

THIS ABRIDGED PROSPECTUS (“AP”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY. If you have sold or transferred all your shares in Melewar Industrial Group Berhad (“**MIGB**” or “**Company**”), you should immediately hand this AP together with the Notice of Provisional Allotment (“**NPA**”) and Rights Subscription Form (“**RSF**”) (collectively referred to as “**Documents**”) to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue with Warrants (as defined herein) to our Share Registrar, Trace Management Services Sdn Bhd (“**Share Registrar**”) at Suite 12.03, 12th Floor, No. 566 Jalan Ipoh, 51200 Kuala Lumpur.

The Documents are only despatched to our shareholders (“**Entitled Shareholders**”) whose names appear in our Record of Depositors as at 5.00 p.m. on 25 July 2018 (“**Entitlement Date**”) at their registered addresses in Malaysia. The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue with Warrants will not be made or offered or deemed to be made or offered, as such, in any countries or jurisdictions other than Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue with Warrants in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or the renounee(s) (if applicable) should note the additional terms and restrictions as set out in Section 10.10 of this AP. Neither the Company nor TA Securities Holdings Berhad (“**TA Securities**”) nor any of their respective directors and officers shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/transfer of the entitlements under the Rights Issue with Warrants, application for Excess Rights Shares or the subscription, offer, sale, resale, pledges or other transfer of Rights Shares and Warrants made by the Entitled Shareholders and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholders and/or their renounee(s) (if applicable) is a resident.

This AP has been registered with the Securities Commission Malaysia (“**SC**”). The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. This AP, together with the NPA and RSF has also been lodged with the Registrar of Companies who takes no responsibility for the contents.

Our shareholders have approved, amongst others, the Rights Issue with Warrants at the Extraordinary General Meeting held on 20 April 2018. Approval has also been obtained from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) via its letter dated 26 January 2018 for the admission of Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Rights Shares (as defined herein), Warrants (as defined herein) and the new MIGB Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants. The admission of the Warrants to the Official List of Bursa Securities, listing of and quotation for the Rights Shares, Warrants and the new MIGB Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants. Neither Bursa Securities nor the SC takes any responsibility for the correctness of any statement made or opinions expressed in the Documents. The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System accounts of Entitled Shareholders and/or their renounee(s) (if applicable) have been duly credited and notices of allotment for the Rights Shares with Warrants have been despatched to the Entitled Shareholders and/or their renounee(s) (if applicable).

Our Board of Directors has seen and approved all the documentation relating to this Rights Issue with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

TA Securities, being the Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.



MELEWAR INDUSTRIAL GROUP BERHAD

(Company No. 8444-W)

(Incorporated in Malaysia under the Companies Act 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 225,522,808 NEW ORDINARY SHARES IN MELEWAR INDUSTRIAL GROUP BERHAD (“MIGB SHARES”) (“RIGHTS SHARE(S)”) ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) MIGB SHARE HELD AT 5.00 P.M. ON 25 JULY 2018 AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE, TOGETHER WITH UP TO 112,761,404 FREE DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED

Principal Adviser

TA Securities Holdings Berhad

(Company No. 14948-M)

A Participating Organisation of Bursa Malaysia Securities Berhad



IMPORTANT RELEVANT DATES AND TIME

Entitlement Date : Wednesday, 25 July 2018, at 5.00 p.m.

Last date and time for: -

Sale of provisional allotment of Rights Shares with Warrants : Wednesday, 1 August 2018, at 5.00 p.m.

Transfer of provisional allotment of Rights Shares with Warrants : Monday, 6 August 2018, at 4.00 p.m.

Acceptance and payment for Rights Shares with Warrants : Thursday, 9 August 2018, at 5.00 p.m.

Excess Rights Shares Application and payment : Thursday, 9 August 2018, at 5.00 p.m.

This Abridged Prospectus is dated 25 July 2018

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this AP, unless stated otherwise.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS ON THE OFFICIAL LIST OF THE MAIN MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, WARRANTS, THE NEW MIBG SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE WARRANTS ON THE MAIN MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA SUCH AS OUR DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS AP.

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DEFINITIONS

The following definitions shall apply for the purpose of this AP unless otherwise indicated:

5D-VWAMP	: Five (5)-day volume weighted average market price
Act	: Companies Act, 2016, as amended from time to time including any re-enactment thereof
Acquisition	: Acquisition of the Property by MST at a cash consideration of RM26,000,000 from MIGB
Announcement	: The announcement of the Proposals dated 23 August 2017
AP	: This abridged prospectus dated 25 July 2018
Assignment	: The assignment of all MEL's entitlement to subscribe for up to 60,379,733 Rights Shares together with up to 30,189,866 Warrants pursuant to the Rights Issue with Warrants to MKSB pursuant to the Deed of Assignment
Authorised Nominee(s)	: A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
Board	: The Board of Directors of MIGB
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CDS	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	: Account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
Circular	: The circular to the shareholders of MIGB in relation to the Rights Issue with Warrants dated 5 April 2018
Closing Date	: 9 August 2018 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants
CMSA	: Capital Markets and Services Act 2007, as may be amended from time to time and any re-enactment thereof
Deed of Assignment	: The deed of assignment dated 23 August 2017 between MEL and MKSB in relation to the Assignment
Deed Poll	: The deed poll dated 28 June 2018 constituting the Warrants executed by the Company
Documents	: The AP, NPA and RSF, collectively
EBITDA	: Earnings before interest, tax, depreciation and amortisation
EGM	: Extraordinary general meeting
Entitled Shareholder(s)	: Shareholders of the Company whose names appear on the Record of Depositors of the Company on the Entitlement Date

DEFINITIONS (Cont'd)

Entitlement Date	:	25 July 2018 at 5.00 p.m., being the date and time on which the shareholders of the Company must be registered on the Record of Depositors of the Company in order to be entitled to the Rights Issue with Warrants
EPS	:	Earnings per share
Excess Application(s) or Excess Rights Shares Application	:	Application(s) for Excess Rights Share(s) with Warrant(s) in excess of an Entitled Shareholder's entitlement under the Rights Issue with Warrants as set out in Section 10.6 of this AP
Excess Rights Share(s) with Warrants	:	Rights Share(s) with Warrant(s) which are not taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s) prior to the Excess Application
Exercise Price	:	RM0.40, being the price at which one (1) Warrant is exercisable into one (1) MIGB Share.
Foreign Addressed Shareholder(s)	:	Our foreign shareholders who have not provided an address in Malaysia to the Share Registrar prior to the Entitlement Date
FSA	:	Financial Services Act, 2013 as may be amended from time to time and any re-enactment thereof
FYE	:	Financial year ended/ending, as the case may be
GBP	:	Great British Pound
Issue Price	:	The issue price of RM0.20 per Rights Share
KLB	:	Khyra Legacy Berhad (741366-W)
Listing Requirements	:	Main Market Listing Requirements issued by Bursa Securities
LPD	:	27 June 2018, being the latest practicable date prior to the registration of this AP with the SC
Market Day(s)	:	Any day between Monday to Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for trading of securities
Maximum Scenario	:	Assuming that all the Entitled Shareholders subscribe for their respective entitlement under the Rights Issue with Warrants
MEL	:	Melewar Equities (BVI) Ltd (Registration No. 95686)
MIE	:	Melewar Integrated Engineering Sdn Bhd (607061-A), a wholly-owned subsidiary of MIGB
MIGB or Company	:	Melewar Industrial Group Berhad (8444-W)
MIGB Group or Group	:	MIGB and its subsidiaries, collectively
MIGB Share(s) or Share(s)	:	Ordinary share(s) of MIGB

DEFINITIONS (Cont'd)

Minimum Scenario	:	Assuming that none of the Entitled Shareholders subscribe for their respective entitlements under the Rights Issue with Warrants other than the Undertaking Party
Minimum Subscription Level	:	Minimum level of subscription of Rights Shares to meet the minimum amount to be raised of RM11,500,000
MKSB or Undertaking Party	:	Melewar Khyra Sdn Bhd (49841-V)
MST	:	Melewar Steel Tube Sdn Bhd (111059-D), a wholly-owned subsidiary of Mycron
Mycron	:	Mycron Steel Berhad (622819-D)
Mycron's Rights Issue	:	Renounceable rights issue of up to 56,709,091 rights shares of Mycron together with up to 28,354,546 free detachable warrants of Mycron on the basis of one (1) rights share for every five (5) existing shares of Mycron together with one (1) warrant for every two (2) rights shares of Mycron subscribed by the shareholders of Mycron which was announced by Mycron on 23 August 2017 and 18 December 2017 and approved by shareholders at the EGM of Mycron held on 20 April 2018
NA	:	Net assets
NPA	:	Notice of Provisional Allotment
Official List	:	A list specifying all securities which have been admitted for the listing on Bursa Securities
Original Proposed Rights Issue with Warrants	:	Proposed renounceable rights issue of up to 225,522,808 MIGB Shares on the basis of one (1) Rights Share for every one (1) MIGB Share held by the Entitled Shareholders together with up to 112,761,404 Warrants to be issued on the basis of one (1) Warrant for every two (2) Rights Shares subscribed on the Entitlement Date at a fixed issue price of RM0.20 per Rights Share
Original Undertaking	:	Written irrevocable undertaking dated 23 August 2017 from the Undertaking Party to MIGB to: - <ul style="list-style-type: none"> (i) fully subscribe for the Undertaking Party's entitlement under the Rights Issue with Warrants based on its shareholding as at the Entitlement Date as set out in the third (3rd) column of the table below; (ii) subscribe to not less than the number of Rights Shares with Warrants pursuant to the Deed of Assignment as set out in the fourth (4th) column of the table below so as to meet the Minimum Subscription Level; and

DEFINITIONS (Cont'd)

First Column	Second Column		Third Column	Fourth Column	Fifth Column
Undertaking Party	Shareholding as at the LPD		No. of Rights Shares to be subscribed pursuant to its entitlement	No. of Minimum Rights Shares to be subscribed pursuant to the Assignment	Total Minimum Rights Shares Undertaken
	No. of MIGB Shares	%			
MKSB	22,001,499	9.76	22,001,499	35,498,501	57,500,000

(iii) not dispose of any of its MIGB Shares following the Announcement up to the Entitlement Date

- PAC(s) : Person(s) acting in concert
- Price-Fixing Date : 28 June 2018 being the date at which our Board has determined the Issue Price and the Exercise Price
- Property : A piece of leasehold land known as Lot 53, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan held under Title No. HSD 166735 Bandar Shah Alam, Daerah Petaling, Negeri Selangor, together with buildings erected thereon relating to Mycron's Acquisition
- Proposals ; The Rights Issue with Warrants and proposed exemption to MKSB, MEL and their PACs from the obligation to undertake a mandatory take-over offer for all the MIGB Shares and new MIGB Shares to be issued pursuant to the Rights Issue with Warrants not held by them
- Provisional Allotments : The Right Shares with Warrants provisionally allotted to the Entitled Shareholders
- Record of Depositors : A record of securities holders established and maintained by Bursa Depository
- Registered Office : Registered office of MIGB bearing the address of Suite 12.03, 12th Floor, No. 566 Jalan Ipoh, 51200 Kuala Lumpur
- Revised Undertaking : Written irrevocable undertaking dated 18 December 2017 from the Undertaking Party to MIGB to: -
- (i) fully subscribe for the Undertaking Party's entitlement under the Rights Issue with Warrants based on its shareholding as at the Entitlement Date as set out in the third (3rd) column of the table below at an indicative issue price of RM0.20 per Rights Share;
 - (ii) subscribe to not less than the number of Rights Shares with Warrants pursuant to the Deed of Assignment as set out in the fourth (4th) column of the table below so as to meet the Minimum Subscription Level and to raise a minimum amount of not less than RM11,500,000; and

DEFINITIONS (Cont'd)

First Column	Second Column		Third Column	Fourth Column	Fifth Column
Undertaking Party	Shareholding as at 18 December 2017		No. of Rights Shares to be subscribed pursuant to its entitlement	No. of Minimum Rights Shares to be subscribed pursuant to the Assignment	Total Minimum Rights Shares Undertaken
	No. of MIGB Shares	%			
MKSB	22,001,499	9.76	22,001,499	35,498,501	57,500,000

(iii) not dispose of any of its MIGB Shares following the Announcement up to the Entitlement Date

Rights Issue with Warrants	:	Renounceable rights issue of up to 225,522,808 MIGB Shares on the basis of one (1) Rights Share for every one (1) MIGB Share held by the Entitled Shareholders on the Entitlement Date at the Issue Price together with up to 112,761,404 Warrants to be issued on the basis of one (1) Warrant for every two (2) Rights Shares subscribed on the Entitlement Date
Rights Share(s)	:	Up to 225,522,808 new MIGB Shares to be issued pursuant to the Rights Issue with Warrants
RM and Sen	:	Ringgit Malaysia and sen, respectively, the lawful currency of Malaysia
RSF	:	Rights Subscription Form
Rules	:	Rules on Take-over, Mergers and Compulsory Acquisitions
Rules of Bursa Depository	:	The Rules of Bursa Depository as issued pursuant to the SICDA, including any amendments thereto that may be made from time to time
SC	:	Securities Commission Malaysia
Share Registrar	:	Trace Management Services Sdn Bhd (48646-M)
SICDA	:	Securities Industry (Central Depositories) Act, 1991 as may be amended from time to time and any re-enactment thereof
TA Securities or Principal Adviser	:	TA Securities Holdings Berhad (14948-M)
TDYK	:	Tunku Dato' Yacob Khyra
TERP	:	Theoretical ex-rights price
Transaction Record	:	Computer generated transaction slip
THB	:	Thai Baht
USD	:	United States Dollars
Warrant(s)	:	Free new detachable warrants to be issued by the Company pursuant to the Rights Issue with Warrants where the warrants will be constituted by the Deed Poll

DEFINITIONS (Cont'd)

All references to "Company" in this AP are to MIGB, references to "Group" are to MIGB and its subsidiaries. All reference to "we", "us", "our" and "ourselves" are to MIGB, or where the context requires, our Group. All references to "you" in this AP are references of the Entitled Shareholders of MIGB.

Words referring to the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and *vice versa*. Reference to person shall include corporations.

Any reference in this AP to any enactment is a reference to that enactment and as may be amended from time to time and any re-enactment thereof. Any discrepancy in the tables between the amounts listed and the totals in this AP are due to rounding. Any references to a time of day or date in this AP shall be a reference to Malaysian time or date respectively, unless otherwise stated.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name/Designation	Address	Age	Nationality	Profession
Tunku Dato' Yaacob Khyra (Executive Chairman)	No. 9E, Lorong Tun Ismail, Bukit Tunku, 50480 Kuala Lumpur	57	Malaysian	Executive Chairman
Azlan bin Abdullah (Group Managing Director/ Group Chief Executive Officer)	51 Lorong 16/9E, 46350 Petaling Jaya, Selangor Darul Ehsan	60	Malaysian	Group Managing Director/ Group Chief Executive Officer
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah (Non-Independent Non-Executive Director)	No. 9B, Lorong Tun Ismail, Bukit Tunku, 50480 Kuala Lumpur	56	Malaysian	Company Director
Shazal Yusuf bin Mohamed Zain (Independent Non-Executive Director)	No. 2, Jalan Merah Saga U9/5E, Kayangan Height, 40150 Shah Alam, Selangor Darul Ehsan	47	Malaysian	Company Director
Muk Sai Tat (Independent Non-Executive Director)	83 Jalan Terasek 2, Bangsar Baru, 59100 Kuala Lumpur	54	Malaysian	Company Director
General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd) (Independent Non-Executive Director)	No. 6 Jalan Tempua 6/4C, Section 6, 40000 Shah Alam, Selangor Darul Ehsan	71	Malaysian	Company Director
Dato' Indera Naresh Mohan (Independent Non-Executive Director)	No. 8 Jalan 5/3, Taman TAR, 68000 Ampang, Selangor Darul Ehsan	52	Singaporean (Malaysian Permanent Resident)	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Muk Sai Tat	Chairman	Independent Non-Executive Director
Shazal Yusuf bin Mohamed Zain	Member	Independent Non-Executive Director
Dato' Indera Naresh Mohan	Member	Independent Non-Executive Director
General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd)	Member	Independent Non-Executive Director

COMPANY SECRETARY

: Lily Yin Kam May (MAICSA 0878038)
Suite 12.03, 12th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur
Malaysia
Tel. No.: 03-6252 8880
Fax No.: 03-6252 8080

CORPORATE DIRECTORY (Cont'd)

- REGISTERED OFFICE** : Suite 12.03, 12th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur
Malaysia
Tel. No.: 03-6252 8880
Fax No.: 03-6252 8080
Email: enquiry@melewar-mig.com
Website:www.melewar-mig.com
- MANAGEMENT OFFICE** : Lot 53 Persiaran Selangor
40200 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel. No. : 03-5519 2455
Fax No. : 03-5519 2033

Website : www.melewar-mig.com
Email : enquiry@melewar-mig.com
- AUDITORS** : Messrs PricewaterhouseCoopers PLT (LLP0014401-LCA
& AF 1146)
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Malaysia
Tel. No. : 03-2173 1188
Fax No. : 03-2173 1288
- REPORTING ACCOUNTANTS
FOR THE RIGHTS ISSUE WITH
WARRANTS** : Messrs Crowe Malaysia (AF 1018)
(formerly known as Crowe Horwath)
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
Tel. No. : 03-2788 9999
Fax No. : 03-2788 9998
- PRINCIPAL BANKERS** : Bangkok Bank Berhad (Company No.: 299740-W)
1-45-01 Menara Bangkok Bank
Laman Sentral Berjaya
No. 105 Jalan Ampang
50450 Kuala Lumpur
Tel. No.: 03-3345 3540
Fax No.: 03-3341 5959

Malayan Banking Berhad (Company No.: 3813-K)
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel. No.: 03-2070 8833
Fax No.: 03-2070 2611

OCBC Bank (Malaysia) Berhad (Company No.: 295400-W)
Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Tel. No.: 03-2034 5034
Fax No.: 03-2698 4363

CORPORATE DIRECTORY (Cont'd)

- SHARE REGISTRAR** : Trace Management Services Sdn Bhd
(Company No. : 48646-M)
Suite 12.03, 12th Floor,
No. 566 Jalan Ipoh
51200 Kuala Lumpur
Tel No. : 03-6252 8880
Tel No. : 03-6252 8080
- SOLICITOR FOR THE RIGHTS
ISSUE WITH WARRANTS** : Chooi & Company + Cheang & Ariff
Level 5, Menara BRDB
No. 285, Jalan Maarof
Bukit Bandaraya,
59000 Kuala Lumpur
Malaysia
Tel: 03-2055 3888
Fax: 03-2055 3880
- PRINCIPAL ADVISER** : TA Securities Holdings Berhad (Company No.: 14948-M)
28th Floor, Menara TA One
22, Jalan P.Ramlee
50250 Kuala Lumpur
Tel. No.: 603-2072 1277
Fax No.: 603-2026 7241
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

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MELEWAR INDUSTRIAL GROUP BERHAD
(Company No: 8444-W)
(Incorporated in Malaysia)

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

25 July 2018

Board of Directors:

- Tunku Dato' Yaacob Khyra (*Executive Chairman*)
- Azlan bin Abdullah (*Group Managing Director/Group Chief Executive Officer*)
- Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah (*Non-Independent Non-Executive Director*)
- Shazal Yusuf bin Mohamed Zain (*Independent Non-Executive Director*)
- Muk Sai Tat (*Independent Non-Executive Director*)
- General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd) (*Independent Non-Executive Director*)
- Dato' Indera Naresh Mohan (*Independent Non-Executive Director*)

To: The Shareholders of Melewar Industrial Group Berhad

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 225,522,808 NEW ORDINARY SHARES IN MIGB ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) MIGB SHARE HELD AT 5.00 P.M. ON 25 JULY 2018 AT AN ISSUE PRICE OF RM0.20 PER RIGHTS SHARE, TOGETHER WITH UP TO 112,761,404 FREE DETACHABLE WARRANTS ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED

1. INTRODUCTION

On 23 August 2017, TA Securities had, on behalf of the Board, announced to Bursa Securities that the Company proposed to undertake a renounceable rights issue of up to 225,522,808 Rights Shares together with up to 112,761,404 Warrants on the basis of one (1) Rights Share for every one (1) existing MIGB Share together with one (1) Warrant for every two (2) Rights Shares subscribed by the Entitled Shareholders.

Subsequently on 18 December 2017, TA Securities, on behalf of the Board, further announced that the Board has decided to revise the Original Proposed Rights Issue with Warrants as follows: -

Key terms pursuant to the Original Proposed Rights Issue with Warrants **Revised key terms**

Basis of determining and justification for the issue price of the Rights Shares

The issue price of the Rights Shares was fixed by the Board at RM0.20 per Rights Share.

The issue price of the Rights Shares **will be determined and fixed by the Board at a later date**, after receipt of all relevant approvals but before the announcement of the Entitlement Date, after taking into consideration, amongst others, the historical share price movement of MIGB.

Utilisation of proceeds

The proceeds raised from the Rights Issue with Warrants is intended for the following utilisation: -

- (i) Subscription of MIGB's entitlement under Mycron's Rights Issue;
- (ii) Repayment of borrowings; and
- (iii) Estimated expenses in relation to the Proposals.

The proceeds raised from the Rights Issue with Warrants is intended for the following utilisation: -

- (i) Subscription of MIGB's entitlement under Mycron's Rights Issue **and/or repayment of borrowings**;
- (ii) Repayment of borrowings **and/or general working capital**; and
- (iii) Estimated expenses in relation to the Proposals.

The detailed utilisation of proceeds raised from the Rights Issue with Warrants is disclosed in Section 5 of this AP.

On 26 January 2018, TA Securities, on behalf of the Board announced that Bursa Securities vide its letter dated 26 January 2018 approved the following: -

- (i) Admission to the Official List and listing of up to 112,761,404 Warrants to be issued pursuant to the Rights Issue with Warrants;
- (ii) Listing of up to 225,522,808 new MIGB Shares to be issued pursuant to the Rights Issue with Warrants; and
- (iii) Listing of up to 112,761,404 new MIGB Shares to be issued pursuant to the exercise of Warrants.

