AMSTEEL CORPORATION BERHAD

2008

AMSTEEL CORPORATION BERHAD

A Member of The Lion Group

(20667-M)

Laporan Tahunan 2008 Annual Report

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Third Annual General Meeting of Amsteel Corporation Berhad will be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 31 December 2008 at 12.00 noon for the following purposes:

AGENDA

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2008. **Resolution 1**

2. To approve the payment of Directors' fees amounting to RM116,000 (2007 : RM139,000). **Resolution 2**

3. To re-elect Director:

   In accordance with Article 98 of the Company's Articles of Association, Mr M. Chareon Sae Tang @ Tan Whye Aun retires by rotation and, being eligible, offers himself for re-election. **Resolution 3**

4. To consider and, if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 as an ordinary resolution:

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Jen Tan Sri Dato' Zain Mahmud Hashim (b) be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting of the Company." **Resolution 4**

5. To re-appoint Auditors to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Resolution 5**

6. Special Business

6.1 To consider and, if thought fit, pass the following resolution as an ordinary resolution:

   Authority to Directors to issue shares

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." **Resolution 6**

6.2 To consider and, if thought fit, pass the following resolution as a special resolution:

   Proposed Amendments to the Articles of Association of the Company

   "THAT the proposed amendments to the Articles of Association of the Company contained in Appendix I of the Circular to Shareholders of the Company dated 9 December 2008 which has been despatched to the shareholders of the Company, be and are hereby approved and adopted." **Resolution 7**

7. To transact any other business for which due notice shall have been given.

By Order of the Board

CHAN POH LAN
WONG PHOOI LIN
Secretaries

Kuala Lumpur
9 December 2008

Notes:

1. *Proxy*

   - *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.*

   - *An instrument appointing a proxy executed in Malaysia need not be witnessed. The signature to an instrument appointing a proxy executed outside Malaysia shall be attested by a solicitor, notary public, consul or magistrate.*

   - *The instrument of proxy shall be deposited at the Registered Office of the Company, Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.*

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

2. *Resolution 6*

   This authorisation will empower the Directors of the Company to issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

3. *Resolution 7*

   The proposed amendments to the Articles of Association of the Company are made to delete those articles in relation to compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, to incorporate current statutory and regulatory requirements for clarity and enhancements and, where relevant, to render consistency throughout the Articles of Association of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of the Directors standing for re-election/re-appointment at the Thirty-Third Annual General Meeting of the Company are set out in the Directors' Profile on pages 4 and 5 of the 2008 Annual Report.

CORPORATE INFORMATION

Board of Directors	:	Y. Bhg. Jen Tan Sri Dato' Zain Mahmud Hashim (b) *(Chairman)* Y. Bhg. Tan Sri William H.J. Cheng Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim Mr M. Chareon Sae Tang @ Tan Whye Aun Mr Tan Siak Tee
Secretaries	:	Ms Chan Poh Lan Ms Wong Phooi Lin
Company No.	:	20667-M
Registered Office	:	Level 46, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel Nos : 03-21622155, 03-21613166 Fax No : 03-21623448 Homepage: http://www.lion.com.my
Share Registrar	:	Secretarial Communications Sdn Bhd Level 46, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel Nos : 03-21622155, 03-21648411 Fax No : 03-21623448
Auditors	:	Ong Boon Bah & Co B-10-1 Megan Avenue 1 189 Jalan Tun Razak 50400 Kuala Lumpur
Principal Bankers	:	AmInvestment Bank Berhad EON Bank Berhad Malayan Banking Berhad RHB Bank Berhad

DIRECTORS' PROFILE

Jen Tan Sri Dato' Zain Mahmud Hashim (b)
Non-Independent Non-Executive Chairman

Y. Bhg. Jen Tan Sri Dato' Zain Mahmud Hashim (b), a Malaysian, aged 78, was appointed to the Board on 17 April 1978 and has been the Chairman of the Company since December 1986.

Tan Sri Dato' Zain is a graduate of the Royal Military Academy Sandhurst, United Kingdom and Harvard Business School's Advanced Management Programme. He is a retired Chief of Army in the Malaysian Armed Forces with 36 years of experience in the military and has more than 25 years of experience in the private sector.

Tan Sri Dato' Zain has an indirect shareholding of 53,321 ordinary shares of RM1.00 each in the Company and is a Director of two other public companies, namely Hy-Line Berhad and Silverstone Berhad.

Tan Sri Dato' Zain attended all six (6) Board Meetings of the Company held during the financial year ended 30 June 2008.

Tan Sri William H.J. Cheng
Non-Independent Non-Executive Director

Y. Bhg. Tan Sri William H.J. Cheng, a Malaysian, aged 65, was appointed to the Board on 21 February 1976.

Tan Sri William Cheng has more than 35 years of experience in the business operations of The Lion Group encompassing steel, motor, tyre, computer, retail, trading, plantation, and property and community development.

Tan Sri William Cheng is the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor.

Tan Sri William Cheng's other directorships in public companies are as follows :

- Chairman of Lion Diversified Holdings Berhad, Lion Forest Industries Berhad and Silverstone Corporation Berhad
- Chairman and Managing Director of Lion Corporation Berhad, Parkson Holdings Berhad and Silverstone Berhad

Save for Silverstone Corporation Berhad and Silverstone Berhad, all the above companies are listed on Bursa Malaysia Securities Berhad.

Tan Sri William Cheng has an indirect shareholding of 629,113,455 ordinary shares of RM1.00 each in the Company. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on pages 124 and 125 of this Annual Report. He also has interests in certain companies which conduct similar business with the Company in the property development and plantation sectors.

Tan Sri William Cheng is the uncle of Y. Bhg. Datuk Cheng Yong Kim, a major shareholder of the Company.

Tan Sri William Cheng attended all six (6) Board Meetings of the Company held during the financial year ended 30 June 2008.

Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
Independent Non-Executive Director

Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim, a Malaysian, aged 69, was appointed to the Board on 30 March 1994. He is also the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

Datuk Seri Abdul Manap joined the Malaysian Army as an Officer Cadet in 1959. He was a graduate of the Royal Military College, Malaysia, the British Army School of Infantry in Netheravon, England, the US Army Command and General Staff College in Fort Leavenworth (Kansas), the US Naval Post Graduate School in Monterey (California) and the US Army War College in Carlyle Barracks (Pennsylvania). He held many important staff and command appointments at the Ministry of Defence, in the field and abroad. He retired in 1994 as Deputy Chief of Army from the Malaysian Armed Forces after having served 34 years in the military.

Datuk Seri Abdul Manap has also served as Chief Operating Officer with SUKOM Ninety Eight Berhad, the Organizing Committee of the highly successful Kuala Lumpur 98, XVI Commonwealth Games. At present, he is a Director of a local company in the Information Communications Technology (ICT) sector.

Datuk Seri Abdul Manap presently also sits on the Board of WTK Holdings Berhad, a public listed company, as an Independent Non-Executive Director.

Datuk Seri Abdul Manap attended all six (6) Board Meetings of the Company held during the financial year ended 30 June 2008.

M. Chareon Sae Tang @ Tan Whye Aun
Non-Independent Non-Executive Director

Mr M. Chareon Sae Tang @ Tan Whye Aun, a Malaysian, aged 69, was appointed to the Board on 25 March 1998. He is also the Chairman of the Company's Nomination Committee and Remuneration Committee, and a member of the Audit Committee and the Executive Share Option Scheme Committee.

Mr Tang obtained his Bachelor of Law degree from King's College, the University of London and is a Barrister-at-Law of the Inner Temple London. He has been in legal practice since 1968, first as a legal assistant in Messrs Shearn & Delamore, and later a Partner at Messrs Chye, Chow Chung & Tang until 1976. Presently, he manages his own legal practice, Messrs C.S. Tang & Co.

Mr Tang is also a Director of Lion Corporation Berhad and Tomei Consolidated Berhad, both public listed companies.

Mr Tang attended all six (6) Board Meetings of the Company held during the financial year ended 30 June 2008.

Tan Siak Tee
Independent Non-Executive Director

Mr Tan Siak Tee, a Malaysian, aged 68, was appointed to the Board on 14 August 1998 as an Independent Non-Executive Director of the Company. He is also a member of the Audit Committee and Nomination Committee of the Company.

Mr Tan obtained his Bachelor of Commerce degree from the University of New South Wales, Australia. He is an associate of the Institute of Chartered Accountants of Australia and the Institute of Chartered Secretaries and Administrators. He is also a member of the Malaysian Institute of Certified Public Accountants. In 1965, he started his career as an Auditor in Coopers & Lybrand, Sydney and was later seconded to Coopers & Lybrand, Kuala Lumpur. He has extensive experience in the banking industry. He was the Chief Internal Auditor for Malaysian operations in Overseas Chinese Banking Corporation and Chung Khiaw Bank for the period from 1969 to 1971 and 1971 to 1973 respectively. He joined Lee Wah Bank Ltd in 1973 as Manager of Malaysia Central Office and was promoted to Director and Chief Executive Officer for Malaysian operations in 1975. He was a Director and Chief Executive Officer of United Overseas Bank (M) Berhad for the period from 1994 to 1997 after Lee Wah Bank Malaysian operations were incorporated in Malaysia in 1994. He was a Director and Adviser of Asia Commercial Finance Berhad from 1997 to 1999. In 2000, he joined the Bank of China (Malaysia) Berhad, a public company, as an Independent Non-Executive Director.

Mr Tan is also an Independent Non-Executive Director of Sunway City Berhad, a public listed company.

Mr Tan has a direct shareholding of 10,000 ordinary shares of RM1.00 each in the Company.

Mr Tan attended all six (6) Board Meetings of the Company held during the financial year ended 30 June 2008.

Save as disclosed above, none of the Directors has (i) any interest in shares in the Company or its subsidiaries; (ii) any family relationship with any Director and/or major shareholder of the Company; (iii) any conflict of interest with the Company; and (iv) any conviction for offences within the past ten (10) years.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") recognises the importance of practising and maintaining good corporate governance to direct the businesses of the Group towards enhancing business prosperity and long term value for its shareholders. The Board is fully committed in ensuring that a high standard of corporate governance is practised and maintained throughout the Group guided by the Malaysian Code on Corporate Governance ("Code") as the underlying principle in discharging its responsibilities.

The Board is pleased to present below a description of how the Group has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Code. These principles and best practices have been applied consistently throughout the financial year ended 30 June 2008 except where otherwise stated herein.

1. DIRECTORS

The Board

The Board is entrusted with the responsibility in leading and directing the Group towards realising long term shareholders' values. The Board retains full and effective control of the Group's strategic plans, overseeing the conduct of the Group's businesses, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Group's system of internal control.

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the financial year ended 30 June 2008, six (6) Board Meetings were held and all the Directors attended all the Board Meetings held during the financial year. A brief profile of each member of the Board are set out in the Directors' Profile section of this Annual Report.

Board Composition and Balance

The Board comprises five (5) Directors, all of whom are non-executive. The current Board composition is in line with the best practices recommended by the Code. The broad range of experience, skills and knowledge of the Directors effectively facilitate the discharge of the Board's stewardship.

Represented on the Board are two (2) independent non-executive Directors who bring their independent advice, views and judgement to bear on the decision-making process of the Group to ensure that a balanced and unbiased deliberation process is in place to safeguard the interests of other stakeholders. As and when a potential conflict of interest arises, it is mandatory practice for the Directors concerned to declare their interests and abstain from the decision-making process.

Board Committees

The Board delegates certain functions to several committees, namely the Audit Committee, Nomination Committee and Remuneration Committee to support and assist in discharging its fiduciary duties and responsibilities. The respective committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board may form other committees delegated with specific authorities to act on its behalf whenever required. These committees operate under approved terms of reference or guidelines set out by the Board.

Supply of Information

The Board members, in their individual capacities, have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information to enable them to obtain a comprehensive understanding of the issues to be deliberated upon and senior management of the Group and external advisers are also invited to attend the Board meetings to provide their professional views, advice and explanation on specific items on the agenda in order to arrive at an informed decision.

Besides direct access to management staff, external independent professional advisers are also made available to render their independent views and advice to the Board, whenever deemed necessary and under appropriate circumstances, at the Company's expense.

The Company Secretaries advise the Board on their duties and obligations, and the appropriate requirements, disclosures and procedures to be complied with in relation thereto. The Company Secretaries are also responsible in ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

Appointments to the Board

The Nomination Committee is responsible for recommending the right candidates with the necessary mix of skill, experience and competency to be appointed to the Board and Board Committees. The members and terms of reference of the Nomination Committee are presented on page 16 of this Annual Report.

