

**Condensed Consolidated Income Statements for the fourth quarter ended 31st January 2006**

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current year Quarter 31st January 2006</u>	<u>Preceding year Corresponding Quarter 31st January 2005</u>	<u>Current Year To date 31st January 2006</u>	<u>Preceding year Corresponding Year 31st January 2005</u>
	RM'000	RM'000	RM'000	RM'000
Revenue	115,578	143,761	566,920	598,722
Operating expenses	-154,670	-132,982	-590,299	-530,914
Other operating income	<u>65,232</u>	<u>1,188</u>	<u>66,246</u>	<u>7,837</u>
Profit from operations	26,140	11,967	42,867	75,645
Finance costs	-2,044	-863	-8,087	-2,981
Share of results of associate	<u>743</u>	<u>-</u>	<u>743</u>	<u>-</u>
Profit before tax	24,839	11,104	35,523	72,664
Taxation-Company & subsidiary	8,839	-3,028	5,573	-18,133
-Associate	<u>183</u>	<u>-</u>	<u>183</u>	<u>-</u>
Profit after tax	33,861	8,076	41,279	54,531
Minority interest	11,038	(2,773)	5,636	(7,987)
Net profit for the period	<u>44,899</u>	<u>5,303</u>	<u>46,915</u>	<u>46,544</u>
EPS - Basic (sen)	<u>28</u>	<u>3</u>	<u>29</u>	<u>29</u>
- Diluted (sen)	<u>-</u>	<u>3</u>	<u>-</u>	<u>29</u>

**(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st January 2005)**

**Condensed Consolidated Balance Sheets as at 31st January 2006**

(The figures have not been audited)

	<b>As at 31st January 2006 RM'000</b>	<b>As at 31st January 2005 RM'000</b>
Property, plant & equipment	341,076	246,943
Investment in associates	86,199	-
Deferred tax assets	161	-
Available-for-sale financial assets	8,084	41,901
<b>Current assets</b>		
Inventories	132,730	175,115
Trade receivables	81,133	108,586
Other receivables, deposits and prepayments	47,269	13,570
Tax recoverable	8,654	1,289
Time deposits	10,218	5,850
Cash & bank balances	27,446	18,808
Other financial asset at fair value through profit or loss	85,098	9,153
	<b>392,548</b>	<b>332,371</b>
<b>Current liabilities</b>		
Trade payables	3,858	4,278
Other payables	12,833	9,738
Short term borrowings	169,291	119,561
Taxation	19	452
	<b>186,001</b>	<b>134,029</b>
<b>Net current assets</b>	<b>206,547</b>	<b>198,342</b>
	<b>642,067</b>	<b>487,186</b>
Share capital	169,940	160,980
Treasury shares	(1,664)	(724)
Reserves	307,192	191,150
Shareholders' fund	475,468	351,406
Minorities interest	109,094	105,947
<b>Long term liabilities</b>		
Borrowings	10,000	-
Deferred taxation	47,505	29,833
	<b>642,067</b>	<b>487,186</b>

**(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st January 2005)**

**Condensed Consolidated Cash Flow Statements for the fourth quarter ended 31st January 2006**

(The figures have not been audited)

	<b>12 months ended 31st January 2006 RM'000</b>	<b>12 months ended 31st January 2005 RM'000</b>
Net profit before tax	35,524	72,664
Adjustment for non-cash flow :		
Non-cash items	(54,765)	16,006
Non-operating items	6,488	(4,036)
	(12,753)	84,634
Operating (loss)/profit before changes in working capital		
Changes in working capital		
Net change in current assets	37,810	(115,490)
Net change in current liabilities	2,674	(6,325)
Taxation paid	(8,457)	(9,338)
Net cash flows from operating activities	19,274	(46,519)
Investing activities		
- Equity investment	(26,977)	9,689
- Other investments	(28,354)	(3,743)
	(55,331)	5,946
Financing activities		
- Dividend paid	(14,997)	(16,067)
- Interest paid	(8,087)	(2,981)
- Proceed from borrowing	59,731	37,402
- Issue of shares - Employees Share Option Scheme	16	6,267
- Proceed from warrant converted to ordinary share	13,428	-
- Proceed from warrant issue	5,773	-
- Dividend paid - minority interest	(5,861)	-
- Repurchased of own shares	(940)	(724)
	49,063	23,897
Currency translation differences	0	-
Net change in cash & cash equivalents	13,006	(16,676)
Cash & cash equivalents at beginning of the year	24,658	41,334
Cash & cash equivalents at end of the year	37,664	24,658