The approval of Bursa Securities for the Rights Issue with Warrants is subject to the following conditions: -

No.	Conditions imposed by Bursa Securities	Status of compliance
1.	MIGB and TA Securities must fully comply with the relevant provisions under the Listing Requirements of Bursa Securities pertaining to the implementation of the Rights Issue with Warrants.	To be complied
2.	MIGB and TA Securities to inform Bursa Securities upon completion of the Rights Issue with Warrants.	To be complied
3.	MIGB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed.	To be complied
4.	MIGB to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at the EGM of MIGB for the Rights Issue with Warrants.	Complied

No.	Conditions imposed by Bursa Securities	Status of compliance
5.	Payment of additional listing fees pertaining to the exercise of the Warrants, if relevant. In this respect, MIGB to furnish Bursa Securities on a quarterly basis a summary of the total number of MIGB Shares listed pursuant to the exercise of the Warrants respectively as at the end of each quarter together with a details computation of the listing fees payable.	To be complied

On 20 April 2018 the Company announced that shareholders of MIGB had, during the EGM held on 20 April 2018, approved, amongst others, the Rights Issue with Warrants. A certified true copy of the extract of the resolution approving, amongst others, the Rights Issue with Warrants at the said EGM is attached in Appendix I of this AP.

As an Entitled Shareholder, you will find enclosed with this AP, the NPA setting out the number of Rights Shares with Warrants which you are entitled to subscribe for under the terms of the Rights Issue with Warrants and the RSF which is to be used for acceptance of the Rights Shares with Warrants provisionally allotted to you and for application for any Excess Rights Shares with Warrants, should you wish to do so. The provisionally allotted Rights Shares with Warrants will be duly credited into your CDS Account under the terms of the Rights Issue with Warrants. The Rights Shares that are not taken up for any reason, if any, will be made available for application under the Excess Rights Shares Application.

No person is authorised to give any information or to make any representation not contained in this AP in connection with or in relation to the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us and/or TA Securities. The delivery of this AP shall under no circumstances constitute a representation or create any implication that there has been no material change in the affairs of our Company or any of our subsidiary companies since the date of this AP.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS AP WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE WITH WARRANTS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE WITH WARRANTS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

In accordance with the terms of the Rights Issue with Warrants as approved by the shareholders at our EGM held on 20 April 2018, and subject to the terms of this AP and the accompanying documents, the Rights Issue with Warrants entails the renounceable rights issue of up to 225,522,808 Rights Shares together with up to 112,761,404 Warrants on the basis of one (1) Rights Share for every one (1) existing MIGB Share together with one (1) Warrant for every two (2) Rights Shares subscribed by the Entitled Shareholders.

The Warrants which are attached to the Rights Shares will be issued at no cost and only to the Entitled Shareholders and/or their renounee(s) (if applicable) who successfully subscribed for the Rights Shares. The entitlement to the Rights Shares with Warrants is renounceable in full or in part. However, the Rights Shares and Warrants cannot be renounced separately. Should the Entitled Shareholders elect to renounce all of their Rights Shares entitlements under the Rights Issue with Warrants, they will not be entitled to the Warrants. However, if the Entitled Shareholders accept only part of their Rights Shares entitlements under the Rights Issue with Warrants,

they shall be entitled to the Warrants in proportion of their acceptances of the Rights Shares entitlement.

In determining the shareholders' entitlements to the Warrants under the Rights Issue with Warrants, fractional entitlements, if any, will be dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company.

The Rights Shares with Warrants which are not taken up or validly taken up shall be made available for Excess Applications by the Entitled Shareholders and/or their renounee(s) (if applicable). It is the intention of the Board to allocate the Excess Rights Shares with Warrants in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.

The Warrants will be immediately detached from the Rights Shares upon issuance and separately tradable from the Rights Shares on the Main Market of Bursa Securities. The Warrants will be issued in registered form and constituted by the Deed Poll. Any unsubscribed Rights Shares with the attached Warrants shall be offered to the other Entitled Shareholders and/or their renounees/transferees (if applicable) under the Excess Rights Shares Application.

2.2 Salient terms of the Deed of Assignment

The salient terms, as extracted from the Deed of Assignment, are as follows: -

- (i) In consideration of the sum of RM1.00 paid by MKSB to MEL, receipt of which MEL acknowledges, MEL irrevocably and absolutely assigns its rights, interest, titles and benefits in the 60,379,733 Rights Shares together with up to 30,189,866 Warrants based on its shareholdings of 60,379,733 MIGB Shares as at 23 August 2017 ("**Entitlement**") to MKSB upon the terms and conditions contained in the Deed of Assignment.
- (ii) MKSB and MEL covenant and undertake to do all acts and execute all instruments necessary or expedient for the purpose of effecting the provisions of the Deed of Assignment.
- (iii) MKSB and MEL represent and warrant to each other that: -
 - (a) it has the full legal right, authority and power to enter into and execute and to perform and carry out all duties and obligations under the Deed of Assignment;
 - (b) all appropriate action has been taken to authorise the execution and delivery of the Deed of Assignment and the performance of duties and obligations under the Deed of Assignment; and
 - (c) the Deed of Assignment constitutes valid and binding obligations of MKSB and MEL and is enforceable in accordance with its terms.
- (iv) Representations, warranties and covenants by MEL, are as follows: -
 - (a) MEL represents and warrants to MKSB that save for the Deed of Assignment, MEL has not executed any assignment, pledge, charge, lien, right of set-off, encumbrance or other mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing over the Entitlement in favour of any party;

- (b) MEL shall forthwith upon the execution of the Deed of Assignment, give to MIGB, a notice in relation to the assignment of the Entitlement to MKSB ("**Notice of Assignment**") and shall procure MIGB to acknowledge receipt of the Notice of Assignment to MKSB within fourteen (14) days of the Notice of Assignment; and
- (c) MEL irrevocably undertakes not to dispose of any of MIGB Shares held by MEL from the date of the Announcement up to the Entitlement Date.

2.3 Salient terms of the Warrants

The salient terms of the Warrants are set out below: -

- Issue size : Up to 112,761,404 Warrants to be issued in conjunction with the Rights Issue with Warrants.
- Form and denomination : The Warrants will be issued in registered form and constituted by the Deed Poll.
- Mode of exercise : The registered holder of the Warrant is required to lodge a duly completed, signed and stamped subscription form, as set out in the Deed Poll, with the Company's registrar, together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia in accordance with the Deed Poll.
- Exercise price : RM0.40 only payable in respect of each new Share or such other price, as may be adjusted in accordance with the memorandum of the Deed Poll (if applicable).
- Exercise rights : Each Warrant carries the entitlement, at any time during the exercise period to subscribe for one (1) new MIGB Share at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll.
- Exercise period : The Warrants may be exercised at any time within five (5) years commencing on and including the date of issuance of the Warrants and would end at 5.00 p.m. on the date preceding the fifth (5th) anniversary of the date of issuance, or if such date is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day, but excluding the three (3) clear Market Days prior to a book closure date or entitlement date announced by the Company and those days during that period on which the Record of Depositors of MIGB and/or warrants register is or are closed. The Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
- Listing status : An application will be made to Bursa Securities for the admission of the Warrants to the Official List of Bursa Securities, and for the listing of and quotation for Warrants and the new MIGB Shares arising from the exercise of the Warrants on the Main Market of Bursa Securities.
- Tradability and board lot : The Warrants are tradable upon listing. For purposes of trading on Bursa Securities and subject to such conditions which Bursa Securities may impose from time to time, one (1) board lot of Warrants shall comprise of 100 Warrants carrying the right to subscribe for 100 new MIGB Shares at any time during the exercise period or such denomination as permitted by Bursa Securities.

- Adjustments in the exercise price and/or number of Warrants : The exercise price and/or number of unexercised Warrants shall be adjusted in the event of alteration to the share capital of the Company, capital distribution or issue of shares in accordance with the provisions of the Deed Poll. If the Company in any way modify the rights attached to any share or loan capital which is not described in the Deed Poll so as to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire or subscribe for new Shares, the Company must appoint a person who is permitted to carry on the regulated activity of advising corporate finance under the CMSA or the auditors (who shall act as experts) to consider whether any adjustment is appropriate. If the directors of the Company after such consultation determine that any adjustment is appropriate, the exercise price or the number of Warrants or both, will be adjusted accordingly.
- Rights in the event of winding up, liquidation, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then every Warrant holder shall be entitled to, subject to the provisions of the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within six (6) weeks after the granting of the court order approving the winding-up, compromise or arrangement, as the case may be, by the irrevocable surrender of his/her Warrants to the Company, elect to be treated as if he/she had immediately prior to the commencement of such winding-up, compromise or arrangement, exercised the exercise rights represented by his/her Warrants to the extent specified in the subscription forms and be entitled to receive out of the assets of the Company which would be available in liquidation if he/she had on such date been the holder of the MIGB Shares to which he/she would have become entitled pursuant to such exercise and the liquidator of the Company will give effect to such election accordingly.
- Rights of the Warrant holder : The Warrants do not entitle the Warrant holder to any dividends, rights, allotments and/or any form of distributions, the entitlement date of which is prior to the date of allotment and issuance of the new MIGB Shares upon exercise of the Warrants. The Warrants do not entitle the Warrant holders to any voting rights in any general meeting of the Company until and unless such Warrant holders exercise their Warrants and new MIGB Shares are issued to them.
- Modifications : Save for manifest error, any modification, amendment, deletion or addition to the Deed Poll shall require the approval of the holders of Warrants sanctioned by special resolution and may be effected only by the Deed Poll, executed by the Company and expressed to be supplemental hereto and subject to the approval of the relevant authorities, if necessary.

The Company may, without the consent of the Warrant holders (but in accordance with the terms of the Deed Poll), modify the Deed Poll provided that in the opinion of the

Company, such modification is not materially prejudicial to the interests of the Warrant holders or is made to correct a manifest error or to comply with the mandatory provisions of Malaysian law.

Any modifications, amendments, deletions or additions to the Deed Poll may be effected only by the Deed Poll, executed by the Company and expressed to be supplemental to the Deed Poll and comply with the requirements of the Deed Poll.

Governing Law : The Deed Poll shall be governed by the laws of Malaysia.

Note: -

For the avoidance of doubt, the Warrants will be immediately detached from the Rights Shares upon issuance and shall be listed and traded on the Main Market of Bursa Securities when the Warrants meet the conditions of the Listing Requirements of at least 100 Warrants holders holding not less than one (1) board lot each and relevant application submitted for the Warrants to be listed on the Main Market of Bursa Securities. The Warrants will not be listed in the event this condition is not met.

2.4 Basis of determining the Issue Price of the Rights Shares and the exercise price of the Warrants

a) Issue Price of the Rights Shares

The Board has fixed the Issue Price at RM0.20 each after receipt of all relevant approvals, taking into consideration, among others, the following:

- (i) the historical share price movements of MIGB Shares for the past twelve (12) months;
- (ii) the minimum amount to be raised from the Rights Issue with Warrants of approximately RM11.50 million which will be channeled towards the utilisation of proceeds as set out in Section 5 of this AP;
- (iii) a premium of approximately 5.88% to the 5D-VWAMP of MIGB Shares up to and including 27 June 2018, being the last trading day of MIGB Shares immediately preceding the Price-Fixing Date of RM0.1889 per MIGB Share; and
- (iv) a premium of approximately 2.85% to the TERP of MIGB Shares of RM0.19445 calculated based on the 5D-VWAMP of MIGB Shares up to and including 27 June 2018, being the last trading day of the MIGB Shares immediately preceding the Price-Fixing Date of RM0.1899.

b) Exercise price of the Warrants

The Warrants attached to the Rights Shares will be issued at no cost to the Entitled Shareholders who subscribe for the Rights Shares.

The Board has fixed the Exercise Price at RM0.40 per Warrant after taking into consideration the Issue Price of RM0.20, calculated based on the 5D-VWAMP up to and including 27 June 2018 of RM0.1889.

The Exercise Price represents:

- (i) a premium of approximately 111.75% to the 5D-VWAMP of MIGB Shares up to and including 27 June 2018, being the last trading day immediately preceding the Price-Fixing Date of RM0.1889; and
- (ii) a premium of approximately 105.71% to the TERP of MIGB Shares of RM0.19445 calculated based on the 5D-VWAMP of MIGB Shares up to and including 27 June 2018, being the last trading day of the MIGB Shares immediately preceding the Price-Fixing Date of RM0.1889.

2.5 Ranking of the Rights Shares and the new MIGB Shares arising from the exercise of the Warrants

The Rights Shares and the new MIGB Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued and paid-up MIGB Shares, save and except that the Rights Shares and the new MIGB Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotment and/or distributions, the entitlement date of which is prior to the date of allotment of the Rights Shares and the new MIGB Shares to be issued arising from the exercise of the Warrants.

The holders of the Warrants will not be entitled to any voting rights or participation in any form of the distribution and/or offer of further securities in the Company until and unless such holders of the Warrants exercise their Warrants into new MIGB Shares.

2.6 Last date and time for acceptance and payment

The Closing Date is 5.00 p.m. on 9 August 2018.

2.7 Details of other corporate exercises

Save for the Proposals, Mycron's Rights Issue and Mycron's Acquisition, our Board has confirmed that as at the LPD, MIGB does not have any other intended corporate proposal which have been approved by regulatory authorities that are pending implementation.

3. SHAREHOLDER'S UNDERTAKINGS

The shareholding of MEL and MKSB in MIGB, as at the LPD, together with their respective entitlements to the Rights Shares and Warrants is as follows: -

Major Shareholders	As at the LPD		Rights Shares Entitlement		Warrants Entitlement	
	No. of Shares	%	No. of Rights Shares	% ⁽¹⁾	No. of Warrants	% ⁽¹⁾
MEL	60,379,733	26.8	60,379,733	26.8	30,189,866	26.8
MKSB	22,001,499	9.8	22,001,499	9.8	11,000,749	9.8

Note: -

⁽¹⁾ Assuming the number of Rights Shares and Warrants entitlement under the Maximum Scenario.

The Rights Issue with Warrants will be implemented on a Minimum Subscription Level for gross proceeds of RM11.50 million at the Issue Price for each Rights Share. The Minimum Subscription Level was determined by the Board after considering, *inter alia*, the funding requirements of MIGB Group as set out in Section 5.

On 23 August 2017, MEL entered into the Deed of Assignment with MKSB, of which the salient terms are set out in Section 2.2.

On 23 August 2017, MIGB procured the Original Undertaking from the Undertaking Party.

On 18 December 2017, MIGB procured the Revised Undertaking from the Undertaking Party.

On 12 April 2018, TA Securities announced on behalf of the Board that further to the Revised Undertaking, the major shareholder of MIGB, MKSB, has on 11 April 2018 provided a letter of clarification to further clarify the terms of the Revised Undertaking. The letter of clarification serves to clarify MKSB's undertaking in the Revised Undertaking and does not purport to amend the terms in the Revised Undertaking.

Details of the Revised Undertaking based on the Minimum Subscription Level are as follows: -

Undertaking Party	As at 18 December 2017		Minimum Rights Shares Undertaken*		Minimum Warrants Entitlement pursuant to the Revised Undertaking	
	No. of Shares	%	No. of Rights Shares	% ⁽¹⁾	No. of Warrants	% ⁽²⁾
MKSB	22,001,499	9.8	57,500,000	100.00	28,750,000	100.00

Notes: -

* *The number of Rights Shares to be undertaken under the Revised Undertaking shall be adjusted accordingly depending on the final issue price of the Rights Shares so as to raise the minimum amount of not less than RM11,500,000.*

⁽¹⁾ *Percentage is calculated based on 57,500,000 Rights Shares available for subscription under the Minimum Subscription Level.*

⁽²⁾ *Percentage is calculated based on 28,750,000 Warrants available under the Minimum Subscription Level.*

MKSB will be released from the Revised Undertaking in the event of any act of God, strike, lockout, fire, flood, national emergency, war or other event beyond MKSB's reasonable control which renders the performance of the Revised Undertaking impossible for thirty (30) consecutive days.

Notwithstanding the Revised Undertaking and the Minimum Subscription Level, the Undertaking Party may subscribe in full to the Rights Shares with Warrants pursuant to the Assignment, as well as additional Rights Shares with Warrants via Excess Application should the Undertaking Party wishes to do so.

The Undertaking Party has confirmed that it has sufficient financial resources to fulfil the Revised Undertaking. TA Securities being the Principal Adviser for the Rights Issue with Warrants has verified the confirmation made by the Undertaking Party.

As the Revised Undertaking and the Rights Issue with Warrants will be implemented based on the Minimum Subscription Level, no underwriting arrangement will be made in respect of the Rights Issue with Warrants.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

As at the LPD, MIGB holds approximately 71.26% equity interest in Mycron. Mycron had on 23 August 2017 announced that it proposes to undertake Mycron's Rights Issue.

The Rights Issue with Warrants will enable MIGB Group to raise funds mainly to finance the subscription of MIGB's entitlement pursuant to Mycron's Rights Issue.

After due consideration of the various fund raising methods available, the Board is of the view that the Rights Issue with Warrants is the most appropriate avenue of fund raising after taking into consideration, amongst others, the Rights Issue with Warrants: -

- (i) enables MIGB Group to raise additional funds without incurring interest cost, compared to conventional bank borrowings;
- (ii) increases the size of the Company's shareholders' funds and potentially increasing the liquidity of MIGB Shares;
- (iii) provides an opportunity for the Entitled Shareholders to further increase their equity participation in the Company through the subscription of the Rights Shares and the exercise of the Warrants, which correspondingly increases their participation in the prospects and future growth of MIGB Group; and
- (iv) the Warrants which are attached to the Rights Shares are intended to provide an additional incentive to the Entitled Shareholders to subscribe for their Rights Shares. Subscription to the Rights Shares and exercise of the Warrants would enable the Entitled Shareholders to benefit from any potential capital appreciation arising thereof.

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5. UTILISATION OF PROCEEDS

At the Issue Price, the Rights Issue with Warrants will raise between approximately RM11.50 million and RM45.10 million based on the following scenarios, with the following intended utilisation: -

Utilisation	Expected time frame for utilisation of proceeds from the date of listing of the Rights Shares	Minimum Scenario (RM'000)	%	Maximum Scenario (RM'000)	%
Subscription of MIGB's entitlement under Mycron's Rights Issue and/or repayments of borrowings of MIE	Within 3 months	10,800 ⁽¹⁾	93.9	20,205 ⁽²⁾	44.8
Repayment of borrowings of MIE and/or general working capital	Within 12 months	-	-	24,200 ⁽³⁾	53.7
Estimated expenses in relation to the Proposals ⁽⁴⁾	Within 1 month	700	6.1	700	1.5
Total		11,500	100.0	45,105	100.0

Notes: -

- (1) To fund RM10.80 million for the subscription of MIGB's entitlement of 21,600,000 rights shares in Mycron at an indicative issue price of RM0.50 per rights share in Mycron pursuant to the undertaking provided by MIGB to subscribe for its entitlement under Mycron's minimum subscription level. In the unlikely event that the board of directors of Mycron decides not to undertake Mycron's Rights Issue, the proceeds of RM10.80 million raised from Rights Issue with Warrants shall be used for the repayment of borrowings of MIE, which was obtained to finance the completion of MIE's construction contracts in FYE 30 June 2017.

In the event Mycron's Rights Issue materialises: -

Utilisation	Minimum Scenario (RM'000)
Subscription of MIGB's entitlement under Mycron's Rights Issue	10,800
Repayments of borrowings of MIE	-

In the event Mycron's Rights Issue does not materialise: -

Utilisation	Minimum Scenario (RM'000)
Subscription of MIGB's entitlement under Mycron's Rights Issue	-
Repayments of borrowings of MIE	10,800

Under such scenario, MIE anticipates an annual interest savings of approximately RM1.30 million (based on MIE's outstanding borrowings of approximately RM26.92 million as at the LPD).

- (2) To fund up to RM20.21 million for the subscription of MIGB's entire entitlement of 40,410,044 rights shares in Mycron at an indicative issue price of RM0.50 per rights share in Mycron pursuant to Mycron's Rights Issue. In the unlikely event that the board of directors of Mycron decides not to undertake Mycron's Rights Issue, the proceeds of RM20.21 million raised from Rights Issue with Warrants shall be used for the repayment of borrowings of MIE.

In the event Mycron's Rights Issue materialises: -

Utilisation	Maximum Scenario (RM'000)
Subscription of MIGB's entitlement under Mycron's Rights Issue	20,205
Repayments of borrowings of MIE	-

In the event Mycron's Rights Issue does not materialise: -

Utilisation	Maximum Scenario (RM'000)
Subscription of MIGB's entitlement under Mycron's Rights Issue	-
Repayments of borrowings of MIE	20,205

Under such scenario, MIE anticipates an annual interest savings of approximately RM2.34 million (based on MIE's outstanding borrowings of approximately RM26.92 million as at the LPD).

- (3) As at the LPD, MIE's outstanding external borrowings stood at approximately RM26.92 million.

In the event Mycron's Rights Issue materialises: -

Utilisation	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Repayments of borrowings of MIE	-	24,200
General working capital	-	-

Notes: -

- * Any surplus after the repayment of borrowings of MIE shall be used for the general working capital of the MIGB Group.

Under such scenario, MIE anticipates an annual interest savings of approximately RM2.48 million (based on MIE's outstanding borrowings of approximately RM26.92 million as at the LPD).

In the event Mycron's Rights Issue does not materialise: -

Utilisation	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Repayments of borrowings of MIE	-	6,711
General working capital	-	17,489 [^]

Notes: -

- [^] The general working capital of RM17.489 million is expected to be utilised entirely for the repayment of its trade payables under its current liabilities. Based on the latest unaudited quarterly results of the Group for the financial period ended ("FPE") 31 March 2018, the trade payables under its current liabilities stands at RM183.47 million.

Under such scenario, MIE anticipates an annual interest savings of approximately RM2.48 million (based on MIE's outstanding borrowings of approximately RM26.92 million as at the LPD).

- (4) The estimated expenses in relation to the Proposals consist of professional fees, fees payable to the relevant authorities, expenses to convene the EGM of MIGB and other ancillary expenses. Any surplus or shortfall for the estimated expenses in relation to the Proposals shall be adjusted accordingly against the repayment of borrowings of MIE.