Re-election of Directors

In accordance with the Articles of Association of the Company, one-third (1/3) of the Directors shall retire from office at every annual general meeting and all Directors shall retire from office at least once in every three (3) years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next annual general meeting following their appointment.

Directors' Training

The Directors are encouraged to attend various external professional programmes as necessary to keep abreast of issues facing the changing business environment within which the Group operates.

During the financial year, an in-house seminar was held for the benefit of the Directors. Certain Directors had also participated in other seminars and programmes other than that in relation to the in-house seminar.

The Board views the aforementioned seminars and programmes attended and/or participated by the Directors as adequate to enhance the Directors' skills and knowledge to carry out their duties as Directors.

The Board will, on a continuing basis, evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

2. DIRECTORS' REMUNERATION

The Company has adopted the objective as recommended by the Code in determining the remuneration of executive Directors so as to ensure that it attracts and retains the Directors needed to manage the Company and the Group effectively. Directors do not participate in decisions regarding their own remuneration. The responsibilities for developing the remuneration policy and determining the remuneration packages of executive Directors lie with the Remuneration Committee. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors. The members and terms of reference of the Remuneration Committee are presented on page 16 of this Annual Report.

Directors' fees are recommended by the Board for the approval by shareholders of the Company at annual general meetings.

For confidentiality, the details of the Directors' remuneration are not disclosed for each individual Director. The transparency and accountability aspects of corporate governance applicable to Directors' remuneration recommended by the best practices of the Code are deemed appropriately served by the disclosures in the ensuing paragraphs.

The aggregate remuneration of Directors who served during the financial year ended 30 June 2008 are categorised as follows:

	Fees RM'000	Salaries & Other Emoluments RM'000	Total RM'000
Executive Director*	4	48	52
Non-executive Directors	112	71	183
	116	119	235

The number of Directors whose total remuneration fall into the respective bands are as follows:

Range of Remuneration (RM)	Number of Directors Executive*	Number of Directors Non-executive
25,000 & below	–	2
25,001 - 50,000	–	2
50,001 - 100,000	1	1

* *A Director who resigned during the financial year.*

3. RELATIONS WITH SHAREHOLDERS

The annual general meeting is the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session in which shareholders may raise questions regarding the proposed resolutions at the meeting as well as on matters relating to the Group's businesses and affairs. The Chairman and the Board members are in attendance to respond to shareholders' queries.

The Company's website at www.lion.com.my provides easy access to corporate information pertaining to the Group and its activities.

The Board has identified the Company Secretaries to whom concerns may be conveyed and who would bring the same to the attention of the Board.

4. ACCOUNTABILITY AND AUDIT

The Audit Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group. The Audit Committee comprises three (3) Directors, majority of whom are independent. The terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 12 to 14 of this Annual Report.

Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's position and prospect to the Company's shareholders through the annual financial statements. The Board is also responsible in ensuring that the accounting records of the Group are properly kept. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to the adoption of the financial statements of the Group and of the Company.

Directors' Responsibility in Financial Reporting

The Board is satisfied that for the financial year ended 30 June 2008, the financial statements presented give a true and fair view of the state of affairs, results and cash flows of the Group and of the Company. In preparing the financial statements, the Group has applied, on a consistent basis, the applicable approved accounting standards and the provisions of the Companies Act, 1965.

Internal Control

The Board has overall responsibility in maintaining a sound internal control system for the Group to achieve its objectives within an acceptable risk profile as well as safeguarding shareholders' investment and the Group's assets. An overview of the state of internal control within the Group is set out in the Statement on Internal Control on page 11 of this Annual Report.

Relationship with the Auditors

The Board has established a formal and transparent relationship with the auditors. The Audit Committee recommends the appointment of the external auditors and their remuneration. The appointment of the external auditors is subject to the approval of shareholders at the annual general meeting whilst their remuneration is determined by the Board. The roles of both the external and internal auditors are further described in the Audit Committee Report.

STATEMENT ON INTERNAL CONTROL

Introduction

The Board of Directors ("Board") acknowledges the importance of maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets. Guided by the *Statement on Internal Control: Guidance for Directors of Public Listed Companie*s, the Board presents the Statement on Internal Control of the Group (excluding associated companies, as the Board does not have control over their operations).

Board Responsibility

The Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and integrity of these systems. However, in view of the inherent limitations in any system, such internal control systems are designed to manage rather than to eliminate risks that may impede the achievement of the Group's objectives. The systems can therefore only provide reasonable and not absolute assurance against material misstatements, frauds or losses. The system of internal control covers risk management and financial, organisational, operational and compliance controls.

The Board confirms that there is an on-going process of identifying, evaluating and managing significant risks by the management. This process has been put in place for the year and is reviewed periodically by the Board through its Audit Committee which is supported by the Internal Auditors.

Risk Management

The Board regards risk management as an integral part of business operations. A Corporate Risk Management Framework was developed and documented via a Corporate Risk Management Manual which sets out in a comprehensive manner the process adopted by the Group towards risk identification, evaluation, control and monitoring. The Risk Management Committee continues to play a pivotal role in overseeing the implementation of the risk management framework, periodically reviewing the risk management scorecards and reporting the status to the Audit Committee.

Control and Monitoring Process

The Board is committed to maintaining a strong internal control structure for the proper conduct of the Group's business operations. The key elements include:

- An operational structure with defined lines of responsibility and delegation of authority together with a hierarchical structure of reporting and accountability
- Internal policies and procedures that are regularly updated to reflect changing risks or resolve operational deficiencies including to clearly define limits of authority
- A detailed budgeting process which requires all business units to prepare budget and business plan on an annual basis
- Review of key business variables and the monitoring of the achievements of the Group's performance on a quarterly basis by the Board and the Audit Committee
- Confirmation of the effectiveness of internal control and risk assessment process by the chief executive officer or general manager of key operating companies by way of completion of the Internal Control – Self-Assessment Questionnaire on an annual basis
- Periodic examination of business processes and systems of internal control by the internal audit function which regularly submits its reports to the Audit Committee
- Adequate insurance and physical safeguards on major assets are in place to ensure assets of the Group are sufficiently covered

The system of internal control was generally satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

AUDIT COMMITTEE REPORT

COMPOSITION

As at the date of this Annual Report, the composition of the Audit Committee is as follows:

- **Members**

  Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
  (Chairman, Independent Non-Executive Director)

  Mr Tan Siak Tee
  (Independent Non-Executive Director)

  Mr M. Chareon Sae Tang @ Tan Whye Aun
  (Non-Independent Non-Executive Director)

- **Secretaries**

  The Secretaries of Amsteel Corporation Berhad, Ms Chan Poh Lan and Ms Wong Phooi Lin, are also Secretaries of the Audit Committee.

TERMS OF REFERENCE

- **Membership**

  The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, all of whom shall be non-executive Directors with a majority of them being independent Directors. The Chairman of the Audit Committee shall be an independent Director appointed by the Board.

- **Meetings and Minutes**

  The Audit Committee shall meet at least four (4) times annually and the Chief Internal Auditor and the Chief Financial Officer shall normally be invited to attend the meetings. The Audit Committee shall meet with the external auditors without the executive Board members being present at least twice a year. A majority of independent Directors present shall form a quorum.

  Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and the Board. The Chairman of the Audit Committee shall report on each meeting to the Board.

- **Authority**

  In conducting its duties and responsibilities, the Audit Committee shall have:

  (a) the authority to investigate any matter within its terms of reference.
  (b) the resources which are required to perform its duties.
  (c) full and unrestricted access to any information pertaining to the Company and the Group.
  (d) direct communication channels with the external and internal auditors.
  (e) the right to obtain independent professional or other advice as necessary.
  (f) the right to invite other Directors and/or management of the Company to attend any particular Audit Committee meeting to discuss specific issues.
  (g) the right to be able to meet with the external auditors, internal auditors or both, excluding the attendance of other Directors or employees of the Company, whenever deemed necessary.

- **Duties**

  The duties of the Audit Committee are:

  (i) To consider the appointment, resignation and dismissal of external auditors and the audit fee.

  (ii) To discuss with the external auditors, prior to the commencement of audit, the nature and scope of audit and to ensure co-ordination of audit where more than one audit firm is involved.

  (iii) To review and assess the annual and quarterly financial statements prior to the approval of the Board, focusing on:

  – going concern assumption
  – compliance with accounting standards and regulatory requirements
  – changes in accounting policies and practices
  – significant issues arising from audit

  (iv) To discuss problems and reservations arising from the interim and final external audits, and any matter the external auditors may wish to discuss excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

  (v) To review the external auditors' management letter and management's response thereto.

  (vi) To establish the following with the internal audit function:

  – review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work
  – review internal audit programme
  – ensure co-ordination of external audit with internal audit
  – consider the major findings of internal audit reviews/investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function

  (vii) To review any related party transaction and conflict of interest situation that may arise within the Company and the Group.

  (viii) To consider the appointment of independent advisers for corporate proposals involving related parties.

  (ix) To assess the quality and effectiveness of the system of internal control and efficiency of operations, and to review the risk policy and implementation of the risk management framework.

  (x) To review any appraisal or assessment of the performance of the members of the internal audit function, approve any appointment or termination of senior staff members of the internal audit function and be informed of any resignation of senior internal audit staff members and reasons thereof.

  (xi) To perform any other such function as may be directed by the Board.

ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year under review, six (6) Audit Committee Meetings were held. Mr M. Chareon Sae Tang attended the remaining five (5) Meetings held during the financial year subsequent to his appointment as a member of the Audit Committee whilst all other members attended all the six (6) Audit Committee Meetings held in the financial year.

The Audit Committee carried out its duties in accordance with its Terms of Reference during the year.

The main activities undertaken by the Audit Committee during the year were as follows:

- **Financial Results**

  (a) Reviewed the quarterly management report.

  (b) Reviewed the annual financial statements of the Group prior to submission to the Board for their consideration and approval focusing particularly on changes in accounting policies, significant and unusual events and compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board ("MASB") and other legal requirements.

- **Internal Audit**

  (a) Reviewed the annual audit plan to ensure adequate scope and coverage on the activities of the Group, taking into consideration the assessment of key risk areas.

  (b) Reviewed the audit programmes, resource requirements and skill levels of the internal auditors for the year and assessed the performance of the internal audit function.

  (c) Reviewed the internal audit reports, audit recommendations made and management response to these recommendations and actions taken to improve the system of internal control and procedures.

  (d) Monitored the implementation of the audit recommendations to ensure that all key risks and controls have been addressed.

  (e) Reviewed the Internal Control – Self-Assessment ratings submitted by the respective operations management.

- **External Audit**

  (a) Reviewed with external auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB.

  (b) Reviewed with external auditors the results of the audit and the audit report in particular, accounting issues and significant audit adjustments arising from the external audit.

  (c) Reviewed with external auditors the memorandum of comments and recommendations arising from their study and evaluation of the system of internal and accounting controls together with management's response to the findings of the external auditors.

  (d) Evaluated the performance of the external auditors and made recommendations to the Board on their appointment and remuneration.

  (e) Convened meetings with the external auditors without executive Board members and management being present to discuss issues arising from their review.

- **Risk Management**

  Reviewed the Corporate Risk Scorecard of key operations and the mitigating controls to address identified risks.

- **Related Party Transactions**

  Reviewed related party transactions entered into by the Group during the year and the recurrent related party transactions of a revenue or trading nature on a half-yearly basis.

- **Material Transactions**

  Reviewed material transactions entered into by the Group.

INTERNAL AUDIT FUNCTION

The internal audit function is undertaken by the Group Management Audit Department. Its principal activity is to perform regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

In discharging its function, the Group Management Audit Department adopts the *International Standards for the Professional Practice of Internal Auditing* as well as established auditing guidelines to enhance its competency and proficiency.

A risk-based audit plan is tabled to the Audit Committee for approval on an annual basis. The audit plan covers key operational and financial activities that are significant to the overall performance of the Group and is developed to ensure adequate coverage on a regular basis. Key risk areas are continuously identified and prioritised to ascertain the scope of the audit activities through the adoption by the operation management of the Internal Control – Self-Assessment Questionnaire and the Strategic Corporate Risk Management Scorecard.

During the financial year, the internal auditors had conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Safeguarding of assets
- Compliance with set policies and procedures
- Identification of opportunities to improve the operations and processes
- Investigations and special audit reviews

The internal auditors also established follow-up review to monitor and to ensure that internal audit recommendations are effectively implemented.

