468)
Revaluation during the financial year	-	16,248	-	16,248
Elimination of accumulated depreciation on revaluation	-	(77,702)	-	(77,702)
At 30 June 2013	111,322	1,115,000	3,837,160	5,063,482
Accumulated depreciation				
At 1 July 2012	-	-	2,056,400	2,056,400
Charge for the financial year	-	77,702	277,362	355,064
Disposals	-	-	(183,082)	(183,082)
Elimination of accumulated depreciation on revaluation	-	(77,702)	-	(77,702)
At 30 June 2013	-	-	2,150,680	2,150,680
Accumulated impairment				
At 1 July 2012	-	1,454	80,595	82,059
Write back for the financial year	-	(1,454)	-	(1,454)
At 30 June 2012	-	-	80,595	80,595
Net book value				
At 30 June 2013	111,322	1,115,000	1,605,885	2,832,207

(continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land RM	Plant, machinery and electrical installation RM	Motor vehicles, furniture, fittings and equipment RM	Total RM
2012				
Cost / valuation				
At 1 July 2011	111,322	1,254,000	4,305,243	5,670,565
Additions	-	-	1,488	1,488
Disposals	-	-	(738,254)	(738,254)
Write-off	-	-	(23,189)	(23,189)
Elimination of accumulated depreciation on revaluation	-	(77,546)	-	(77,546)
At 30 June 2012	111,322	1,176,454	3,545,288	4,833,064
Accumulated depreciation				
At 1 July 2011	-	-	2,518,834	2,518,834
Charge for the financial year	-	77,546	275,820	353,366
Disposals	-	-	(738,254)	(738,254)
Elimination of accumulated depreciation on revaluation	-	(77,546)	-	(77,546)
At 30 June 2012	-	-	2,056,400	2,056,400
Accumulated impairment				
At 1 July 2011	-	-	-	-
Charge for the financial year	-	1,454	80,595	82,049
At 30 June 2012	-	1,454	80,595	82,049
Net book value				
At 30 June 2012	111,322	1,175,000	1,408,29	2,694,615
Net book value				
At 1 July 2011	111,322	1,254,000	1,786,409	3,151,731

(continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(i) Valuation of property, plant and equipment

Land and buildings, plant, machinery and electrical installation of the Group's domestic continuing operations were revalued in June 2013 by an independent firm of professional valuers, C H Williams Talhar & Wong Sdn Bhd based on an open market value basis. The revaluation surplus amounting to RM10,742,082 was credited directly to asset revaluation reserve account and its related deferred taxation arising from the revaluation was provided accordingly (Note 19).

Land and buildings, plant, machinery and electrical installation of a domestic discontinued operation were revalued in the current year by an independent firm of professional valuers, Azmi & Co based on a scrap value basis. Refer Note 13(iv) for further details.

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

	Group			Company		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Freehold land	14,189,742	14,189,742	14,189,742	-	-	-
Leasehold land	3,539,671	3,595,967	3,652,411	-	-	-
Buildings	55,351,489	57,093,401	58,835,219	-	-	-
Plant, machinery and electrical installation	163,362,866	171,742,809	179,573,820	-	39,088	98,951
	236,443,768	246,621,919	256,251,192	-	39,088	98,951

Valuation on the power plant (included in land, building, plant and machinery) was carried out in June 2013 by an independent firm of professional valuers in Thailand, Advance Appraisal Co. Ltd, based on open market value basis as a pricing guide in support of its disposal/divestiture effort. The assessed open market value free from encumbrances is THB7,133 million (about RM716 million). However, this basis of valuation is deemed unsuitable for financial reporting due to the compromised state of the power plant's operation, and as such is not taken-up in the financial statements. Instead, the valuation is based on value-in-use calculations as disclosed in Note 13(v).

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

- Freehold land, leasehold land and properties - open market basis by reference to observable prices in an active market or recent market transactions on arm's length terms.
- Plant and machinery - depreciated replacement cost method, which is based on the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

(continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(ii) Assets acquired under hire-purchase arrangements

During the financial year, certain motor vehicles in the Group and the Company amounting to RM1,652,645 and RM266,800 respectively were acquired by means of hire-purchase. As at 30 June 2013, the net book value of the motor vehicles under hire purchase arrangements in the Group and the Company is RM1,638,974 (2012: RM795,015) and RM536,224 (2012: nil) respectively.

(iii) Assets pledged as securities

Freehold land, buildings, plant, machinery, electrical installation of subsidiaries and power plant of a subsidiary with a net book value of RM929 million (2012: RM1,013.6 million) are pledged as securities for certain banking facilities granted to the Group. Refer Note 29 to the financial statements for further details.

(iv) Plant and equipment in a subsidiary, Melewar Steel Mills Sdn Bhd ("MSM")

VIU is not applicable in determining the recoverable amount for plant and equipment for MSM as MSM has temporarily suspended its production. Accordingly, the scrap value of the plant and equipment in MSM is deemed to be its recoverable amount. Based on the valuation report, the scrap value for the plant and equipment is RM2.485 million and an impairment charge amounting to RM346,182 is recognised in the profit or loss during the financial year.

(v) Power plant in a subsidiary, Siam Power Generation Public Company Ltd

The recoverable amounts of the intangible assets and power plant with identifiable assets and liabilities relating to the power generating business ("cash-generating unit" or "CGU") are determined by value-in-use ("VIU") calculations.

The VIU was determined by discounting the future cash flows to be generated from the continuing use of the power plant, after taking into account the power plant construction cost, based on management's cash flows projections on its sale of electricity and steam for the remaining 23 years (2012:24 years) from Year 2013 to 2035 (2012: Year 2012 to 2035). Management believes that a period greater than 5 years is used for the cash flows projections as the income derived for the extended period is supported by its power purchase agreements ("PPA") and Steam Sales Agreement ("SSA"), both of which have a useful life of 25 years.

The cash flows projections took into consideration the current Gross Domestic Product and inflation growth rates for similar industry in Thailand.

Management has applied the following key contractual items in deriving the present value of the cash flows attributable to the intangible assets and power plant:

	30.6.2013	**30.6.2012**
Remaining useful lives of PPA and SSA	23 years	24 years
Contracted capacity	160 MW	160MW
Average load factor	90%	90%
Capacity rate (RM / kW / month)*	30	30
Energy generation (per month)	97,382MWh	97,382MWh
Energy price (RM / kW / hour)*	0.17	0.25
Steam sales (ton / hour)		
1 – 3 years	10	16
3 years onwards	20	20
Steam price (RM / ton)*		
1 – 3 years	8	36
3 years onwards	48	48

* denominated in Thai Baht and translated using the closing rate as at 30 June 2013/2012 respectively.

(continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(v) Power plant in a subsidiary, Siam Power Generation Public Company Ltd (continued)

(a) One of the two customers ("Affected Customer") of a foreign subsidiary, Siam Power Generation Public Company Ltd, ("Siam Power"), with a contractual commitment to purchase 44% of Siam Power's power output, has difficulty to continue as a going concern and ceased operations in December 2011. During the financial year, the corporate restructuring exercise of the Affected Customer is still in progress and has restructured certain debt obligations. Based on the Affected Customer's reply to the Stock Exchange of Thailand on 14 August 2013, it had successfully raised funds from rights offering during the 1st quarter of 2013, and is expected to commence operations in the near term but without specifying a date.

(b) The Energy regulation in Thailand allows small power plant producers ("SPP") to sell power to the Other Customer at not more than 90 MW. The regulatory authority of Thailand had in early 2013 approved in principal for the Other Customer to purchase excess power above the present threshold from SPPs on a non-firm basis. However, the finalisation of the same is still outstanding as at the date of this report.

(c) The sole customer ("Sole Customer") of the steam offtake is still experiencing financial difficulties as its newly contracted customers are just starting up amid a recessionary condition in Thailand. The Sole Customer reported that it is in negotiations to sign-up additional new customers soon.

Cash flows projections

Management's judgment is involved in estimating the future cash flows of the CGU. The VIU is sensitive to, amongst others, the following key assumptions which are consistently applied unless otherwise indicated:

(i) A pre-tax discount rate of 9.70% (2012: 9.36%) per annum was applied over the period of the cash flows projections.

(ii) Energy sales to the Affected Customer is at the minimum level of 40MW of the contracted capacity of 70MW commencing from July 2014 to June 2015; ramping up to 50 MW from July 2015 to June 2016, and at 60MW from July 2016 onwards. Normalised payment is assumed at 30 days from billing date.

(iii) As the Affected Customer's corporate restructuring exercise is on-going, capacity charge is not taken-up as revenue or contribution to cash-flows until from July 2014.

(iv) As the Sole Customer is facing financial difficulties, payment is not taken-up / deferred until from July 2014. Normalised payment is assumed at 30 days from billing date.

(v) Excess power is not taken up by the Other Customer.

(vi) Rate charges are based on the respective contracted rates with escalation allowances for permissible pass-through cost hike such as gas prices.

(vii) A present value on the plant's estimated residue scrap metal of THB215 million (about RM21.6 million) is taken into the computation.

Based on the above, the VIU is determined to be at around THB6,101 million (RM613.8 million; 2012: THB7,014 million) which resulted in an impairment charge on intangibles assets of THB 163 million (RM16.3 million; 2012: RM 40.6 million) and on the power plant and equipment of THB635.5 million (RM63.9 million; 2012 RM7.7 million) for this reporting period. The intangible assets' impairment for this period represents the balance of its carried forward net book value. Refer to Note 18.

In comparison, the VIU of the power plant is about 14.5% lower than its open market valuation as disclosed in Note 13(i).

(continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(v) Power plant in a subsidiary, Siam Power Generation Public Company Ltd (continued)

Cash flows projections (continued)

The sensitivity of the key assumptions above is set out below:

- If the discount rate increases by 1% (10.7% per annum instead of 9.7% per annum), the intangible assets will be fully impaired and power plant will be impaired by RM110.5 million;
- Based on (ii) above, if the energy sales to the Affected Customer is delayed by another 3 months from 1 July 2014, the intangible assets will be fully impaired and the power plant will be impaired by RM75.6 million;
- Based on (ii) above, if the energy sales to the Affected Customer is lesser by 2MW for each of the assumed minimum levels (i.e. 40MW, 50 MW, and 60 MW), the intangible assets will be fully impaired and the power plant will be impaired by RM103.8 million;
- Based on (iv) above, If payment on the steam sales to the Sole Customer is delayed by another 3 months from 1 July 2014, the intangible assets will be fully impaired and the power plant will be impaired by RM103.6 million

14 INVESTMENT PROPERTIES

	Group			Company		
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**	**30.6.2013 RM**	**30.6.2012 RM**	**1.7.2011 RM**
At 1 July	-	-	-	69,300,000	68,450,000	64,650,000
Fair value gain during the financial year (Note 7)	-	-	-	3,250,000	850,000	3,800,000
At 30 June	-	-	-	72,550,000	69,300,000	68,450,000

The investment properties of the Company were revalued in June 2013 by an independent firm of professional valuers, C H Williams Talhar & Wong Sdn Bhd, based on open market value.

15 INVESTMENTS IN SUBSIDIARIES

	Company		
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2012 RM**
Investment in subsidiaries at cost:			
- Quoted shares	47,058,461	47,058,461	47,058,461
- Unquoted shares	142,195,025	142,195,025	142,195,025
	189,253,486	189,253,486	189,253,486
Less: Accumulated impairment losses	(33,485,531)	(32,901,808)	(20,980,267)
	155,767,955	156,351,678	168,273,219
Market value of quoted shares	27,301,334	30,226,477	57,040,288

(continued)

15 INVESTMENTS IN SUBSIDIARIES (continued)

The movements of investments in subsidiaries are as follows:

	Company	
	2013	2012
At 1 July	156,351,678	168,273,219
Less: Impairment losses (Note 8)	(583,723)	(11,921,541)
At 30 June	155,767,955	156,351,678

The details of the subsidiaries are as follows:

Name	Principal activities	Group's effective interest 30.6.2013 %	30.6.2012 %	1.7.2011 %
Mycron Steel Berhad ("MSB")(1)	Investment holding and provision of management services to subsidiaries	54.8	54.8	54.8
Melewar Steel Services Sdn Bhd(1)	Investment holding	100.0	100.0	100.0
Melewar Steel Assets Sdn Bhd(1)	Property investment	100.0	100.0	100.0
Melewar Steel Tube Sdn Bhd(1)	Manufacturing of steel pipes and provision of engineering services	100.0	100.0	100.0
Melewar Steel Mills Sdn Bhd ("MSM") (1)	Manufacturing, distributing and trading of steel and iron products	100.0	100.0	100.0
Melewar Integrated Engineering Sdn Bhd(1)	Provision of engineering and technical consultancy services	70.0	70.0	70.0
Melewar Steel Engineering Sdn Bhd ("MSE") (1)	Investment holding	100.0	100.0	100.0
Melewar Industrial Technologies Ltd ("MITL") (2)	Investment holding	100.0	100.0	100.0
Melewar Metro Sdn Bhd	Dormant ("MMSB") (1)	100.0	100.0	100.0
Subsidiaries of MSB				
Mycron Steel CRC Sdn Bhd(1)	Manufacturing and trading of cold rolled steel sheets in coils	54.8	54.8	54.8
Silver Victory Sdn Bhd(1)	Dormant	54.8	54.8	54.8
Subsidiary of MSM				
Melewar Mycrosmelt Technology Ltd(2)	Smelting / billet making technology owner	85.0	85.0	85.0

(continued)

15 INVESTMENTS IN SUBSIDIARIES (continued)

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

Name	Principal activities	Group's effective interest 30.6.2013 %	30.6.2012 %	1.7.2011 %
Subsidiaries of MSE				
M-Power TT Ltd[(1)]	Project management	100.0	100.0	100.0
Mperial Power Ltd ("Mperial")[(1)]	Investment holding	100.0	100.0	100.0
Subsidiary of Mperial				
Siam Power Generation Public Company Ltd ("Siam Power")[(3)]	Power generation	98.4	98.4	96.4
Siam Power Phase 2 Company Ltd ("SPP2")[(4)]	Developing, building, operating and owning power plant(s) in Thailand	99.9	99.9	-
Siam Power Phase 3 Company Ltd ("SPP3")[(4)]	Developing, building, operating and owning power plant(s) in Thailand	100.0	100.0	-
Subsidiary of MITL				
Ausgard Quick Assembly Systems Sdn Bhd[(1)]	Manufacturing and supplying of quick assembly homes	100.0	100.0	100.0
Subsidiary of MITL				
Melbina Builders Ltd[(1)]	Marketing of quick assembly homes in overseas market	100.0	100.0	100.0
Subsidiary of MMSB				
Melewar Metro (Penang) Sdn Bhd[(1)]	Dormant	95.0	95.0	95.0

(1) The entity is incorporated in Malaysia and audited by PricewaterhouseCoopers Malaysia
(2) The entity is incorporated in British Virgin Islands and has no statutory audit requirement
(3) The entity is incorporated in Thailand and audited by a member firm of PricewaterhouseCoopers International Limited
(4) The entity is incorporated in Thailand and audited by a firm other than member firm of PricewaterhouseCoopers International Limited

(continued)

15 INVESTMENTS IN SUBSIDIARIES (continued)

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

In the financial year 2011, MSM, a wholly-owned subsidiary had temporarily suspended its production of billets and reinforcement bars due to escalating raw material price and depressed price of finished goods. Since then, MSM had engaged solely in trading of scrap metal and steel related products. During the financial year, MSM did not resume production due to the continued weak market conditions in the steel industry.

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

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

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

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

(b) Average growth rate of 3.00% (2012: 1.50%) per annum on turnover from year 2013 to year 2017 based on MSB's historical trend;

(c) Perpetual annuity cash flows with no growth from year 2018 onwards;

(d) Pre-tax discount rate of 10.86% (2012: 11.61%) per annum;

As the VIU derived from the cash flows projections above is higher than the cost of investment, there is no impairment loss recognised for the financial year.

The sensitivity of the key assumptions applied in the cash flows projections are as follows:

- Based on (ii)(b), if the average growth rate is 1.00% (instead of 3.00%) per annum, the cost of investment will not be impaired

- Based on (ii)(b), if the pre-tax discount rate is higher by 1% (11.86% instead of 10.86%) per annum, the cost of investment will not be impaired.

16 ASSOCIATES

	Group		
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**
Share of net assets of associates	-	-	-
Unquoted shares at cost	-	-	17,000,000
	-	-	17,000,000
Share of post-acquisition results and reserves	-	-	43,110
	-	-	17,043,110
Less: Accumulated impairment losses	-	-	(7,895,993)
	-	-	9,147,117
Less: Impairment during the financial year (Note 23)	-	-	(9,147,117)
	-	-	-

(continued)

16 ASSOCIATES (continued)

The Group had in 2005 invested RM17 million for a 20% stake in galvanized steel producer from a vendor with certain guaranteed performance under a share sale agreement. This was then recognised as an "investment in an associate". The associate company's performance failed to meet the guaranteed performance, and the Group initiated legal recovery from the vendor in February 2010. The investment was gradually impaired from financial year 2010 based on estimated fair value at each reporting period's closing, and was reclassified to other receivables to reflect its claim against the said vendor at the start of financial year 2011 leading to full impairment by financial year 2012.

Refer to Note 38 of the financial statements on the litigation status against the said vendor.

17 INTEREST IN A JOINTLY CONTROLLED ENTITY

	Group		
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**
Unquoted shares at cost	-	-	-

The movement of interest in a jointly controlled entity is as follows:

	Group		
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**
At 1 July	-	-	4
Less: Disposal during the financial year	-	-	(4)
At 30 June	-	-	-

MSL Enterprise Inc ("MSL"), a company incorporated in the British Virgin Islands on 6 May 2010, was a 50:50 joint venture between Melewar Steel Ventures Ltd ("MSV"), a wholly-owned subsidiary of the Company and Ferum Ltd. MSL was in the business of trading of granite, minerals, iron ore, iron and steel products, and had yet to commence operations since its incorporation.

By virtue of the Group's interest in MSL is held through MSV, MSL was deemed disposed when the Group disposed its entire equity interest in MSV on 24 June 2012.

(continued)

18 INTANGIBLE ASSETS

Group	License rights to operate power plant	Licence rights to use power transmission line and gas interconnecting pipeline	Total
	RM	RM	RM
2013			
Cost			
At 1 July 2012	59,638,932	29,393,647	89,032,579
Currency translation differences	-	630,355	630,355
At 30 June 2013	59,638,932	30,024,002	89,662,934
Accumulated amortisation			
At 1 July 2012	3,337,494	1,382,611	4,720,105
Charge for the financial year	-	932,564	932,564
Currency translation differences	-	29,280	29,280
At 30 June 2013	3,337,494	2,344,455	5,681,949
Accumulated impairment losses			
At 1 July 2012	56,301,438	11,080,100	67,381,538
Charge for the financial year	-	16,267,365	16,267,365
Currency translation differences	-	332,082	332,082
At 30 June 2013	56,301,438	27,679,547	83,980,985
Net book value at 30 June 2013	-	-	-

The Group's intangibles relating to its power subsidiary are fully impaired as at reporting date.