The actual gross proceeds to be raised from the Rights Issue with Warrants will depend on the subscription level of the Rights Issue with Warrants. Any variation to the actual proceeds raised will be adjusted against the repayment of borrowings of MIE.

The Warrants will not raise any immediate proceeds as the Warrants will be issued free to our Entitled Shareholders who subscribe for their respective entitlement under the Rights Issue with Warrants. The proceeds raised from the exercise of the Warrants cannot be determined as this juncture as it is dependent on the total number of Warrants exercised during the tenure of the Warrants. The proceeds arising from exercise of the Warrants will be utilised for the working capital of MIGB Group, with the timing and breakdown to be determined at a later date.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the purposes mentioned above, the proceeds will be placed in deposits with financial institutions or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institutions or any gain arising from the short-term money market instruments will be used as working capital of our Group.

6. RISK FACTORS

6.1 Risk relating to the Group and industry

i. Business and operational risks

MIGB is subject to certain risks which are fundamental in the steel manufacturing industry. These include increases in costs of labour and raw materials, labour and raw material shortages, changes in economic, business and credit conditions, business disruptions due to unexpected events such as temporary power outages and natural disasters, unfavourable changes in Government policies and competition from local and international players.

ii. Competition

Our steel manufacturing, sale and trading business operate in a market characterized by strong competition resulting from the number of established market participants as well as the volume of imported steel products. In particular, the influx of steel products from China has depressed margins for local steel producers in Malaysia. As with all competitive situations, there is a risk that we may not be able to compete effectively against other manufacturers, thus impacting on our business. However, with the Chinese government's initiatives to deal with closures of loss making, outdated and excess steel-making capacity factories, steel prices across the globe started to recover since the beginning of 2016.

iii. Corporate guarantees/commitments

The Company has in March 2016 issued a corporate guarantee for the due performance of its wholly owned engineering subsidiary to its client for a construction contract valued at RM83 million - which has since the financial year 2016 been determined to be onerous. On 14 March 2017, the

engineering subsidiary entered into a supplementary agreement with the client for funding assistance (on the cost overruns beyond the contract sum) to complete the project with direct payments to selected sub-contractors and suppliers. The Company has on 16 March 2017 issued an additional corporate guarantee to the client as a condition for the aforementioned funding, estimated to reach RM40 million. As at 31 March 2018, the amount owing by the subsidiary to client for such advances and guaranteed by the Company stands at RM35 million. On the other hand, the engineering subsidiary has filed unscheduled variation claims against the client for RM74.2 million.

The Company has also issued a corporate guarantee of RM28.2 million on loan facilities amounting to RM26.3 million taken by the engineering subsidiary to finance the completion of the aforesaid onerous projects. The engineering subsidiary's net recovery (if any) from its unscheduled variation claims against the client could partly serve to meet the loans' repayment obligation. In addition, the Rights Issue with Warrants could potentially raise a maximum allocation of RM24.2 million to cover those loan repayment.

The potential economic outflow relating to the abovementioned corporate guarantees are duly reflected in the Group's consolidated results with the full recognition of those onerous projects' losses. Please refer to Section 7.3 of this AP for further information.

6.2 Risks relating to the Rights Issue with Warrants

i. Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of force majeure events or circumstances which are beyond the control of the Company arising prior to the implementation of the Rights Issue with Warrants. Such events or circumstances include inter-alia, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn and changes in political leadership.

In this respect, all proceeds arising from the Rights Issue with Warrants will be refunded without interest to the Entitled Shareholders and/or their renounees (if applicable) in the event the Rights Issue with Warrants is aborted and if such monies are not repaid within fourteen (14) days after it becomes liable, the Company will repay such monies with interest at the rate of ten percent (10%) per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA. Notwithstanding the above, the Company will exercise its best endeavour to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Warrants.

In the event that the Rights Shares have been allotted to the successful Entitled Shareholders and/or their renounees(s) (if applicable) and the Rights Shares with Warrants are subsequently cancelled or terminated, a return of monies to the shareholders can only be achieved by way of cancellation of the Company's share capital as provided under the Act. Such cancellation requires the approval of the Company's shareholders and Warrant holders by way of special resolutions in general meetings, consent of the Company's creditors (where applicable) and may require the confirmation of the Court. There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

ii. Capital Market Risk

The market price of the new securities arising from the Rights Issue with Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuation. The respective price of the Company's securities is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates and the outlook of the industry which the Company operates in. In view of this, there can be no assurance that the MIGB Shares (together with the Rights Shares and any new Shares issued pursuant to the exercise of the Warrants) will trade at or above the TERP disclosed in section 2.4 of this AP after the completion of the Rights Issue with Warrants.

The Warrants are new instruments issued by the Company. Therefore, there can be no assurance that an active market for the Warrants will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants will be "in-the-money" during the exercise period.

Accordingly, there is no assurance that the market price of the Warrants will be at a level that meets the specific investment objectives or targets of any subscriber of the Warrants.

iii. Potential Dilution

Entitled Shareholders who do not or are unable to subscribe for their entitlement pursuant to the Rights Issue with Warrants will have their proportionate percentage of shareholdings and voting interest in our Company reduced in the enlarged issued share capital of our Company. Consequently, their proportionate entitlement to any future distribution rights and/or allotment that our Company may make after completion of the Rights Issue with Warrants will correspondingly be diluted.

iv. Forward-looking statements and other information

Certain statements in this AP are based on historical data, which may not be reflective of future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on the estimates and assumptions made by the Company, unless stated otherwise, and although the Board believes these forward-looking statements are reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, but are not limited to, those set out in this AP.

In view of this and other uncertainties, the inclusion of any forward-looking statement in this AP should not be regarded as a representation or warranty by the Company, the Principal Adviser and/or other advisers that the plans and objectives of the Group will be achieved.

7. INDUSTRY OVERVIEW AND PROSPECTS

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 5.4% in the first quarter of 2018 (4Q 2017: 5.9%), driven by continued growth in private sector spending (5.2%; 4Q 2017: 7.4%) and strong growth in net exports (62.4%; 4Q 2017: 2.3%). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.4% (4Q 2017: 1.0%).

Domestic demand recorded a moderate growth of 4.1% (4Q 2017: 6.2%), due to lower growth of private sector expenditure (5.2%; 4Q 2017: 7.4%) and a marginal decline in public sector spending (-0.1%; 4Q 2017: +3.4%).

On the supply side, services and manufacturing sectors remained the key drivers of growth.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2018, Quarterly Bulletin, Bank Negara Malaysia).

The global economy is expected to expand 3.7% in 2018 (2017: 3.6%). The advanced economies are projected to register growth of 2% (2017: 2.2%), supported by strong domestic and external demand. In the emerging market and developing economies, GDP is expected to improve 4.9% (2017: 4.6%), mainly supported by higher global demand and rising market confidence, particularly in China, India and ASEAN. However, the global economy will still face some downside risks due to policy uncertainties in the major economies, rising protectionism, geopolitical tensions, the effects of climate change, and volatility in the financial markets.

The Malaysian economy will remain resilient in 2018, with real GDP expanding between 5.0% and 5.5%, led by domestic demand. Private sector expenditure continues to be the primary driver of growth with private investment and consumption growing 8.9% and 6.8%, respectively. Meanwhile, public sector expenditure is forecast to decline, in line with lower capital outlays by public corporations. On the supply side, growth is expected to be broad based, with all sectors registering positive growth. Malaysia's external position is forecast to remain favourable supported by global growth and trade. Against this backdrop, the nominal Gross National Income ("GNI") per capita is expected to increase 5.1% from RM40,713 in 2017 to RM42,777 in 2018. With investment growing at a faster pace, the savings-investment gap will narrow to 2.3% of GNI. The economy will continue to operate under conditions of full employment with an unemployment rate of below 4%, while inflation remains benign. In line with fiscal consolidation efforts, the fiscal deficit will further decline to 2.8% of GDP in 2018 (2017: 3%). Accordingly, the Federal Government debt remains sustainable within the prudent limit of 55% of GDP. These developments will further strengthen the nation's economic fundamentals and resilience to further propel the country towards the milestones of an advanced and high-income nation by 2020, doubling the size of the economy to RM2 trillion in 2025 and joining the ranks of top 20 countries by 2050.

(Source: Economic Report 2017/2018, Ministry of Finance Malaysia).

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7.2 Overview and outlook of the steel industry in Malaysia

Value added of the manufacturing sector expanded further by 5.8% during the first half of 2017 (January – June 2016: 4.4%) with expansion across a wide range of outputs in both the export- and domestic- oriented industries. During the first eight months, production increased 6.4%, while sales rebounded significantly by 15.6% to RM500.2 billion (January - August 2016: 4%; -0.7%; RM432.8 billion). Output of export-oriented industries rose 6.5% (January – August 2016: 4.3%) led by an upturn in global electronics cycle and further enhanced by strong demand for resource-based products. Meanwhile, domestic-oriented industries expanded 6.2% (January - August 2016: 3.4%) benefiting from vibrant consumption and construction activities.

Within the domestic- oriented industries, output of construction- related materials recorded a sustained growth of 4.8% (January – August 2016: 4.8%). Growth was led by higher production of basic metal (4.2%), particularly basic iron and steel which rebounded 6.2% (January – August 2016: 1.9%; -1.4%). Likewise, both non- metallic mineral and fabricated metal products grew 5.4% and 4.6%, respectively (January - August 2016: 6.3%; 5.6%) supported by increased demand for fabricated construction materials and concrete, cement and plaster following vibrant construction activities.

Within the export-oriented industries, electrical and electronic (“E&E”) output expanded 9.3% while sales surged 16.3% to RM169.5 billion (January - August 2016: 6.8%; 9%; RM145.8 billion). Growth emanated mainly from the expansion in output of printed circuit boards, semiconductor devices and electronic integrated circuits which strengthened further by 24.4%, 11.9% and 16.9% (January – August 2016: 11.9%; 5.9%; 15%), respectively. This is in line with the trend in global semiconductor sales which is expected to expand 11.5% in 2017, the highest level since 2010. On the contrary, the output of computers and peripheral equipment contracted 7.7% (January – August 2016: 3.1%) as a result of lower demand for notebooks and personal computers following rising preferences for smartphones and tablets. Meanwhile, consumer electronics grew at a moderate pace of 2.6% (January - August 2016: 5.3%) partly due to lower demand for in-car entertainment, portable media players and digital cameras.

Non- E&E exports posted a stronger growth of 20.9% (January - August 2016: 5%) with almost all subsectors exhibiting positive performance. Export receipts from petroleum products rebounded significantly by 43.6% (January – August 2016: -3.6%) following increased demand, particularly from Indonesia (135.2%), China (96.4%), Australia (73.7%) and Singapore (24.5%). Strong performance was recorded in refined petroleum products (34.7%) as well as petroleum gases and gaseous hydrocarbon (41%). Exports of chemicals and chemical products rose sharply by 18.3% (January – August 2016: 6.6%) led by organic chemicals and plastic in primary form, which expanded 25.9% and 13.3%, respectively. Demand was notably higher from China, Indonesia, Japan, Singapore and Thailand.

The manufacturing sector is forecast to increase 5.3% in 2018 (2017: 5.5%). Output of export-oriented industries is projected to expand on account of sustained demand for E&E, refined petroleum and woods products. Likewise, growth in the domestic-oriented industries is anticipated to remain resilient supported by ongoing construction of infrastructure projects as well as strong demand for consumer products, especially food and transport equipment.

(Economic Report 2017/2018, Ministry of Finance Malaysia).

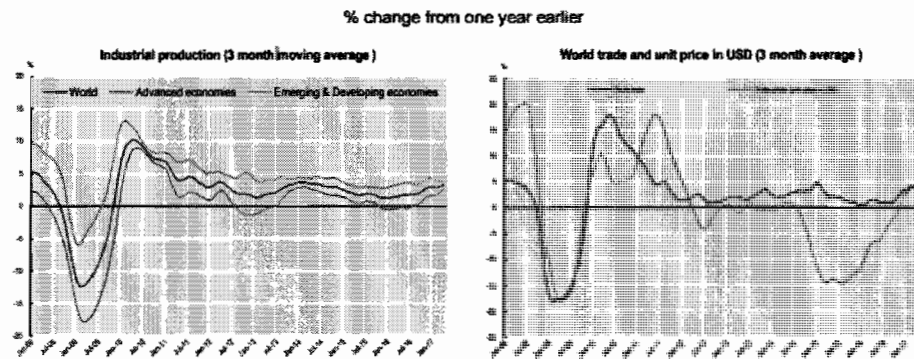
The World Steel Association (“Worldsteel”) today released its April 2018 Short Range Outlook (SRO). Worldsteel forecasts global steel demand will reach 1,616.1 Mt in 2018, an increase of 1.8% over 2017. In 2019, it is forecast that global steel demand will grow by 0.7% to reach 1,626.7 Mt.

In 2018 and 2019 GDP growth is expected to decelerate mildly, but as the government continues to focus on shifting the growth driver toward consumption, investment is likely to further decelerate. Steel demand in 2018 is expected to stay flat. In 2019, it is expected to contract by 2.0% with a further slowdown in construction activity. In manufacturing, the machinery sector is expected to maintain positive growth on the back of a strong global economy while automotive and home appliances are expected to decelerate.

(Source: Short Range Outlook April 2018, Worldsteel Association).

Recent months have seen a modest pick-up in global economic growth, both in advanced and in emerging economies, after years of sluggish developments. World industrial production has improved in recent months, mostly driven by industrial output in advanced economies (Figure 1). Global trade and commodity prices have also picked up since the last year, despite increasing trade frictions.

Figure 1. World Industrial production, trade, and trade prices



Source: Netherlands Bureau for Economic Policy Analysis (CPB).

According to the OECD’s June 2017 Economic Outlook, world GDP growth is expected to remain relatively weak, despite a gradual improvement from 3% in 2016 to a projected 3.5% in 2017 and 3.6% in 2018 (see Table 1 below for the latest OECD GDP growth forecasts). The OECD revised its forecasts for global growth in 2017 slightly upwards compared to the 3.3% growth projected in the OECD’s March 2017 Interim Economic Outlook.

Steel market sentiment has improved since 2016, potentially pushed higher by the increase of steel prices, modest improvements in steel demand and expectations about capacity reductions. However, the improvement could prove temporary given the extent of the unaddressed underlying structural imbalances coupled with sluggish demand growth in the years to come.

(Source: Steel Market Developments 4th Quarter 2017, Organisation for Economic Cooperation and Development).

In 2017, Malaysia was the world’s eighteenth-largest steel importer. Malaysia imported 7.6 million metric tons of steel in 2017, a 15 percent decrease from 8.9 million metric tons in 2016. Malaysia’s imports represented about 2 percent of all steel imported globally in 2016, based on available data. The volume of Malaysia’s 2017 steel imports was more than a third the size of the world’s fourth-largest and Asia’s largest importer, South Korea. In value terms, steel represented just 2.8 percent of the total goods imported into Malaysia in 2017.

In 2017, the volume of Malaysia's steel imports decreased by 15 percent to 7.6 million metric tons from 8.9 million metric tons in 2016. By contrast, the value of Malaysia's 2017 steel imports increased by 12 percent to \$5.6 billion from \$5 billion in 2016, which can be attributed to a significant increase in global steel prices.

Flat products accounted for 54 percent of Malaysia's steel imports by volume in 2017, with a total of 4.1 million metric tons. Long products represented 26 percent of Malaysia's imports, with 2 million metric tons. Pipe and tube steel products moved up to the third position at 9 percent of the total import share (722 thousand metric tons), followed by stainless steel products at 7 percent of Malaysia's imports (515 thousand metric tons) and lastly semi-finished steel at 4 percent of steel imports (300 thousand metric tons).

Malaysia's crude steel production decreased by 45 percent between 2009 and 2016. Between 2015 and 2016, production decreased 27 percent to 2.8 million metric tons. Demand grew by 64 percent between 2009 and 2016, and between 2015 and 2016, demand grew by 6 percent. With rising import levels, over three times as large as Malaysia's production in 2016, imports contribute substantially to steel demand. Import penetration increased nearly every year since 2009, peaking at 86.5 percent in 2016. In 2016, import penetration increased 7.3 percentage points from 79.2 percent in 2015.

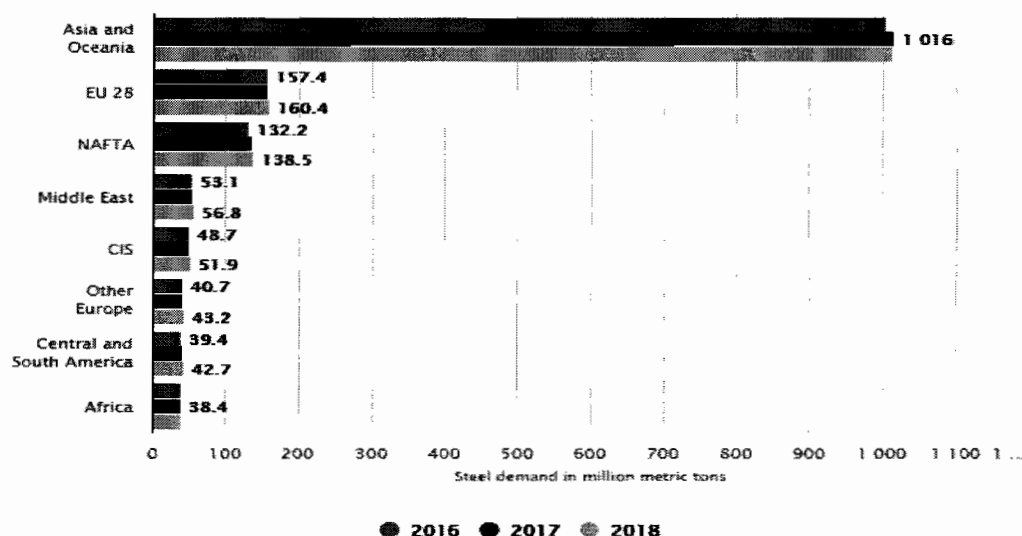
(Source: Global Steel Trade Monitor (Steel Imports Report: Malaysia) April 2018, International Trade Administration).

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7.3 Prospects of MIGB Group

The Group expects the steel businesses held through Mycron to continue recording positive earnings in the near term future based on the nine (9)-months unaudited financial statements for the period ended 31 March 2018 of Mycron, hence, contributing positively to the earnings per share of MIGB. Based on the latest audited consolidated financial statement of MIGB for the FYE 30 June 2017, Cold Rolled Coil and Steel Tube segments in aggregate contributed approximately 93.13% to the total revenue of MIGB Group. It is the Group's long-term view that the Malaysian government will continue to practise sound judgement in its flat steel policy, which bodes well for the Group's steel activities. The ability to keep Malaysia as a competitive manufacturer, whilst protecting its industries from unfair trade practices, takes great skill, and can only be achieved with open dialogue between regulators and industry.

Although the steel industry is highly competitive and is subject to significant global supply and demand anomalies, the prospects for the business remains positive, in view of the growing demand for steel in the Asia and Oceania region despite the soft economic outlook.



(Source: The Statistics Portal: Estimated demand for steel worldwide between 2016 and 2018, by region (in million metric tons))

The Group's ability to maintain strict control on operating costs with consistent monitoring of production efficiencies also contribute to the steel segment's positive results.

As such, the management is of the view that the subscription to Mycron's Rights Issue is paramount to enabling Mycron, a 71.26% subsidiary of the Company, to construct and/or upgrade its pickling system to achieve cost effectiveness and product quality.

With regard to the Engineering Division, the Group will focus on completing two major construction contracts which it has been undertaking since the FYE 30 June 2016. As at 31 May 2018, the stages of completion of the two major construction contracts' stages of completion are at around 95% and 93% respectively (based on cost). Full loss provisions for both the construction contracts were made in the FYE 30 June 2017, and no further material loss provision is expected for the current FYE 30 June 2018. MIGB has given a corporate guarantee on the due performance of its Engineering Division for one of the projects at inception to the client, and as such MIGB is financially obligated to the client on the project's cost overrun or losses. The financial obligation of the corporate guarantee is fully reflected in the total loss recognised for the project at RM87.1 million. However, MIGB's financial obligation for its Engineering Division's project losses could possibly be mitigated or recovered from

rightful variation-claims against the client. In this regard as at the LPD, the engineering subsidiary had submitted project variation-claims totalling to approximately RM74.2 million to the client. These claims have not been recognised in the financial accounts of the engineering subsidiary and shall only be recognised upon finalisation with the client.

With regards to the Group's power business in Thailand held through an associate ("**Power Associate**"), its business interest is being unwound with the disposal of equity stakes in those holding entities. As at the LPD, the Group no longer has outstanding issues in the power business as it has fully divested its remaining equity interest in Power Associate, whilst past security pledge by MIGB to a bank in support of a performance guarantee by Power Associate's (then a subsidiary of MIGB) investment holding entity has been unconditionally released.

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8. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS**8.1 Share Capital**

The pro forma effects of the Rights Issue with Warrants on the share capital of MIGB are set out below: -

	Minimum Scenario		Maximum Scenario	
	No. of MIGB Shares ('000)	Share Capital (RM'000)	No. of MIGB Shares ('000)	Share Capital (RM'000)
Issued and paid-up share capital as at LPD	225,523	226,997	225,523	226,997
To be issued pursuant to the Rights Issue with Warrants	57,500	11,500 [^]	225,523	45,105 [^]
	283,023	238,497	451,046	272,102
To be issued pursuant to the full exercise of the Warrants	28,750	11,500 [*]	112,761	45,105 [*]
Enlarged issued and paid-up share capital	311,773	249,997	563,807	317,207

Notes: -

[^] Based on the Issue Price of RM0.20

^{*} Based on the exercise price of the Warrants of RM0.40.