The internal audit activities have been carried out according to the internal audit plan approved by the Audit Committee for the financial year.

NOMINATION COMMITTEE

Chairman : Mr M. Chareon Sae Tang @ Tan Whye Aun
(Non-Independent Non-Executive Director)

Members : Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
(Independent Non-Executive Director)

Mr Tan Siak Tee
(Independent Non-Executive Director)

Terms of Reference :

- To recommend to the Board, candidates for directorships in Amsteel Corporation Berhad
- To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder
- To recommend to the Board, Directors to fill the seats on Board Committees
- To assist the Board in reviewing on an annual basis, the required mix of skills and experience and other qualities, including core competencies which non-executive Directors should bring to the Board
- To assess, on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, based on the process and procedure laid out by the Board

REMUNERATION COMMITTEE

Chairman : Mr M. Chareon Sae Tang @ Tan Whye Aun
(Non-Independent Non-Executive Director)

Members : Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
(Independent Non-Executive Director)

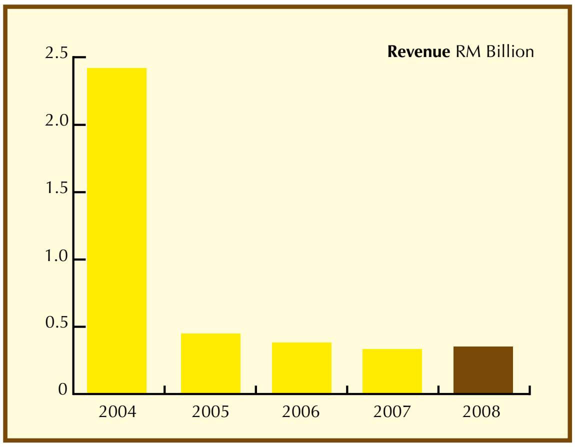
Terms of Reference :

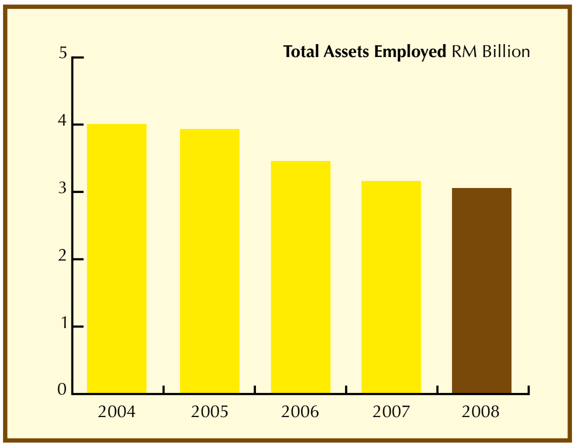
- To recommend to the Board the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary
- To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time

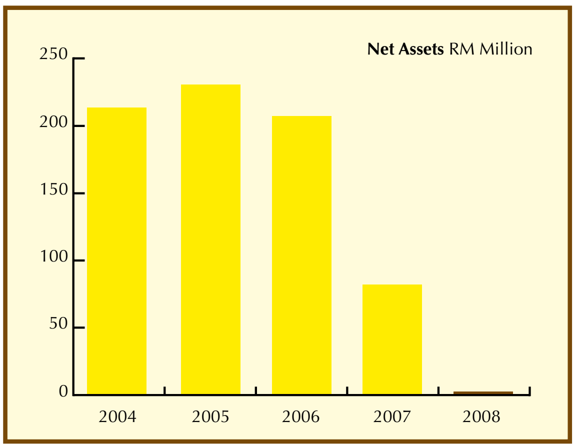
5 YEARS GROUP FINANCIAL HIGHLIGHTS

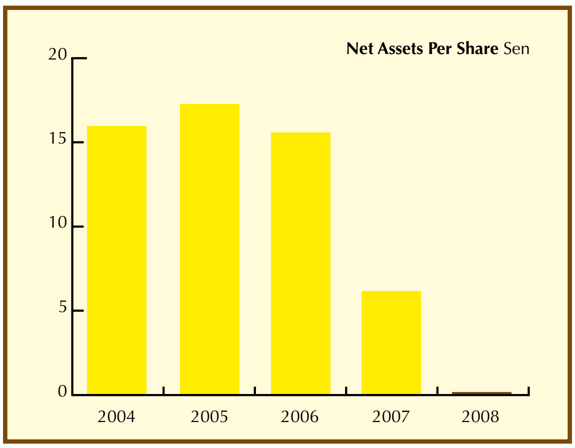
Financial years ended 30 June	**2004 RM'000**	**2005 RM'000**	**2006 RM'000**	**2007 RM'000**	**2008 RM'000**
Revenue	2,421,041	447,724	383,243	334,039	**351,144**
Profit from operations	330,991	199,482	220,005	318,594	**293,997**
Profit/(Loss) before taxation	118,316	(201)	37,290	(7,586)	**(59,920)**
Profit/(Loss) after taxation	67,303	9,800	7,345	(26,415)	**(70,428)**
Total assets employed	4,004,262	3,933,428	3,458,498	3,158,332	**3,058,846**
Net assets	213,449	230,779	207,242	82,195	**989**
	Sen	**Sen**	**Sen**	**Sen**	**Sen**
Net assets per share	16.0	17.3	15.6	6.2	**0.1**
Earnings/(Loss) per share	1.8	0.5	0.6	(2.1)	**(5.5)**
	'000	**'000**	**'000**	**'000**	**'000**
Number of ordinary shares issued and fully paid	1,331,175	1,331,175	1,331,175	1,331,175	**1,331,175**

Note: The Group's financial highlights have been adjusted to account for the new or revised Financial Reporting Standards ("FRSs") of which certain FRSs have been adopted retrospectively.









THE GROUP'S BUSINESSES





- A showcase of the Group's development projects with (clockwise, from left) artist's impression of bungalow at Bandar Bukit Mahkota in Bangi, Selangor and One Residency office and service suites in Kuala Lumpur; Mahkota Hotel and Tiara Golf & Country Club, both in Melaka.
- *Pelbagai projek pembangunan Kumpulan (arah jam dari kiri) gambaran artis banglo di Bandar Mahkota di Bangi, Selangor dan pejabat dan 'servis suites' One Residency di Kuala Lumpur; Mahkota Hotel dan Tiara Melaka Golf & Country Club, kedua-duanya di Melaka.*


- The Group also has oil palm (far left) and rubber (left) plantations in Malaysia and Indonesia.
- *Kumpulan juga memiliki ladang kelapa sawit (paling kiri) dan getah (kiri) di Malaysia dan Indonesia.*


- Secom (Malaysia) Sdn Bhd provides total integrated 24-hour security services through its computerised centre monitoring system and provision of guards, for both residential and commercial properties.
- *Secom (Malaysia) Sdn Bhd menyediakan perkhidmatan keselamatan bersepadu 24-jam melalui sistem pengawalan pusat berkomputer dan pengawal keselamatan untuk hartanah kediaman dan perniagaan.*

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah ("Lembaga"), saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Amsteel Corporation Berhad bagi tahun kewangan berakhir 30 Jun 2008.

PRESTASI KEWANGAN

Kumpulan telah mencapai perolehan dan keuntungan operasi yang lebih tinggi terutamanya daripada pengebilan kemajuan kerja dan keuntungan yang tinggi daripada segmen pembangunan hartanah. Segmen pembangunan hartanah yang merupakan peniagaan teras Kumpulan telah diklasifikasikan sebagai operasi yang tidak diteruskan di bawah cadangan langkah penyusunan semula korporat dan hutang ("Cadangan Skim ACB").

Berikutan Cadangan Skim ACB, Kumpulan mengiktiraf elaun rosot nilai yang mewakili lebihan nilai bawaan aset yang dilupuskan berbanding pertimbangan harga pelupusan yang dicadangkan. Oleh yang demikian, Kumpulan mencatat kerugian bersih berjumlah RM70 juta dalam tahun ini.

PERKEMBANGAN KORPORAT

Semasa dan berikutan tahun kewangan, Kumpulan telah melaksanakan langkah-langkah korporat penting berikut:

(a) Pada 13 November 2007 dan 7 Mac 2008, Bungawang Sdn Bhd, subsidiari 70% milik Syarikat telah memeterai perjanjian jual beli bagi penjualan keseluruhan 60% kepentingan ekuiti Kumpulan dalam Lion Mutiara Parade Sdn Bhd ("Lion Mutiara") dalam dua (2) peringkat atau Tranche, setiap satu sebanyak 30%.

    Tranche 1 selesai pada 7 Mac 2008 dengan pertimbangan jualan berjumlah RM9.12 juta manakala Tranche 2 pula dikira berdasarkan nilai aset bersih Lion Mutiara pada tarikh selesai Tranche 2. Tranche 2 masih belum selesai.

(b) Pada 24 April 2008, Syarikat telah menyelesaikan pelupusan Singa Logistics Sdn Bhd, subsidiari milik penuh Syarikat, kepada Lion Forest Industries Berhad bagi pertimbangan tunai berjumlah kira-kira RM2.73 juta.

(c) Syarikat bersama-sama syarikat-syarikat subsidiarinya bercadang untuk melaksanakan Cadangan Skim ACB, sebuah cadangan penyusunan semula korporat dan hutang untuk memenuhi kewajipan hutang bagi penebusan/pembayaran Bon dan Hutang ACB.

(d) Pada 29 Ogos 2008, Syarikat telah memeterai perjanjian jual beli bersyarat dengan IOI Corporation Berhad bagi cadangan pelupusan keseluruhan 20% pegangan ekuiti dalam Inverfin Sdn Bhd untuk pertimbangan tunai berjumlah RM117.35 juta.

Butiran penuh pelbagai cadangan di atas dinyatakan di muka surat 111 hingga 112 Laporan Tahunan ini.

KAJIAN OPERASI

Bahagian Hartanah

Dalam tahun kewangan, Bahagian Hartanah kita telah mencatat perolehan tinggi berjumlah RM137 juta berbanding RM130 juta pada tahun sebelumnya disebabkan terutamanya oleh pengebilan kemajuan kerja yang tinggi. Dengan mengambil kira keuntungan pelupusan beberapa hartanah dan syarikat subsidiari, Bahagian mencatat keuntungan berjumlah RM38 juta berbanding RM8 juta setahun lalu.

Bandar Bukit Mahkota, Bangi, Selangor

Bandar Bukit Mahkota merupakan sebuah perbandaran tersendiri seluas 1,288 ekar yang boleh diakses melalui Persimpangan Putra Mahkota. Perbandaran ini bertemakan aspirasi waktu senggang moden berlatarkan landskap desa. Pembangunannya dirancang di sekitar 'taman tasik' seluas 60 ekar yang memaparkan rumah kelab ala resort yang dijangka siap akhir 2008.

Sejak menyertai pasaran, lebih 4,500 buah rumah kediaman telah dilancarkan dengan hampir 95% berjaya dijual. Sehingga kini, sejumlah 4,144 buah (2007: 3,841 buah) telah siap dibina dan diserahkan kepada pembeli.

Dalam usaha untuk bergerak selari dengan tren pasaran yang mahukan perkembangan gaya hidup lebih inovatif dan memanfaatkan kemudahan status moden perbandaran, Lebih banyak kediaman berkonsep gaya hidup seperti rumah teres dan rumah berkembar sedang dirancang. Ia dijangka akan dipasarkan awal 2009.

Bandar Akademia, Lenggeng, Negeri Sembilan

Bandar Akademia merupakan projek bercampur kediaman dan komersial yang terletak di atas tanah pegangan bebas seluas 1,827 ekar. Apabila siap kelak, ia akan menawarkan rumah-rumah kediaman bercampur dan sebuah taman perniagaan terancang lengkap dengan kemudahan awam.

Sehingga kini, kira-kira 6,000 buah lot banglo telah siap. Syarikat terus mempekenalkan pakej pembinaan banglo yang mendapat sambutan menggalakkan.

Bandar Mahkota, Banting, Selangor

Bandar Mahkota Banting terletak kira-kira 15km daripada Lapangan Terbang Antarabangsa Kuala Lumpur. Bertempat di atas tanah pegangan bebas seluas 2,169 ekar, sehingga kini lebih daripada 613 buah (2007: 488 buah) lot banglo serta rumah teres mampu milik telah dijual.