(continued)

18 **INTANGIBLE ASSETS** (continued)

Group	**License rights to operate power plant**	**Licence rights to use power transmission line and gas interconnecting pipeline**	**Total**
	RM	**RM**	**RM**
2012			
Cost			
At 1 July 2011	59,638,932	28,982,640	88,621,572
Currency translation differences	-	411,007	411,007
At 30 June 2012	59,638,932	29,393,647	89,032,579
Accumulated amortisation			
At 1 July 2011	1,118,577	455,102	1,573,679
Charge for the financial year	2,218,917	915,831	3,134,748
Currency translation differences	-	11,678	11,678
At 30 June 2012	3,337,494	1,382,611	4,720,105
Accumulated impairment losses			
At 1 July 2011	4,166,000	-	4,166,000
Reclassification from property, plant and equipment (Note 13)	22,590,792	-	22,590,792
Charge for the financial year	29,544,646	11,080,100	40,624,746
At 30 June 2012	56,301,438	11,080,100	67,381,538
Net book value at 30 June 2012	-	16,930,936	16,930,936
Net book value at 1 July 2011	54,354,355	28,527,538	82,881,893

(a) License rights to operate the power plant

The future revenue of Siam Power Generation Public Company Ltd ("Siam Power"), will be substantially derived from the generation and sale of electricity and generating capacity, which is governed by the license rights to operate the power plant ("license rights") and power purchase agreements ("PPA").

The Group identified the cash flow generated from the license rights and PPA as an intangible asset. The Group notes that the license rights and PPA are recognised as a single asset, in view that both are required for the generation and sale of electricity and generating capacity.

The license rights to operate the power plant is the underlying strength of the Group's cash flow from the generation and sale of electricity and generating capacity, which provide for, inter alia, the electricity tariff, supply, operations and maintenance and all other terms to be met by the Group.

Refer Note 13 for further details on the impairment assessment.

(b) License rights to use power transmission line and gas interconnecting pipeline

The license right to use a power transmission line under the PPA, and the license right to use a gas interconnecting pipeline and metering station under the gas supply agreement ("GSA") comply with the recognition criterion of an intangible asset.

Refer Note 13 for further details on the impairment assessment.

(continued)

19 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 statements of financial position:

	Group			Company		
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**	**30.6.2013 RM**	**30.6.2012 RM**	**1.7.2011 RM**
Deferred tax assets	3,298,010	3,754,293	357,993	-	-	-
Deferred tax liabilities	(36,876,877)	(31,264,201)	(31,214,700)	(16,055,656)	(15,118,752)	(14,804,443)
	(33,578,867)	(27,509,908)	(30,856,707)	(16,055,565)	(15,118,752)	(14,804,443)
At 1 July	(27,509,908)	(30,856,707)	(21,676,199)	(15,118,752)	(14,804,443)	(13,746,656)
Credited/(charged) to the profit or loss (Note 11):						
- property, plant and equipment	4,597,967	66,998	(4,344,582)	(8,713)	10,091	46,462
- investment properties	-	-	-	(924,037)	(324,400)	(1,067,225)
- unutilised reinvestment allowance	-	130,446	(68,497)	-	-	-
- unutilised tax losses	(1,003,372)	3,702,556	(795,014)	-	-	-
- unabsorbed capital allowances	(7,937,605)	576,929	5,513,894	-	-	-
- others	(15,639)	(68,252)	(10,338)	-	-	-
	(4,358,649)	4,408,677	(295,463)	(932,750)	(314,309)	(1,020,763)
(Debited)/credited to asset revaluation reserve:						
- property, plant and equipment	(1,710,310)	(1,061,878)	(9,475,971)	(4,063)	-	(37,024)
	(1,710,310)	(1,061,878)	(9,475,971)	(4,063)	-	(37,024)
	(6,068,959)	3,346,799	(9,180,508)	(936,813)	(314,309)	(1,057,787)
At 30 June	(33,578,867)	(27,509,908)	(30,856,707)	(16,055,565)	(15,118,752)	(14,804,443)

(continued)

19 DEFERRED TAX (continued)

	Group			Company		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Subject to income tax:						
Deferred tax assets (before offsetting):						
- unutilised reinvestment allowance	19,892,460	19,892,460	19,762,014	-	-	-
- unutilised tax losses	9,323,025	10,326,397	6,623,841	-	-	-
- unabsorbed capital allowances	12,850,771	20,788,376	20,211,447	-	-	-
- other payables and accruals	24,938	40,577	61,709	-	-	-
- impairment losses	357,993	357,993	405,113	-	-	-
	42,449,187	51,405,803	47,064,124	-	-	-
Offsetting	(39,151,177)	(47,651,510)	(46,706,131)	-	-	-
Deferred tax assets (after offsetting)	3,298,010	3,754,293	357,993	-	-	-
Deferred tax liabilities (before offsetting):						
- property, plant and equipment	(76,028,054)	(78,915,711)	(77,902,831)	(279,117)	(266,341)	(276,432)
- investment properties	-	-	-	(15,776,448)	(14,852,411)	(14,528,011)
	(76,028,054)	(78,915,711)	(77,902,831)	(16,055,565)	(15,118,752)	(14,804,443)
Offsetting	(36,876,877)	(31,264,201)	46,706,131	-	-	-
Deferred tax liabilities (after offsetting)	(36,876,877)	(31,264,201)	(31,214,700)	(16,055,565)	(15,118,752)	(14,804,443)

The amount of unutilised tax losses, unutilised reinvestment allowance and unabsorbed capital allowances (all of which have no expiry dates) for which no deferred tax assets is recognised in the statements of financial position are as follows:

	Group		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Tax losses	-	-	17,515,340
Reinvestment allowance	1,897,000	1,897,344	1,897,344
Capital allowances	11,662,758	11,662,758	11,662,758

(continued)

20 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	Group			Company		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Investment in unquoted shares in Malaysia	-	15	15	-	-	-

The movements of available-for-sale financial assets are as follows:

	Group			Company		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
At 1 July	15	635,223	635,223	-	317,604	317,604
Less: Impairment loss (Note 8)	(15)	(635,208)	(635,208)	-	(317,604)	(317,604)
At 30 June	-	15	15	-	-	-

An available-for-sale financial asset held by a subsidiary of the Group (RM317,604) and by the Company (RM317,604) being an unquoted investment of a discontinued operation was fully impaired in 2011 and was disposed in the current financial year. The Group's another available-for-sale financial asset (RM15) being an unquoted investment was also impaired in the current financial year as it is deemed irrecoverable

21 DERIVATIVES

	Group		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Non-current asset			
Interest rate swap	-	-	3,365,076
Current assets			
Forward foreign currency exchange contract	173,447	43,122	286,878
Interest rate swap	-	-	1,218,656
	173,447	43,122	1,505,534
Total	173,447	43,122	4,870,610
Current liability			
Interest rate swap	(2,790,260)	(1,312,432)	-

(continued)

21 **DERIVATIVES** (continued)

(a) Foreign currency exchange forward contract

During the financial year, the Group entered into a forward foreign currency exchange contract to manage its foreign currency exchange exposure arising from future repayment of borrowings denominated in EURO. The notional principal amount of the forward foreign currency exchange contract was EUR0.8 million (approximately RM3.1 million). The fair value of the forward foreign currency exchange contract, amounting to RM173,447 (2012: RM43,122) is determined using forward mark-to-market rate if contracted for the same notional amount at the reporting date. The method and assumptions applied in determining the fair value of the forward foreign currency exchange contract are disclosed in Note 5 to the financial statements.

(b) Interest rate swap

During the financial year, the Group entered into an Interest Rate Swap ("IRS") contract to manage the interest rate exposure arising from the long-term borrowing of a foreign subsidiary. The IRS contract covers from inception on 31 December 2010 to 31 December 2013 for a notional amount of THB5.5 billion (2012:THB5.5 billion). As the reporting date, the fair value of the IRS contract is an unfavourable position of approximately RM2.8 million (2012: derivative financial liabilities amounting to RM1.3 million) and it is presented in the financial statements as at 30 June 2013 under current financial liabilities. As a non-adjusting event after the reporting date, the IRS was terminated on 17 October 2013 at a loss of THB24 million (RM2.4 million).

The method and assumptions applied in determining the fair value of the IRS are disclosed in Note 5 to the financial statements.

Since the Group did not apply hedge accounting, the changes in the fair value of the derivatives were recognised immediately in the profit or loss.

22 **INVENTORIES**

		Group	
	30.6.2013	**30.6.2012**	**1.7.2011**
	RM	**RM**	**RM**
Raw materials	65,090,349	60,733,608	60,611,513
Work-in-progress	8,884,477	7,986,354	7,022,336
Finished goods	39,712,347	26,788,761	36,800,156
Spare parts and supplies	12,850,373	12,499,299	10,197,342
Consumables	2,936,923	2,562,789	2,642,513
	129,474,469	110,570,811	117,273,860

Inventories are stated at lower of cost and net realisable value (net of selling costs).