**(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st January 2005)**

**Condensed Consolidated Statements of Changes in Equity for the fourth quarter ended 31st January 2006**

(The figures have not been audited)

	Share capital RM'000	Treasury Shares RM'000	Reserve attributable to capital RM'000	Reserve attributable to revenue RM'000	-----Retained profit-----			Total RM'000
					Undistributed RM'000	Dividends RM'000	Sub-total RM'000	
<b>12 months ended 31st January 2006</b>								
Balance at beginning of the year	160,980	(724)	3,896	41,015	131,171	15,068	146,239	351,406
Prior year adjustments	-	-	(4,991)	-	(91)	-	(91)	(5,082)
	160,980	(724)	(1,095)	41,015	131,080	15,068	146,148	346,324
<b>Movements during the year (cumulative)</b>								
Issue of shares - ESOS	8	-	8	-	-	-	-	16
Issue of Warrant	-	-	5,773	-	-	-	-	5,773
Warrant converted to ordinary shares	8,952	-	4,476	-	-	-	-	13,428
Fair value loss-available-for-sale financial asset	-	-	(2,333)	-	-	-	-	(2,333)
Net profit for the year	-	-	-	-	46,915	-	46,915	46,915
Dividend paid	-	-	-	-	71	(15,068)	(14,997)	(14,997)
Revaluation surplus of PPE net of tax	-	-	-	37,774	-	-	-	37,774
Realisation of assets revaluation reserve	-	-	-	(1,573)	1,573	-	1,573	-
Share repurchased	-	(940)	-	-	-	-	-	(940)
Pre acquisition profit on acquisition of associate company	-	-	-	-	2,056	-	2,056	2,056
Negative goodwill on acquisition of associate company	-	-	-	-	41,452	-	41,452	41,452
Proposed first and final dividend of 3% tax exempt	-	-	-	-	(5,098)	5,098	-	-
Balance as at 31.01.2006	169,940	(1,664)	6,829	77,216	218,049	5,098	223,147	475,468
<b>12 months ended 31st January 2005</b>								
Balance at beginning of the year	158,312	-	297	71,897	112,775	15,831	128,606	359,112
<b>Movements during the year (cumulative)</b>								
Net profit for the year	-	-	-	-	46,544	-	46,544	46,544
Issue of shares - ESOS	2,668	-	3,599	-	-	-	-	6,267
Dividend paid	-	-	-	-	(236)	(15,831)	(16,067)	(16,067)
Distribution of shares in subsidiary to shareholders	-	-	-	(17,000)	(26,782)	-	(26,782)	(43,782)
Revaluation net of tax	-	-	-	56	-	-	-	56
Realisation of assets revaluation surplus on disposal of property, plant and equipment	-	-	-	(2,679)	2,679	-	2,679	-
Revaluation surplus of property, plant and equipment	-	-	-	-	-	-	-	-
Realisation of assets revaluation reserve	-	-	-	(11,259)	11,259	-	11,259	-
Share repurchased	-	(724)	-	-	-	-	-	(724)
Proposed first and final dividend of 13% less 28% tax	-	-	-	-	(15,068)	15,068	-	-
Balance as at 31.01.2005	160,980	(724)	3,896	41,015	131,171	15,068	146,239	351,406

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st January 2005)

**EXPLANTORY NOTES : (AS PER MASB 26 – PARAGRAPH 16)****A1 Accounting policies**

The interim financial statements have been prepared in accordance with MASB 26 “Interim Financial Reporting” and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The accounting policies and methods used in preparing the quarterly financial statement are consistent with the audited financial statements for the financial year ended 31st January 2005.

In the financial year ended 31 January 2006, the Company early adopted Financial Reporting Standard (“FRS”) 139 Financial Instruments: Recognition and Measurement. FRS 139 requires simultaneous adoption with FRS 132 Financial instrument: Disclosure and Presentation.

The early adoption of FRS 132 did not result in substantial changes to the Company’s accounting policies. The early adoption of FRS 139 has resulted in a change in the accounting policy relating to the measurement of trade receivables and investments.

**A2 Declaration of audit qualification**

The audit report of the Company in respect of the annual financial statements for the year ended 31st January 2005 was not subject to any audit qualification.

**A3 Seasonality or cyclicity of operation**

The business of the Group is generally non-cyclical nor seasonal except for decreased activities during the Ramadan and Lunar New Year festive months.