Permintaan terhadap hartanah dijangka terus meningkat tinggi dengan pelaksanaan penambahbaikkan infrastruktur, salah satu daripadanya ialah Lebuhraya Pantai Barat bernilai RM3 bilion yang akan menghubungi Taiping dengan Banting. Ini akan memberi manafaat kepada Bandar Mahkota Banting kerana laluan ke perbandaran ini akan dipertingkatkan di mana fasa 1 lebuhraya tersebut akan berakhir di perbandaran ini sebelum melalui jalan keluar utama Banting-Dengkil.

Mahkota Industrial Park, Beranang, Selangor

Taman Perindustrian Mahkota terletak di kawasan bandar Beranang dan mudah diakses dari Lebuhraya Utara-Selatan melalui Kajang, Bangi atau Nilai. Meliputi kawasan tanah pegangan bebas seluas 277 ekar, pembangunannya termasuk kedai-pejabat dua tingkat, kilang teres kos rendah serta lot industri berukuran antara 0.79 ekar hingga 6.15 ekar untuk menampung industri kecil dan sederhana.

One Residency, Kuala Lumpur

One Residency, Kuala Lumpur, yang terletak di susur keluar Jalan Raja Chulan dan dilancarkan pada bulan Disember 2005 menandakan penyertaan Kumpulan ke dalam sektor apartmen mewah di Kawasan Segitiga Emas Kuala Lumpur. Projek ini terdiri daripada tiga blok menara iaitu sebuah menara pejabat 15-tingkat dan dua lagi blok, masing-masing setinggi 16 dan 30 merangkumi 426 unit suit servis mewah.

Pembangunan ini mendapat sambutan yang baik dari dalam dan luar negara di mana sehingga kini hampir 96% telah dijual.

Hotel dan Golf

Bahagian Hotel dan Golf di Malaysia mengendalikan Hotel Mahkota dan Tiara Melaka Golf & Country Club, kedua-duanya terletak di Melaka, manakala di China, ia mengendalikan Swiss-Belhotel Changchun, di Changchun.

Hotel Mahkota yang terletak menghadap laut di tengah-tengah bandaraya Melaka amat berdekatan dengan tempat-tempat tarikan utama untuk bersiar-siar dan tempat bersejarah. Hotel ini menawarkan suit apartmen ala resort dan kemudahan konvensyen. Dalam tahun kewangan, purata kadar penginapannya adalah lebih 50%.

Padang golf 27-lubang bertaraf antarabangsa Tiara Melaka Golf & Country Club telah dipilih sebagai salah satu padang golf terbaik di negara ini setelah maraih pelbagai penghargaan dan anugerah. Kelab golf ini mempunyai lebih 1,000 orang ahli.

Swiss-Belhotel Changchun terletak berdekatan dengan pusat bandaraya dan di tengah-tengah First Automobile Works yang terkenal. Changchun kini merupakan pusat pameran antarabangsa dan kegiatan kesenian di Timur Laut China. Pada tahun kewangan dalam kajian, hotel yang mempunyai 206 bilik ini mencatat purata kadar penginapan lebih 60%.

Bahagian Perladangan

Kumpulan memiliki ladang-ladang kelapa sawit dan getah di Malaysia dan Indonesia dengan kawasan penanaman dianggarkan seluas 7,251 hektar. Dalam tahun kewangan dikaji, Bahagian Perladangan mencatatkan perolehan yang tinggi berjumlah RM19 juta berbanding RM12 juta pada tahun kewangan sebelumnya. Peningkatan perolahan ini disumbangkan terutamanya oleh harga minyak sawit mentah dan harga getah yang tinggi. Bersama-sama dengan jumlah jualan muatan tanan (tonnage) yang tinggi, Bahagian ini mencatat keuntungan operasi yang mantap berjumlah RM9 juta berbanding RM3 juta setahun lalu.

Operasi Lain

Operasi-operasi lain terutamanya melibatkan penyediaan perkhidmatan keselamatan dan peralatan berkaitan keselamatan serta perkhidmatan pengangkutan.

Secom (Malaysia) Sdn Bhd ("Secom"), iaitu usaha sama Kumpulan dengan Secom Co. Ltd, Jepun dan Persatuan Koperasi Polis Malaysia, menawarkan perkhidmatan keselamatan bersepadu 24 jam di bawah jenama SECOM. Perkhidmatan dan peralatan keselamatan yang disediakan oleh Secom termasuk sistem pengawasan pusat berkomputer bagi tindakan kecemasan, CCTV, interkom audio/video, audit keselamatan dan membekalkan pengawal untuk kawalan hartanah perumahan dan komersial.

Dalam tahun kajian, perniagaan perkhidmatan pengangkutan telah dilupuskan dan Kumpulan beroleh RM3.4 juta.

TANGGUNGJAWAB SOSIAL KORPORAT

Kita mengiktiraf pentingnya Tanggungjawab Sosial Korporat ("CSR"), sebagai sebahagian daripada penting perniagaan dan telah bertindak menerapkan rangka kerja CSR dalam pelan perniagaan untuk meningkatkan keyakinan para pemegang kepentingan, akauntabiliti dan ketelusan. CSR menjadi komponen penting dalam amalan perniagaan baik yang bermatlamat memperbaiki masyarakat dan alam sekitar.

Dalam mengendalikan aktiviti perniagaannya, Kumpulan mengambil berat tanggungjawabnya sebagai warga korporat, dalam mengembalikan semula kepada masyarakat selain menyumbang kepada keuntungan dan nilai para pemegang saham. Kumpulan memberi tumpuan terhadap usaha menambahbaik masyarakat menerusi pendidikan dan penjagaan perubatan melalui dua Yayasan yang diasaskan oleh syarikat-syarikat di bawah Kumpulan Lion di mana Kumpulan adalah ahlinya.

Yayasan Lion-Parkson (sebelum ini dikenali sebagai Yayasan Lion-ASM) menyalurkan dana untuk pelbagai keperluan seperti pendidikan, kebajikan dan penyelidikan saintifik, dan setiap tahun, memberikan biasiswa dan pinjaman pendidikan kepada pelajar di universiti tempatan. Tabung Bantuan Perubatan Kumpulan Lion menyediakan bantuan kewangan kepada rakyat Malaysia yang memerlukan rawatan perubatan termasuk pembedahan, pembelian peralatan dan ubat-ubatan.

PROSPEK

Cadangan Skim ACB membolehkan usaha merealisasikan sebahagian daripada aset Kumpulan pada masa sesuai berikutan hasil yang diraih akan digunakan untuk mengurangkan bebanan hutang ke paras boleh diurus.

Selain itu, cadangan tawaran oleh Lion Corporation Berhad ("LCB") untuk membeli baki saham Syarikat yang tidak dimiliki oleh Kumpulan LCB melalui terbitan waran baru LCB, akan memberi peluang kepada pemegang–pemegang saham Syarikat untuk memiliki ekuiti dalam LCB.

PENGHARGAAN

Bagi pihak Lembaga, saya ingin mengambil kesempatan ini untuk melahirkan rasa terima kasih dan penghargaan kepada para pelanggan yang dihargai, pemegang saham, bank-bank dan sekutu perniagaan atas keyakinan dan sokongan berterusan mereka serta kepada kerajaan dan pihak berkuasa di atas panduan dan timbangrasa mereka. Saya juga ingin merakamkan penghargaan ikhlas dan ucapan terima kasih kepada rakan-rakan Pengarah atas sumbangan dan tunjuk-ajar mereka di sepanjang tahun serta mengucapkan terima kasih kepada semua kakitangan di atas sikap dedikasi dan komitmen mereka pada sepanjang tahun kewangan.

JEN TAN SRI DATO' ZAIN MAHMUD HASHIM (b)
Pengerusi

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("Board"), I hereby present the Annual Report and Audited Financial Statements of Amsteel Corporation Berhad for the financial year ended 30 June 2008.

FINANCIAL PERFORMANCE

The Group achieved a higher revenue and operating profit mainly due to higher progress billings and profit from our property development segment. The property development segment, the core business of the Group, was classified as discontinued operations under a proposed corporate and debt restructuring exercise ("Proposed ACB Scheme").

Following the Proposed ACB Scheme, the Group has recognised an impairment allowance representing the excess of the carrying value of the disposed assets over their proposed disposal considerations. Accordingly, the Group recorded a net loss of RM70 million for the year.

CORPORATE DEVELOPMENTS

During and subsequent to the financial year, the Group had undertaken the following significant corporate exercises:

(a) On 13 November 2007 and 7 March 2008, Bungawang Sdn Berhad, a 70% owned subsidiary of the Company, had entered into a share sale and purchase agreement for the disposal of the Group's entire 60% equity interest in Lion Mutiara Parade Sdn Bhd ("Lion Mutiara") in two (2) tranches of 30% each.

    Tranche 1 was completed on 7 March 2008 at a consideration of RM9.12 million whilst Tranche 2 is at a consideration to be calculated based on the net assets value of Lion Mutiara as at the completion date of Tranche 2. Tranche 2 has not been completed.

(b) On 24 April 2008, the Company had completed the disposal of Singa Logistics Sdn Bhd, a wholly-owned subsidiary of the Company, to Lion Forest Industries Berhad for a cash consideration of approximately RM2.73 million.

(c) The Company together with its subsidiary companies, proposed to undertake the Proposed ACB Scheme, a corporate and debt restructuring exercise to address its debts obligations for the redemption/repayment of the ACB Bonds and Debts.

(d) On 29 August 2008, the Company entered into a conditional sale and purchase agreement for the proposed disposal of its entire 20% equity interest in Inverfin Sdn Bhd to IOI Corporation Berhad for a cash consideration of approximately RM117.35 million.

Full details of the various corporate proposals are set out on pages 111 to 112 of this Annual Report.

REVIEW OF OPERATION

Property Division

For the financial year under review, our Property Division recorded a higher revenue of RM137 million as compared to RM130 million for the previous year mainly due to higher progress billings. Coupled with gain on disposal of properties and a subsidiary company, the Division recorded a profit of RM38 million compared to RM8 million a year ago.

Bandar Bukit Mahkota, Bangi, Selangor

Bandar Bukit Mahkota is a self-contained 1,288 acres township accessible via the dedicated Putra Mahkota North South Highway Interchange. It is themed around modern leisure aspiration set in a country landscape. The development is planned around a 60-acre "lake-park" feature with a resort-style clubhouse which is scheduled to be completed by the end of 2008.

Since its entry into the market, more than 4,500 residential units have been launched with 95% sold. Todate, a total of 4,144 units (2007: 3,841 units) have been completed and delivered to purchasers.

In keeping with the market trend for more innovative lifestyle developments and capitalising on the township's modern status, more lifestyle concept homes comprising terrace houses and semi-detached units are being planned. These are targeted to be launched in early 2009.

Bandar Akademia, Lenggeng, Negeri Sembilan

Bandar Akademia is a mixed residential and commercial project situated on 1,827 acres of freehold land. When completed, it will feature a mix of residential units and a planned business park complete with public amenities.

Todate, about 6,000 units of bungalow lots have been completed. The Company continues to introduce bungalow construction packages which have received encouraging response.

Bandar Mahkota, Banting, Selangor

Bandar Mahkota Banting is located about 15km from the Kuala Lumpur International Airport. Sited on 2,169 acres of freehold land, more than 613 units (2007: 488 units) of bungalow lots and affordable terrace houses have been sold todate.

It is envisaged that property demand will continue to escalate with the commencement of infrastructural improvements, one of which is the RM3 billion West Coast Highway which will link Taiping and Banting. This will benefit Bandar Mahkota Banting as its accessibility will be further enhanced with the 1st phase of the Highway's development ending at the township and exiting through the Banting-Dengkil trunk road.

Mahkota Industrial Park, Beranang, Selangor

Mahkota Industrial Park, located in the vicinity of Beranang town, is easily accessible by the North-South Expressway via Kajang, Bangi or Nilai. Covering 277 acres of freehold land, the development includes double-storey shop offices, low cost terrace factories and industrial lots with lot sizes ranging from 0.79 acre to 6.15 acres catering to small and medium size industries.

One Residency, Kuala Lumpur

One Residency, Kuala Lumpur, located off Jalan Raja Chulan, was launched in December 2005 and marked the Group's entry into the upmarket apartment sector in Kuala Lumpur's Golden Triangle. The project comprises three tower blocks, consisting of a 15-storey annexed office tower and two other blocks of 16-storey and 30-storey high-end serviced suites totalling 426 units.

This development has received good response from the market, both local and foreign, and presently enjoys a 96% take-up rate.