(continued)

23 TRADE AND OTHER RECEIVABLES

	Group			Company		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Non-current						
Construction financing	21,632,670	22,493,996	22,075,488	-	-	-
Less: Accumulated impairment losses	(16,968,750)	(5,750,000)	-	-	-	-
	4,663,920	16,743,996	22,075,488	-	-	-
Other receivables (Note 16)	-	-	9,147,117	-	-	-
Others	-	388,207	57,167	-	-	-
	-	388,207	9,204,284	-	-	-
Current						
Trade receivables	505,646,202	222,567,018	139,221,479	42,402,512	40,390,579	32,291,683
Less: Accumulated impairment losses	(344,424,011)	(41,412,219)	(7,520,824)	(429,483)	(429,483)	(429,483)
	161,222,191	181,154,799	131,700,655	41,973,029	39,961,096	31,862,200
Other receivables	20,145,138	21,215,798	18,272,651	57,984	360,248	353,924
Less: Accumulated impairment losses	(9,147,117)	(9,147,117)	(1,648,671)	-	-	-
	10,998,021	12,068,681	16,623,980	57,984	360,248	353,924
Advances made for purchases of raw materials	8,447,646	50,459,712	4,398,575	-	-	-
Construction financing	-	-	450,520	-	-	-
Deposits	1,685,823	400,158	453,912	101,198	80,856	147,359
Prepayments	8,840,667	4,805,844	4,375,854	301,895	277,432	289,821
	18,974,136	55,665,714	9,678,861	403,093	358,288	437,180
Total trade and other receivables	195,858,268	266,021,397	189,283,268	42,434,106	40,679,632	32,653,304

(a) Construction financing

As at 30 June 2013, the construction financing, at gross, amounting to RM21,632,670 (2012: RM22,493,996) relates to an amount receivable from a project owner ("Sole Customer") for the construction of its cold room facility in Thailand pursuant to a project management service contract entered by the Group in Year 2009. The construction financing was to be repaid in equal instalments for a period of 25 years, commencing from January 2013, with effective interest rate of 8.10% per annum.

Total principal and interest instalments received between January 2013 to 30 June 2013 amounted to only RM125,000.

Based on the contractual terms of the agreement, total principal repayment instalments which were due and payable as at 30 June 2013 amounting to RM325,000 remained outstanding. The Sole Customer is required to repay the Group RM50,000 per month under the agreed schedule of repayment up to September 2013 and thereafter to make good the differences within the next three years. To this effect, a loss on fair value arising from the restructured receivable from the Sole Customer amounting to RM736,326 (2012: RM506,004) has been recognised in the profit or loss during the financial year.

(continued)

23 TRADE AND OTHER RECEIVABLES (continued)

(a) Construction financing (continued)

However, based on the Directors' assessment on the Sole Customer's cash flows projections, the Sole Customer would only have surplus cash (after satisfying both its working capital requirement and financing obligations) from Year 2018. Accordingly, a further impairment of RM11.2 million is recognised for the financial year (2012: RM5.8 million) leaving a net unimpaired balance of RM4.7 million representing the worst-case scenario recoverable sum. Refer to Note 4(c)(i) and 4(c)(iii) for further details.

(b) Non-current: other receivables

The Group had in 2005 invested RM17 million for a 20% stake in galvanised steel producer from a vendor with certain guaranteed performance under a share sale agreement. This was then recognised as an "investment in an associate". The associate company's performance failed to meet the guaranteed performance, and the Group initiated legal recovery from the vendor in February 2010. The investment was gradually impaired from financial year 2010 based on estimated fair value at each reporting period's closing, and was reclassified to other receivables to reflect its claim against the said vendor at the start of financial year 2011 leading to full impairment by financial year 2012.

The Company's subsidiary, Mycron Steel Berhad had commenced a legal action to recover RM17.0 million from the said vendor in Year 2010. Status of the litigation is as disclosed in Note 38.

(c) Fair value

The fair value of the construction financing with fixed interest rate receivable after 1 year is as follows:

	Group					
	30.6.2013		30.6.2012		1.7.2011	
	RM Carrying amount RM	RM Fair value RM	RM Carrying amount RM	RM Fair value RM	RM Carrying amount RM	RM Fair value RM
Construction financing	4,663,920	4,663,920	16,743,996	16,743,996	22,075,488	21,678,595

24 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	Group		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Equity securities:			
- quoted outside Malaysia	-	-	2,824,835

(continued)

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

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

	Group		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
At 1 July	-	2,824,835	110,438,640
Fair value loss during the financial year	-	-	(773,845)
	-	2,824,835	109,664,795
Disposals	-	(2,824,835)	(106,839,960)
At 30 June	-	-	2,824,835

Financial asset at fair value through profit or loss was classified as current asset as it was expected to be realised or intended for sale in the short-term.

25 AMOUNT OWING BY/(TO) SUBSIDIARIES

The amount owing by/(to) subsidiaries are unsecured and interest free. Inter-company balances which are trade in nature are subject to credit terms between 30 to 90 days (2012: 30 to 90 days) whilst, non-trade transactions are repayable upon demand.

	Company		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Amounts owing by subsidiaries:			
Trade	915	12,799	4,773
Non-trade	266,043,176	268,816,040	243,443,962
	266,044,091	268,828,839	243,448,735
Less: Accumulated impairment losses (Note 4(c)(iii))	(83,397,923)	(76,722,423)	(72,551,000)
	182,646,168	192,106,416	170,897,735
Amounts owing to subsidiaries:			
Trade	(38,257,686)	(38,414,178)	(22,915,715)
Non-trade	(9,220,137)	(6,987,891)	(5,822,287)
	(47,477,823)	(45,402,069)	(28,738,002)

During the financial year, the Company has recognised an impairment loss of RM6.7 million (2012: RM4.2 million) (Note 4(c)(iii)) on an amount owing by a subsidiary as the amount may not be recoverable based on management's assessment on the cash flows projections of the subsidiary (Note 13(v)). As at 30 June 2013, the amount owing by the subsidiary amounting to RM83.4 million has been impaired in full.

(continued)

26 CASH AND CASH EQUIVALENTS

	Group			Company		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Deposits with licensed financial institutions	30,482,456	25,170,000	27,703,816	11,988,524	10,670,000	8,000,000
Cash and bank balances	14,360,472	21,186,449	58,338,173	3,270,779	4,517,158	5,349,943
	44,842,928	46,356,449	86,041,989	15,259,303	15,187,158	13,349,943
Less: Restricted cash	(8,508,524)	(8,000,000)	(8,011,792)	(8,508,524)	(8,000,000)	(8,000,000)
	36,334,404	38,356,449	78,030,197	6,750,779	7,187,158	5,349,943

At the reporting date, “restricted cash” comprises of a bank deposit placement pledged as security for a banking facility granted to the Company. This restricted cash pledge is used as a financial guarantee by the member firm of the bank in Thailand for the issuance of a performance bond or bank guarantee on behalf of a foreign subsidiary to the Other Customer for the foreign subsidiary’s Phase II project.

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

	Group			Company		
	30.6.2013 % per annum	30.6.2012 % per annum	1.7.2011 % per annum	30.6.2013 % per annum	30.6.2012 % per annum	1.7.2011 % per annum
Deposits with licensed financial institutions	2.23	2.28	2.48	3.05	3.10	3.15
Cash at bank balances	1.97	1.97	0.34	-	-	-

Deposits with licensed financial institutions have an average maturity period of 107 days (2012: 132 days).

27 ASSETS CLASSIFIED AS HELD-FOR-SALE

	Group		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Assets classified as held-for-sale			
At 1 July	-	2,768,541	50,419,026
Add:Reclassification from: property, plant and equipment	-	-	2,768,541
Disposals	-	(2,768,541)	(50,419,026)
At 30 June	-	-	2,768,541

In the financial year ended 30 June 2011, the Group had entered into a sale and purchase agreement to dispose a leasehold apartment with furniture and fittings. The disposal was subsequently completed on 1 July 2011 and resulted in a net gain on disposal of RM0.1 million during the financial year ended 30 June 2012.

(continued)

28 TRADE AND OTHER PAYABLES

	Group			Company		
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**	**30.6.2013 RM**	**30.6.2012 RM**	**1.7.2011 RM**
Non-current						
Trade payables	-	269,510	306,915	-	-	-
Other payables	25,183,133	25,624,401	21,675,885	-	-	-
	25,183,133	25,893,911	21,982,800	-	-	-
Current						
Trade payables	97,395,528	110,514,442	66,595,878	1,178,111	10,069,628	-
Other payables	13,185,533	13,057,140	13,882,067	2,212,071	1,420,448	1,452,242
Accruals	109,868,408	19,638,866	18,804,329	596,367	623,978	759,221
Prepayments received from customers	11,767,591	27,700,908	-	-	-	-
Deposits received	640,000	300,000	2,811,831	817,500	817,500	817,500
	232,857,060	171,211,356	102,094,105	4,804,049	12,931,554	3,028,963
Total	258,040,193	197,105,267	124,076,905	4,804,049	12,931,554	3,028,963

Other payables classified as non-current liability includes an amount of USD7,741,482 or in equivalent RM23,499,557 (2012: RM23,992,113) being the balance purchase consideration due to an external party for the acquisition of equity interest in a foreign subsidiary. In the preceding year, the said amount was structured for repayment over 2 instalments within 18 months from the previous reporting date. The Group has on 30 June 2013 obtained extension from the creditor on the repayment by another 14 months from the current reporting date. Accordingly, the Group recognised an adjustment gain of RM1.1 million (2012: loss of RM0.7 million) resulting from the extension for the financial year (Note 9).

During the financial year, the Group received advances from the customers for forward sales orders bearing an effective interest rate of 9% to 10% (2012: 9% to 10%) per annum. This is an interim measure prescribed by the Directors in managing the liquidity of the Group.