**A4 Unusual items**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

**A5 Changes in estimates**

During the third financial quarter, the Directors of Melewar Industrial Group Berhad, are of the opinion that certain items of their major plant and machinery have long life spans of up to 40 years, which have been assured by continuous and exhaustive maintenance and refurbishment. In view of this, the estimated useful lives of these major items of plant and machinery have been revised in this quarter to appropriately reflect their economic life spans. This revision will have the effect of reducing the depreciation charge in this financial year by approximately RM 5.1 million or RM 1.28 million per quarter.

**A6 Issuances and repayment of debts and equity securities****i) Employees’ Share Option Scheme (ESOS)**

For the current interim quarter, there is no exercise of ESOS. As at the financial period ended 31st January 2006, the Company issued 8,000 ordinary shares of RM1.00 each pursuant to the Company’s ESOS at an exercise price of RM1.94 per ordinary share.

**ii) Share buy-back**

For the third and fourth financial quarter, there is no repurchase of own shares. As at the financial year ended 31st January 2006, the Company executed a share buy-back of 489,800 shares from the open market at the average purchase price of RM1.918 per share. All the shares repurchased are being held as treasury shares.

**iii) Conversion of warrant to ordinary shares**

For the fourth financial quarter, the Company issued 8,920,800 new ordinary shares of RM1.00 each upon conversion of 8,920,800 at the exercise price of RM1.50 each. As at financial year ended 31st January 2006, the Company issued 8,952,080 new ordinary shares of RM1.00 each upon the conversion of warrants.

**EXPLANTORY NOTES : (AS PER MASB 26 – PARAGRAPH 16)****A7 Dividend paid**

A final dividend of 13% less tax amounting to RM14,997,000 for the financial year ended 31st January 2005 was paid on 25th July 2005.

**A8 Segmental reporting**

No segment analysis is prepared as the Group is involved in a single industry segment relating to the manufacturing and sale of steel products. The business of the Group is entirely carried out in Malaysia.

**A9 Valuation of property, plant and equipment**

The Group has revalued the property, plant and equipment comprising land and building, plant and machinery of the Company and its subsidiaries in January 2006 based on valuations carried by an independent firm of professional valuers on open market basis. The resultant revaluation surplus amounting to RM76,060,495 for the Group has been credited directly to the asset revaluation reserve account.

Details of the independent firm of professional valuers are as follow

Name and address of firm : C H Williams Talhar & Wong Sdn Bhd (18149-U)  
32<sup>nd</sup> Floor, Menara Tun Razak  
Jalan Raja Laut  
50768 Kuala Lumpur

**A10 Subsequent material events**

There were no material events occurring between 31st January 2006 and the date of this announcement that have not been reflected in the financial statement for the quarter ended 31st January 2006.

**A11 Changes in the composition of the Group**

During the fourth quarter ended 31 January 2006, Simplex Trend Sdn Bhd, Mperial Power Ltd and M-Power TT Ltd have become wholly owned subsidiaries of Melewar Industrial Group Bhd (“MIG”).

**A12 Contingent liabilities or contingent assets**

There were no contingent liabilities and contingent assets as at end of the reporting quarter.

**A13 Change of financial year end**

The Board of Directors of the Group has approved to change the financial year end from 31 January to 30 June.

**EXPLANATORY NOTES : (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)**
**B1 Review of the performance of the Company and its principal subsidiaries**

For the twelve months ended 31st Jan 2006, the Group recorded a total revenue of RM566.9 million compared to the corresponding period of the preceding year of RM598.7 million.

For the twelve months ended 31st Jan 2006, the Group profit before tax was RM35.5 million compared to the corresponding period of the preceding year of RM72.7 million. Due to the decline in world steel prices, the Group has taken into account an impairment loss on inventories of RM30.1 million based on their net realisable value as at financial year end.

With the early adoption of FRS139, the Group has recognized an investment surplus of RM65.1 million through Income Statement.

For the twelve months ended 31st Jan 2006, the Company's principal subsidiary, Mycron Steel Berhad recorded revenue of RM325.5 million and loss before tax of RM15.6 million after taken into account an impairment loss on inventories of RM21.4 million.

Save as disclosed above, in the opinion of the Directors, the results for the financial quarter ended 31st Jan 2006 have not been affected by any transaction or event of a material or unusual nature.

**B2 Material changes in the quarterly results compared to the results of the immediate preceding quarter**

Compared to the immediate preceding quarter, the Group revenue decreased by 10.3% from RM128.9 million to RM115.6 million due to decreased activities during the Ramadan and Lunar New Year festive months.

The Group profit before tax increased from a loss of RM6.3 million to a profit of RM24.8 million due to a recognition of investment surplus and inventory impairment loss as disclosed in note B1.