Hotel and Golf

The Division in Malaysia operates the Mahkota Hotel and Tiara Melaka Golf & Country Club, both located in Melaka, while in China, it operates the Swiss-Belhotel Changchun, located at Changchun.

Mahkota Hotel, situated on the seafront in the heart of Melaka town, is within walking distance to major sightseeing and various historical attractions. The hotel offers resort-styled apartment suites and convention facilities and during the year under review, had achieved an average occupancy rate of more than 50%.

The 27-hole international class golf course in Tiara Melaka Golf & Country Club was adjudged one of the best golf courses in the country, having received many accolades and honours. The golf club has more than 1,000 members.

Swiss-Belhotel Changchun is located in close proximity to the city centre and in the heart of the renowned First Automobile Works. Changchun is now the hub of international exhibitions and cultural activities in north-east China. For the financial year under review, the 206-room hotel recorded an average occupancy rate in excess of 60%.

Plantation Division

The Group has oil palm and rubber plantations in Malaysia and Indonesia with a planted area of approximately 7,251 hectares. For the financial year under review, the Plantation Division recorded a higher revenue of RM19 million compared to RM12 million in the previous financial year. The increase in revenue was mainly attributable to higher crude palm oil prices and higher rubber prices. Together with higher sales tonnage, the Division posted a higher operating profit of RM9 million as compared to RM3 million a year ago.

Other Operations

Other operations are mainly involved in the provision of security services and security related equipment and transportation services.

Secom (Malaysia) Sdn Bhd ("Secom"), the Group's joint-venture with Secom Co. Ltd, Japan and the Malaysian Police Co-operative Society, provides total integrated 24-hour security services under the SECOM brand. The security services and equipment provided by Secom include a computerised central monitoring system of emergency response, CCTV, audio/video intercom, security audit and the supply of guards for residential and commercial properties.

During the financial year, the transportation services business was disposed of with a gain of RM3.4 million for the Group.

CORPORATE SOCIAL RESPONSIBILITY

We recognise the importance of Corporate Social Responsibility ("CSR") as an integral part of business and incorporating a CSR framework into our business plan to enhance stakeholder confidence, accountability and transparency. CSR is becoming an important component of good business practice aimed at improving society and the environment.

In carrying out its business activities, the Group is mindful of its responsibilities as a corporate citizen, in giving back to society while contributing to the bottom-line and shareholders' value. The Group is focused on improving the community through education and medical care via the two Foundations established by the Lion Group of Companies of which the Group is a member.

The Lion-Parkson Foundation (formerly known as Lion-ASM Foundation) disburses funds for various needs such as education, charity and scientific research; and every year, gives out scholarships and education loans to undergraduates in the local universities. The Lion Group

Medical Assistance Fund provides financial assistance to needy Malaysians who require medical treatment including surgery, purchase of equipment or medication.

PROSPECTS

The Proposed ACB Scheme would enable the partial realisation of the Group's assets in a timely manner whereby proceeds raised would be used to reduce its debts to a manageable level.

In addition, the proposed offer by Lion Corporation Berhad ("LCB") to acquire the remaining Company's shares not held by LCB Group by the issuance of new LCB warrants would provide an opportunity for shareholders of the Company to participate in the equity of LCB.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude and appreciation to our valued customers, shareholders, financiers and business associates for their continued confidence and support, and to the Government and regulatory authorities for their guidance and understanding. I would also like to convey my sincere appreciation and gratitute to my fellow Directors for their invaluable guidance and contributions throughout the year as well as to record my appreciation to all our employees for their dedication and commitment to the Group throughout the year.

JEN TAN SRI DATO' ZAIN MAHMUD HASHIM (b)
Chairman

主席报告

我谨代表董事部，欣然向您提呈合钢实业有限公司截至2008年6月30日为止财政年度内的常年报告及经审核财务报告。

财务业绩

本集团取得更高的收入和营运利润，主要是因为从产业发展部取得更高发展营业额和利润所致，产业发展部是本集团的核心业务，在企业和债务重组计划建议里，被列为停止经营的业务。

随着企业和债务重组计划建议的提出，本集团做出了资产减值准备，意味着其脱售资产的账面现行价值超越脱售价值。因此，本集团在本年度蒙受7千万令吉的净亏损。

企业发展

在本年度期间和之后，本集团作出以下重要的企业运作：

(a) 在2007年11月13日和2008年3月7日，本公司拥有70%股权的子公司Bungawang Sdn Bhd签订一项买卖协议，以脱售本集团在Lion Mutiara Parade Sdn Bhd（“Lion Mutiara”）所有的60%股权，分成各占30%的两个阶段进行。

第一阶段在2008年3月7日完成，成交价为912万令吉，第二阶段的成交价将根据Lion Mutiara在第二阶段完成时的资产净值来计算。第二阶段尚未完成。

(b) 在2008年4月24日，本公司以现金大约273万令吉完成脱售其独资子公司Singa Logistics Sdn Bhd予Lion Forest Industries Berhad。

(c) 本公司以及其子公司建议实行一项企业和债务重组计划，以赎回/偿还合钢实业有限公司债券和债务的义务。

(d) 在2008年8月29日，本公司与IOI机构有限公司协商有条件的买卖协议，建议以约1亿1千735万令吉的现金脱售本公司在Inverfin Sdn Bhd的所有20%股权。

各项企业建议完整的有关详情，列在本常年报告的第111页至112页。

业务检讨

产业组

在检讨会计年度内，我们的产业业务取得较高的收入为1亿3千700万令吉，之前财政年度收入为1亿3千万令吉。这主要是因为较高的发展营业额。再加上从脱售产业和子公司的利润，本组取得3千800万令吉的利润，去年的利润为800万令吉。

Bandar Bukit Mahkota - 雪兰莪州万宜

Bandar Bukit Mahkota是个完备并占地1千288英亩的城镇，可从Putra Mahkota交通枢纽通达。这个城镇提快优秀的郊区生活，设有占地60英亩景观设计美丽的公园和湖泊及度假式俱乐部，料在明年下半年的财政年度完成。

自推出市场以来，这个城镇推出超过4千500个单位，并售出近95%。至今，4千144单位（2007：3千841单位）已经完成及移交给购买者。

为了跟随市场趋向发展和更具创意的生活方式，及利诸如俱乐部会所及其宽广的城镇景观，更多包括排屋、别墅和半独立式洋房的概念屋正在规划中，并锁定在2009年初推出市场。

Bandar Akademia - 森美兰州宁宜

Bandar Akademia占地面积1千827英亩，拥有永久地契，是个结合住宅和商业计划的综合城镇。一旦建竣，它将拥有综合住宅社区和规划良好的商业区，并具有设备完善的公共设施。

至今，共有约6千单位的别墅地段已完工，而近期公司将继续推行反应令人鼓舞的别墅兴建配套。

Bandar Mahkota - 雪兰莪州万津

万津Bandar Mahkota距离吉隆坡国际机场约15公里，占地2千169英亩，坐落在永久地契土地上，至今超过613单位（2007: 488单位）的别墅和价格实惠的排屋已经售出。

随着人们对产业的需求量料将继续扬升，这归因于基本设施的建设不断的改善，其中包括总值30亿令吉，连接太平和万津的西海岸大道的动工，将使万津Bandar Mahkota受惠，因为西海岸大道第一期发展工程的终点处于Bandar Mahkota，也通往万津—龙溪干线公路，交通应此更为四通八达。

Mahkota Industrial Park - 雪兰莪州巴玲珑

Mahkota Industrial Park位于巴玲珑市区附近，可轻易的取道南北大道通往加影、万宜或汝来。这工业区涵盖277公亩的永久地契土地，发展计划包括为中小型工业而设的廉价排式工厂，双层店铺办公室。

One Residency - 吉隆坡

One Residency位于拉惹朱兰路附近，于2005年12月推介，也象征本集团进军吉隆坡金三角地带的高档公寓领域。这项计划涵盖三栋大楼，包括一栋15层办公楼、两栋分别为16层和30层共计426单位的高档服务公寓。

这项发展计划得到本地和国外市场的良好反应，目前已经有96%售出。

酒店和高尔夫球

本集团在马来西亚的业务包括在马六甲经营的皇冠酒店和Tiara Melaka Golf & Country Club，而在中国的业务是在长春经营的吉森车城花园酒店。

皇冠酒店位于马六甲心脏地带的滨海区，主要的景点及不同的历史古迹，都是在步行的范围内。这间酒店提供度假式的公寓套房及举办大会的设备。检讨年度内，皇冠酒店的住宿率超过50%。

Tiara Melaka Golf & Country Club是符合国际水准，拥有27个洞的高尔夫球场，被认定为国内最优秀的高尔夫球场之一，并赢得许多赞美和荣誉。这个高尔夫球俱乐部目前拥有超过1千名会员。

吉林车城花园酒店毗邻市中心，处于闻名遐迩的中国第一汽车集团公司区域内。长春目前是中国东北部的国际展览和文化活动中心。检讨年度内，这间拥有206间客房的酒店，平均取得超过60%的住宿率。

园丘组

本集团在马来西亚和印尼皆涉足油棕和树胶种植业务，种植面积达约7千251公顷。检讨年度内，园丘组取得较高的收入，从之前的1千200万令吉增加到1千900万令吉。收入增加主要是因为原棕油及天然胶价格走高。加上较高的销售吨数，本组取得较高的营运利润900万令吉，去年为300万令吉。

其他业务

本集团的其他业务主要是涉及提供保安服务及保安相关配备和运输服务。

Secom (Malaysia) Sdn Bhd（“Secom”）是本集团和日本Secom Co. Ltd及马来西亚警察合作社的联营公司，在SECOM品牌下提供全面的24小时保安服务。Secom所提供的保安服务和配备包括紧急事件反应的电脑化中央监视系统、闭路电视、音频/视频对讲机、保安审查及为住宅和商业提供保安人员服务。

在检讨年度，本集团脱售运输服务业务，获得收益340万令吉。

社会责任

我们认同企业社会责任的重要性并把它视为公司治理框架不可或缺的一部分，以加强利益相关者的信心，责任感和透明度。在这方面，企业社会责任是良好营商手法不可或缺的一部分，目的是要改善社会服务和环境发展。

本公司在展开商业活动时，深切了解到作为企业公民的责任，在对股东在企业的价值贡献的同时，也要回馈社会。因此本集团通过两项基金，以教育和医疗服务来回馈社会。

Lion-Parkson基金（旧称Lion-ASM基金）拨款作各种用途，诸如教育、慈善及科学研究；每年提供奖学金和贷学金给在本地大学深造的在籍大学本科生。金狮集团医药援助基金则为迫切需要医疗的马来西亚人提供财务援助，包括手术，购置器材或药物。

展望

企业和债务重组计划建议将让本集团变卖部分资产，所得将用来减轻其债务至容易处理的水平。

此外，金狮机构有限公司（“金狮机构”）献议通过发出新的金狮机构凭单，购买其在本公司不持有的其余股票的建议，这让本公司的股东有机会参与金狮机构的股权。

鸣谢

我谨代表董事会，衷心感谢我们尊贵的客户、股东、金融界及商业伙伴继续给予的信心和支持，政府和法定机构的指导和谅解。最后，我要感谢全体职员在这一年来所给予的奉献和支持。

主席
JEN TAN SRI DATO' ZAIN MAHMUD HASHIM (b)

FINANCIAL STATEMENTS 2008

For The Financial Year Ended 30 June 2008

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in Note 19 to the financial statements.

There have been no significant changes in the principal activities of the Company and of its subsidiary companies during the financial year.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Net loss for the financial year	(70,428)	(151,293)
Attributable to:		
Equity holders of the Company	(73,659)	(151,293)
Minority interests	3,231	–
	(70,428)	(151,293)

DIVIDENDS

The Directors do not recommend any dividend payment in respect of the financial year ended 30 June 2008.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the notes to the financial statements.

SHARE CAPITAL

There was no increase in the issued and paid-up capital of the Company during the financial year.