29 BORROWINGS

	Group			Company		
	30.6.2013 RM	**30.6.2012 RM**	**1.7.2011 RM**	**30.6.2013 RM**	**30.6.2012 RM**	**1.7.2011 RM**
Current						
Bankers' acceptance	181,130,000	185,020,000	134,419,000	65,350,000	65,760,000	57,579,000
Revolving credits	34,000,000	45,105,254	45,105,518	10,000,000	10,000,000	10,000,000
Hire-purchase creditors	765,348	278,506	290,483	84,984	-	103,644
Term loans	571,288,983	572,946,834	67,218,199	-	-	
-						
	787,184,331	803,350,594	247,033,200	75,434,984	75,760,000	67,682,644
Non-current						
Hire-purchase creditors	873,626	418,487	508,636	137,372	-	-
Term loans	14,803,224	17,585,165	560,945,135	-	-	-
	15,676,850	18,003,652	561,453,771	137,372	-	-
Total						
Bankers' acceptance	181,130,000	185,020,000	134,419,000	65,350,000	65,760,000	57,579,000
Revolving credits	34,000,000	45,105,254	45,105,518	10,000,000	10,000,000	10,000,000
Hire-purchase creditors	1,638,974	696,993	799,119	222,356	-	103,644
Term loans	586,092,207	590,531,999	628,163,334	-	-	-
	802,861,181	821,354,246	808,486,971	75,572,356	75,760,000	67,682,644

(continued)

29 BORROWINGS (continued)

Contractual terms of borrowings

	Contractual interest rate at reporting date (per annum)	Functional currency / currency exposure	Total carrying amount RM	Maturity profile < 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	>5 years RM
Group									
At 30 June 2013									
Unsecured									
- Bankers' Acceptance	4.75% - 6.22%	RM	74,630,000	74,630,000	-	-	-	-	-
- Revolving credits	5.25%	RM	10,000,000	10,000,000	-	-	-	-	-
- Revolving term loan	8.00%	RM	9,041,575	-	9,041,575	-	-	-	-
Secured									
- Bankers' acceptance	4.53% - 5.00%	RM	106,500,000	106,500,000	-	-	-	-	-
- Revolving credits	3.77% - 3.80%	RM	24,000,000	24,000,000	-	-	-	-	-
- Hire-purchase creditors	2.58% - 2.80%	RM	1,638,974	765,348	644,073	229,553	-	-	-
- Term loan [(1)]	BLR + 2.00%	RM	4,654,326	1.961,802	2,130,971	561,553	-	-	-
	4.81%	RM / EUR	9,207,373	6,138,248	3,069,125	-	-	-	-
	SIBOR + 2.50%	RM / USD	5,814,405	5,814,405	-	-	-	-	-
- Term loan [(2)]	THBFIX + 2.75%	RM / THB	557,374,528	557,374,528	-	-	-	-	-
			802,861,181	787,184,331	14,885,744	791,106	-	-	-
Group									
At 30 June 2012									
Unsecured									
- Bankers' acceptance	4.75% - 6.22%	RM	75,520,000	75,520,000	-	-	-	-	
-									
- Revolving credits	5.25%	RM	10,000,000	10,000,000	-	-	-	-	-
- Revolving term loan	8.00%	RM	4,069,726	-	4,069,726	-	-	-	-
Secured									
- Bankers' acceptance	4.53% - 5.00%	RM	109,500,000	109,500,000	-	-	-	-	
-									
- Revolving credits	3.77% - 3.80%	RM	35,105,254	35,105,254	-	-	-	-	-
- Hire-purchase creditors	2.58% - 2.80%	RM	696,993	278,506	276,642	110,967	30,878	-	-
- Term loan [(1)]	BLR + 2.00%; 4.81%;	RM / EUR	21,387,449	7,872,010	7,869,211	5,084,675	561,553	-	-
	SIBOR + 2.50%	RM / USD	19,417,082	19,417,082	-	-	-	-	-
- Term loan [(2)]	THBFIX + 2.75%	RM / THB	545,657,742	545,657,742	-	-	-	-	-
			821,354,246	803,350,594	12,215,579	5,195,642	592,431	-	-

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

(continued)

29 BORROWINGS (continued)

Contractual terms of borrowings (continued)

	Contractual interest rate at reporting date (per annum)	Functional currency / currency exposure	Total carrying amount RM	Maturity profile < 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	>5 years RM
Group									
At 30 June 2011									
Unsecured									
- Bankers' acceptance	4.45% - 5.97%	RM	67,819,000	67,819,000	-	-	-	-	-
- Revolving credits	5.20%	RM	10,000,000	10,000,000	-	-	-	-	-
- Revolving term loan	8.00%	RM	3,069,726	700,000	2,369,726	-	-	-	-
Secured									
- Bankers' acceptance	4.34% - 4.44%	RM	66,600,000	66,600,000	-	-	-	-	-
- Revolving credits	3.91% - 3.95%	RM	35,105,518	35,105,518	-	-	-	-	-
- Hire-purchase creditors	2.58% - 3.25%	RM	799,119	290,483	197,022	173,648	107,088	30,878	-
- Term Loan (1)	BLR + 2.00%; 4.81%; SIBOR + 2.50%	RM / EUR; RM / USD	62,185,688	39,503,001	8,295,391	8,450,449	5,375,294	561,553	-
- Term Loan (2)	THBFIX + 2.75%	RM / THB	562,907,920	27,015,198	43,167,163	38,426,909	38,426,909	38,426,909	377,444,832
			808,486,971	247,033,200	54,029,302	47,051,006	43,909,291	39,019,340	377,444,832

	30.6.2013 Functional currency/ currency exposure	30.6.2013 Total carrying amount RM	30.6.2012 Functional currency/ currency exposure	30.6.2012 Total carrying amount RM	1.7.2011 Functional currency/ currency exposure	1.7.2011 Total carrying amount RM
Group						
Unsecured	RM	93,671,575	RM	89,589,726	RM	80,888,726
Secured	RM	136,793,300	RM	151,763,317	RM	110,627,534
	RM / USD	5,814,405	RM / USD	19,417,082	RM / USD	31,112,814
	RM / EUR	9,207,373	RM / EUR	14,926,379	RM / EUR	22,949,977
	RM / THB	557,374,528	RM / THB	545,657,742	RM / THB	562,907,920
		802,861,181		821,354,246		808,486,971

Term Loan (1) is secured by a fixed charge / debenture over the fixed charge on the plant and machinery financed by the bank (Note 13) and a debenture over the fixed and floating assets of the subsidiary.
Term Loan (2) is secured by assigning major project documents, land together with power plant to the bank (Note 13).

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

(continued)

29 **BORROWINGS** (continued)

Contractual terms of borrowings (continued)

	Contractual interest rate at reporting date (per annum)	Functional currency / currency exposure	Total carrying amount RM	Maturity profile < 1 year RM
Company				
At 30 June 2013				
Unsecured				
- Bankers' acceptance	4.72% - 6.92%	RM	65,350,000	65,350,000
- Revolving credits	5.35%	RM	10,000,000	10,000,000
Secured				
- Hire-purchase creditors	3.05%	RM	222,356	84,984
			75,572,356	75,434,984
At 30 June 2012				
Unsecured				
- Bankers' acceptance	4.75% - 6.22%	RM	65,760,000	65,760,000
- Revolving credits	5.25%	RM	10,000,000	10,000,000
		RM	75,760,000	75,760,000
At 30 June 2011				
Unsecured				
- Bankers' acceptance	4.45% - 5.97%	RM	57,579,000	57,579,000
- Revolving credits	5.20%	RM	10,000,000	10,000,000
Secured				
- Hire-purchase creditors	3.25%	RM	103,644	103,644
			67,682,644	67,682,644

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

Fair value

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

	Group					
	2013		2012		2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Revolving term loans	9,041,575	9,104,878	4,069,726	4,098,219	3,069,726	3,086,317
Term loans	9,207,373	9,126,466	14,926,379	14,811,336	22,949,977	22,739,374
Hire-purchase creditors	1,638,974	1,593,389	696,993	674,376	799,119	802,688

(continued)

29 **BORROWINGS** (continued)

Contractual terms of borrowings (continued)

Fair value (continued)

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

	Group			Company		
	30.6.2013 % per annum	30.6.2012 % per annum	1.7.2011 % per annum	30.6.2013 % per annum	30.6.2012 % per annum	1.7.2011 % per annum
Bankers' acceptance	5.49	5.00	4.85	6.14	5.61	5.36
Revolving credits	4.14	4.11	4.21	5.35	5.25	5.20
Hire-purchase creditors	3.70	2.63	2.75	3.05	-	3.25
Term loans	5.97	4.71	4.92	-	-	-

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

	Group			Company		
	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM	30.6.2013 RM	30.6.2012 RM	1.7.2011 RM
Not later than 1 year	846,693	305,855	322,959	97,080	-	105,159
Later than 1 year and not later than 2 years	704,938	272,707	217,800	145,620	-	-
Later than 2 years	249,436	166,962	327,195	-	-	-
	1,801,067	745,524	867,954	242,700	-	105,159
Less: Future finance charges	(162,093)	(48,531)	(68,835)	(20,344)	-	(1,515)
Present value	1,638,974	696,993	799,119	222,356	-	103,644
Analysed as:						
Current	765,348	278,506	290,483	84,984	-	103,644
Non-Current	873,626	418,487	508,636	137,372	-	-
Present value	1,638,974	696,993	799,119	222,356	-	103,644

30 **SHARE CAPITAL**

	Group / Company					
	30.6.2013		30.6.2012		1.7.2011	
	Number of shares	Nominal value RM	Number of shares	Nominal value RM	Number of shares	Nominal value RM
Authorised						
Ordinary shares of RM1 each At 1 July / 30 June	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid						
Ordinary shares of RM1 each At 1 July / 30 June	226,755,408	226,755,408	226,755,408	226,755,408	226,755,408	226,755,408

30 SHARE CAPITAL (continued)

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in an Annual General Meeting held on 13 December 2012, approved to renew the authorisation to enable the Company to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for the benefit of its shareholders and believe that the proposed share-buy back can be applied in the best interests of the Company and its shareholders.

At the reporting date, the number of outstanding shares in issue after setting off the treasury shares against equity is 225,522,808 (2012: 225,522,808).

31 DIVIDENDS

The Directors do not recommend the payment of any dividend for the financial year ended 30 June 2013.