**B3 Prospects for the current financial year**

The Directors are of the opinion that, barring any unforeseen circumstances, the Group expects to achieve satisfactory results for the financial year ending 31 January 2007.

**B4 Variance of actual profit from forecast profit**

This is not applicable to the Group.

**B5 Taxation**

	Current Year Quarter 31/01/2006 RM'000	Cumulative Quarters	
		Current Year To Date 31/01/2006 RM'000	Preceding Year Corresponding Period 31/01/2005 RM'000
Current tax expense			
Current year	2,458	(655)	(10,152)
- under estimated in prior year	(3)	(3)	-
	<hr/>	<hr/>	<hr/>
	2,455	(658)	(10,152)
Deferred tax expense			
- current year	6,384	6,231	(7,981)
- under estimated in prior year	-	-	-
	<hr/>	<hr/>	<hr/>
	8,839	5,573	(18,133)
Taxation-Associate	183	183	-
	<hr/>	<hr/>	<hr/>
	9,022	5,756	(18,133)

**EXPLANATORY NOTES : (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)**
**B5 Taxation (continue...)**

There is a tax credit of RM5,726,000 for the financial year and is mainly due to some income not subject to tax and some unutilized losses and unutilized capital allowances available for off-setting with the future profit.

**B6 Profit on sale of unquoted investments and / or properties**

During the third financial quarter, the Group realized a profit of RM1,573,000 on disposal of a revalued property. The profit was transferred from the revaluation reserve account to the Retained Profit account through the statement of changes in equity and was not included in the current Income Statement.

The Group also realized a profit of RM147,000 from sale of an unquoted investment.

**B7 Purchase or disposal of quoted securities**

(a) Purchase of quoted securities for the current financial year to date.

	Current quarter RM'000	Financial year to date RM'000
Total sale proceeds	-	-
Total gain on disposals	-	-
Total purchase consideration	48	14,369

(b) Investment in quoted securities as at the reporting period :

	RM'000
Total investments cost	26,472
Total investments at book value	87,753
Total investments at market value as at 31 January 2006	87,753

**B8 Status of corporate proposals**

The Company had on 20 October 2005 announced that it has formed a company by the name of M-Power TT Ltd under the Offshore Companies Act, 1990 in the Federal Territory of Labuan Malaysia with 75% owned by MIG and 25% owned by Trans Turbo Engineering Sdn. Bhd..

M-Power TT Ltd had on 21 October, entered into a share sale agreement (“SSA”) with E-Power Pte Ltd (“E Power”) to acquired 55% equity interest in Siam Power Generation Company Ltd (“SIPCO”) for a cash consideration of USD22.0 million.

Subsequently, the Company had on 30 December 2005 announced that the executed parties of the above mentioned SSA have mutually agreed to allow the agreements to lapse for the benefit of both parties.

Pursuant thereto, MIG through its wholly-owned subsidiary, Mperial Power Ltd (“MPP”) had renegotiated with E Power for more favourable terms and conditions for its equity participation in SIPCO.

On 30 December 2005, MPP entered into a new share and purchase agreement (“SSPA”) with E Power for the acquisition of a 70% equity interest in SIPCO for a cash consideration of USD23.0 million or RM87.4 million.

The above corporate exercise is still in progress.



**EXPLANATORY NOTES : (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)**
**B9 Group borrowings and debt securities**

The Group's borrowings as at 31st January 2006 are as follows :

<u>Short term borrowings :</u>	<u>RM'000</u>
Unsecured	79,300
Secured	89,991
 <u>Long term borrowings :</u>	
Secured	<u>10,000</u>
Total borrowings	<u>179,291</u>

**B10 Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at the date of this announcement.

**B11 Material litigation**

There is no material litigation pending as at the date of this announcement.

**B12 Dividend**

The Board of Director of the Company had on 28 March 2006 recommended a first and final dividend of 3% tax exempt in respect of financial year ended 31 January 2006. This is subject to shareholders' approval at the forth coming AGM to be held on 22 June 2006.

**B13 Earnings per share**

 (i) Basic earnings per ordinary share

	Individual Quarter Current year quarter 31/01/2006 RM'000	Cumulative Current year to 31/01/2006 RM'000
Profit attributable to shareholders	44,899	46,915
Weighted average no. of ordinary shares in issue ('000)	162,528	162,528
Basic earnings per share (sen)	28	29

 (ii) Diluted earnings per ordinary share

This is not applicable to the Group.

By order of the Board

LILY YIN KAM MAY (MAICSA 0878038)

LOW CHOONG SING (MIA 4457)

Secretaries

Kuala Lumpur

29th March 2006