DIRECTORS

The Directors who served since the date of the last report are:

Jen Tan Sri Dato' Zain Mahmud Hashim (b)
Tan Sri William H.J. Cheng
Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
M. Chareon Sae Tang @ Tan Whye Aun
Tan Siak Tee

In accordance with Article 98 of the Company's Articles of Association, Mr. M. Chareon Sae Tang @ Tan Whye Aun retires by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

Pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Jen Tan Sri Dato' Zain Mahmud Hashim (b) retires and offers himself for re-appointment as Director of the Company to hold office until the next annual general meeting.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member or with a company in which a Director has a substantial financial interest save and except for fees for professional services paid to a firm of which Mr M. Chareon Sae Tang is a partner in his capacity as an advocate and solicitor, and except for any benefit which may be deemed to have arisen by virtue of the balances and transactions between the Company and its related companies and certain companies in which certain Directors of the Company and/or its subsidiary companies are substantial shareholders as disclosed in Note 37 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is 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

The Directors' interests in shares in the Company are as follows:

	Number of ordinary shares			
	As at 1.7.2007	**Additions**	**Disposals**	**As at 30.6.2008**
Direct interest in shares				
Tan Siak Tee	10,000	–	–	10,000
Indirect interest in shares				
Tan Sri William H.J.Cheng	629,038,255	75,200	–	629,113,455

	Number of ordinary shares			
	As at 15.8.2007	**Additions**	**Disposals**	**As at 30.6.2008**
Indirect interest in shares				
Jen Tan Sri Dato' Zain Mahmud Hashim (b)	53,321	–	–	53,321

The Directors' interests in shares in related companies are as follows:

	Nominal value per ordinary share	Number of shares As at 1.7.2007	Additions	Disposals	As at 30.6.2008
Indirect interest in shares					
Tan Sri William H.J. Cheng					
Ambang Maju Sdn Bhd	RM1.00	70,000	–	–	70,000
Ayer Keroh Resort Sdn Bhd	RM1.00	20,000,000	–	–	20,000,000
Bungawang Sdn Berhad	RM1.00	25,000	–	–	25,000
Crystavel Sdn Bhd (In Liquidation - Voluntary)	RM1.00	998	–	–	998
Davids Warehousing Sdn Bhd (In Liquidation - Voluntary)	RM1.00	4,080,000	–	–	4,080,000
Dwiwater Sdn Bhd	RM1.00	5,252	–	–	5,252
Kobayashi Optical Sdn Bhd	RM1.00	700,000	–	–	700,000
Lion Plantations Sdn Bhd	RM1.00	8,000,000	–	–	8,000,000
Salient Care Sdn Bhd	RM1.00	1,400,000	–	–	1,400,000
Secom (Malaysia) Sdn Bhd	RM1.00	5,100,000	–	–	5,100,000
Visionwell Sdn Bhd	RM1.00	16,000,000	–	–	16,000,000
Masoni Investment Pte Ltd	*	9,500,000	–	–	9,500,000
P T Amsteel Securities Indonesia	Rp1,000	9,350,000	–	–	9,350,000
P T Kebunaria	Rp1,000,000	17,000	–	–	17,000

	Nominal value per ordinary share	Number of shares As at 1.7.2007	Additions	Disposals	As at 7.3.2008
Lion Mutiara Parade Sdn Bhd#	RM1.00	6,000,000	–	3,000,000	3,000,000

	Nominal value per preference share	Number of shares As at 1.7.2007	Additions	Disposals	As at 7.3.2008
Lion Mutiara Parade Sdn Bhd#	RM0.01	8,400,000	–	4,200,000	4,200,000

	Nominal value per preference share	Number of shares As at 1.7.2007	Additions	Disposals	As at 30.6.2008
Hy-Line Berhad	RM1,000	2,480	–	–	2,480

Investment in the People's Republic of China	**Currency**	**As at 1.7.2007**	**Additions**	**Disposals**	**As at 30.6.2008**
Jilin Motor City Park Hotel Co Ltd	Rmb	60,000,000	–	–	60,000,000

* Shares in companies incorporated in Singapore do not have a par value
# Ceased to be a related company on 7 March 2008

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the related companies during and at the end of the financial year.

EXECUTIVE SHARE OPTION SCHEME

The Executive Share Option Scheme ("ESOS") established for the benefit of eligible executive Directors and executive employees of the Group became effective on 1 June 2006 and the features of the ESOS are disclosed in Note 28 to the financial statements.

No options were granted pursuant to the ESOS during the financial year.

OTHER STATUTORY INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

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

(b) to ensure that any current assets which were unlikely to realise in the ordinary course of business, their value as shown in the accounting records had been written down to an amount which they might be expected so to realise.

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

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

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

(c) 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; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

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

In the opinion of the Directors:

(a) except as disclosed in the financial statements, the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) except as disclosed in the financial statements, 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.

SIGNIFICANT EVENTS

Details of significant events during the financial year are disclosed in Note 43 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event is disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Ong Boon Bah & Co, have indicated their willingness to continue in office.

Signed in accordance with a resolution of the Directors dated 25 September 2008.

JEN TAN SRI DATO' ZAIN MAHMUD HASHIM (b)
Chairman

TAN SRI WILLIAM H.J. CHENG
Director

Kuala Lumpur

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 RM'000	2007 RM'000 Restated	2008 USD'000
Continuing Operations				
Revenue	7	**230,113**	215,654	70,543
Other operating income		**127,513**	194,180	39,090
Changes in inventories		**1,561**	(1,059)	479
Raw materials and consumables used		**(5,399)**	(12,082)	(1,655)
Purchase of trading goods		**(7,695)**	(7,930)	(2,359)
Employee benefits expense	8	**(21,587)**	(21,566)	(6,618)
Depreciation and amortisation expenses		**(8,907)**	(9,079)	(2,730)
Other operating expenses		**(70,917)**	(51,820)	(21,740)
Profit from operations	9	**244,682**	306,298	75,010
Impairment losses	10	**(140,000)**	(70,202)	(42,919)
Finance costs	11	**(144,597)**	(157,165)	(44,328)
Share in results of associated companies		**3,986**	(7,567)	1,222
(Loss)/Profit before taxation		**(35,929)**	71,364	(11,015)
Taxation	12	**(5,943)**	(17,143)	(1,822)
Net (loss)/profit for the financial year from continuing operations		**(41,872)**	54,221	(12,837)
Discontinued Operations				
Loss from discontinued operations	13	**(28,556)**	(80,636)	(8,754)
Net loss for the financial year		**(70,428)**	(26,415)	(21,591)
Attributable to:				
Equity holders of the Company		**(73,659)**	(28,271)	(22,581)
Minority interests		**3,231**	1,856	990
Net loss for the financial year		**(70,428)**	(26,415)	(21,591)
Loss per share attributable to equity holder of the Company:				
- Basic (sen)	14	**(5.5)**	(2.1)	(1.7)

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2008

	Note	2008 RM'000	2007 RM'000 Restated	2008 USD'000
ASSETS				
Non-current assets				
Property, plant and equipment	15	**90,731**	385,052	27,815
Prepaid land lease payments	16	**923**	27,147	283
Biological assets	17	**16,804**	28,550	5,151
Associated companies	18	**24,408**	74,038	7,482
Interest in joint-ventures	20	**–**	–	–
Investments	21	**794,916**	1,267,755	243,690
Land held for property development	22(a)	**–**	298,465	–
Goodwill	23	**–**	–	–
Deferred tax assets	33	**–**	5,139	–
		927,782	2,086,146	284,421
Current assets				
Investments	21	**732,841**	297,591	224,660
Property development costs	22(b)	**577**	114,618	177
Inventories	24	**10,080**	158,949	3,090
Receivables	25	**152,643**	292,051	46,794
Tax recoverable		**9,631**	32,737	2,952
Deposits, cash and bank balances	26	**117,105**	169,921	35,900
		1,022,877	1,065,867	313,573
Assets classified as held for sale	27	**1,108,187**	6,319	339,726
		2,131,064	1,072,186	653,299
TOTAL ASSETS		**3,058,846**	3,158,332	937,720
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	28	**1,331,175**	1,331,175	408,085
Share premium		**230,188**	230,188	70,567
Reserves	29	**645,766**	651,317	197,966
Accumulated losses		**(2,206,140)**	(2,130,485)	(676,315)
		989	82,195	303
Minority interests		**22,955**	24,597	7,037
Total equity		**23,944**	106,792	7,340

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET (continued)

AS AT 30 JUNE 2008

	Note	2008 RM'000	2007 RM'000 Restated	2008 USD'000
Non-current liabilities				
ACB Bonds and USD Debts	30	**842,355**	1,163,358	258,232
Long term borrowings	31	**–**	4,024	–
Finance lease liabilities	32	**67**	214	21
Deferred liabilities		**2,677**	8,056	821
Deferred tax liabilities	33	**1,376**	10,027	422
		846,475	1,185,679	259,496
Current liabilities				
Payables	34	**93,529**	281,415	28,672
Finance lease liabilities	32	**17**	102	5
Provisions	35	**5**	27,060	1
ACB Bonds and USD Debts	30	**1,811,839**	1,503,433	555,438
Short term borrowings	36	**22,875**	28,331	7,013
Tax liabilities		**75**	25,520	23
		1,928,340	1,865,861	591,152
Liabilities classified as held for sale	27	**260,087**	–	79,732
		2,188,427	1,865,861	670,884
Total liabilities		**3,034,902**	3,051,540	930,380
TOTAL EQUITY AND LIABILITIES		**3,058,846**	3,158,332	937,720

The accompanying notes form an integral part of the financial statements.

COMPANY INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 RM'000	2007 RM'000	2008 USD'000
Revenue	7	**157,267**	176,079	48,212
Other operating income		**112,330**	137,712	34,436
Employee benefits expense	8	**(69)**	(454)	(21)
Depreciation		**(64)**	(94)	(20)
Other operating expenses		**(131,786)**	(740,505)	(40,401)
Profit/(Loss) from operations	9	**137,678**	(427,262)	42,206
Impairment losses	10	**(140,000)**	(55,679)	(42,918)
Finance costs	11	**(142,207)**	(153,295)	(43,595)
Loss before taxation		**(144,529)**	(636,236)	(44,307)
Taxation	12	**(6,764)**	(5,900)	(2,074)
Net loss for the financial year		**(151,293)**	(642,136)	(46,381)

The accompanying notes form an integral part of the financial statements.

COMPANY BALANCE SHEET

AS AT 30 JUNE 2008

	Note	2008 RM'000	2007 RM'000	2008 USD'000
ASSETS				
Non-current assets				
Property, plant and equipment	15	**10**	74	3
Associated companies	18	**12,380**	12,380	3,795
Subsidiary companies	19	**439,120**	439,120	134,617
Investments	21	**754,897**	1,200,168	231,422
		1,206,407	1,651,742	369,837
Current assets				
Investments	21	**732,841**	297,591	224,660
Receivables	25	**2,809,289**	2,948,129	861,217
Tax recoverable		**6,744**	12,128	2,067
Deposits, cash and bank balances	26	**34,391**	13,093	10,543
		3,583,265	3,270,941	1,098,487
TOTAL ASSETS		**4,789,672**	4,922,683	1,468,324
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	28	**1,331,175**	1,331,175	408,085
Share premium		**230,188**	230,188	70,567
Accumulated losses		**(859,937)**	(708,644)	(263,623)
Total equity		**701,426**	852,719	215,029
Non-current liability				
ACB Bonds and USD debts	30	**865,058**	1,189,151	265,193
Current liabilities				
Payables	34	**1,389,862**	1,355,340	426,077
ACB Bonds and USD Debts	30	**1,833,326**	1,525,473	562,025
		3,223,188	2,880,813	988,102
Total liabilities		**4,088,246**	4,069,964	1,253,295
TOTAL EQUITY AND LIABILITIES		**4,789,672**	4,922,683	1,468,324

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 RM'000	2007 RM'000	2008 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation				
- Continuing operations		**(35,929)**	71,364	(11,015)
- Discontinuing operations		**(23,991)**	(78,950)	(7,354)
Loss before taxation		**(59,920)**	(7,586)	(18,369)
Adjustment for non-cash items, interests and dividends	41(a)	**86,185**	40,741	26,421
Operating profit before working capital changes		**26,265**	33,155	8,052
Increase in inventories		**(3,862)**	(2,637)	(1,184)
Decrease in property development costs		**4,093**	10,307	1,255
Decrease in trade and other receivables		**15,964**	50,530	4,893
Increase/(Decrease) in trade and other payables		**15,733**	(81,464)	4,823
Cash generated from operations		**58,193**	9,891	17,839
Tax refunded/(paid)		**10,533**	(24,000)	3,229
Net cash inflow/(outflow) from operating activities		**68,726**	(14,109)	21,068
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		**(12,331)**	(9,859)	(3,780)
(Advance to)/Repayment from associated companies		**(11)**	8,167	(3)
Proceeds from disposal of property, plant and equipment		**31,450**	974	9,641
Proceeds from disposal of investments		**16**	102,736	5
Proceeds from disposal of subsidiary companies	41(c)	**8,449**	–	2,590
Proceeds from redemption of investments		**–**	5,461	–
Proceeds from disposal of an associated company		**–**	280	–
Dividend received		**1,107**	3,288	339
Interest received		**22,751**	24,254	6,975
Net cash inflow from investing activities		**51,431**	135,301	15,767

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 RM'000	2007 RM'000	2008 USD'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid to minority interests		**(358)**	(355)	(109)
Net decrease in short term borrowings		**(2,725)**	(28,038)	(835)
Repayment of long term borrowings		**(7,874)**	(3,493)	(2,414)
Redemption/repayment of bonds and USD debts		**(54,728)**	(73,464)	(16,777)
Repayment of finance lease liabilities		**(94)**	(47)	(29)
Interest paid		**(1,772)**	(25,199)	(543)
Decrease/(Increase) in fixed deposits pledged		**4,692**	(4,716)	1,438
Decrease in fixed deposits earmarked for bonds and USD debts redemption		**12,611**	10,119	3,866
Repayment from associated companies		**20,099**	–	6,162
Net cash outflow from financing activities		**(30,149)**	(125,193)	(9,241)
Effect of exchange rate changes on cash and cash equivalents		**(12,319)**	(4,888)	(3,777)
Net increase/(decrease) in cash and cash equivalents		**77,689**	(8,889)	23,817
Cash and cash equivalents at beginning of the financial year		**148,380**	157,269	45,487
Cash and cash equivalents at end of the financial year	41(b)	**226,069**	148,380	69,304

The accompanying notes form an integral part of the financial statements.