32 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

The Directors of the Company, Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah, Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah and Datin Ezurin Yusnita binti Abdul Malik have or deemed to have financial interests in the companies set out below and thus these companies are deemed to be the related parties to the Group:

- Trace Management Services Sdn Bhd
- Malaysian Assurance Alliance Berhad
- Maybach Logistics Sdn Bhd
- MAA Takaful Berhad
- MAA Corporation Sdn Bhd

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and thus are considered related parties of the Company. The key management personnel of the Company include all the Directors of the Company.

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

Entity	Type of transaction	2013 RM	2012 RM
Group			
Non-trade related – paid / payable			
Trace Management Services Sdn Bhd	Corporate secretarial services	397,381	457,970
Malaysian Assurance Alliance Berhad	Insurance	-	2,131,938
	Rental and utilities	-	457,188
MAA Takaful Berhad	Insurance	2,203,024	-
MAA Corporation Sdn Bhd	Rental and utilities	124,808	-

(continued)

32 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

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

Entity	Type of transaction	2013 RM	2012 RM
Company			
Trade related – received / receivable			
Melewar Steel Tube Sdn Bhd	Purchases of pipes	240,392,416	205,855,296
	Rental income	3,924,000	3,924,000
	Marketing fee income	2,427,090	2,007,000
	Management fee income	600,000	600,000
Mycron Steel CRC Sdn Bhd	Sale of pipes	22,704	59,549
Trade related – paid / payable			
Trace Management Services Sdn Bhd	Corporate secretarial services	189,269	266,867
Mitra Malaysia Sdn Bhd	Travel tickets	-	35,408
Malaysian Assurance Alliance Berhad	Insurance	-	397,249
	Rental and utilities	-	196,209
MAA Takaful Berhad	Insurance	647,963	-
MAA Corporation Sdn Bhd	Rental and utilities	124,808	-
Non-trade related – received / receivable			
Mycron Steel CRC Sdn Bhd	Advances given	73,550	118,883
	Staff cost	1,152,000	1,032,000
Melewar Steel Services Sdn Bhd	Advances given	186,215	397,600
Melewar Steel Assets Sdn Bhd	Advances (repaid) / given	(6,000)	2,880,000
Melewar Intergrated Engineering Sdn Bhd	Advances repaid	(208,340)	-
Melewar Steel Engineering Sdn Bhd	Advances (repaid) / given	(1,965,350)	(9,488,000)
Mperial Power Ltd	Advances given	6,873,150	1,042,763
M-Power TT Ltd	Advances given	2,023,081	10,108,433

The Directors of the Company are of the opinion that the above transactions were carried out on terms and conditions negotiated amongst the related parties.

The key management compensation is as disclosed in Note 10 to the financial statements.

(continued)

33 FINANCIAL GUARANTEES

(i) The Company has given guarantees amounting to RM4.7 million (2012: RM6.5 million) to the banks for facilities granted to a subsidiary. The Directors do not anticipate any outflows of benefits arising from this undertaking.

(ii) The Company pledge certain property, plant and equipment valued at RM51.7 million and cash deposit of RM8.5 million for a standby letter of credit facility of THB400.0 million for the benefit of a subsidiary in relation to a performance guarantee issued to EGAT (Electricity Generating Authority of Thailand) for due completion of the phase II development by 1 June 2016. The Directors do not anticipate any economic outflows arising from this pledge

Fair value for both of the above are nil as at 30 June 2013 (2012: nil)

34 SEGMENTAL ANALYSIS

The Group has four reportable operating segments, which are the Group's strategic business units as follows:

(a) The steel tube manufacturing segment is in the business of manufacturing and trading of steel pipes and tubes, and provision of engineering services.

(b) The cold rolling segment is in the business of manufacturing and trading of cold rolled steel sheets in coils.

(c) The power generation segment commenced operations on 29 December 2010 and it is in the business of power generation and steam sales.

(d) The investment holding segment refers to companies with investments in subsidiaries, and companies with investments in quoted and unquoted equity securities.

Others segment comprise companies providing engineering and technical consultancy services, manufacturing, distributing and trading steel and iron products, and dormant companies.

The strategic business units offer different products and services, and are managed separately. The chief operating decision maker ("CODM") monitors the operating results of the strategic business units as well as relying on the segment information as disclosed below for the purpose of making decisions about resource allocation and performance assessment.

The Directors and the CODM are of the opinion that all inter segment transactions are entered into in the normal course of business and are established on terms and conditions agreed between the related parties.

(continued)

34 **SEGMENTAL ANALYSIS** (continued)

	Steel tube manufacturing RM	Cold rolling RM	Power generation RM	Investment holding RM	Others RM	Total RM
2013						
Revenue						
Total revenue	502,475,124	513,116,335	217,117,663	1,510,650	16,299,739	1,250,519,511
Inter segment	(241,783,438)	(31,187,747)	-	-	-	(272,971,185)
External revenue	260,691,686	481,928,588	217,117,663	1,510,650	16,299,739	977,548,326
Segment results						
Profit/(loss) from operations	10,040,614	19,919,317	(128,683,938)	(15,121,377)	1,295,824	(112,549,560)
Finance income	400,177	674,111	14,137	11	5,328	1,093,764
Finance costs	(4,408,598)	(7,639,134)	(84,279,090)	(162,798)	(479,820)	(96,969,440)
Profit/(loss) before tax/ segment results	6,032,193	12,954,294	(212,948,891)	(15,284,164)	821,332	(208,425,236)
Tax	(2,426,137)	(3,868,426)	-	(245,416)	(746,697)	(7,286,676)
Profit/(loss) after tax	3,606,056	9,085,868	(212,948,891)	(15,529,580)	74,635	(215,711,912)
Segment assets	231,549,385	434,589,917	732,637,775	19,255,252	2,246,334	1,420,278,663
Other information						
Amortisation of intangible assets	-	-	932,564	-	-	932,564
Depreciation of property, plant and equipment	5,922,601	10,576,690	31,714,314	501,012	499,824	49,214,441
Impairment losses:						
- property, plant and equipment	(137,488)	(782,107)	63,881,896	346,182	-	63,308,483
- intangible assets	-	-	16,267,365	-	-	16,267,365
- trade receivables	-	-	3,715,528	-	-	3,715,528
- other receivables/ construction financing	-	-	-	11,222,095	-	11,222,095

(continued)

34 SEGMENTAL ANALYSIS (continued)

2012	Steel tube manufacturing RM	Cold rolling RM	Power generation RM	Investment holding RM	Others RM	Total RM
Revenue						
Total revenue	429,059,872	442,965,463	243,372,117	829,965	24,506,741	1,140,734,158
Inter segment	(206,963,489)	(28,607,670)	-	-	(477,000)	(236,048,159)
External revenue	222,096,383	414,357,793	243,372,117	829,965	24,029,741	904,685,999
Segment results						
Profit / (loss) from operations	807,788	1,685,378	(75,345,307)	(19,280,976)	(4,594,400)	(96,727,517)
Finance income	393,179	434,120	(185,493)	1,704,635	9,315	2,355,756
Finance costs	(3,718,112)	(7,668,591)	(40,487,141)	(5,181,865)	(702,738)	(57,758,447)
Loss before tax / segment results	(2,517,145)	(5,549,093)	(116,017,941)	(22,758,206)	(5,287,823)	(152,130,208)
Tax	(700,835)	1,103,393	-	(309,262)	3,091,440	3,184,736
Loss after tax	(3,217,980)	(4,445,700)	(116,017,941)	(23,067,468)	(2,196,383)	(148,945,472)
Segment assets	231,485,088	459,238,348	845,409,745	30,489,378	6,970,642	1,573,593,201
Other information						
Amortisation of intangible assets	-	-	3,134,748	-	-	3,134,748
Depreciation of property, plant and equipment	5,916,472	10,521,284	31,219,363	457,334	979,279	49,093,732
Impairment losses:						
- property, plant and equipment	700,050	2,660,901	-	-	7,678,376	11,039,327
- intangible assets	-	-	40,624,746	-	-	40,624,746
- inventories	-	-	-	-	305,949	305,949
- trade receivables	-	-	23,115,328	1,094,105	118,100	24,327,533
- other receivables/ construction financing	-	-	-	14,897,117	-	14,897,117

(continued)

34 SEGMENTAL ANALYSIS (continued)

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

	2013 RM	2012 RM
Segment assets	1,420,278,663	1,573,593,201
Derivatives	173,447	43,122
Deferred tax assets	3,298,010	3,754,293
Tax recoverable	563,262	831,194
	1,424,313,382	1,578,221,810

Geographical information

The geographical segment information is as set out below:

	Malaysia RM	Thailand RM	Total RM
2013			
Segment revenue	760,430,663	217,117,663	977,548,326
Segment results	4,523,655	(212,948,891)	(208,425,236)
Segment assets	687,640,888	732,637,775	1,420,278,663
2012			
Segment revenue	661,313,882	243,372,117	904,685,999
Segment results	(36,112,267)	(116,017,941)	(152,130,208)
Segment assets	728,183,456	845,409,745	1,573,593,201

Information about major customers

Revenue from a single customer amounting to RM217 million (22.2% of total revenue) arising from the sale of electricity by the power generation segment in Thailand.

Revenue from one major customer amounting to RM90.8 million (9.3% of total revenue) arising from sale of cold rolled steel sheets in coils by the cold rolling segment in Malaysia.

35 COMMITMENT AND CONTINGENT LIABILITIES

In 2006, Siam Power Generation Public Company Ltd ("Siam Power"), a subsidiary of the Company, entered into a contract with a gas supplier, PTT Power Company Ltd in Thailand ("PTT") where PTT will supply natural gas to Siam Power. This contract was subsequently amended on 30 September 2010, whereby Siam Power had agreed to:

(a) make a payment of THB90.0 million or approximately RM9.0 million to PTT. As at 30 June 2013, THB80.0 million had been paid and the remaining balance of THB10 million has been recognised as liability; and

(b) take or pay the value of gas not less than THB15.8 billion or RM1.6 billion, from PTT within 10 years from the date Siam Power commenced its commercial operations.