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8.2 Substantial Shareholders' Shareholdings

The pro forma effects of the Rights Issue with Warrants on the shareholdings of the substantial shareholders of MIGB as at the LPD are set out as below: -

(i) Minimum Scenario

Names	As at the LPD			(i) After the Rights Issue with Warrants		
	Direct		Indirect	Direct		Indirect
	No. of MIGB Shares	%	No. of MIGB Shares	No. of MIGB Shares	%	No. of MIGB Shares
MEL	60,379,733	26.8	-	60,379,733	21.3	-
MKSB	22,001,499	9.8	-	79,501,499	28.1	-
TDYK	-	-	82,381,232	-	-	139,881,232
KLB	-	-	82,381,232	-	-	139,881,232

Names	(ii) After (i) and after the full conversion of Warrants		
	Direct		Indirect
	No. of MIGB Shares	%	No. of MIGB Shares
MEL	60,379,733	19.4	-
MKSB	108,251,499	34.7	-
TDYK	-	-	168,631,232
KLB	-	-	168,631,232

Notes: -

(1) Deemed indirect interest by virtue of TDYK being a beneficiary of a trust known as KLB, being the holding company of MEL and MKSB who are the major/substantial shareholders of MIGB.

(2) Deemed indirect interest by virtue of it being the holding company of MEL and MKSB who are the major/substantial shareholders of MIGB.

(ii) Maximum Scenario

Names	As at the LPD			(i) After the Rights Issue with Warrants		
	Direct		Indirect	Direct		Indirect
	No. of MIGB Shares	%	No. of MIGB Shares	No. of MIGB Shares	%	No. of MIGB Shares
MEL	60,379,733	26.8	-	60,379,733	13.4	-
MKSB	22,001,499	9.8	-	104,382,731	23.1	-
TDYK	-	-	82,381,232	-	-	164,762,464
KLB	-	-	82,381,232	-	-	164,762,464
						36.5 ⁽¹⁾
						36.5 ⁽²⁾

Names	(ii) After (i) and after the full conversion of Warrants		
	Direct		Indirect
	No. of MIGB Shares	%	No. of MIGB Shares
MEL	60,379,733	10.7	-
MKSB	145,573,347	25.8	-
TDYK	-	-	205,953,080
KLB	-	-	205,953,080
			36.5 ⁽¹⁾
			36.5 ⁽²⁾

Notes: -

⁽¹⁾ Deemed indirect interest by virtue of TDYK being a beneficiary of a trust known as KLB, being the holding company of MEL and MKSB who are the major/substantial shareholders of MIGB.

⁽²⁾ Deemed indirect interest by virtue of it being the holding company of MEL and MKSB who are the major/substantial shareholders of MIGB.

8.3 NA & Gearing

Based on the latest audited consolidated statement of financial position of MIGB as at 30 June 2017 and on the assumption that the Rights Issue with Warrants had been effected on that date, the proforma effects of the Rights Issue with Warrants on the consolidated NA, NA per share and gearing of the Group are set out below: -

(i) Minimum Scenario

	Audited as at 30 June 2017	(I) After the Rights Issue with Warrants	(II) After (I) and assuming full exercise of the Warrants
	RM'000	RM'000	RM'000
Share capital	226,997	236,484 ⁽¹⁾	249,997 ⁽⁵⁾
Accumulated losses	(35,333)	(32,891) ⁽²⁾⁽³⁾	(30,613) ⁽⁶⁾
Asset revaluation reserves	50,292	50,292	50,292
Warrant reserves	-	2,013 ⁽⁴⁾	-
Foreign currency translation reserve	(16)	(16)	(16)
Shareholders' funds/NA	241,940	255,882	269,660
No. of MIGB Shares in issue ('000)	225,523	283,023	311,773
NA per share (RM)	1.07	0.90	0.86
Total borrowings ^(a)	113,515	134,515 ⁽⁷⁾	134,515
Gearing (times)	0.47	0.53	0.50

Notes: -

- (a) *Comprising all bank borrowings.*
- (1) *Arising from the issuance of 57,500,000 Rights Shares pursuant to the Rights Issue with Warrants at the Issue Price, net warrant reserves.*
- (2) *After deducting the estimated expenses of RM700,000 in relation to the Proposals.*
- (3) *MIGB will increase its stake in Mycron from approximately 71.26% to 73.29% from the subscription of Mycron's Rights Issue which will result in a consolidated adjustment from non-controlling interests of RM4,727,775. In addition, estimated expenses of RM1.1 million from Mycron's Rights Issue and Mycron's Acquisition are to be shared between MIGB and non-controlling interests of RM806,223 and RM293,777, respectively. Furthermore, an estimated retention sum/real property gains tax of RM780,000 is to be incurred by MIGB upon the disposal of the Property.*
- (4) *Arising from the issuance of Warrants pursuant to the Rights Issue with Warrants. For illustration purposes, the Warrants are assumed to have a fair value of RM0.07 based on the Black-Scholes option pricing model as extracted from Bloomberg based on the Exercise Price and six (6)-month volatility rate of the underlying MIGB Shares of 68.71%.*
- (5) *Arising from the issuance of 28,750,000 new MIGB Shares pursuant to the full exercise of the Warrants.*
- (6) *MIGB will increase its stake in Mycron from approximately 73.29% to 74.21% upon full exercise of Mycron's Warrants which has resulted in a consolidated adjustment from non-controlling interests of RM2,278,576.*
- (7) *Arising from Mycron's Acquisition whereby Mycron Group obtained a loan of RM21.0 million to part finance the Acquisition. RM2.60 million has been paid upon execution of the conditional sale and purchase agreement dated 20 November 2017 between MIGB and MST in relation to the Acquisition. The remaining RM2.40 million will be financed via working capital.*

(ii) Maximum Scenario

	Audited as at 30 June 2017	(I) After the Rights Issue with Warrants	(II) After (I) and assuming full exercise of the Warrants
	RM'000	RM'000	RM'000
Share capital	226,997	264,209 ⁽¹⁾	317,207 ⁽⁵⁾
Retained earnings	(35,333)	(37,597) ⁽²⁾⁽³⁾	(37,597)
Asset revaluation reserves	50,292	50,292	50,292
Warrant reserves	-	7,893 ⁽⁴⁾	-
Foreign currency translation reserve	(16)	(16)	(16)
Shareholders' funds/NA	241,940	284,781	329,886
No. of MIGB Shares in issue ('000)	225,523	451,046	563,807
NA per share (RM)	1.07	0.63	0.59
Total borrowings ^(a)	113,515	134,515 ⁽⁶⁾	134,515
Gearing (times)	0.47	0.47	0.41

Notes: -

- (a) *Comprising all bank borrowings.*
- (1) *Arising from the issuance of 225,522,808 Rights Shares pursuant to the Rights Issue with Warrants at the Issue Price, net warrant reserves.*
- (2) *After deducting the estimated expenses of RM700,000 in relation to the Proposals.*
- (3) *Estimated expenses of RM1.1 million from Mycron's Rights Issue and Mycron's Acquisition are to be shared between MIGB and non-controlling interests of RM783,843 and RM316,157, respectively. Furthermore, an estimated retention sum/real property gains tax of RM780,000 is to be incurred by MIGB upon the disposal of the Property.*
- (4) *Arising from the issuance of Warrants pursuant to the Rights Issue with Warrants. For illustration purposes, the Warrants are assumed to have a fair value of RM0.07 based on the Black-Scholes option pricing model as extracted from Bloomberg based on the Exercise Price and six (6)-month volatility rate of the underlying MIGB Shares of 68.71%*
- (5) *Arising from the issuance of 112,761,404 new MIGB Shares pursuant to the full exercise of the Warrants.*
- (6) *Arising from Mycron's Acquisition whereby Mycron Group obtained a loan of RM21.0 million to part finance the Acquisition. RM2.60 million has been paid upon execution of the conditional sale and purchase agreement dated 20 November 2017 between MIGB and MST in relation to the Acquisition. The remaining RM2.40 million will be financed via working capital.*

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8.4 EPS

The Rights Issue with Warrants is not expected to have any material effect on MIGB's consolidated earnings for the FYE 30 June 2018. Barring any unforeseen circumstances, the Rights Issue with Warrants is expected to contribute positively to the future earnings of MIGB Group when the benefits of the utilisation of proceeds are realised.

The EPS of MIGB Group shall be correspondingly diluted as a result of the increase in the number of MIGB Shares in issue pursuant to the issuance of Rights Shares and new MIGB Shares arising from the exercise of the Warrants.

8.5 Convertible securities

As at the LPD, MIGB does not have any existing options, warrants or convertible securities.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS**9.1 Working Capital**

The Board is of the opinion that, after taking into consideration the Group's financial position, the funds generated from the Group's operations and the banking facilities available to the Group, the Group will have sufficient working capital available for a period of twelve (12) months from the date of this AP.

9.2 Borrowings

As at LPD, MIGB Group has total outstanding borrowings of approximately RM120.020 million, all of which are interest-bearing, are as follows:

Borrowings	RM'000
<u>Short term borrowings</u>	
Unsecured	4,072
Secured	113,563
	117,635
<u>Long term borrowings</u>	
Secured	2,385
	2,385
Total Borrowings	120,020

There has not been any default on payment or either interest and/or principal sums on any of the Group's borrowings throughout the past one (1) financial year and subsequent financial period up to the LPD.

9.3 Contingent Liabilities

As at the LPD, the Board has confirmed that there are no contingent liabilities incurred or known to be incurred by MIGB Group, which upon becoming enforceable, may have a material impact on the financial position of MIGB Group.

9.4 Material Commitments

As at the LPD, the Group's cold-rolled subsidiary has an outstanding capital commitment balance of approximately RM1.16 million for the supply and installation of new motor-drives for its 'rolling mill'; whilst, its steel tube subsidiary has an outstanding capital commitment balance of approximately RM0.6 million for plant-equipment. The said capital commitments will be payable over established milestones running into financial year 2019 and shall be financed through our Group's internally generated funds and/or bank borrowings.

10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE OR TRANSFER AND EXCESS APPLICATION

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS, AND THE PROCEDURES TO BE FOLLOWED BY YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEES(S) (IF APPLICABLE), SHOULD YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE), WISHES TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT(S) AS WELL AS INSTRUCTIONS FOR APPLICATION FOR EXCESS RIGHTS SHARES WITH WARRANTS, ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.

YOU ARE ADVISED TO READ THIS AP, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE DOCUMENTS CAREFULLY.

UNLESS OTHERWISE STATED, ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS EITHER IN FULL OR IN PART MUST BE MADE ON THE RSF (AS APPLICABLE) ISSUED TOGETHER WITH THIS AP AND MUST BE COMPLETED IN ACCORDANCE WITH THE NOTES AND INSTRUCTIONS CONTAINED IN THE DOCUMENTS. ACCEPTANCES WHICH DO NOT CONFORM STRICTLY TO THE TERMS AND CONDITIONS AS WELL AS NOTES AND INSTRUCTIONS IN THE DOCUMENTS OR WHICH ARE ILLEGIBLE MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments that you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue with Warrants (fractional entitlement, if any, having been disregarded). You will find enclosed with this AP, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Warrants that you have been provisionally allotted as well as to apply for the Excess Rights Shares with Warrants if you choose to do so. This AP and the RSF are also available at the Registered Office, our Share Registrar or on the website of Bursa Securities (<http://www.bursamalaysia.com>).

10.2 NPA

The Provisional Allotments are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the NPA will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your transferee(s) and/or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications.

10.3 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Allotments allotted to you, must be made on the RSF issued together with this AP and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this AP, the RSF or the notes and instructions contained in the documents or which are illegible may not be accepted at the absolute discretion of the Board. Our Share Registrar will not contact you and/or your renounee(s) and/or transferee(s) (if applicable) for acceptance which do not strictly conform to the terms and conditions of this AP, the RSF or the notes and instructions contained in the RSF or which are illegible.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS AP AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement to the Provisional Allotments, please complete Part I (A) and Part II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by **ORDINARY POST, COURIER** or **DELIVERED BY HAND** at your own risk to our Share Registrar at the following address: -

- (i) Trace Management Services Sdn Bhd
Suite 12.03, 12th Floor,
No. 566 Jalan Ipoh
51200 Kuala Lumpur

Or, our Company at our registered office at the address set out below:

- (ii) Suite 12.03, 12th Floor,
No.566 Jalan Ipoh
51200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 9 August 2018, being the last date and time for the acceptance and payment for the Rights Shares with Warrants.

If you lose, misplace or for any other reason require another copy of the RSF, you may obtain additional copies from the Registered Office, our Share Registrar or Bursa Securities' website (<http://www.bursamalaysia.com>).

Only one (1) RSF must be used for acceptance of the Provisional Allotments standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than one (1) CDS Account. The Rights Shares with Warrants accepted by you will be credited into the CDS Account(s) where the Provisional Allotments are standing to the credit.

Successful applicants of the Rights Shares with Warrants will be given the Warrants on the basis of one (1) Warrant for every two (2) Rights Shares successfully subscribed for. The minimum number of Rights Shares with Warrants that can be subscribed or accepted is one (1) Rights Share. The Warrants will be detached from the Rights Shares immediately upon issuance and traded separately on Bursa Securities. However, you and/or your renounee/transferee (if applicable) should take note that a trading board lot comprises of one hundred (100) Rights Shares and one hundred (100) Warrants, respectively. Fractions of a Rights Share and/or a Warrant arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company.

A reply envelope is enclosed with this AP. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and which must be made payable to "**MIGB RIGHTS ISSUE ACCOUNT**" crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number, address and your CDS Account number in block letters, and must be received by our Share Registrar or our Company by 5.00 p.m. on 9 August 2018. The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD, DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AT YOUR OWN RISK TO THE ADDRESSES SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

PROOF OF POSTAGE SHALL NOT CONSTITUTE PROOF OF RECEIPT BY OUR SHARE REGISTRAR OR COMPANY.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT AT ITS ABSOLUTE DISCRETION NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH OUR SHARE REGISTRAR OR OUR COMPANY WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON BURSA DEPOSITORY'S RECORD OF DEPOSITORS AT THE APPLICANT'S OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS.

FOR FOREIGN ADDRESSED SHAREHOLDERS, ACCEPTANCE AND PAYMENT ARE SUBJECT TO CERTAIN RESTRICTIONS WHICH ARE SET OUT IN SECTION 10.10 OF THIS AP.

If acceptance and payment for the Rights Shares with Warrants provisionally allotted to you is not received by our Share Registrar or our Company by 5.00 p.m. on 9 August 2018, being the last date and time for acceptance and payment (or such later date and time as our Board in its absolute discretion may decide and announce not

less than two (2) Market Days before the stipulated date and time), such provisional allotment of Rights Shares with Warrants to you will be deemed to have been declined and will be cancelled. Such Rights Shares not taken up will be made available for applicants who have applied for Excess Rights Shares with Warrants.

Our Board reserves the right not to accept or to accept in part only any application accompanied by payment other than in the manner prescribed herein or which is otherwise howsoever incomplete or not in order, without assigning any reasons thereof.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR AND OUR COMPANY SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN. WHERE THE APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK.

10.4 Procedures for sale/transfer of provisional allotment of Rights Shares with Warrants

The provisional allotment of Rights Shares with Warrants is renounceable and will be traded on Bursa Securities commencing 26 July 2018 until 2 August 2018 at 5.00 p.m. As such, you and/or your transferee(s) and/or your renouncee(s) may sell/transfer all or part of your entitlement to the Rights Shares with Warrants.

As the provisional allotment of the Rights Shares with Warrants are prescribed securities, you and/or your transferee(s) and/or your renouncee(s) (if applicable) who wish to sell/transfer all or part of your entitlements to the Rights Shares with Warrants to one (1) or more than one (1) person(s) may do so immediately through your stockbrokers without first having to request for a split of the provisionally allotted Rights Shares with Warrants standing to the credit of your CDS account. To dispose of all or part of your provisionally allotted Rights Shares with Warrants, you and/or your transferee(s) and/or your renouncee(s) (if applicable) may sell such entitlements in the open market of Bursa Securities for the period up to the last day and time for sale of the provisionally allotted Rights Shares with Warrants (in accordance with the Rules of Bursa Depository) or transfer to such persons as may be allowed pursuant to the Rules of Bursa Depository for the period up to the last day and time for transfer of the provisionally allotted Rights Shares with Warrants (in accordance with the Rules of Bursa Depository).

In selling/transferring all or part of your provisionally allotted Rights Shares with Warrants, you and/or your transferee(s) and/or your renouncee(s) (if applicable) need not deliver any document including the RSF, to any stockbroker in respect of the portion of the provisional allotment sold/transferred. However, you and/or your transferee(s) and/or your renouncee(s) (if applicable) must ensure that there is sufficient provisionally allotted Rights Shares with Warrants standing to the credit of your CDS account that are available for settlement of the sale or transfer.

If you and/or your renouncee(s) (if applicable) have sold or transferred only part of your provisionally allotted Rights Shares with Warrants, you may still accept the balance of the entitlements of the Rights Shares with Warrants by completing Part I(A) and Part II of the RSF and forwarding the RSF together with the full amount payable on the balance of the Rights Shares with Warrants applied for to our Share Registrar or our Company in accordance with the instructions set out in Section 10.3 of this AP. The minimum number of Rights Shares with Warrants that can be accepted or minimum number of Excess Rights Shares with Warrants which can be applied for is one (1) Rights Shares.

ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

10.5 Purchase of rights

If you have purchased any provisional allotment of Rights Shares with Warrants from Bursa Securities, you should obtain and complete the RSF in order to enable you to accept the Rights Shares. The RSF can be obtained from one of the following:

- (1) Any Malaysian stockbroking companies
- (2) The website of Bursa Securities at <http://www.bursamalaysia.com>
- (3) Our Company's Registered Office at:

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

- (4) Our Share Registrar at:

Trace Management Services Sdn Bhd
Suite 12.03, 12th Floor
No. 566 Jalan Ipoh
51200 Kuala Lumpur
Malaysia

YOU ARE TO COMPLETE THE RSF AND SUBMIT THE SAME WITH THE REQUISITE PAYMENT TO OUR SHARE REGISTRAR OR OUR COMPANY AS DESCRIBED UNDER SECTION 10.3 OF THIS AP.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS AP AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS AP AND THE RSF CAREFULLY.

IF YOU ARE LOCATED OUTSIDE OF MALAYSIA, YOU SHOULD TAKE NOTE OF CERTAIN RESTRICTIONS AS SET OUT IN SECTION 10.10 OF THIS AP.

10.6 Procedures for Excess Rights Shares Application

You and/or your renounee(s) (if applicable) who have accepted the provisionally allotted Rights Shares with Warrants may apply for Excess Rights Shares with Warrants by completing Part I(B) of the RSF and forwarding it (together with a separate remittance for the full amount payable in respect of the Excess Rights Shares with Warrants applied for) to our Share Registrar or our Company at the address set out in Section 10.3 above, so as to arrive not later than 5.00 p.m. on 9 August 2018, being the last date and time for Excess Application and payment, or such extended date and time as may be determined and announced by our Board.

Payment for the Excess Applications should be made in the same manner described in Section 10.3 of this AP, except that the banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and crossed "**ACCOUNT PAYEE ONLY**", should be made payable to "**MIGB EXCESS RIGHTS ISSUE ACCOUNT**" and endorsed on the reverse side with your name, contact number and address in block letters and your CDS Account number which must be received by our Share Registrar or our Company by the stipulated last date and time for acceptance and payment.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

It is the intention of our Board to allot the Excess Rights Shares with Warrants applied for in a fair and equitable manner. As such, the basis on which our Board intends to allot the Excess Rights Shares with Warrants is in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company as per their CDS Account on the Entitlement Date;
- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective number of Excess Rights Shares with Warrants they applied for in their respective CDS Account; and
- (iv) fourthly, for allocation to transferee(s) and/or renounee(s) who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective number of Excess Rights Shares with Warrants they applied for in their respective CDS Account.

In the event there is any balance Excess Rights Shares with Warrants after steps (i) to (iv) are carried out, steps (ii) to (iv) will be repeated to allocate the balance Excess Rights Shares with Warrants.

Notwithstanding the foregoing, the Board reserves the right to allocate any Excess Rights Shares with Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient, and in the best interests of the Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in (i) to (iv) above is achieved. The Board also reserves the right to allocate any Excess Rights Shares with Warrants, in full or in part, without assigning any reason thereof.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF FOR THE EXCESS APPLICATION OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO YOU AT YOUR OWN RISK TO THE ADDRESSES SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND DESPATCHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESSES SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website (www.bursamalaysia.com), our Share Registrar at the address stated above or our Registered Office.

10.7 Splitting

Under the CDS environment, the processes of splitting, nomination and renunciation are generated by electronic book-entries made in the CDS Accounts of the Entitled Shareholders and the new purchaser. The provisional allotment of Rights Shares with Warrants will be credited into your CDS Account. You will be notified of the crediting via the NPA which is enclosed with this AP. You may sell part of or all of the Rights Shares with Warrants provisionally allotted to you.

10.8 Notice of allotment

Upon allotment of the Rights Shares with Warrants in respect of your acceptance and/or your renouncee(s)/transferee(s) acceptance (if applicable) and Excess Rights Shares Application (if any), the Rights Shares with Warrants shall be credited directly into the respective CDS Account where the provisional Rights Shares with Warrants were credited. No physical Rights Shares with Warrants certificates will be issued in respect of the Rights Shares with Warrants. However, a notice of allotment will be despatched to you and/or your renouncee(s)/transferee(s) (if applicable), by ordinary post within 8 Market Days from the last date of acceptance and payment for the Rights Shares with Warrants and Excess Rights Shares Application, or such other period as may be prescribed or allowed by Bursa Securities, at the address shown on the Record of Depositors at your own risk.

Where any application for the Rights Shares with Warrants is not accepted due to non-compliance with the terms of the Rights Issue with Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you within 15 Market Days from the last date and time for acceptance and payment of the Rights Shares with Warrants by ordinary post to the address shown on Bursa Depository's Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof once lodged with our Share Registrar cannot be withdrawn subsequently.

10.9 Form of issuance

Bursa Securities has already prescribed the securities of our Company listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, all dealings in the provisional allotment of Rights Shares with Warrants will be by book entry through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You are required to have valid and subsisting CDS Accounts in order to subscribe for the Rights Shares. Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected.

The acceptance of the Rights Shares with Warrants by you or any purchaser of the rights thereof shall mean consent to receiving such Rights Shares with Warrants as prescribed securities which will be credited directly into your or the purchaser's CDS Account. All Excess Rights Shares with Warrants, if allotted to the successful applicant who has applied for Excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS account of the successful applicants.