COMPANY CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 RM'000	2007 RM'000	2008 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation		**(144,529)**	(636,236)	(44,307)
Adjustment for non-cash items, interests and dividends	41(a)	**135,174**	611,944	41,439
Operating loss before working capital changes		**(9,355)**	(24,292)	(2,868)
(Increase)/Decrease in other receivables		**(7,226)**	35,471	(2,215)
Increase/(Decrease) in other payables		**8,469**	(75,597)	2,596
Cash used in operations		**(8,112)**	(64,418)	(2,487)
Tax refund		**5,384**	90	1,651
Net cash outflow from operating activities		**(2,728)**	(64,328)	(836)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		**–**	(11)	–
Repayment from/(Advances to) subsidiary companies		**29,648**	(34,295)	9,089
(Advances to)/Repayment from associated companies		**(11)**	8,167	(4)
Proceeds from disposal of investments		**–**	102,449	–
Proceeds from disposal of a subsidiary company		**2,727**	–	836
Proceeds from redemption of investments		**–**	5,461	–
Interest received		**926**	13,349	284
Dividend received		**19,220**	22,831	5,892
Net cash inflow from investing activities		**52,510**	117,951	16,097
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment from subsidiary companies		**26,244**	7,685	8,045
Redemption/Repayment of bonds and USD debts		**(54,728)**	(73,464)	(16,777)
Interest paid		**–**	(3,813)	–
Decrease in fixed deposits earmarked for bonds and USD debts redemption		**11,830**	9,930	3,627
Net cash outflow from financing activities		**(16,654)**	(59,662)	(5,105)
Net increase/(decrease) in cash and cash equivalents		**33,128**	(6,039)	10,156
Cash and cash equivalents at beginning of the financial year		**1,263**	7,302	387
Cash and cash equivalents at end of the financial year	41(b)	**34,391**	1,263	10,543

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Attributable to equity holders of the Company	Non-distributable					
	Share capital RM'000	Share premium RM'000	Reserves RM'000 (Note 29)	Accumulated losses RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
Balance at 1 July 2006							
- As previously reported	1,331,175	230,188	765,401	(2,119,522)	207,242	23,096	230,338
- Effect of adopting FRS 3	–	–	(18,017)	18,017	–	–	–
- As restated	1,331,175	230,188	747,384	(2,101,505)	207,242	23,096	230,338
Net translation loss on equity of foreign subsidiary companies	–	–	(10,021)	–	(10,021)	–	(10,021)
Equity accounting for share of net assets of associated companies	–	–	8,064	–	8,064	–	8,064
Reversal of revaluation reserve previously realised due to aborted sales	–	–	709	(709)	–	–	–
Revaluation deficit on property, plant and equipment and property development activities	–	–	(106,060)	–	(106,060)	–	(106,060)
Transfer from deferred tax liabilities	–	–	11,241	–	11,241	–	11,241
Net loss not recognised in consolidated income statement	–	–	(96,067)	(709)	(96,776)	–	(96,776)
Net loss for the financial year	–	–	–	(28,271)	(28,271)	1,856	(26,415)
Dividend paid	–	–	–	–	–	(355)	(355)
Balance at 30 June 2007	1,331,175	230,188	651,317	(2,130,485)	82,195	24,597	106,792

	Attributable to equity holders of the Company	Non-distributable					
	Share capital RM'000	Share premium RM'000	Reserves RM'000 (Note 29)	Accumulated losses RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
Balance at 1 July 2007	1,331,175	230,188	651,317	(2,130,485)	82,195	24,597	106,792
Net translation loss on equity of foreign subsidiary companies	–	–	(13,613)	–	(13,613)	–	(13,613)
Equity accounting for share of net assets of associated companies	–	–	5,740	–	5,740	–	5,740
Reversal of revaluation reserve previously realised due to aborted sales	–	–	1,996	(1,996)	–	–	–
Transfer from deferred tax liabilities	–	–	326	–	326	–	326
Disposal of a subsidiary company	–	–	–	–	–	(4,515)	(4,515)
Net loss not recognised in consolidated income statement	–	–	(5,551)	(1,996)	(7,547)	(4,515)	(12,062)
Net loss for the financial year	–	–	–	(73,659)	(73,659)	3,231	(70,428)
Dividend paid	–	–	–	–	–	(358)	(358)
Balance at 30 June 2008	**1,331,175**	**230,188**	**645,766**	**(2,206,140)**	**989**	**22,955**	**23,944**

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

		Non-Distributable		
	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 July 2006	1,331,175	230,188	(66,508)	1,494,855
Net loss for the financial year, representing total recognised income and expense for the financial year	–	–	(642,136)	(642,136)
Balance at 30 June 2007	1,331,175	230,188	(708,644)	852,719
Net loss for the financial year, representing total recognised income and expense for the financial year	–	–	(151,293)	(151,293)
Balance at 30 June 2008	**1,331,175**	**230,188**	**(859,937)**	**701,426**

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia. The registered office and its principal place of business of the Company are located at Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur.

The Company is an investment holding company. The principal activities of the subsidiary companies are shown in Note 19 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 September 2008.

2. GOING CONCERN

The Group and the Company incurred a net loss of RM70.428 million and RM151.293 million respectively for the financial year ended 30 June 2008. In addition, as disclosed in Note 30 to the financial statements, the ACB Bonds and USD Debts of the Group and the Company which are repayable within the next 12 months amounted to RM1,812 million and RM1,833 million respectively. The cash flow for the said redemption/repayment will be sourced from the proceeds of the disposal of assets/companies and cash flows from its operations.

On 21 May 2008, the Board of Directors of the Company announced that the Group proposed to undertake a corporate and debt restructuring exercise to address its debts obligations to redeem/repay the ACB Bonds and USD Debts. Subsequent to the balance sheet date, a majority of the ACB Bonds and USD Debts lenders had approved the proposed corporate and debt restructuring scheme. The implementation of the debt restructuring scheme is still pending the approvals from the relevant authorities.

The Directors are of the opinion that the corporate and debts restructuring exercise referred to above will be successfully implemented. As such, the financial statements are prepared on a going concern basis and accordingly do not include any adjustments that may be necessary if the Group and the Company are unable to continue as a going concern.

3. BASIS OF PREPARATION

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards (“FRSs”) in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs as described in Note 5 to the financial statements.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for freehold land included within property, plant and equipment that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Investment in subsidiary companies

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company. Subsidiary companies are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains and losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

The subsidiary companies are consolidated using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair value, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

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

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less impairment loss. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(ii) Investment in associated companies

Associates are entities in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associated company is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the net profit or loss of the associated company is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any long-term interests that, in substance, form part of the Group's net investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

When an associated company holds an ownership interest in the Group, any profit or loss and any increment or decrement of net assets of the Group which the associated company are accounted for in its financial statements, would be disregarded when the Group applies the equity method to account for its investment in the associated company.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(iii) Jointly controlled entities

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 4(a)(ii).

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liability. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. The policy for the recognition and measurement of impairment losses for goodwill is in accordance with Note 4(k) to the financial statements.

(c) Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Revaluations are performed approximately once every five years to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in income statement, in which case the increase is recognised in income statement to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in the income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land has unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%	–	10%
Plant and machinery	2%	–	33.3%
Tools and equipment	10%	–	20%
Furniture and office equipment	5%	–	25%
Motor vehicles	13%	–	20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus is taken directly to retained earnings.

(d) Biological assets

Replanting expenditure consists of expenses incurred from land clearing to the point of harvesting and is recognised in the income statement in the year that it is incurred.

Plantation development expenditure comprise principally professional fees incurred in connection with the submission of development plans to the local authorities in respect of the proposed development projects on leasehold land owned by the Group.

Biological assets are stated at cost less accumulated amortisation and impairment losses.

(e) Property development activities

(i) Land held for property development

Land held for property development consist of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is transferred to property development costs, classified under current assets, when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

When the outcome of the development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that will probably be recoverable. Property development costs on the development units sold are recognised when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

When revenue recognised in the income statement exceed billings to purchasers, the balance is shown as accrued billings under receivables within current assets. Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under payables within current liabilities.

(f) Inventories

Marketable securities are stated at lower of cost and net realisable value determined on a portfolio basis by its aggregate cost against its market value. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Gains or losses on disposal of marketable securities and write down of marketable securities to market values are included in the income statement.

Completed property units for sale are valued at the lower of cost and net realisable value. Cost is determined using the specific identification method.

Other inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average or first-in first-out basis or by specific identification method. The cost of raw materials, comprises the original purchase price plus costs incurred in bringing the inventories to their present locations and conditions. The cost of finished goods comprise the cost of raw materials, direct labour, direct charge and a proportion of production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(g) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance leases - the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses.

The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the terms of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 4(c).

(iii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interest in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the relevant lease term.

(h) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(i) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the date of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the income statement for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in the income statement in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiary companies before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2008 RM	2007 RM
Foreign currency		
1 US Dollar	**3.2620**	3.4520
1 Singapore Dollar	**2.3968**	2.2513
1 Hong Kong Dollar	**0.4180**	0.4415
100 Philippine Peso	**7.2350**	7.4000
100 Indonesian Rupiah	**0.0334**	0.0363
1 Chinese Renminbi	**0.4766**	0.4535

(j) Provision for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Liquidated ascertained damages which have been accrued based on estimates of settlement sums to be agreed, are charged to the income statement.

Provision for restructuring costs is recognised when the Group and the Company have a detailed formal plan for restructuring which has been notified to the affected parties.

(k) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than property development costs, inventories, deferred tax assets and non-current assets (or disposal group) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. Impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to the present value of estimated future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

Impairment loss is recognised as an expense in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is used to reduce the revaluation surplus to the extent of previously recognised revaluation surplus for the same asset.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reversed the effect of that event.

(l) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call and short term highly liquid investments which have insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

Other non-current investments other than investment in subsidiary companies, associated companies and jointly controlled entities are stated at cost less impairment losses. Impairment losses are recognised for all declines in value.

The Company's investment in Lion Corporation Berhad Bonds ("LCB Bonds") is stated at net present value plus accreted interest and less any allowance that may be required for diminution in value. The accretion of interest on the bond investment is recognised as interest income on the basis of their underlying yield to maturity.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

(iii) Receivables

Receivables are carried at anticipated realisable value. Bad receivables are written off in the period in which they are identified. Allowance for bad and doubtful receivables is made based on estimates of possible losses which may arise from non-collection of certain receivables.

(iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest bearing borrowings

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost and any difference between net proceed and redemption value is recognised in the income statement over the period of the borrowing using the effective yield method.

ACB Bonds and USD debts are stated at net present value plus accreted interest and net of amortised issuance expenses. The accretion of interest on the bonds or debts is recognised as interest expenses on the basis of their underlying cash yield to maturity.

(vi) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(m) Borrowing costs

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset until the asset is ready for its intended use. Capitalisation of finance cost is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised as an expense in the income statement in which they are incurred.