36 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) Siam Power Phase 3 Company Limited ("SPP3") was incorporated under the Civil and Commercial Code on 23 May 2013.

The purpose of the incorporation of SPP3 is principally to be a Special Purpose Vehicle ("SPV") to facilitate the internal reorganisation of the power division and proposed divestment of the power assets.

The Company announced to Bursa Malaysia Securities Berhad ("BMSB") on 17 June 2013 that the entire 100% equity interest in SPP3 would be held solely by Mperial Power Ltd ("MPL"), a wholly owned subsidiary of Melewar Steel Engineering Sdn Bhd ("MSE"), which in turn is a wholly owned subsidiary of the Company.

The issued and paid up capital of SPP3 comprises 5,000 ordinary shares of THB10 each.

(ii) Mperial Power Ltd ("MPL") had on 15 January 2013 signed a Memorandum of Understanding ("MOU") with PT Medco Power Indonesia ("MPI") to dispose to MPI a 20% equity stake of Phase 1 under Siam Power Generation Public Company Limited ("Siam Power") and a 60% equity stake of Phase 2 under Siam Power Phase 2 Company Limited ("SPP2") ("the Proposed Disposal").

MPL owns 98.4% of the issued shares in Siam Power.

MPI's offer price for 20% of the shares in Phase 1 is subject to satisfactory due diligence by MPI and will be based on a valuation done by a reputable and independent party and it also has to satisfy MPI's expected rate of return.

The MPI's offer price for 60% of the shares in SPP2 is USD9.0 million is also subject to due diligence review.

Besides the non-event update announcements to Bursa Malaysia Securities Berhad ("BMSB") on 15 January 2013, 27 February 2013 and 18 March 2013, the Company announced to BMSB on 15 April 2013 that MPL and MPI are still desirous to continue discussion and negotiation of commercial terms for the contemplated agreement concerning the Proposed Disposal.

(iii) Melewar Integrated Engineering Sdn Bhd ("MIE"), a 70% owned subsidiary had, on 8 December 2011, entered into a Memorandum of Understanding ("MOU") with an external party, Karmatura Steel LLP (formerly known as Kazmy Steel Company), a company incorporated under the laws of Kazakhstan, for MIE to be appointed as the Turnkey Design and Built Contractor to develop and build a steel plant to manufacture steel re-bars using the Mycrosmelt Technology for the local market in the Almaty region of Kazakhstan.

The lump sum contract price is USD57.3 million but the cost of delivery is estimated to be around 97% of the contract sum.

MIE was awarded the said Turnkey Contract on 11 April 2013, but no further announcement was made due to the insignificance of the said contract to the Group and its immaterial effect on the price or value of the listed issuer being the Company. As at the reporting date, work has not commenced as the client is amidst of seeking financial closure.

(iv) Practice Note 1 / Guidance Note 5: New Default

On 8 January 2013, the Company announced to BMSB that Siam Power, a major sub-subsidiary of the Company was unable to make the principal and interest payments amounting to approximately RM45.0 million due and payable on 31 December 2012 pursuant to the Credit Facilities dated 30 June 2008 (subsequently amended and dated 8 July 2008) made between:

- Siam Power as Borrower;
- Kasikornbank Public Company Limited ("KBank"), Bank of Ayudhya Public Company Limited ("Bank of Ayudhya"), Siam City Bank Public Company Limited and Oversea Chinese Banking Corporation Limited ("OCBC"), as the Lenders;
- Bank of Ayudhya as Facility Agent; and
- KBank as Security Agent.

Reason for the default was due to its Affected Customer being unable to meet its contractual obligation to purchase electrical power and this resulted in cash constraint and consequently affected Siam Power's capacity to pay the principal and interest amounts due on the term loan.

(continued)

36 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(iv) Practice Note 1 / Guidance Note 5: New Default (continued)

The Lenders have appointed an independent financial advisor to look into restructuring of the term loans.

There are no legal implications on the Company as the said Credit Facilities to Siam Power are on a non-recourse basis and are not guaranteed by the Company.

As per the Company's announcements to BMSB on 8 January 2013, 4 February 2013, 1 March 2013, 1 April 2013, 2 May 2013, 3 June 2013, 1 July 2013, 1 August 2013 and 2 September 2013, there has been no material development of the PN1 status subsequent to this reporting date.

(v) Proposed issue of Rights Shares by the Company

Further to our announcements to BMSB on 21 October 2011, 31 Jan 2012 and 27 March 2012, the Company announced to BMSB on 28 November 2012 that the Board of Directors ("BOD") had decided to abort the proposal due to the following:-

(a) The closing share price of the Company on 27 November 2012 was RM0.32 which was below the indicative issue price of RM0.40 per Rights Share pursuant to the proposed issue of Rights Shares; and

(b) In view of the prevailing negative market sentiment (at that juncture) towards the steel industry generally.

The BOD was of the opinion that the proposal was not feasible at that juncture in time.

37 FINANCIAL INSTRUMENTS BY CATEGORY

Group	Loans and receivables RM	Available-for-sale RM	Derivative financial asset RM	Total RM
30 June 2013				
Financial assets per statement of financial position:				
Non-current				
Other receivables	4,663,920	-	-	4,663,920
Current				
Trade and other receivables (excluding prepayments)	173,906,035	-	-	173,906,035
Derivative financial instruments	-	-	173,447	173,447
Deposits with licensed financial institutions	30,482,456	-	-	30,482,456
Bank balances	14,360,472	-	-	14,360,472
	223,412,883	-	173,447	223,586,330

(continued)

37 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	Derivatives RM	Other financial liabilities at amortised cost RM	Total RM
Financial liabilities per statement of financial position:			
Non-current			
Trade and other payables	-	25,183,133	25,183,133
Borrowings	-	15,676,850	15,676,850
Current			
Trade and other payables (excluding prepayments received)	-	221,089,469	221,089,469
Borrowings	-	787,184,331	787,184,331
Derivative financial instruments	2,790,260	-	2,790,260
	2,790,260	1,049,133,783	1,051,924,043

Group	Loans and receivables RM	Available-for-sale RM	Derivative financial asset RM	Total RM
30 June 2012				
Financial assets per statement of financial position:				
Non-current				
Available-for-sale financial assets	-	15	-	15
Other receivables	17,132,203	-	-	17,132,203
Current				
Trade and other receivables (excluding prepayments)	193,623,638	-	-	193,623,638
Derivative financial instruments	-	-	43,122	43,122
Deposits with licensed financial institutions	25,170,000	-	-	25,170,000
Bank balances	21,186,449	-	-	21,186,449
	257,112,290	15	43,122	257,155,427

	Derivatives RM	Other financial liabilities at amortised cost RM	Total RM
Financial liabilities per statement of financial position:			
Non-current			
Trade and other payables	-	25,893,911	25,893,911
Borrowings	-	18,003,652	18,003,652
Current			
Trade and other payables (excluding prepayments received)	-	143,510,448	143,510,448
Borrowings	-	803,350,594	803,350,594
Derivative financial instruments	1,312,432	-	1,312,432
	1,312,432	990,758,605	992,071,037

(continued)

37 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Company	2013 RM	2012 RM
Financial assets per statement of financial position:		
Loans and receivables		
Current		
Trade and other receivables (excluding prepayments)	42,132,211	40,402,200
Deposits with licensed financial institutions	11,988,524	10,670,000
Amounts owing by subsidiaries	182,646,168	192,106,416
Bank balances	3,270,779	4,517,158
	240,037,682	247,695,774
Financial liabilities per statement of financial position:		
Non-current		
Borrowings	137,372	-
Current		
Trade and other payables	4,804,049	12,931,554
Amounts owing to subsidiaries	47,477,823	45,402,069
Borrowings	75,434,984	75,760,000
	127,854,228	134,093,623

38 EVENT AFTER REPORTING DATE

The Company's subsidiary, Mycron Steel Berhad ("MSB") had in February 2010 commenced legal recovery against a vendor for RM17 million as a result of the vendor's non-compliance of certain conditions set out in a shareholders' agreement in relation to a galvanising business in which MSB holds a 20% stake. The said amount was fully impaired gradually over financial years 2010, 2011, and 2012 as disclosed in Note 16. The litigation case heard in Sarawak High Court was concluded subsequent to this reporting date on 23 July 2013, and the Court ruled on 18 Oct 2013 that MSB's claim be dismissed with cost of RM60,000 on the ground that MSB has failed to comply with a certain condition precedent before it is entitled to the claim against the Vendor. MSB is now considering its option to either appeal or file-a-fresh upon meeting the said condition precedent.

This event has no financial effect on the Group other than the claim which was previously disclosed (in financial year 2012) as a "contingent asset not recognised in the financial statement" is now no longer deemed as one.

39 CAPITAL COMMITMENTS

Capital expenditure approved but not contracted for at the reporting date is as follows:

	Group	
	2013 RM	2012 RM
Plant and equipment		
- Capital enhancement for plant's productivity	14,100,000	22,312,901

(continued)

40 TRANSITION TO MFRS

As stated in Note 2, these are the first financial statements of the Group and of the Company prepared in accordance with Malaysian Financial Reporting Standards (MFRSs).

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2013; the comparative information for the financial year ended 30 June 2012; and in the preparation of the opening MFRS statement of financial position as at 1 July 2011 being the Group's date of transition to the MFRSs.

MFRS 1 sets out certain mandatory exceptions and optional exemptions as relief from full retrospective application of the MFRSs for first time adopters. Neither the Group nor the Company is affected by the mandatory exceptions on transition from FRS to MFRS. On transition to MFRSs, the Group and the Company elected to apply the optional exemption to use the previous valuation as deemed cost for its land and buildings, plant and equipment. The Group and the Company elected to continue with the revaluation model on its property, plant and equipment under MFRS116. In that regard, the Group and the Company have adjusted/ restated amounts reported previously under FRSs on its opening consolidated statement of the financial position at 1 July 2011 and closing 30 June 2012 respectively.