No physical share certificates will be issued to you in respect of the Rights Shares with Warrants. Upon allotment of the Rights Shares with Warrants in respect of your acceptance and Excess Application (if any), the Rights Shares with Warrants will be credited directly into your CDS Account. Within eight (8) Market Days from the last date for acceptance of and payment for the Rights Shares with Warrants and Excess Application, or such other period as may be prescribed by Bursa Securities, notices of allotment will be issued and forwarded by ordinary post to the successful applicants at their own risk at the addresses shown in the Record of Depositors.

The allotment of the Rights Shares with Warrants, despatch of notice of allotment and application to Bursa Securities for the quotation of the Rights Shares with Warrants will be made within eight (8) Market Days from the last date for acceptance of and payment for the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities.

Where any application for the Rights Shares with Warrants is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and be despatched to you within fifteen (15) Market Days from the last date of acceptance and payment in respect of the Rights Shares by ordinary post to the address shown in the Record of Depositors.

10.10 Foreign Addressed Shareholders

This AP together with the accompanying documents issued in connection with the Rights Issue with Warrants are not and will not be made to comply with the laws of any countries or jurisdiction other than Malaysia, and have not and will not be registered under any applicable securities legislation of any countries or jurisdictions other than Malaysia, and the Rights Issue with Warrants will not be made or offered for purchase or subscription in any countries or jurisdictions other than Malaysia.

Accordingly, this AP together with the accompanying documents will only be sent to Entitled Shareholders who have a registered address or an address for service in Malaysia as registered in our Record of Depositors as at the Entitlement Date. Foreign Addressed Shareholders who wish to provide Malaysia addresses should inform their respective stockbrokers to effect the change of address prior to the Entitlement Date. Alternatively, such Foreign Addressed Shareholders may collect this AP from our Share Registrar who shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting this AP.

Our Company will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith.

Foreign Addressed Shareholders may only exercise their rights in respect of the Rights Issue with Warrants to the extent that it would be lawful to do so, and our Company and/or TA Securities would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction which the Foreign Addressed Shareholders and/or their renounee(s) might be subject to.

Foreign Addressed Shareholders will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such foreign country or jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign applicants for any issue, transfer or any other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company, our Share Registrar and/or TA Securities in respect of their rights or entitlements under the Rights Issue with Warrants. Such applicants should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal

requirements to enable them to exercise their rights in respect of the Rights Issue with Warrants.

Foreign Addressed Shareholders shall be solely responsible to seek advice as to the laws of any jurisdiction to which they may be subject, and participation by the Foreign Addressed Shareholders in the Rights Issue with Warrants shall be on the basis of a warranty by them that they may lawfully so participate without our Company and/or TA Securities being in breach of the laws of any jurisdiction.

Neither our Company, TA Securities nor any other advisers to the Rights Issue with Warrants shall accept any responsibility or liability in the event that any acceptance of a Foreign Addressed Shareholder of his/her rights in respect of the Rights Issue with Warrants is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

Our Company reserves the right in our absolute discretion to treat any acceptance as being invalid if we believe or have reason to believe that such acceptance may violate applicable legal or regulatory requirements.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions set out in this AP, the Deed Poll, the NPA and the RSF.

12. FURTHER INFORMATION

Please refer to the attached Appendices for further information.

Yours faithfully

For and on behalf of

MELEWAR INDUSTRIAL GROUP BERHAD



AZLAN BIN ABDULLAH

Group Managing Director/ Group Chief Executive Officer

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM OF MIGB HELD ON 20 APRIL 2018

MELEWAR INDUSTRIAL GROUP BERHAD
(Co. Reg. No. 8444-W)
(Incorporated in Malaysia)

EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD AT THE CRYSTAL FUNCTION ROOM, 4TH FLOOR, MUTIARA COMPLEX, 3½ MILES, JALAN IPOH, 51200 KUALA LUMPUR ON FRIDAY, 20 APRIL 2018 AT 10.00 A.M.

RESOLVED :

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 225,522,808 SHARES IN MIGB (“MIGB SHARES”) (“RIGHTS SHARE(S)”) ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) MIGB SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY, TOGETHER WITH UP TO 112,761,404 FREE DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED AT AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE WITH WARRANTS”)

“THAT, subject to and conditional upon the approvals of all relevant authorities and/or parties being obtained (if required), approval be and is hereby given to the Board of Directors of MIGB (“Board”) to:-

- (a) provisionally allot and issue by way of a renounceable rights issue of up to 225,522,808 Rights Shares on the basis of one (1) Rights Share for every one (1) existing MIGB Share held by the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board (“**Entitlement Date**”)(“**Entitled Shareholders**”), together with up to 112,761,404 Warrants on the basis of one (1) Warrant for every two (2) Rights Shares subscribed, at an issue price to be determined later to the Entitled Shareholders and/or their renounee(s). The Rights Shares shall upon allotment and issue, rank *pari passu* in all respects with the then existing MIGB Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date of which is prior to the date of allotment of the Rights Shares;
- (b) determine and fix the issue price of the Rights Shares at a later date, after receipt of all relevant approvals but before the announcement of the Entitlement Date, after taking into consideration, amongst others, the historical share price movement of MIGB;
- (c) determine the final exercise price of the Warrants after taking into consideration the theoretical ex-rights price (“**TERP**”) of MIGB Shares, based on the five (5)-day volume weighted average market price (“**5D-VWAMP**”) of MIGB Shares, with a discount to the TERP deemed appropriate by the Board prior to the price fixing date to be determined later by the Board;

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM OF MIGB HELD ON 20 APRIL 2018 (CONT'D)

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Melewar Industrial Group Berhad

Extract Minutes of Extraordinary General Meeting held on 20 April 2018

- (d) allot and issue such number of MIGB Shares upon full payment arising from any exercise by the holders of the Warrants of their rights in accordance with the provisions of the deed poll constituting the Warrants to be executed by the Company (“**Deed Poll**”) and such new MIGB Shares shall upon allotment and issuance, rank *pari passu* in all respects with the then existing MIGB Shares, save and except that it will not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date of which is prior to the date of allotment of the new MIGB Shares to be issued pursuant to the exercise of the Warrants;
- (e) disregard and deal with fractional entitlements of the Rights Shares and/or Warrants, if any, in such manner and on such terms and conditions as the Board in its absolute discretion deem fit or expedient or in the best interest of the Company;
- (f) make available for excess shares application to the Entitled Shareholders and/or their renounee(s) who have applied for the excess Rights Shares with Warrants, in the event there are any Rights Shares with Warrants which are not taken up or not validly taken up, and such excess Rights Shares with Warrants will be allocated in a fair and equitable manner on a basis to be determined by the Board;
- (g) utilise the proceeds from the Proposed Rights Issue for such purposes and in such manner as set out in Section 2.1.9, Part A of the Circular to Shareholders of the Company dated 5 April 2018 (“**Circular**”) and the Board be authorised to revise the purpose and manner of the utilisation of proceeds as it may deem fit or expedient or in the best interest of the Company, subject to the approval of the relevant authorities, (where required);
- (h) execute, sign and enter into the Deed Poll with full powers to assent to any condition, variation, modification and/or amendment from time to time, in accordance with and subject to the terms of the Deed Poll and in any manner as may be required by the relevant authorities or deemed necessary by the Board, and with full powers to implement and give effect to the terms and conditions of the Deed Poll and in the best interest of the Company; and
- (i) issue and allot such additional Warrants and adjust from time to time the exercise price of the Warrants as may be required or permitted to be issued/adjusted as a consequence of the adjustments under the provisions of the Deed Poll, and issue and allot such additional number of MIGB Shares arising from any exercise of the additional Warrants and such new MIGB Shares shall upon allotment and issuance, rank *pari passu* in all respects with the then existing MIGB Shares, save and except that the new MIGB Shares will not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date of which is prior to the date of allotment of the new MIGB Shares to be issued pursuant to the exercise of such additional Warrants; and

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company, all such documents and/or arrangements (including without limitation, the affixing of the Company’s common seal) as may be necessary or expedient in order to implement, finalise, give effect and complete the Proposed Rights Issue with Warrants and with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors may deem necessary or expedient in the best interest of the Company.”

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM OF MIGB HELD ON 20 APRIL 2018 (CONT'D)

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 Melewar Industrial Group Berhad
 Extract Minutes of Extraordinary General Meeting held on 20 April 2018

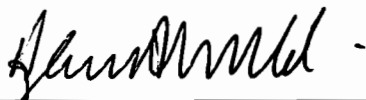
ORDINARY RESOLUTION 2

PROPOSED EXEMPTION UNDER PARAGRAPH 4.08(1)(B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS 2016 ("RULES") TO MELEWAR KHYRA SDN BHD ("MKS B"), MELEWAR EQUITIES (BVI) LTD ("MEL") AND THE PERSONS ACTING IN CONCERT WITH THEM ("PACS") FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR ALL THE REMAINING MIGB SHARES NOT ALREADY HELD BY THEM ("PROPOSED EXEMPTION")


"**THAT** subject to the passing of Ordinary Resolution 1 and the approvals and/or consents of the SC and/or any other relevant authorities or parties (where required) including such conditions as may be imposed by the SC, approval be and is hereby given for MKSB, MEL and their PACs to be exempted from the obligation to undertake a mandatory take-over offer to acquire all the remaining MIGB Shares of the Company not already held by MKSB, MEL and their PACs which would arise pursuant to the Revised Undertaking (as defined in the Definition section in the Circular) in accordance with Paragraph 4.08(1)(b) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions 2016.

AND THAT in order to implement, complete and give full effect to the Proposed Exemption, approval be and is hereby given to the Board to do or procure to be done all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect to and complete the Proposed Exemption, with full powers to assent to any conditions, modifications, variations and/or amendments thereto as may be imposed by the relevant authority and/or as the Board may deem fit."

CERTIFIED TRUE COPY



 DIRECTOR
 AZLAN BIN ABDULLAH



 SECRETARY
 LILY YIN KAM MAY (f)
 MAICSA 0878038

KUALA LUMPUR
 DATED : 20 APRIL 2018

INFORMATION ON OUR COMPANY**1. HISTORY AND PRINCIPAL ACTIVITIES**

MIGB was incorporated in February 1969 and is headquartered in Shah Alam, Malaysia. The principal activities of MIGB are that of property investment and investment holding. The principal activities of its subsidiaries are in mid-stream steel cold rolled coil and steel tube manufacturing, and in engineering services.

The principal activities of its subsidiaries are as stated in Section 6 of this Appendix II.

2. SHARE CAPITAL**2.1 Issued and paid-up share capital**

The issued and paid-up share capital of MIGB as at the LPD are as follows:

Share Capital	No. of MIGB Shares	Amount (RM)
Issued and paid-up share capital	225,522,808	226,996,855

As at the LPD, there is only one (1) class of shares in MIGB i.e. the MIGB Shares. All the MIGB Shares rank pari passu in terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions (including any capital distributions) which may be declared, made or paid to shareholders.

2.2 Changes in the issued share capital

As of LPD, our share capital is RM226,996,855.

Save as disclosed below, there are no changes in our issued share capital for the past three (3) years preceding the LPD:

Date of transaction	No. of MIGB Shares Cancelled	Type of issue	Cumulative No. of MIGB Shares	Cumulative share capital (RM)
30.09.2016	1,232,600	Cancellation of treasury shares	225,522,808	225,522,808
31.01.2017	-	The amounts standing to the credit of the share premium account and capital redemption reserve account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act.	225,522,808	226,996,855

2.3 Convertible Securities

As at the LPD, MIGB does not have any convertible securities.

INFORMATION ON OUR COMPANY (CONT'D)**3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

The pro forma effects of the Rights Issue with Warrants on the shareholdings of the substantial shareholders of MIGB as at the LPD are set out as below: -

(i) Minimum Scenario

Names	As at the LPD				(i)			
	Direct		Indirect		Direct		Indirect	
	No. of MIGB Shares	%	No. of MIGB Shares	%	No. of MIGB Shares	%	No. of MIGB Shares	%
MEL	60,379,733	26.8	-	-	60,379,733	21.3	-	-
MKSB	22,001,499	9.8	-	-	79,501,499	28.1	-	-
TDYK	-	-	82,381,232	36.5 ⁽¹⁾	-	-	139,881,232	49.4 ⁽¹⁾
KLB	-	-	82,381,232	36.5 ⁽²⁾	-	-	139,881,232	49.4 ⁽²⁾

(ii)

Names	After (i) and after the full conversion of Warrants			
	Direct		Indirect	
	No. of MIGB Shares	%	No. of MIGB Shares	%
MEL	60,379,733	19.4	-	-
MKSB	108,251,499	34.7	-	-
TDYK	-	-	168,631,232	54.1 ⁽¹⁾
KLB	-	-	168,631,232	54.1 ⁽²⁾

Notes: -

⁽¹⁾ Deemed indirect interest by virtue of TDYK being a beneficiary of a trust known as KLB, being the holding company of MEL and MKSB who are the major/substantial shareholders of MIGB.

⁽²⁾ Deemed indirect interest by virtue of it being the holding company of MEL and MKSB who are the major/substantial shareholders of MIGB.

INFORMATION ON OUR COMPANY (CONT'D)

(ii) Maximum Scenario

Names	As at the LPD				(1) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of MIGB Shares	%	No. of MIGB Shares	%	No. of MIGB Shares	%	No. of MIGB Shares	%
MEL	60,379,733	26.8	-	-	60,379,733	13.4	-	-
MKSB	22,001,499	9.8	-	-	104,382,731	23.1	-	-
TDYK	-	-	82,381,232	36.5 ⁽¹⁾	-	-	164,762,464	36.5 ⁽¹⁾
KLB	-	-	82,381,232	36.5 ⁽²⁾	-	-	164,762,464	36.5 ⁽²⁾

Names	(II) After (I) and after the full conversion of Warrants			
	Direct		Indirect	
	No. of MIGB Shares	%	No. of MIGB Shares	%
MEL	60,379,733	10.7	-	-
MKSB	145,573,347	25.8	-	-
TDYK	-	-	205,953,080	36.5 ⁽¹⁾
KLB	-	-	205,953,080	36.5 ⁽²⁾

Notes: -

(1) Deemed indirect interest by virtue of TDYK being a beneficiary of a trust known as KLB, being the holding company of MEL and MKSB who are the major/substantial shareholders of MIGB.

(2) Deemed indirect interest by virtue of it being the holding company of MEL and MKSB who are the major/substantial shareholders of MIGB.

INFORMATION ON OUR COMPANY (CONT'D)**4. BOARD OF DIRECTORS**

The particulars of our Directors as at the LPD are as follows: -

Name/Designation	Address	Age	Nationality	Profession
Tunku Dato' Yaacob Khyra <i>(Executive Chairman)</i>	No. 9E, Lorong Tun Ismail, Bukit Tunku, 50480 Kuala Lumpur	57	Malaysian	Executive Chairman
Azlan bin Abdullah <i>(Group Managing Director/ Group Chief Executive Officer)</i>	51 Lorong 16/9E, 46350 Petaling Jaya, Selangor Darul Ehsan	60	Malaysian	Group Managing Director/Group Chief Executive Officer
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah <i>(Non-Independent Non-Executive Director)</i>	No. 9B, Lorong Tun Ismail, Bukit Tunku, 50480 Kuala Lumpur	56	Malaysian	Company Director
Shazal Yusuf bin Mohamed Zain <i>(Independent Non-Executive Director)</i>	No. 2, Jalan Merah Saga U9/5E, Kayangan Height, 40150 Shah Alam, Selangor Darul Ehsan	47	Malaysian	Company Director
Muk Sai Tat <i>(Independent Non-Executive Director)</i>	83 Jalan Terasek 2, Bangsar Baru, 59100 Kuala Lumpur	54	Malaysian	Company Director
General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd) <i>(Independent Non-Executive Director)</i>	No. 6 Jalan Tempua 6/4C, Section 6, 40000 Shah Alam, Selangor Darul Ehsan	71	Malaysian	Company Director
Dato' Indera Naresh Mohan <i>(Independent Non-Executive Director)</i>	No. 8 Jalan 5/3, Taman TAR, 68000 Ampang, Selangor Darul Ehsan	52	Singaporean (Malaysian Permanent Resident)	Company Director

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INFORMATION ON OUR COMPANY (CONT'D)**5. DIRECTORS' SHAREHOLDINGS**

Save for the directors as disclosed below, none of our directors have any direct or indirect shareholding in the Company as at LPD.

For illustrative purposes only and on the assumption that the Rights Issue with Warrants had been affected on the LPD and all Entitled Shareholders and/or their renouncee(s) subscribe in full their respective entitlements under the Rights Issue, our Directors' direct and indirect shareholdings in our Company before and after the Rights Issue with Warrants based on our Register of Directors as at the LPD are as follows: -

(i) Minimum Scenario

Names	As at the LPD			(1)		
	Direct		Indirect	After the Rights Issue with Warrants		%
	No. of MIGB Shares	%		No. of MIGB Shares	No. of MIGB Shares	
TDYK	-	-	82,381,232	-	-	49.4 ⁽¹⁾
Azlan bin Abdullah	133,333	0.06	-	133,333	0.05	-

Names	(ii)		
	After (i) and after the full conversion of Warrants		
	Direct		Indirect
No. of MIGB Shares	%	No. of MIGB Shares	
TDYK	-	-	168,631,232
Azlan bin Abdullah	133,333	0.04	-

Notes: -

⁽¹⁾ Deemed indirect interest by virtue of TDYK being a beneficiary of a trust known as KLB, being the holding company of MEL and MKSB who are the major/substantial shareholders of MIGB.

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INFORMATION ON OUR COMPANY (CONT'D)

(ii) Maximum Scenario

Names	As at the LPD				(I) After the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of MIGB Shares	%	No. of MIGB Shares	%	No. of MIGB Shares	%	No. of MIGB Shares	%
TDYK	-	-	82,381,232	36.5 ⁽¹⁾	-	-	164,762,464	36.5 ⁽¹⁾
Azlan bin Abdullah	133,333	0.06	-	-	266,666	0.06	-	-

Names	(II) After (I) and after the full conversion of Warrants			
	Direct		Indirect	
	No. of MIGB Shares	%	No. of MIGB Shares	%
TDYK	-	-	205,953,080	36.5 ⁽¹⁾
Azlan bin Abdullah	333,332	0.06	-	-

Notes: -

⁽¹⁾ Deemed indirect interest by virtue of TDYK being a beneficiary of a trust known as KLB, being the holding company of MEL and MKSB who are the major/substantial shareholders of MIGB.

INFORMATION ON OUR COMPANY (CONT'D)**6. LIST OF SUBSIDIARY AND ASSOCIATED COMPANIES**

Our subsidiary and associated companies as at the LPD are as follows: -

Name	Country of incorporation	Date of incorporation	Effective interest (%)	Issued share capital	Principal activities
Subsidiaries of MIGB					
Mycron Steel Berhad	Malaysia	24 July 2003	71.26	RM206,363,671	Investment holding and provision of management services to its subsidiaries
Melewar Steel Services Sdn Bhd	Malaysia	25 January 1975	100	RM670,000	Property investment
Melewar Integrated Engineering Sdn Bhd	Malaysia	22 February 2003	100	RM3,198,000 (ordinary shares) RM2,000 (redeemable preference shares)	Provision of engineering and technical consultancy services
Melewar Steel Assets Sdn Bhd	Malaysia	21 October 1977	100	RM165,134	Investment holding
Melewar Steel Mills Sdn Bhd	Malaysia	25 February 1983	100	RM6,841,500	Manufacturing, distributing and trading of steel and iron products
Melewar Steel Engineering Sdn Bhd	Malaysia	3 October 2005	100	RM1,000,000	Investment holding
Melewar Ecology Sdn Bhd	Malaysia	6 June 2006	100	RM2	Dormant

INFORMATION ON OUR COMPANY (CONT'D)

Name	Country of incorporation	Date of incorporation	Effective interest (%)	Issued share capital	Principal activities
Ausgard Quick Assembly Systems Sdn Bhd	Malaysia	5 May 2010	100	RM2	Manufacturing and supplying of quick assembly homes
Melewar Imperial Limited	Malaysia	29 April 2010	100	USD 2	Investment holding
Subsidiaries of Mycron Steel Berhad					
Mycron Steel CRC Sdn Bhd	Malaysia	6 January 1989	71.26	RM60,000,000	Manufacturing and trading of steel cold rolled coiled sheets
Melewar Steel Tube Sdn Bhd	Malaysia	2 December 1983	71.26	RM90,000,000	Manufacturing, distribution and trading of steel pipes and tubes
Subsidiary of Mycron Steel CRC Sdn Bhd					
Silver Victory Sdn Bhd	Malaysia	21 June 2005	71.26	RM2	Trading of steel related products
Subsidiaries of Melewar Imperial Limited					
Melewar Steel UK Ltd	United Kingdom	2 June 2017	100	GBP10	Distribution of steel tube in United Kingdom
Jack Nathan Limited	United Kingdom	16 May 2014	100	GBP100	Trading of building tools and materials

INFORMATION ON OUR COMPANY (CONT'D)

Name	Country of incorporation	Date of incorporation	Effective Interest (%)	Issued share capital	Principal activities
Subsidiary of Melewar Steel Mills Sdn Bhd and Melewar Integrated Engineering Sdn Bhd					
Melewar MycroSmelt Technology Ltd	British Virgin Islands	16 March 2006	100	USD2	Smelting/billet making technology owner

As at the LPD, our Group does not have any associated company.

INFORMATION ON OUR COMPANY (CONT'D)**7. PROFIT AND DIVIDEND RECORD**

The profit and dividend record of the MIGB Group based on its audited consolidated financial statements for the FYEs 30 June 2015, 30 June 2016 and 30 June 2017 and unaudited consolidated financial statements for the nine (9)-month FPE 31 March 2018 are as follows:

RM'000	Audited			Unaudited
	←-----FYE 30 June-----→			Nine (9)- month FPE 31 March
	2015	2016	2017	2018
Revenue	668,048	606,810	772,785	600,580
Cost of sales	(624,666)	(526,775)	(770,214)	(545,528)
Gross profit	43,382	80,035	2,571	55,052
Other income	255	298	374	110
Loss on disposal of subsidiary	(11)	-	-	-
Net foreign currency (loss)/gain	(5,338)	(779)	(1,367)	1,112
Impairment (losses)/writeback on:				
-amount owing by associate(s)	-	870	(569)	(80)
-property, plant and equipment	(4,388)	(8,026)	(2,112)	-
-inventories	(75)	(48)	-	-
-trade receivables	-	-	(346)	-
-other receivables/construction financing	-	(1,255)	-	-
Selling and distribution costs	(5,415)	(4,970)	(6,159)	(4,700)
Administrative and general expenses	(31,076)	(31,431)	(36,043)	(29,107)
Operating (loss)/profit	(2,666)	34,694	(43,651)	22,387
Impairment loss on goodwill	-	-	-	(832)
Gain on equity interest	-	-	-	83
Finance income	3,147	785	1,301	1,179
Finance costs	(15,195)	(12,414)	(12,816)	(8,818)
Share of associate's results	(21,253)	-	-	-
(Loss)/Profit before taxation	(35,967)	23,065	(55,166)	13,999
Taxation	1,782	(8,206)	(11,817)	(5,551)
Net (loss)/profit for the financial year	(34,185)	14,859	(66,983)	8,448
(Loss)/Profit attributable to:				
Owners of the Company	(29,549)	8,234	(78,220)	4,134
Non-controlling interests	(4,636)	6,625	11,237	4,314
	(34,185)	14,859	(66,983)	8,448
Gross profit margin (%)	6.49	13.19	0.33	9.17
Profit margin (%)	(5.12)	2.45	(8.67)	1.41
(LBITDA)/EBITDA	(1,296)	62,806	(20,846)	37,471
Weighted average number of ordinary MIGB Shares in issue ('000)	225,523	225,523	225,523	225,523
NA per share (RM)	1.3	1.4	1.1	1.1
Basic (loss)/earnings per share (sen)	(13.10)	3.65	(34.68)	1.83

No dividend has been paid, declared or proposed by MIGB for the past three (3) financial years up to the FYE 30 June 2017.

Commentary on financial performance**FYE 30 June 2015**

For the FYE 30 June 2015, the Group's revenue increased by approximately 1.1% or RM7.0 million to RM672.0 million as compared to RM665.0 million in FYE 30 June 2014 which was mainly due to a stronger performance in the cold rolled steel segment arising from the

INFORMATION ON OUR COMPANY (CONT'D)

Group's intensive marketing efforts. The Group also recorded finance income totalling RM3.15 million from the interest on deposits with financial institutions of RM0.84 million, interest on receivables of RM2.15 million and net foreign exchange gain of RM0.16 million. Despite an increase in revenue, the Group incurred a net loss of RM34.2 million as compared to a net profit of RM68.4 million in FYE 30 June 2014 which was mainly attributable to the share of its associate company's losses from the Power Associate of RM21.2 million, net foreign exchange loss of RM5.3 million and impairment loss provision of property, plant and equipment of RM4.39 million.

FYE 30 June 2016

For the FYE 30 June 2016, the Group's revenue decreased by approximately 9.2% or RM61.5 million to RM606.8 million as compared to RM668.05 million in FYE 30 June 2015 which was mainly due to decline in its steel division's revenue attributed to lower sales volume and lower average unit selling price in tandem with lower raw material prices which were also reflected in lower cost of sales in the FYE 30 June 2016. The Group recorded a reduction in finance income of 75.1% to RM0.79 million in view of the absence of interest of receivables and net foreign exchange gain. The Group posted a net profit of RM14.9 million in FYE 30 June 2016 as compared to a net loss of RM34.2 million in the previous year as it no longer shares the losses of its associate company as the Power Associate had disposed of its interest in the power business in the same financial year. In addition, the increase in profit was also attributable to the Group's steel division, which was due to the Group's continuous effort in controlling cost, improving efficiencies and an improved sales margin as a result of better sales price and stabilised raw material prices of hot rolled coiled steel sheet. In addition, the significant item impacting the current FYE's profit before tax was the impairment loss provision on property, plant and equipment of RM8.0 million (2015: RM4.39 million) and provision for onerous contract of RM7.0 million (2015: nil).

FYE 30 June 2017

For FYE 30 June 2017, the Group's revenue increased by approximately 27.35% or RM166.0 million to RM772.8 million as compared to RM606.8 million in FYE 30 June 2016 which was mainly due to higher revenue contribution by the steel division and the engineering division. The higher revenue from the steel division was due to increase in sales tonnage and higher average unit selling prices in tandem with higher raw material prices which were reflected in higher cost of sales in the FYE 30 June 2017. The higher revenue from the engineering division was attributable to higher recognition on the percentage of completion of its engineering contracts based on cost. During the FYE 30 June 2017, the Group recorded an increase in finance income of RM0.5 million or 65.7% to RM1.30 million attributable from the interest on deposits with financial institution. Despite the increase in revenue, the Group registered a loss after tax of RM67.0 million, compared to a profit after tax of RM14.9 million in the previous year. This was mainly due to the impairment loss provision of property, plant and equipment of RM2.1 million and the provision for MIE's onerous contracts of RM22.3 million (2016: RM7.1 million). As a result, the Group registered a net loss of RM66.98 million for the financial year as compared to a net profit of RM14.86 million in the previous financial year.

Unaudited nine (9) month FPE 31 March 2018

The Group recorded revenue of RM600.58 million for the third financial quarter ended 31 March 2018 and a pre-tax profit of RM13.99 million. The Group's pre-tax profit for the current financial quarter was contributed mainly by the steel division due to the increase in average unit selling prices from the increase in raw steel prices and the absence of further losses from its engineering segment given that the full loss provisions on its onerous construction contracts have been made in the preceding financial year.

INFORMATION ON OUR COMPANY (CONT'D)

As at the LPD, there is no known material change in the financial position or prospects of MIGB Group subsequent to the latest audited consolidated financial statements for the FYE 30 June 2017, save as disclosed below:

- (i) The Electricity Generating Authority of Thailand had on 19 January 2018 released the performance guarantee of THB384.8 million (100 THB:RM12.1860) (RM46.9 million) by a subsidiary of Power Associate to deliver power supply under the second phase's 90MW development before 30 June 2018. Correspondingly, the Company's pledged investment properties and deposits for a standby letter of credit in support of the said performance guarantee has since been released and is currently under legal discharge.
- (ii) The Company's wholly-owned subsidiary, Melewar Steel Engineering Sdn Bhd had entered into an agreement on 7 February 2018 to dispose its entire holdings of 49 ordinary shares representing 49% of the issued and paid-up capital of Mperial Power Ltd to the controlling shareholder E Power Pte Ltd for a total consideration of USD1 (RM 3.91). The transaction was completed on the same day.
- (iii) The Group's wholly-owned subsidiary, Melewar Imperial Limited, had on 25 September 2017 entered into an agreement to acquire the remaining 55 ordinary shares (representing 55% of the issued and paid-up capital) in Jack Nathan Limited from the controlling shareholders for a total cash consideration of GBP18,000. Jack Nathan Limited ceased to be as an associate and became a wholly-owned subsidiary of the Group following the completion of the acquisition on 19 October 2017.
- (iv) The Group's wholly-owned engineering subsidiary, MIE, had submitted a total of RM74.2 million to the client in relation to its onerous construction contracts, which have yet to be recognised in its books pending finalisation with the client.

8. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of the MIGB Group based on its audited financial statements as at 30 June 2016, 30 June 2017 and unaudited consolidated financial statements for the nine (9)-month FPE 31 March 2018 are as follows:

RM'000	Audited		Unaudited
	<-----As at 30 June----->		As at 31 March
	2016	2017	2018
ASSETS			
Non-current assets			
Property, plant and equipment	395,796	388,581	380,350
Deferred tax assets	2,721	2,149	1,750
TOTAL NON-CURRENT ASSETS	398,517	390,730	382,100
Current assets			
Inventories	98,075	177,603	176,537
Trade and other receivables	112,734	113,013	146,691
Derivatives	705	142	32
Amounts owing by an associate	33,450	9,625	-
Tax recoverable	226	258	249
Deposits with licensed financial institutions	39,475	69,364	46,183
Cash and bank balances	12,068	8,350	20,976
TOTAL CURRENT ASSETS	296,733	378,355	390,668
TOTAL ASSETS	695,250	796,085	772,768

INFORMATION ON OUR COMPANY (CONT'D)

RM'000	Audited		Unaudited
	←-----As at 30 June-----→		As at 31 March
	2016	2017	2018
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the company			
Share capital	226,755	226,997	226,996
Share premium	241	-	-
Treasury shares	(2,042)	-	-
Retained earnings/(Accumulated losses)	44,229	(35,333)	(31,199)
Asset revaluation reserve	42,336	50,292	50,292
Foreign currency translation reserve	(15)	(15)	3
Shareholders' funds	311,504	241,941	246,092
Non-controlling interests	93,215	105,592	109,907
TOTAL EQUITY	404,719	347,533	355,999
Non-current liabilities			
Trade and other payables	3,065	851	1,626
Deferred tax liabilities	37,902	42,465	43,169
Borrowings	7,241	34,905	2,488
TOTAL NON-CURRENT LIABILITIES	48,208	78,221	47,283
Current liabilities			
Trade and other payables	153,605	259,864	260,993
Derivatives	3,264	3,037	8,761
Tax payable	1,115	1,820	110
Borrowings	84,339	78,610	99,622
TOTAL CURRENT LIABILITIES	242,323	343,331	369,486
TOTAL LIABILITIES	290,531	421,552	416,769
TOTAL EQUITY AND LIABILITIES	695,250	769,085	772,768

As at the LPD, there is no known material change in the financial position or prospect of MIGB subsequent to the latest audited consolidated financial statements for the FYE 30 June 2017.

9. ACCOUNTING POLICIES

Based on the audited financial statements of MIGB for the FYEs 30 June 2015, 30 June 2016 and 30 June 2017, the financial statements have been prepared based on approved Malaysian accounting standards and there was no audit qualification for MIGB's financial statements for respective years under review.

There is no change in the accounting standards adopted by MIGB which would result in a material variation to the comparable figures for the audited consolidated financial statements of MIGB for the FYEs 30 June 2015, 30 June 2016 and 30 June 2017.

INFORMATION ON OUR COMPANY (CONT'D)**10. BORROWINGS**

As at LPD, MIGB Group has total outstanding borrowings of approximately RM120.020 million, all of which are interest-bearing, as follows:

Borrowings	RM'000
<u>Short term borrowings</u>	
Unsecured	4,072
Secured	113,563
	117,635
<u>Long term borrowings</u>	
Secured	2,385
	2,385
Total Borrowings	120,020

There has not been any default on payment or either interest and/or principal sums on any of the Group's borrowings throughout the past one (1) financial year and subsequent financial period up to the LPD.

11. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, the Group's cold-rolled subsidiary has an outstanding capital commitment balance of approximately RM1.16 million for the supply and installation of new motor-drives for its 'rolling mill'; whilst, its steel tube subsidiary has an outstanding capital commitment balance of approximately RM0.6 million for plant-equipment. The said capital commitments will be payable over established milestones running into financial year 2019 and shall be financed through our Group's internally generated funds and/or bank borrowings.

As at the LPD, the Board has confirmed that there are no contingent liabilities incurred or known to be incurred by MIGB Group, which upon becoming enforceable, may have a material impact on the financial position of MIGB Group.

12. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

The details on material litigation, claims or arbitration relating to the MIGB Group are as set out in Section 4, Appendix VII of this AP.

13. MATERIAL CONTRACTS

The Group has not entered into any material contracts (not being contract entered into in the ordinary course of business) during the past two (2) years before the date of the AP, except as disclosed below:

- (i) a conditional sale and purchase agreement dated 20 November 2017 between MIGB and MST in relation to the disposal of a piece of leasehold land known as Lot 53, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor together with buildings erected thereon to MST, a wholly-owned subsidiary of Mycron for a total cash consideration of RM26 million; and
- (ii) the Deed Poll.

INFORMATION ON OUR COMPANY (CONT'D)**14. HISTORICAL PRICES OF MIGB SHARES**

The historical prices of MIGB Shares traded on Bursa Securities are as follows:

Month	Highest (RM)	Lowest (RM)
2017		
July	0.335	0.290
August	0.325	0.260
September	0.310	0.250
October	0.285	0.250
November	0.270	0.230
December	0.260	0.235
2018		
January	0.280	0.235
February	0.245	0.210
March	0.240	0.190
April	0.225	0.195
May	0.220	0.180
June	0.195	0.170

Last transacted market price on 23 August 2017, being the last Market Day immediately prior to the announcement of the Rights Issue with Warrants (RM) 0.290

Last transacted market price as at the LPD (RM) 0.185

Last transacted price on 20 July 2018, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants (RM) 0.195

(Source: Bloomberg)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**05 JUL 2018****Crowe Malaysia** AF1018
(FKA Crowe Horwath)Level 16, Tower C, Megan Avenue 2
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www.crowe.my**The Board of Directors
MELEWAR INDUSTRIAL GROUP BERHAD**Suite 12.03, 12th Floor
No. 566, Jalan Ipoh
51200 Wilayah Persekutuan
Kuala Lumpur

Dear Sirs

**MELEWAR INDUSTRIAL GROUP BERHAD ("MIGB" OR "COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of MIGB and its subsidiaries (collectively known as "Group") as at 30 June 2017, for which we have stamped for the purpose of identification. The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors of the Company for inclusion in the Abridged Prospectus, in connection with the renounceable rights issue of up to 225,522,808 new ordinary shares in MIGB ("MIGB Shares") ("Rights Share(s)") on the basis of one (1) Rights Share for every one (1) MIGB Share held, together with up to 112,761,404 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every two (2) Rights Shares subscribed ("Rights Issue with Warrants").

The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in Note 1 of Appendix A.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors, for illustrative purposes only, to illustrate the effect of the Rights Issue with Warrants on the audited consolidated statement of financial position of the Group as at 30 June 2017.

As part of this process, information about the Group's consolidated financial position has been extracted by the Board of Directors from the audited financial statements of the Group for the financial year ended 30 June 2017.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in Note 1 of Appendix A.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL**

We have complied with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in Note 1 of Appendix A.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis as described in Note 1 of Appendix A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the event had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONTINUED)

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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

OPINION

In our opinion, the Pro Forma Consolidated Statements of Financial Position of the Company have been compiled, in all material respects, on the basis as described in Note 1 of Appendix A.

OTHER MATTERS

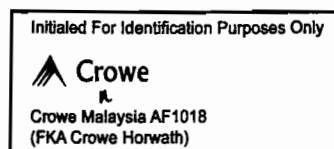
Our report on the Pro Forma Consolidated Statements of Financial Position has been prepared for inclusion in the Abridged Prospectus in connection with the Rights Issue with Warrants. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

Crowe Malaysia
Firm No: AF 1018
 Chartered Accountants
 Kuala Lumpur

Ngiam Mia Teck
 Approval No: 03000/07/2018 J
 Chartered Accountant

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix A

**MELEWAR INDUSTRIAL GROUP BERHAD ("MIGB" OR "COMPANY")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position of MIGB have been prepared based on the audited consolidated statements of financial position of MIGB as at 30 June 2017, incorporating the impact of the events or transactions of renounceable rights issue of up to 225,522,808 new ordinary shares in MIGB ("MIGB Shares") ("Rights Share") on the basis of one (1) Rights Share for every one (1) MIGB Share held, together with up to 112,761,404 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every two (2) Rights Shares subscribed at an entitlement date to be determined later ("Entitlement Date") ("Rights Issue with Warrants") and full exercise of the Warrants issued pursuant to the Rights Issue with Warrants as described in Note 1(a) and 1(b) below, have been effected on that date.

The Pro Forma Consolidated Statements of Financial Position of MIGB have been properly compiled on the basis stated using financial statements prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies of MIGB.

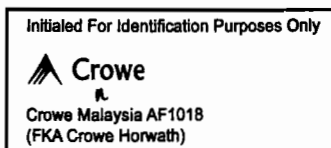
The Pro Forma Consolidated Statements of Financial Position have been prepared solely for illustrative purposes, to show the effects of Rights Issue with Warrants to raise gross proceeds of RM11.50 million for Minimum Scenario and RM45.11 million for Maximum Scenario (assuming all shareholders of the Company whose names appear on a record of depositors of the Company on the Entitlement Date ("Entitled Shareholders") subscribe in full for their entitlements under the Rights Issue with Warrants).

MIGB's major shareholder, Melewar Equities (BVI) Ltd, to assign all its rights to the entitlement to subscribe for up to 60,379,733 Rights Shares together with up to 30,189,866 Warrants pursuant to the Rights Issue with Warrants to Melewar Khyra Sdn. Bhd. ("MKSB") via a deed of assignment dated 23 August 2017 ("Deed of Assignment").

A minimum subscription level of Rights Shares to meet the minimum amount to be raised of RM11.5 million ("Minimum Subscription Level"), MIGB has procured a written irrevocable undertaking dated 23 August 2017 ("Original Undertaking") from its shareholder, namely MKSB, that it will:-

- (i) fully subscribe for its entitlement of 22,001,499 Rights Shares at an indicative issue price of RM0.20 per Rights Share (which was fixed by the board of directors of the Company ("Board") in the original proposed Rights Issue with Warrants);
- (ii) subscribe to not less than 35,498,501 Rights Shares at an indicative issue price of RM0.20 per Rights Share (which was fixed by the Board in the original proposed Rights Issue with Warrants) pursuant to the Deed of Assignment so as to meet the Minimum Subscription Level; and
- (iii) not dispose of any of its MIGB Shares following the announcement up to the Entitlement Date.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix A

**MELEWAR INDUSTRIAL GROUP BERHAD (“MIGB” OR “COMPANY”)
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

On 18 December 2017, the Company announced that the Board has decided to revise the original proposed Rights Issue with Warrants (“Revisions”) (as defined herein)⁽¹⁾ and procured a revised written irrevocable undertaking dated 18 December 2017 (“Revised Undertaking”). For avoidance of doubt, the indicative issue price of the Rights Shares remains at RM0.20 per Rights Share.

Subsequently on 12 April 2018, the Company announced that MKSB has provided a letter of clarification dated 11 April 2018 (“Clarification Letter”) to further clarify the terms of the Revised Undertaking. The Clarification Letter serves to clarify MKSB’s undertaking in the Revised Undertaking and does not purport to amend the terms in the Revised Undertaking. The number of Rights Shares to be undertaken under the Revised Undertaking shall be adjusted accordingly depending on the final issue price of the Rights Shares as to raise the Minimum Subscription Level. Notwithstanding the Revised Undertaking and the Minimum Subscription Level, MKSB may subscribe in full to the Rights Shares pursuant to the Deed of Assignment, as well as additional Rights Shares via Excess Rights Shares Application (as defined herein)⁽²⁾ should MKSB wishes to do so in order to meet the Minimum Subscription Level.

Note:

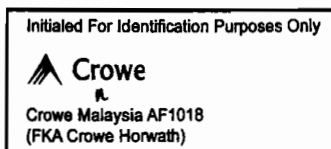
- (1) Partial extraction from the Revisions: The basis of determining and justification for the issue price of the Rights Shares was revised from fixed by the Board at RM0.20 per Rights Share (key term pursuant to the original proposed Rights Issue with Warrants) to will be determined and fixed by the Board at a later date, after receipt of all relevant approvals but before the announcement of the Entitlement Date, after taking into consideration, amongst others, the historical share price movement of MIGB (revised key term).
- (2) Application(s) for Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounce(s) and which is in excess of an Entitled Shareholder’s entitlement under the Rights Issue with Warrants.

The details of minimum and maximum scenarios are set out below:-

(a) Minimum Scenario

The minimum scenario assumes only its shareholder, MKSB to fully subscribe 57,500,000 Rights Shares with 28,750,000 Warrants at an issue price of RM0.20 per Rights Share to raise gross proceeds of RM11.50 million on the basis of one (1) Rights Share for every one (1) MIGB Share held, together with Warrants on the basis of one (1) Warrant for every two (2) Rights Shares subscribed. The warrants reserve assumes the relative fair value method of the Warrants of RM0.07 each, being the value determined through the Black-Scholes option pricing model extracted from Bloomberg. It also incorporates the effects of estimated expenses of RM700,000 in relation to the Rights Issue with Warrants and proposed exemption (“Proposals”). Subsequently, the 28,750,000 Warrants are fully exercised at an exercise price of RM0.40 each.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix A

**MELEWAR INDUSTRIAL GROUP BERHAD ("MIGB" OR "COMPANY")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

The details of minimum and maximum scenarios are set out below (Cont'd):-

(b) Maximum Scenario

The maximum scenario assumes the Entitled Shareholders to fully subscribe 225,522,808 Rights Shares with 112,761,404 Warrants at an issue price of RM0.20 per Rights Share to raise gross proceeds of RM45.11 million on the basis of one (1) Rights Share for every one (1) existing MIGB Share held, together with Warrants on the basis of one (1) Warrant for every two (2) Rights Shares subscribed. The warrants reserve assumes the relative fair value method of the Warrants of RM0.07 each, being the values determined through the Black-Scholes option pricing model extracted from Bloomberg. It also incorporates the effects of estimated expenses of RM700,000 in relation to the Proposals. Subsequently, the 112,761,404 Warrants are fully exercised at an exercise price of RM0.40 each.

1.1 Pro Forma I

Pro Forma I incorporates the effects of the subscription of Rights Issue with Warrants and Mycron's Rights Issue with Warrants and Acquisition (as define herein)⁽¹⁾ in both minimum and maximum scenarios respectively.

Note:

- (1) As at 30 June 2017, MIGB holds approximately 71.26% equity interest in Mycron Steel Berhad ("Mycron"). Mycron has on 23 August 2017 announced that it proposes to undertake a proposed rights issue with warrants and had on 20 April 2018 announced that shareholders approval has been obtained for the proposed rights issue with warrants ("Mycron's Rights Issue with Warrants").

On 20 November 2017, the Company had entered into a conditional sale and purchase agreement ("SPA") to dispose of a piece of leasehold land ("Property") for a total cash consideration of RM26.0 million to Melewar Steel Tube Sdn. Bhd. ("MST"), a wholly-owned subsidiary of Mycron ("Mycron's Acquisition" or "Acquisition"). Mycron paid RM2.6 million as deposit upon execution of the SPA (of which RM780,000 shall be held by a stakeholder and the amount shall be payable to the Inland Revenue Board ("IRB") within sixty (60) days of obtaining the consent of the state authority). On 23 May 2018, MST has obtained a bank offer letter of RM21.0 million to part finance the Mycron's Acquisition. The remaining of RM2.4 million will be paid via its working capital.