The restatements to the relevant financial statements are set out as follows:

(i) accumulated revaluation reserves at the date of transition (1 July 2011) have been reclassed to retained earnings; and
(ii) the impairment loss arising from revaluation exercise carried out in the financial year ended 30 June 2012, which was previously set-off against the accumulated revaluation reserve is recognised directly in the profit or loss accounts.

Adjustment as at 1 July 2011 (being the date of transition)

	As previously stated at 30.6.2011 RM	Effects of of MFRS 1 RM	As adjusted at 1.7.2011 RM
Group			
Consolidated Statement of Financial Position			
Asset revaluation reserves	102,095,642	(102,095,642)	-
Retained earnings	215,516,497	102,095,642	317,612,139
Company			
Statement of Financial Position			
Asset revaluation reserves	111,073	(111,073)	-
Retained earnings	116,787,381	111,073	116,898,454

Adjustment as at 30 June 2012 (being the previous financial close under FRS)

	As previously stated at 30.6.2012 RM	Effects of of MFRS 1 RM	As adjusted at 30.6.2012 RM
Group			
Consolidated Statement of Profit or loss and OCI			
Impairment loss on property, plant and equipment	(7,815,919)	(3,223,408)	(11,039,327)
Tax	4,830,463	(1,645,727)	3,184,736
Consolidated Statement of Financial Position			
Asset revaluation reserves	108,145,635	(100,109,920)	8,035,715
Retained earnings	78,640,420	98,124,201	176,764,621
Deferred tax liabilities	28,674,284	(2,589,917)	31,264,201
Non-controlling interests	116,068,002	(604,198)	115,463,804

(continued)

40 TRANSITION TO MFRS (continued)

Adjustment as at 30 June 2012 (being the previous financial close under FRS) (continued)

	As previously stated at 30.6.2011 RM	Effects of of MFRS 1 RM	As adjusted at 1.7.2011 RM
Company			
Statement of Profit or loss and OCI			
Impairment loss on property, plant and equipment	(80,595)	(1,454)	(82,049)
Tax	(874,474)	(2,777)	(877,251)
Statement of Financial Position			
Asset revaluation reserves	109,982	(109,982)	-
Retained earnings	101,950,561	106,842	102,057,403
Deferred tax liabilities	15,115,612	3,140	15,118,752

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

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Group	Company
	RM	RM
2013		
Total (accumulated losses)/retained earnings of the Company and its subsidiaries:		
- realised	(140,376,359)	117,491,452
- unrealised	(26,058,200)	(15,997,809)
	(166,434,559)	101,493,643
Consolidation adjustments	128,239,511	-
Total (accumulated losses)/retained earnings per the financial statements	(38,195,048)	101,493,643
2012		
Total retained earnings of the Company and its subsidiaries:		
- realised	114,946,092	117,159,542
- unrealised	(17,647,516)	(15,102,139)
	97,298,576	102,057,403
Consolidation adjustments	79,466,045	-
Total retained earnings per the financial statements	176,764,621	102,057,403

PROPERTIES OWNED
by Melewar Industrial Group Berhad & Its Subsidiaries

No.	Address of property	Lease expiry date	Brief description and existing use	Land / Built-up area	Approximate age of building (years)	Net book value (RM)
1	Lot 53, Persiaran Selangor 40200 Shah Alam, Selangor	22.5.2078	Factory cum office building	196,144 sq. ft. (4.50 acres)	21	21,500,000
2	Lot 49, Jalan Utas 40200 Shah Alam, Selangor	13.4.2072	Factory building	316,300 sq. ft. (7.26 acres)	37	30,150,000
3	Lot 10, Persiaran Selangor 40200 Shah Alam, Selangor	11.5.2085	Factory building	220,437 sq. ft. (5.06 acres)	31	20,900,000
4	Lot 16, Jalan Pengapit 15/19 40200 Shah Alam, Selangor	8.4.2078	Factory building	94,000 sq. ft. (2.16 acres)	33	9,150,000
5	Lot 717, Jalan Sungai Rasau Seksyen 16, 40200 Shah Alam, Selangor	Freehold	Factory cum office building	781,423 sq. ft. (17.94 acres)	22	99,400,000
6	Lot 2953, Mukim Kelemak Daerah Alor Gajah, Melaka	27.9.2082	Factory cum office building	66,022 sq. ft. (1.52 acres)	25	1,320,000
7	Land no. 170 , 181, 213, 215, 219 Tambol Nong La Lok Amphoe Bankai Rayong Province Thailand	Freehold	Industrial land for power plant project	1,882,754 sq. ft.	-	27,925,000
8	555, SSP Tower, 18th Floor, Sukhumvit 63 Road Klongton-nua Wattana Bangkok, Thailand	Freehold	4 office units in an office building tower	9,084 sq. ft.	17	2,625,000

MELEWAR INDUSTRIAL GROUP BERHAD
(8444 - W)

FORM OF PROXY
(please refer to the notes below)

No. of ordinary shares held

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

of____

____
(Full Address)
being a member/members of **MELEWAR INDUSTRIAL GROUP BERHAD** hereby appoint *Chairman of the meeting or

______________________________ of ______________________________
(Name of proxy, NRIC No.) (Full Address)
____or failing him/her

______________________________ of ______________________________
(Name of proxy, NRIC No.) (Full Address)
____as *my/our proxy

to vote for *me/us and on *my/our behalf at the **Forty-Fourth (44th) Annual General Meeting ("AGM")** of the Company to be held at the **Crystal Function Room, 4th Floor, Mutiara Complex, 3 ½ Miles, Jalan Ipoh, 51200 Kuala Lumpur** on **Friday, 29 November 2013 at 11.30 a.m.** or at any adjournment thereof on the following resolutions referred to in the Notice of the Forty-Fourth (44th) AGM. My/our proxy is to vote as indicated below:-

		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
RESOLUTION 1	TO APPROVE THE PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 30 JUNE 2014 TO BE PAYABLE QUARTERLY IN ARREARS.				
RESOLUTION 2	TO RE-ELECT MAJOR GENERAL DATUK LAI CHUNG WAH (RTD), WHO IS RETIRING PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965.				
RESOLUTION 3	TO RE-ELECT TUNKU YAHAYA @ YAHYA BIN TUNKU TAN SRI ABDULLAH WHO IS RETIRING PURSUANT TO ARTICLE 96.				
RESOLUTION 4	TO RE-ELECT DATIN EZURIN YUSNITA BINTI ABDUL MALIK WHO IS RETIRING PURSUANT TO ARTICLE 96.				
RESOLUTION 5	TO RE-ELECT EN SHAZAL YUSUF BIN MOHAMED ZAIN WHO IS RETIRING PURSUANT TO ARTICLE 96.				
RESOLUTION 6	TO RE-ELECT MR MUK SAI TAT WHO IS RETIRING PURSUANT TO ARTICLE 100.				
RESOLUTION 7	TO RE-APPOINT MESSRS PRICEWATERHOUSECOOPERS AS AUDITORS OF THE COMPANY.				
RESOLUTION 8	TO APPROVE THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY.				
RESOLUTION 9	TO APPROVE THE PROPOSED RENEWAL AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS.				
RESOLUTION 10	AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965.				

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

The proportion of my holdings to be represented by my *proxy/proxies are as follows:

	Number of shares	Percentage
First proxy		%
Second proxy		%
Total		**100%**

*Strike out whichever is not desired.

Dated this ____________ day of ____________ 2013

____
Signature of Shareholder(s) / Common Seal

NOTES:

1. *Applicable to shares held through a nominee account.*
2. *A member entitled to attend, speak and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company, and the provision of Section 149(a) & (b) of the Companies Act, 1965 shall not apply to the Company.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*
4. *Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.*
6. *The instrument appointing a proxy must be deposited at the Company's Registered Office, Suite 12.03, 12th Floor, No. 566, Jalan Ipoh, 51200 Kuala Lumpur, not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *Any alteration in the Form of Proxy must be initialled.*
8. *Form of Proxy sent through facsimile transmission shall not be accepted.*
9. *For the purpose of determining a member who shall be entitled to attend this Forty-Fourth (44th) AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 56 (2.1), 56 (2.2) and 56 (2.3) of the Company's Articles of Association and Section 34 (1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 26 November 2013. Only a depositor whose name appears on the Record of Depositors as at 26 November 2013 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*
10. *Explanatory Notes to Special Business of Agenda 7:*
    - ***(a) Proposed Renewal of Share Buy-Back Authority***
      The Proposed Resolution 8, if passed, would empower the Directors to exercise the power of the Company to purchase its own shares ("the Proposal") by utilising its financial resources not immediately required. The Proposal may have a positive impact on the market price of the Company's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.
    - ***(b) Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature***
      The Proposed Resolution 9, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.
    - ***(c) Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965***
      This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

      The Proposed Resolution 10, if passed, will empower the Board to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company, subject to compliance with regulatory requirements. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The detailed information on Special Business of Agenda 7 except for Ordinary Resolution 10 as mentioned above is set out in the Circular to Shareholders of the Company dated 7 November 2013 which is dispatched together with the Company's 2013 Annual Report.

** Please strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he/she thinks fit).*

Fold here

STAMP

The Secretary
MELEWAR INDUSTRIAL GROUP BERHAD
Suite 12.03, 12th Floor
No. 566, Jalan Ipoh
51200 Kuala Lumpur

Fold here

NOTICE
There will be no distribution of door gifts.

MELEWAR INDUSTRIAL GROUP BERHAD
(8444-W)

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