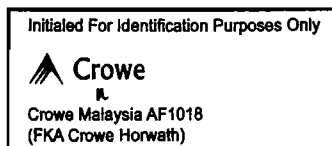
The estimated expenses of Mycron's Rights Issue with Warrants and Mycron's Acquisition are RM700,000 and RM400,000 respectively

(collectively referred as "Mycron's Corporate Exercise").

1.2 Pro forma II

Pro Forma II incorporates the effects of Pro Forma I and assuming full exercise of Warrants as well as Mycron's Rights Issue with Warrants in both minimum and maximum scenarios respectively.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix A

**MELEWAR INDUSTRIAL GROUP BERHAD ("MIGB" OR "COMPANY")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

2. UTILISATION OF PROCEEDS FROM THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants is expected to raise gross proceeds which will be intended utilised in the following manner based on the scenarios as illustrated below:-

	Expected time frame for utilisation of proceeds from the date of listing of the Rights Shares	Minimum Scenario RM'000	Maximum Scenario RM'000
Subscription of MIGB's entitlement under Mycron's Rights Issue with Warrants and/or repayment of borrowings of Melewar Integrated Engineering Sdn. Bhd. ("MIE")	Within 3 months	10,800 ⁽¹⁾	20,205 ⁽²⁾
Repayment of borrowings of MIE and/or general working capital	Within 12 months	-	24,200 ⁽³⁾
Estimated expenses in relation to the Proposals	Within 1 month	700	700
Total		11,500	45,105

Notes:-

- (1) To fund RM10.80 million for the subscription of MIGB's entitlement of 21,600,000 rights shares in Mycron at an indicative issue price of RM0.50 per rights share in Mycron pursuant to the undertaking provided by MIGB to subscribe for its entitlement under Mycron's minimum subscription level. In the unlikely event that the board of directors of Mycron decides not to undertake Mycron's Rights Issue with Warrants, the proceeds of RM10.80 million raised from Rights Issue with Warrants shall be used for the repayment of borrowings of MIE, which was obtained to finance the completion of MIE's construction in the financial year ended 30 June 2017.
- (2) To fund up to RM20.21 million for the subscriptions of MIGB's entire entitlement of 40,410,044 rights shares in Mycron at an indicative issue price of RM0.50 per rights share in Mycron pursuant to Mycron's Rights Issue with Warrants. In the unlikely event that the board of directors of Mycron decides not to undertake Mycron's Rights Issue with Warrants, the proceeds of RM20.21 million raised from Rights Issue with Warrants shall be used for the repayment of borrowings of MIE.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Initialed For Identification Purposes Only



Appendix A

**MELEWAR INDUSTRIAL GROUP BERHAD ("MIGB" OR "COMPANY")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

2. UTILISATION OF PROCEEDS FROM THE RIGHTS ISSUE WITH WARRANTS (CONT'D)

Notes (Cont'd):-

- (3) As at the latest practicable date prior to the registration of the abridged prospectus, MIE's outstanding external borrowings stood at approximately RM26.92 million. The proceeds of RM24.20 million raised from Rights Issue with Warrants in the maximum scenario, shall be used for:-

Utilisation	In the event Mycron's Rights Issue with Warrants materialises (RM'000)	In the event Mycron's Rights Issue with Warrants does not materialise (RM'000)
Repayments of borrowings of MIE	24,200*	6,711
General working capital	-	17,489 [^]

* - Any surplus after the repayment of borrowings of MIE shall be used for the general working capital of the MIGB Group.

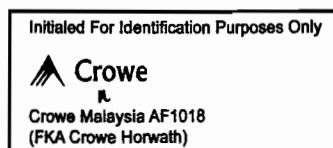
[^] - The general working capital of RM17,489 million is expected to be utilised entirely for the repayment of its trade payables under its current liabilities. Based on the latest unaudited quarterly results of the Group for the financial period ended 31 March 2018, the trade payables under its current liabilities stands at RM183.47 million.

3. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment of MIGB are as follows:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 30 June 2017	388,582	388,582
Arising from Mycron's Rights Issue with Warrants	10,100	15,000
Disposal of the Property	(26,000)	(26,000)
Arising from Mycron's Acquisition	26,000	26,000
As per Pro Forma I and II	398,682	403,582

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix A

**MELEWAR INDUSTRIAL GROUP BERHAD ("MIGB" OR "COMPANY")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

4. CASH AND BANK BALANCES

The movements in cash and bank balances of MIGB are as follows:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 30 June 2017	8,350	8,350
Arising from the Rights Issue with Warrants	11,500	45,105
Estimated expenses related to the Proposals	(700)	(700)
Subscription of Mycron's Rights Issue with Warrants	(10,800)	(20,205)
Deposit receivable from MST	1,820	1,820
Balance of the purchase consideration receivable from MST	23,400	23,400
Arising from Mycron's Corporate Exercise		
- subscription of Mycron's Rights Issue with Warrants	10,800	28,355
- capital expenditure	(10,100)	(15,000)
- deposit payable to MIGB	(1,820)	(1,820)
- retention sum payable to IRB held by a stakeholder	(780)	(780)
- balance of the purchase consideration payable to MIGB	(2,400)	(2,400)
- estimated expenses related to Mycron's Corporate Exercise	(1,100)	(1,100)
As per Pro Forma I	28,170	65,025
Arising from full exercise of Warrants	11,500	45,105
Subscription of Mycron's Warrants	(4,752)	(8,890)
Arising from Mycron's Rights Issue with Warrants		
- full exercise of Mycron's Warrants	4,752	12,476
As per Pro Forma II	39,670	113,716

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

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 **Crowe**
Crowe Malaysia AF1018
(FKA Crowe Horwath)

Appendix A

**MELEWAR INDUSTRIAL GROUP BERHAD ("MIGB" OR "COMPANY")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5. SHARE CAPITAL

The movements in share capital of MIGB are as follows:-

	Minimum Scenario		Maximum Scenario	
	('000)	RM'000	('000)	RM'000
At 30 June 2017	225,523	226,997	225,523	226,997
Arising from the Rights Issue with Warrants	57,500	9,487	225,523	37,212
As per Pro Forma I	283,023	236,484	451,046	264,209
Arising from full exercise of Warrants	28,750	13,513	112,761	52,998
As per Pro Forma II	311,773	249,997	563,807	317,207

6. ACCUMULATED LOSSES

The movements in accumulated losses of MIGB are as follows:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 30 June 2017	(35,333)	(35,333)
Estimated expenses related to the Proposals	(700)	(700)
Retention sum payable to Inland Revenue Board held by a stakeholder	(780)	(780)
Arising from Mycron's Corporate Exercise		
- change in MIGB's ownership interests in Mycron	4,728	-
- estimated expenses related to Mycron's Corporate Exercise	(806)	(784)
As per Pro Forma I	(32,891)	(37,597)
Arising from Mycron's Rights Issue with Warrants		
- change in MIGB's ownership interests in Mycron	2,278	-
As per Pro Forma II	(30,613)	(37,597)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Initialed For Identification Purposes Only

 **Crowe**
 Crowe Malaysia AF1018
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Appendix A

**MELEWAR INDUSTRIAL GROUP BERHAD ("MIGB" OR "COMPANY")
 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 30 JUNE 2017**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

7. WARRANTS RESERVE

The movements in warrants reserve of MIGB are as follows:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 30 June 2017	-	-
Arising from the Rights issue with Warrants	2,013	7,893
As per Pro Forma I	2,013	7,893
Arising from full exercise of Warrants	(2,013)	(7,893)
As per Pro Forma II	-	-

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Initialed For Identification Purposes Only

 **Crowe**
 Crowe Malaysia AF1018
 (FKA Crowe Horwath)

Appendix A

**MELEWAR INDUSTRIAL GROUP BERHAD ("MIGB" OR "COMPANY")
 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 30 JUNE 2017**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

8. NON-CONTROLLING INTERESTS

The movements in non-controlling interests of MIGB are as follows:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 30 June 2017	105,593	105,593
Arising from Mycron's Rights Issue with Warrants		
- subscription of Mycron's Rights Issue with Warrants	-	8,150
- change in MIGB's ownership interests in Mycron	(4,728)	-
- estimated expenses related to Mycron's Corporate Exercise	(294)	(316)
As per Pro Forma I	100,571	113,427
Arising from Mycron's Rights Issue with Warrants		
- change in MIGB's ownership interests in Mycron	(2,278)	-
- subscription of Mycron's Warrants	-	3,586
As per Pro Forma II	98,293	117,013

Note: Shareholding interests of non-controlling interests in Mycron varies at each stage in both scenarios.

	Minimum Scenario %	Maximum Scenario %
At 30 June 2017	71.26	71.26
As per Pro Forma I	73.29	71.26
As per Pro Forma II	74.21	71.26

9. BORROWINGS

The movements in borrowings of MIGB are as follows:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
At 30 June 2017	113,515	113,515
Secure a loan to part finance the Acquisition	21,000	21,000
As per Pro Forma I and II	134,515	134,515

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Initialed For Identification Purposes Only

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Appendix A

**MELEWAR INDUSTRIAL GROUP BERHAD ("MIGB" OR "COMPANY")
 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 30 JUNE 2017**

The Pro Forma Consolidated Statements of Financial Position as set out below have been prepared for illustrative purpose only to show the effect on the audited consolidated statements of financial position of MIGB and its subsidiaries ("Group") as at 30 June 2017. The Pro Forma should be read in conjunction with the notes accompanying the Pro Forma Consolidated Statements of Financial Position of the Group.

MINIMUM SCENARIO

		Audited Consolidated Statements of Financial Position of MIGB as at 30 June 2017	Pro Forma I After Rights Issue of Shares with Warrants	Pro Forma II After Pro Forma I and Assuming Full Exercise of the Warrants
	Note	RM'000	RM'000	RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	3	388,582	398,682	398,682
Deferred tax assets		2,149	2,149	2,149
		390,731	400,831	400,831
CURRENT ASSETS				
Inventories		177,603	177,603	177,603
Trade and other receivables		113,013	113,013	113,013
Derivatives		142	142	142
Amounts owing by an associate		9,625	9,625	9,625
Tax recoverable		258	258	258
Deposits with licensed financial institutions		69,364	69,364	69,364
Cash and bank balances	4	8,350	28,170	39,670
		378,355	398,175	409,675
TOTAL ASSETS		769,086	799,006	810,506
EQUITY AND LIABILITIES				
EQUITY				
Share capital	5	226,997	236,484	249,997
Accumulated losses	6	(35,333)	(32,891)	(30,613)
Asset revaluation reserve		50,292	50,292	50,292
Warrants reserve	7	-	2,013	-
Foreign currency translation reserve		(16)	(16)	(16)
		241,940	255,882	269,660
Shareholders' Equity		241,940	255,882	269,660
Non-controlling Interests	8	105,593	100,571	98,293
TOTAL EQUITY		347,533	356,453	367,953

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

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Appendix A

**MELEWAR INDUSTRIAL GROUP BERHAD ("MIGB" OR "COMPANY")
 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 30 JUNE 2017**

MINIMUM SCENARIO (CONT'D)

		Pro Forma I	Pro Forma II
	Audited Consolidated Statements of Financial Position of MIGB as at 30 June 2017	After Rights Issue of Shares with Warrants	After Pro Forma I and Assuming Full Exercise of the Warrants
Note	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES			
	851	851	851
	42,466	42,466	42,466
	34,905	55,905	55,905
	78,222	99,222	99,222
CURRENT LIABILITIES			
	259,864	259,864	259,864
	3,037	3,037	3,037
	1,820	1,820	1,820
	78,610	78,610	78,610
	343,331	343,331	343,331
	421,553	442,553	442,553
	769,086	799,006	810,506
Number of MIGB shares in issue ('000)	5 225,523	283,023	311,773
Net assets ("NA") (RM'000)	241,940	255,882	269,660
NA per share (RM)	1.07	0.90	0.86
Total bank borrowings (RM'000)	9 113,515	134,515	134,515
Gearing ratio (times)	0.47	0.53	0.50

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Initialed For Identification Purposes Only

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Crowe Malaysia AF1018
(FKA Crowe Horwath)

Appendix A

**MELEWAR INDUSTRIAL GROUP BERHAD ("MIGB" OR "COMPANY")
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017
MAXIMUM SCENARIO**

		Audited Consolidated Statements of Financial Position of MIGB as at 30 June 2017	Pro Forma I After Rights Issue of Shares with Warrants	Pro Forma II After Pro Forma I and Assuming Full Exercise of the Warrants
	Note	RM'000	RM'000	RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	3	388,582	403,582	403,582
Deferred tax assets		2,149	2,149	2,149
		390,731	405,731	405,731
CURRENT ASSETS				
Inventories		177,603	177,603	177,603
Trade and other receivables		113,013	113,013	113,013
Derivatives		142	142	142
Amounts owing by an associate		9,625	9,625	9,625
Tax recoverable		258	258	258
Deposits with licensed financial institutions		69,364	69,364	69,364
Cash and bank balances	4	8,350	65,025	113,716
		378,355	435,030	483,721
TOTAL ASSETS		769,086	840,761	889,452
EQUITY AND LIABILITIES				
EQUITY				
Share capital	5	226,997	264,209	317,207
Accumulated losses	6	(35,333)	(37,597)	(37,597)
Asset revaluation reserve		50,292	50,292	50,292
Warrants reserve	7	-	7,893	-
Foreign currency translation reserve		(16)	(16)	(16)
Shareholders' Equity		241,940	284,781	329,886
Non-controlling Interests	8	105,593	113,427	117,013
TOTAL EQUITY		347,533	398,208	446,899

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF MIGB AS AT 30 JUNE 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Initialed For Identification Purposes Only

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 (FKA Crowe Horwath)

Appendix A


**MELEWAR INDUSTRIAL GROUP BERHAD ("MIGB" OR "COMPANY")
 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 30 JUNE 2017**

MAXIMUM SCENARIO (CONT'D)

	Audited Consolidated Statements of Financial Position of MIGB as at 30 June 2017	Pro Forma I After Rights Issue of Shares with Warrants	Pro Forma II After Pro Forma I and Assuming Full Exercise of the Warrants
Note	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES			
	851	851	851
Other payables	42,466	42,466	42,466
Deferred tax liabilities	34,905	55,905	55,905
Borrowings	<u>78,222</u>	<u>99,222</u>	<u>99,222</u>
CURRENT LIABILITIES			
	259,864	259,864	259,864
Trade and other payables	3,037	3,037	3,037
Derivatives	1,820	1,820	1,820
Tax payable	78,610	78,610	78,610
Borrowings	<u>343,331</u>	<u>343,331</u>	<u>343,331</u>
TOTAL LIABILITIES	<u>421,553</u>	<u>442,553</u>	<u>442,553</u>
TOTAL EQUITY AND LIABILITIES	<u>769,086</u>	<u>840,761</u>	<u>889,452</u>
Number of MIGB shares in issue ('000)	5 <u>225,523</u>	<u>451,046</u>	<u>563,807</u>
Net assets ("NA") (RM'000)	<u>241,940</u>	<u>284,781</u>	<u>329,886</u>
NA per share (RM)	<u>1.07</u>	<u>0.63</u>	<u>0.59</u>
Total bank borrowings (RM'000)	9 <u>113,515</u>	<u>134,515</u>	<u>134,515</u>
Gearing ratio (times)	<u>0.47</u>	<u>0.47</u>	<u>0.41</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON**

CERTIFIED TRUE COPY


.....
**Company Secretary
MS LILY YIN KAM MAY
MAICSA NO. 0878038**

MELEWAR INDUSTRIAL GROUP BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

These financial statements and reports of the
company with ~~Qualified~~ / Unqualified
Auditor' Report for the financial year end
..... **30 JUN 2017** were tabled at
Annual General Meeting held on
..... **30 NOV 2017**


**LILY YIN KAM MAY
Company Secretary
MAICSA 0878038**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****MELEWAR INDUSTRIAL GROUP BERHAD**

(Incorporated in Malaysia)

**STATUTORY FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017****CONTENTS**

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

MELEWAR INDUSTRIAL GROUP BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

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 2017.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tunku Dato' Yaacob Khyra
Azlan bin Abdullah
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah
Ezurin Yusnita binti Abdul Malik (resigned on 27 October 2017)
Shazal Yusuf bin Mohamed Zain
Muk Sai Tat
General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd)
Dato' Indera Naresh Mohan
Datuk Uwe Ahrens (resigned on 5 May 2017)
Major General Datuk Lai Chung Wah (Rtd) (deceased on 17 April 2017)

In accordance with Article 113(1) of the Company's Articles of Association, Tunku Dato' Yaacob Khyra and Azlan bin Abdullah are to retire by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

	Group RM	Company RM
Net (loss)/profit for the financial year	(66,983,737)	6,029,694
Attributable to:		
- Equity holders of the Company	(78,220,660)	6,029,694
- Non-controlling interests	11,236,923	-
Net (loss)/profit for the financial year	(66,983,737)	6,029,694

RESERVES AND PROVISIONS

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

MELEWAR INDUSTRIAL GROUP BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures for the financial year ended 30 June 2017.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or by 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.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares in the Company			
	At 01.07.2016	Bought	Sold	At 30.06.2017
Tunku Dato' Yaacob Khyra - deemed indirect interest	82,381,232	-	-	82,381,232
Azlan bin Abdullah - direct interest	133,333	-	-	133,333
Mycron Steel Berhad (Related corporation)	Number of ordinary shares			
	At 01.07.2016	Bought	Sold	At 30.06.2017
Tunku Dato' Yaacob Khyra - deemed indirect interest	202,102,521	-	-	202,102,521
Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah - deemed indirect interest	52,300	-	-	52,300
Azlan bin Abdullah - direct interest	247,000	-	(147,000)	100,000

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****MELEWAR INDUSTRIAL GROUP BERHAD**

(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)**DIRECTORS' INTERESTS IN SHARES AND DEBENTURES** (continued)

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

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

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the financial year ended 30 June 2016.

The Directors do not recommend the payment of any dividend for the financial year ended 30 June 2017.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 10 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****MELEWAR INDUSTRIAL GROUP BERHAD**

(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)**OTHER STATUTORY INFORMATION** (continued)

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written-off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report:
- (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year other than that disclosed in Note 29.
- (d) No contingent or other liability of any company in the Group 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 Company and its subsidiaries to meet their obligations when they fall due other than that disclosed in Note 29.
- (e) 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 of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
- (i) 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 other than the provision for onerous contracts as disclosed in Note 8 to the financial statements; and
 - (ii) 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 and of the Company for the financial year in which this report is made.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****MELEWAR INDUSTRIAL GROUP BERHAD**

(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)**SUBSIDIARIES**

Details of subsidiaries are set out in Note 15 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 8 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 27 October 2017. Signed on behalf of the Board of Directors:



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



AZLAN BIN ABDULLAH
MANAGING DIRECTOR /
GROUP CHIEF EXECUTIVE OFFICER

Kuala Lumpur

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

MELEWAR INDUSTRIAL GROUP BERHAD


(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016**

We, Tunku Yahaya @ Yahya Bin Tunku Tan Sri Abdullah and Azlan bin Abdullah, two of the Directors of Melewar Industrial Group Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 19 to 133 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and financial performance 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, 2016 in Malaysia.

The information set out in Note 32 on page 134 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 27 October 2017.


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


AZLAN BIN ABDULLAH
MANAGING DIRECTOR /
GROUP CHIEF EXECUTIVE OFFICER

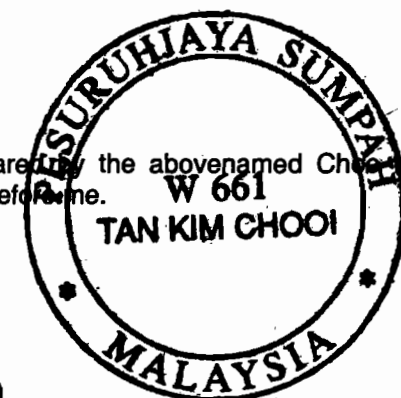
**STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016**

I, Choo Kah Yean, the person primarily responsible for the financial management of Melewar Industrial Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 19 to 133 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.


CHOO KAH YEAN
CHIEF FINANCIAL OFFICER

Subscribed and solemnly declared by the abovenamed Choo Kah Yean, at Kuala Lumpur in Malaysia on 27 October 2017, before me.


COMMISSIONER FOR OATHS



16TH FLOOR, WISMA SIME DARBY
JALAN RAJA LAUT, 50350 KUALA LUMPUR

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD
(Incorporated in Malaysia)
(Company No. 8444 W)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****Our opinion**

In our opinion, the financial statements of Melewar Industrial Group Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2017 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 19 to 133.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 8444 W)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)****Our audit approach**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 8444 W)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters (Consolidated financial statements)	How our audit addressed the key audit matters
<p><u>Revenue, cost of sales, and expected losses recognition on services rendered in respect of engineering contracts</u></p> <p>Refer to Note 2(p) Revenue recognition, 2(w) Construction contracts – Summary of significant accounting policies, Note 3 – Critical accounting estimates and judgements, and Note 17 Construction contracts-in-progress to the financial statements.</p> <p>For the financial year ended 30 June 2017, the Group's engineering subsidiary recorded two contracts with expected losses with the following results:</p> <p>i) contract revenue recognised to-date: RM84.0 million; ii) contract costs recognised to-date: RM153.9 million; and iii) expected losses recognised: RM29.4 million.</p> <p>The Group recognised revenue on engineering contracts using the percentage of completion method, as measured by reference to the cumulative cost incurred to the budgeted total cost to complete the contract.</p>	<p>We have focused on two significant contracts with total revenue of RM46.6 million and total cost of sales of RM 139.0 million recognised during the financial year.</p> <p>Our audit procedures comprised an examination of contract documentation, and discussions with senior management of the Group on the status of the contracts which are still in progress.</p> <p>We checked the estimated total costs as per management's approved budget by testing substantively on the reasonableness of the inputs used by management. Where the inputs are committed costs, we compared them against actual purchase orders raised. The purchase orders raised are then tested against actual cost incurred by comparing against invoices received on a sampling basis to determine if the costs committed were subsequently incurred.</p> <p>Where the inputs are direct staff and other costs, we tested the reasonableness based on historical trend of past actual costs incurred.</p> <p>Where the inputs are estimated costs to complete, we determined the reasonableness of inputs through discussions with management on the basis of their estimates.</p>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 8444 W)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters (Consolidated financial statements) (continued)	How our audit addressed the key audit matters (continued)
<p><u>Revenue, cost of sales, and expected losses recognition on services rendered in respect of engineering contracts</u></p> <p>We focused on the recognition of expected losses because of the significant judgement required in ascertaining whether circumstances exist where total contract costs exceed total contract revenue which would result in the expected losses being recognised as expense immediately.</p>	<p>Where the delivery of the project has been delayed beyond the contracted completion date, we checked the basis and calculation for provision for Liquidated Ascertained Damages ("LAD") against the contract.</p> <p>We tested on a sampling basis costs incurred subsequent to financial year end to determine if there were any costs incurred that were not included in the estimated cost.</p> <p>We then recomputed the current financial year's revenue recognised for the contracts based on the percentage of completion method.</p>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 8444 W)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters (Consolidated financial statements) (continued)	How our audit addressed the key audit matters (continued)
<p><u>Valuation of land and buildings, plant, machinery and electrical installation</u></p> <p>Refer to Note 2(c) Property, plant and equipment – Summary of significant accounting policies, Note 3 – Critical accounting estimates and judgements, and Note 13 – Property, plant and equipment to the financial statements.</p> <p>The Group carries its land and buildings, plant, machinery and electrical installation at values approximating their fair values.</p> <p>As at 30 June 2017, the carrying amount of the Group's land and buildings, plant, machinery and electrical installation is RM382.9 million.</p> <p>The valuation of the Group's land and buildings, plant, machinery and electrical installation are carried out by independent professional valuers on an annual basis. The valuation of the land and buildings is inherently subjective due to the individual nature of each property and its location; whereas the plant, machinery and electrical installation is inherently subjective due to the physical condition of the individual assets at the point of valuation.</p> <p>We focused on this area because there are significant judgements and estimates made in relation to the valuation of the Group's land and buildings, plant, machinery and electrical installation.</p>	<p><u>Evaluation of the valuers' objectivity and competency</u></p> <p>We read the valuation reports for the land and buildings, plant, machinery and electrical installation and discussed the reports with each of the valuer. We found that the valuation approach for each category of asset was performed in accordance with MFRS 13 "Fair value measurement" in determining the fair values as at 30 June 2017.</p> <p>We evaluated the valuers' competence by checking the valuers' qualifications and their registration to the Board of Valuers. We read their terms of engagement to determine whether there were any matters that might have affected their objectivity.</p> <p><u>Estimates on land and buildings</u></p> <p>For the land and buildings revalued during the year, the fair values were determined based on the Market approach which entails separate valuations of the land and buildings to arrive at the fair value. The fair values of the land and building were determined based on open market basis by reference to observable prices in the market or recent market transactions on arm's length terms (Level 2). Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square meter.</p>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 8444 W)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters (Consolidated financial statements) (continued)	How our audit addressed the key audit matters (continued)
<p><u>Valuation of land and buildings, plant, machinery and electrical installation (continued)</u></p>	<p><u>Estimates on land and buildings (continued)</u></p> <p>We tested a sample of land and buildings by comparing the fair value per square meter with transacted values of similar land and buildings in and around the area. The values were obtained from independent online property portal website.</p> <p><u>Estimates on plant, machinery and electrical installation</u></p> <p>For plant, machinery and electrical installation, the fair values were determined based on depreciated replacement cost method, which is based on the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation (Level 3).</p> <p>We obtained an understanding on the basis of valuation and checked the reasonableness of the basis of valuation through discussions with valuers on the basis of their estimates.</p>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 8444 W)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters (Consolidated financial statements) (continued)	How our audit addressed the key audit matters (continued)
<p><u>Liquidity risk of the Group and Company</u></p> <p>Refer to Note 2(a) Basis of preparation – Summary of significant accounting policies and Note 4(b) Liquidity risk – Financial risk management objectives and policies to the financial statements.</p> <p>As at 30 June 2017, the wholly-owned Engineering subsidiary of the Company recorded a loss of RM100.3 million (contributed by expected losses from two engineering contracts); and its current liabilities exceeded its current assets by RM78.8 million. The engineering subsidiary also has a deficit in shareholders' fund of RM109.7 million.</p> <p>The Company has given a corporate guarantee on the subsidiary's due performance on one of the two engineering contracts (which contributed to around 80% of the engineering subsidiary's losses during the current financial year); and as such, the Company has a contractual obligation to provide continuing financial support to the engineering subsidiary to ensure its financial obligations are met when due.</p>	<p>We assessed management's estimates of cash flow requirements of the Group and Company for the next twelve months from the financial year ended 30 June 2017. We obtained an understanding of the projected cash outflows which were based on the contractually committed costs and future cash inflows and outflows for the Group and Company's business operations.</p> <p>We compared the contractually committed cost of the Group and Company's cash flow forecast, against the budgeted construction cost and cash outflows based on its other contractual obligation.</p> <p>We assessed the reliability of management's forecast by comparing the current financial year end actual cash flows against previously forecasted cash flows.</p> <p>The key assumptions used by the Management in managing the liquidity position and our audit procedures are as follows:</p> <ul style="list-style-type: none"> • <u>Completion of disposal of Power business by an associate</u> <p>We obtained and read the share sale agreement, including the conditions precedent ("CP") in the said agreement.</p> <p>We sighted to the documents (e.g. certificate of partial CP completion, confirmation from bank, legal opinion letter) which evidenced the meeting of CP.</p>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 8444 W)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters (Consolidated financial statements)	How our audit addressed the key audit matters
<p><u>Liquidity risk of the Group and Company (continued)</u></p> <p>Accordingly, the Directors considered the financial position and the outcome of the contracts on the liquidity position of the Group and the Company.</p> <p>Management has assessed the Group's and the Company's forecast cash requirements and the funding sources available over the next twelve months from the financial year ended 30 June 2017.</p> <p>Management had made several key assumptions in assessing the liquidity risk of the Group and Company. These key assumptions required management to make critical judgement in terms of the timing of the cash inflows arising from management's plans.</p> <p>We focused on this area due to the significant estimates involved in preparing the cash flow forecast.</p>	<ul style="list-style-type: none"> • <u>Completion of disposal of Power business by an associate (continued)</u> <p>We discussed with management on the status of the share sale agreement to determine the expected timing of the completion of the agreement.</p> <ul style="list-style-type: none"> • <u>Management's financing options via realisation/ securitisation of assets</u> <p>We have read the minutes of Board of Directors meetings indicating the approval of various financing options, which included realisation/ securitisation of assets and rights issue. We also discussed with management on the commercial viability of the financing options and considered the reasonableness of the financing options. We sighted to term sheet from potential financier and announcement of the proposed rights issue.</p> <p>We considered the events subsequent to the end of the reporting period to the date of the approval of the financial statements for events impacting the Group's and Company's liquidity.</p>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 8444 W)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)****Information other than the financial statements and auditors' report thereon**

The Directors of the Company are responsible for the other information. The other information comprises the Chairman's Statement, Management Discussion & Analysis Statement, Corporate Social Responsibility Statement, Group Financial Highlights, Statement on Corporate Governance, Directors' Statement on Risk Management and Internal Control, Audit Committee Report, Directors' Report and other sections of the 2017 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 8444 W)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)****Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 8444 W)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)****Auditors' responsibilities for the audit of the financial statements (continued)**

- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 32 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MELEWAR INDUSTRIAL GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 8444 W)**

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

**PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants**

A handwritten signature in black ink, appearing to read 'Lee Yoke Khai'.

**LEE YOKE KHAI
01589/08/2019 J
Chartered Accountant**

**Kuala Lumpur
27 October 2017**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

MELEWAR INDUSTRIAL GROUP BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	6	772,785,395	606,810,262	8,008,860	8,703,860
Cost of sales/services provided		(770,214,799)	(526,775,703)	(3,158,201)	(2,990,208)
Gross profit		2,570,596	80,034,559	4,850,659	5,713,652
Other operating income	7	373,728	298,119	530,766	88,416
Loss on waiver of debt	8	-	-	-	(65,729)
Net foreign currency loss	4(e)	(1,367,340)	(779,232)	-	-
Fair value gain on investment properties	14	-	-	2,600,000	4,502,944
Impairment (losses)/write back on:					
- investment in subsidiaries	15	-	-	-	(1,922,526)
- amounts owing by subsidiaries	4(c)(iii)	-	-	2,296,507	260,000
- amount owing by associates	4(c)(iii)	(568,793)	870,557	-	-
- property, plant and equipment	13	(2,111,642)	(8,025,982)	4,143	1,918
- inventories		-	(47,929)	-	-
- trade receivables	4(c)(iii)	(346,457)	-	-	-
- other receivables	4(c)(iii)	-	(1,254,865)	-	-
Selling and distribution costs		(6,158,665)	(4,969,523)	-	-
Administrative and general expenses		(36,042,696)	(31,431,019)	(3,167,548)	(3,099,817)
		(43,651,269)	34,694,685	7,114,527	5,478,858
Finance income	9	1,301,315	785,112	314,262	301,239
Finance costs	9	(12,816,372)	(12,413,678)	-	-
Share of associate's results	16	-	(264)	-	-
(Loss)/Profit before tax	8	(55,166,326)	23,065,855	7,428,789	5,780,097
Taxation	11	(11,817,411)	(8,206,423)	(1,399,095)	(1,786,718)
Net (loss)/profit for the financial year		(66,983,737)	14,859,432	6,029,694	3,993,379

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

MELEWAR INDUSTRIAL GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (continued)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Attributable to:					
- Equity holders of the Company		(78,220,660)	8,234,231	6,029,694	3,993,379
- Non-controlling interests		11,236,923	6,625,201	-	-
		(66,983,737)	14,859,432	6,029,694	3,993,379
(Loss)/Earnings per share attributable to equity holders of the Company during the financial year:					
- Basic and diluted (sen)	12	(34.68)	3.65		

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

MELEWAR INDUSTRIAL GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Net (loss)/profit for the financial year	(66,983,737)	14,859,432	6,029,694	3,993,379
Other comprehensive income:				
Item that will not be reclassified to profit or loss:				
<u>Asset revaluation reserve:</u>				
- revaluation surplus on property, plant and equipment, net of tax	8,814,645	12,253,910	13,543	14,310
Total comprehensive (loss)/income for the financial year	(58,169,092)	27,113,342	6,043,237	4,007,689
Attributable to:				
- Equity holders of the Company	(70,265,170)	18,956,894	6,043,237	4,007,689
- Non-controlling interests	12,096,078	8,156,448	-	-
	(58,169,092)	27,113,342	6,043,237	4,007,689

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

MELEWAR INDUSTRIAL GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
NON-CURRENT ASSETS					
Property, plant and equipment	13	388,581,606	395,795,950	1,342,436	1,571,101
Investment properties	14	-	-	88,100,000	85,500,000
Investments in subsidiaries	15	-	-	78,046,648	78,046,648
Investment in associates	16(a)	-	-	-	-
Deferred tax assets	18	2,148,810	2,721,294	-	-
		390,730,416	398,517,244	167,489,084	165,117,749
CURRENT ASSETS					
Inventories	19	177,602,758	98,075,404	-	-
Trade and other receivables	20	113,012,925	112,734,228	2,450,936	1,038,971
Derivatives	21	142,073	704,614	-	-
Amounts owing by subsidiaries	22	-	-	4,066,733	515,427
Amounts owing by associates	16(b)	9,625,268	33,450,000	601,625	7,333,706
Tax recoverable		257,772	226,100	-	-
Deposits with licensed financial institutions	23	69,364,205	39,937,995	10,283,138	9,329,916
Cash and bank balances	23	8,349,615	11,605,267	232,107	439,527
		378,354,616	296,733,608	17,634,539	18,657,547
LESS: CURRENT LIABILITIES					
Trade and other payables	24	259,864,386	153,605,728	3,957,297	2,659,605
Amounts owing to subsidiaries	22	-	-	273,714	7,024,732
Derivatives	21	3,036,852	3,263,972	-	-
Tax payable		1,819,746	1,114,947	150,850	90,011
Borrowings	25	78,609,834	84,338,604	-	-
		343,330,818	242,323,251	4,381,861	9,774,348
NET CURRENT ASSETS		35,023,798	54,410,357	13,252,678	8,883,199

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

MELEWAR INDUSTRIAL GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017 (continued)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
LESS: NON-CURRENT LIABILITIES					
Trade and other payables	24	850,642	3,065,232	-	-
Deferred tax liabilities	18	42,465,651	37,901,581	19,438,919	18,741,342
Borrowings	25	34,905,189	7,241,264	-	-
		78,221,482	48,208,077	19,438,919	18,741,342
		347,532,732	404,719,524	161,302,843	155,259,606
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	26	226,996,855	226,755,408	226,996,855	226,755,408
Share premium		-	241,447	-	241,447
Treasury shares		-	(2,042,193)	-	(2,042,193)
(Accumulated losses)/ Retained earnings		(35,332,901)	44,229,245	(65,790,243)	(69,777,744)
Asset revaluation reserve		50,291,967	42,336,477	96,231	82,688
Foreign currency translation reserve		(15,617)	(15,617)	-	-
		241,940,304	311,504,767	161,302,843	155,259,606
Non-controlling interests		105,592,428	93,214,757	-	-
TOTAL EQUITY		347,532,732	404,719,524	161,302,843	155,259,606

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MELEWAR INDUSTRIAL GROUP BERHAD

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Attributable to equity holders of the Company										Total RM
	Share capital RM	Share redemption reserve ^(e) RM	Capital reserve ^(e) RM	Treasury shares ^(e) RM	Share premium RM	Foreign currency translation reserve RM	Assets revaluation reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM	Non- controlling interests RM	
At 1 July 2016	226,755,408	-	-	(2,042,193)	241,447	(15,617)	42,336,477	44,229,245	311,504,767	93,214,757	404,719,524
Net loss for the financial year	-	-	-	-	-	-	(78,220,660)	(78,220,660)	(78,220,660)	11,236,923	(66,983,737)
Other comprehensive income:											
Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-	-	7,955,490	-	7,955,490	859,155	8,814,645
Total comprehensive loss for the financial year	-	-	-	-	-	-	7,955,490	(78,220,660)	(70,265,170)	12,096,078	(58,169,092)
Cancellation of treasury shares	(1,232,600)	1,232,600	-	2,042,193	-	-	-	(2,042,193)	-	-	-
Transition to no-par value regime on 31 January 2017 ^(b)	1,474,047	(1,232,600)	-	-	(241,447)	-	-	-	-	-	-
Change in effective interest - Non-controlling interest	-	-	-	-	-	-	700,707	700,707	700,707	281,593	982,300
At 30 June 2017	226,996,855	-	-	-	-	(15,617)	50,291,967	(35,332,901)	241,940,304	105,592,428	347,532,732

(a) This arose from the cancellation of treasury shares on 30 September 2016.

(b) Impact from the new Companies Act, 2016 (the "Act"), which came into operation on 31 January 2017 (see Note 2(o)).

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MELEWAR INDUSTRIAL GROUP BERHAD

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (continued)**

	Attributable to equity holders of the Company							Total RM	
	Share capital RM	Treasury shares RM	Share premium RM	Foreign currency translation reserve RM	Assets revaluation reserve RM	Retained earnings/ (Accumulated losses) RM	Non- controlling interests RM		
At 1 July 2015	226,755,408	(2,042,193)	241,447	(15,617)	31,613,814	36,380,422	292,933,281	84,649,508	377,582,789
Net profit for the financial year	-	-	-	-	-	8,234,231	8,234,231	6,625,201	14,859,432
Other comprehensive income:									
Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	10,722,663	-	10,722,663	1,531,247	12,253,910
Total comprehensive income for the financial year	-	-	-	-	10,722,663	8,234,231	18,956,894	8,156,448	27,113,342
Acquisition of additional interest in a subsidiary from non-controlling interest	-	-	-	-	-	(402,137)	(402,137)	402,136	(1)
Change in effective interest - Non-controlling interest	-	-	-	-	-	16,729	16,729	6,665	23,394
At 30 June 2016	226,755,408	(2,042,193)	241,447	(15,617)	42,336,477	44,229,245	311,504,767	93,214,757	404,719,524

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MELEWAR INDUSTRIAL GROUP BERHAD
(Incorporated in Malaysia)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	←	Non-distributable			→	Distributable		
	Share Capital RM	Capital redemption reserve ^(a) RM	Treasury shares RM	Share premium RM	Assets revaluation reserve RM	Accumulated losses RM	Total RM	
At 1 July 2016	226,755,408	-	(2,042,193)	241,447	82,688	(69,777,744)	155,259,606	
Net profit for the financial year	-	-	-	-	-	6,029,694	6,029,694	
Other comprehensive income:								
Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	13,543	-	13,543	
Total comprehensive income for the financial year	-	-	-	-	13,543	6,029,694	6,043,237	
Cancellation of treasury shares	(1,232,600)	1,232,600	2,042,193	-	-	(2,042,193)	-	
Transition to no-par value regime on 31 January 2017 ^(b)	1,474,047	(1,232,600)	-	(241,447)	-	-	-	
At 30 June 2017	226,996,855	-	-	-	96,231	(65,790,243)	161,302,843	

(a) This arose from the cancellation of treasury shares on 30 September 2016.

(b) Impact from the new Companies Act, 2016 (the "Act"), which came into operation on 31 January 2017 (see Note 2(o)).

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MELEWAR INDUSTRIAL GROUP BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (continued)

	← Non-distributable →		→ Distributable		Total RM
	Treasury shares RM	Share premium RM	Assets revaluation reserve RM	Accumulated losses RM	
At 1 July 2015	226,755,408	241,447	68,378	(73,771,123)	151,251,917
Net profit for the financial year	-	-	-	3,993,379	3,993,379
Other comprehensive income:					
Revaluation surplus on property, plant and equipment, net of tax	-	-	14,310	-	14,310
Total comprehensive income for the financial year	-	-	14,310	3,993,379	4,007,689
At 30 June 2016	226,755,408	241,447	82,688	(69,777,744)	155,259,606

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

MELEWAR INDUSTRIAL GROUP BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	(55,166,326)	23,065,855	7,428,789	5,780,097
Adjustments for:				
Property, plant and equipment:				
- depreciation	19,777,999	19,653,372	248,529	303,072
- impairment losses/(write back)	2,111,642	8,025,982	(4,143)	(1,918)
- write-offs	37,731	695,709	420	104,988
- net (gain)/loss on disposals	(88,670)	861	(10,951)	-
Impairment losses/(write back) on:				
- investments in subsidiaries	-	-	-	1,922,526
- amount owing by subsidiaries	-	-	(2,296,507)	(260,000)
- amount owing by associates	568,793	(870,557)	-	-
- trade receivables	346,457	-	-	-
- other receivables	-	1,254,865	-	-
- inventories	-	47,929	-	-
Loss on waiver of debt	-	-	-	65,729
Provision for onerous contracts	22,339,250	7,060,954	-	-
Fair value gain on investment properties	-	-	(2,600,000)	(4,502,944)
Dividend income	-	-	-	(800,000)
Net unrealised gain on foreign exchange	(213,752)	(233,124)	-	-
Interest income	(1,301,315)	(785,112)	(314,262)	(301,239)
Interest expense	12,816,372	12,413,678	-	-
Interest charged to a subsidiary	-	-	(506,398)	(30,416)
Share of associate's results	-	264	-	-
	1,228,181	70,330,676	1,945,477	2,279,895
Changes in working capital:				
- inventories	(79,527,354)	(8,863,716)	-	-
- trade and other receivables	(2,919,159)	(6,370,715)	(1,413,041)	106,614
- trade and other payables	86,157,161	48,478,890	1,297,692	(1,089,300)
- intercompany balances	-	-	(7,931,153)	(6,913,870)
Cash generated from/ (used in) operations	4,938,829	103,575,135	(6,101,025)	(5,616,661)
Interest paid	(10,583,022)	(11,421,128)	-	-
Interest received	1,302,392	784,329	315,338	300,456
Tax paid	(7,766,302)	(1,703,141)	(644,956)	(277,155)
Net cash (used in)/generated from operating activities	(12,108,103)	91,235,195	(6,430,643)	(5,593,360)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIGB FOR THE FYE 30 JUNE 2017
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

MELEWAR INDUSTRIAL GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (continued)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment	(3,971,294)	(3,688,566)	(6,238)	(15,704)
Purchases of investment properties	-	-	-	(47,056)
Proceeds from disposal of plant and equipment	448,162	297,232	18,868	-
Dividend received	-	-	-	800,000
Investment in subsidiaries	-	-	-	(4)
Advances to subsidiaries	-	-	(14,827,474)	(384,388)
Repayment from subsidiaries	-	-	20,668,899	7,165,575
Advances to associates	(5,914,061)	(5,516,571)	(5,345,268)	(5,516,571)
Repayment from an associate	29,170,000	11,007,758	12,077,349	1,007,758
Net cash generated from investing activities	19,732,807	2,099,853	12,586,136	3,009,610
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	254,268,002	362,086,000	-	-
Repayment of borrowings	(236,288,093)	(457,464,937)	-	-
Repayment of hire-purchase financing	(416,355)	(523,009)	-	-
Disposal of treasury shares in a subsidiary	982,300	23,394	-	-
Advances from subsidiaries	-	-	2,284,028	9,676,417
Repayment to subsidiaries	-	-	(7,693,719)	(6,903,909)
Deposits with licensed financial institutions pledged as security	(303,222)	(294,457)	(303,222)	(294,457)
Net cash generated from/(used in) financing activities	18,242,632	(96,173,009)	(5,712,913)	2,478,051
NET CHANGE IN CASH AND CASH EQUIVALENTS	25,867,336	(2,837,961)	442,580	(105,699)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	42,213,346	45,051,307	439,527	545,226
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 23)	68,080,682	42,213,346	882,107	439,527