(n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of goods, properties and services

Revenue are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts, and after eliminating sales within the Group.

Revenue from sale of development properties are recognised on the percentage of completion method. The stage of completion is determined based on the proportion of development cost incurred todate against the total estimated cost on projects where the outcome of the projects can reliably be estimated and are in respect of sales where agreements have been finalised by the end of the financial year.

Revenue from sales of land under development and completed property units are recognised when the agreements are executed.

(ii) Dividend income

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

(iii) Interest income

Interest income is recognised on the accrual basis.

(iv) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(o) Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets and financial assets) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the income statement.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary company acquired exclusively with a view to resale.

(p) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Equity compensation benefits

The Company's Executive Share Option Scheme ("ESOS") allows the Group's executive employees to acquire ordinary shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

(q) Segment reporting

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

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

5. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs

On 1 July 2007, the Group and the Company adopted the following new and revised FRSs, Amendment to FRSs and Interpretations issued by the Malaysian Accounting Standards Board ("MASB"):

(i) FRS that is mandatory for financial periods beginning on or after 1 October 2006:

FRS 117: Leases
FRS 124: Related Party Disclosures

(ii) FRS and Amendment to FRS that are mandatory for financial periods beginning on or after 1 January 2007:

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

(iii) FRSs, Amendment to FRS and Interpretations that are mandatory for financial periods beginning on or after 1 July 2007:

FRS 107: Cash Flow Statements
FRS 111: Construction Contracts
FRS 112: Income Taxes
FRS 118: Revenue
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates
- Net Investment in a Foreign Operation
FRS 134: Interim Financial Reporting
FRS 137: Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6: Liabilities arising from Participating in a Specific Market
- Waste Electrical and Electronic Equipment
IC Interpretation 7: Applying the Restatement Approach under FRS 129
- Financial Reporting in Hyperinflationary Economies
IC Interpretation 8: Scope of FRS 2

At the date of authorisation of issue of the financial statements of the Group and of the Company, accounting standard which has been issued but not yet effective for the Group and the Company is FRS 139: Financial Instruments: Recognition and Measurement. FRS 139 is effective for accounting periods beginning on or after 1 January 2010. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company will apply this standard from financial year ending 30 June 2011.

By virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

The adoption of FRS 6, FRS 111, FRS 120, FRS 134 and Interpretations No. 1, 2, 5, 6, 7 and 8 are not applicable to the Group's and Company's operations. The adoption of revised FRS 124 and Amendment to FRS 119_{2004} gave rise to additional disclosures but did not result in significant changes in accounting policies of the Group and the Company.

The adoption of the other new and revised FRSs does not have any significant impact on the financial statements of the Group upon their initial application except for FRS 117: Leases as discussed below:

FRS 117: Leases

Leasehold land held for own use

Prior to 1 July 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 July 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The effects on the consolidated balance sheet as at 30 June 2008 are set out as follows:

	2008 **RM'000**
Decrease in property, plant and equipment	**(923)**
Increase in prepaid land lease payments	**923**

There were no effects on the consolidated income statement for the financial year ended 30 June 2008 and the Company's separate financial statements.

The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as such, certain comparatives have been restated.

Group	**As previously reported** **RM'000**	**Reclassification** **RM'000**	**As restated** **RM'000**
Property, plant and equipment	412,199	(27,147)	385,052
Prepaid land lease payments	–	27,147	27,147

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical judgement made in applying accounting policies

Management is of the opinion that the instances of the application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimation.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Property development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(ii) Impairment of tangible assets

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use, will be assessed. The assessment of recoverable amounts involves various methodologies.

Fair value of an asset is estimated by reference to net assets of the investee or base on prevailing market value determined by professional valuers.

In determining the value in use of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group makes estimates and assumptions that required significant judgements and estimates. While the Group believes these estimates and assumptions to be reasonable and appropriate, changes in these estimates and assumptions of value in use could impact on the Group's financial position and results. Further details are disclosed in Note 10.

(iii) Depreciation of property, plant and equipment

The cost of property, plant and equipment except for freehold land and capital work-in-progress, is depreciated on a straight-line basis over the assets' useful lives. Management reviews the remaining useful lives of property, plant and equipment at the end of each financial year and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges.

(iv) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

(v) Allowance for doubtful receivables

The Group makes allowances for doubtful receivables based on assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be collectible. The identification of doubtful receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such differences will impact carrying value of receivables.

7. REVENUE

Revenue of the Group represents sales of goods and services outside of the Group net of returns and allowances, the proportion of the aggregate sales value of property development projects sold attributable to the percentage of development work performed, sales value of land under development, proportion of the total contract values attributable to the percentage of construction work performed, sales value of completed property units, gross rental incomes, dividends and interest income. Revenue of the Company comprises dividends and interest income.

An analysis of revenue is as follows:

	Continuing operations		Discontinued operations		Consolidated	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Group						
Sales of goods	**37,657**	31,755	**8,517**	8,152	**46,174**	39,907
Rendering of services	**42,567**	34,111	**452**	1,216	**43,019**	35,327
Property development	**–**	–	**92,401**	90,377	**92,401**	90,377
Dividend income	**641**	3,811	**–**	–	**641**	3,811
Interest income	**131,288**	132,152	**–**	–	**131,288**	132,152
Rental income	**11,889**	7,839	**15,773**	14,752	**27,662**	22,591
Others	**6,071**	5,986	**3,888**	3,888	**9,959**	9,874
	230,113	215,654	**121,031**	118,385	**351,144**	334,039
Company						
Dividend income	**25,983**	31,275	**–**	–	**25,983**	31,275
Interest income	**131,284**	144,804	**–**	–	**131,284**	144,804
	157,267	176,079	**–**	–	**157,267**	176,079

8. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing operations				
Salaries, wages and bonuses	**13,379**	16,786	**42**	252
Defined contribution plans	**1,397**	1,530	**6**	34
Other staff related expenses	**6,811**	3,250	**21**	168
	21,587	21,566	**69**	454
Discontinued operations				
Salaries, wages and bonuses	**7,935**	8,938	**–**	–
Defined contribution plans	**991**	1,067	**–**	–
Other staff related expenses	**1,585**	1,278	**–**	–
	10,511	11,283	**–**	–
Total	**32,098**	32,849	**69**	454

Included in employee benefits expense of the Group and of the Company is the Executive Director's remuneration as disclosed in Note 9(b).

9. PROFIT/(LOSS) FROM OPERATIONS

(a) Profit/(Loss) from operations is arrived at:

	GROUP		COMPANY	
	2008 RM'000	**2007 RM'000 Restated**	**2008 RM'000**	**2007 RM'000**
After charging:				
Depreciation	**7,765**	7,705	**64**	94
Directors' remuneration (Note 9(b))	**235**	521	**164**	427
Auditors' remuneration:				
- current year	**273**	260	**42**	38
- prior year	**9**	7	**–**	3
Amortisation of:				
- deferred expenditure	**–**	134	**–**	–
- prepaid land lease payments	**5**	3	**–**	–
- biological assets	**1,137**	1,237	**–**	–
Allowance for diminution in value of quoted investments	**28,671**	–	**189**	–
Rental of land and buildings	**420**	715	**–**	–
Rental of equipment	**449**	1,164	**–**	–
Allowance for doubtful receivables				
- subsidiary companies	**–**	–	**112,311**	699,080
- associated companies	**10,000**	18,594	**10,000**	14,000
- others	**–**	1,981	**–**	1,961
Written off:				
- property, plant and equipment	**28**	151	**–**	–
- bad receivables	**–**	162	**–**	–
Loss on disposal of:				
- property, plant and equipment	**–**	225	**–**	–
- investments	**13**	–	**1**	–
Loss on foreign exchange-realised	**32**	–	**–**	–
And crediting:				
Rental income	**14,069**	8,389	**–**	–
Interest income from:				
- subsidiary companies	**–**	–	**90**	12,777
- unquoted bonds	**130,167**	131,455	**130,167**	131,455
- others	**2,988**	3,496	**1,027**	572
Gross dividend from investments:				
Quoted in Malaysia	**708**	3,956	**–**	3,699
Unquoted in Malaysia				
- subsidiary companies	**–**	–	**25,183**	27,176
- associated companies	**–**	–	**800**	400
Gain on disposal of:				
- property, plant and equipment	**14,254**	–	**–**	–
- investments	**–**	4,604	**–**	5,276
- subsidiary company	**3,355**	–	**7,609**	–
Gain on foreign exchange:				
- realised	**23**	1,653	**–**	1,628
- unrealised	**103,718**	116,211	**103,721**	116,965
Allowance written back for diminution in value for investments	**–**	43,169	**–**	13,845
Allowances for doubtful receivables written back	**6,714**	–	**–**	–
Bad receivables recovered	**355**	179	**–**	–
Reversal of impairment losses for land and development expenditure	**10,596**	–	**–**	–
Impairment loss on investment in subsidiary company written back	**–**	–	**1,000**	–

(b) Directors' remuneration

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	**2008 RM'000**	2007 RM'000
Executive Director*				
Fees	**4**	15	**4**	15
Salaries and other emoluments	**48**	286	**48**	286
Benefits-in-kind	**–**	2	**–**	2
	52	303	**52**	303
Non-Executive Directors#				
Fees	**112**	124	**112**	124
Salaries and other emoluments	**71**	71	**–**	–
Benefits-in-kind	**–**	23	**–**	–
	183	218	**112**	124
TOTAL	**235**	521	**164**	427

The number of Directors whose total remuneration fall into the respective bands are as follows:

Range of remuneration	**Number of Directors**	
	2008	**2007**
Executive Director *:		
RM50,001 - RM100,000	**1**	–
RM300,001 - RM350,000	**–**	1
Non-executive Directors#:		
RM25,000 and below	**2**	2
RM25,001 - RM50,000	**2**	3
RM50,001 - RM100,000	**1**	–
RM100,001 - RM150,000	**–**	1

* 2008: A Director who resigned during the financial year.
# 2007: Including a Director who passed away during the financial year.

10. IMPAIRMENT LOSSES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing operations				
Impairment losses on:				
- investment in a subsidiary company	–	–	–	16,000
- investment in an associated company	–	54,325	–	39,679
- goodwill	–	12,108	–	–
- property, plant and equipment	–	3,769	–	–
- investment in unquoted bonds	**140,000**	–	**140,000**	–
	140,000	70,202	**140,000**	55,679
Discontinued operations				
Impairment losses on:				
- goodwill	–	37,075	–	–
- property, plant and equipment	–	25,272	–	–
- land and development	–	29,887	–	–
	–	92,234	–	–
Total	**140,000**	162,436	**140,000**	55,679

11. FINANCE COSTS

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing operations				
Interest expenses on:				
- subsidiary companies' balances	–	–	–	74
- hire purchase	**5**	570	–	–
- term loans	**261**	461	–	–
- ACB Bonds and USD Debts	**143,213**	152,424	**48,910**	53,721
- ACB Debts	–	–	**93,297**	95,762
- others	**1,118**	3,710	–	3,738
	144,597	157,165	**142,207**	153,295
Discontinued operations				
Interest expenses on:				
- hire purchase	**15**	24	–	–
- term loans	–	123	–	–
- others	**373**	2,425	–	–
	388	2,572	–	–
Total	**144,985**	159,737	**142,207**	153,295

12. TAXATION

	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
Continuing operations				
Income tax:				
- Malaysian income tax	**6,144**	7,976	**6,764**	5,900
- Foreign tax	**81**	45	**–**	–
- Prior year	**(529)**	6,070	**–**	–
Deferred tax (Note 33):				
- Relating to origination and reversal of temporary differences	**247**	3,945	**–**	–
- Prior year	**–**	(893)	**–**	–
	5,943	17,143	**6,764**	5,900
Discontinued operations				
Income tax:				
- Malaysian income tax	**5,546**	4,068	**–**	–
- Foreign tax	**–**	-	**–**	–
- Prior year	**(986)**	(2,716)	**–**	–
Deferred tax (Note 33):				
- Relating to origination and reversal of temporary differences	**5**	(17)	**–**	–
- Prior year	**–**	351	**–**	–
	4,565	1,686	**–**	–
Total	**10,508**	18,829	**6,764**	5,900

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at effective income tax rate of the Group and the Company are as follows:

	GROUP 2008 RM'000	GROUP 2007 RM'000 Restated	COMPANY 2008 RM'000	COMPANY 2007 RM'000
(Loss)/Profit before taxation				
- Continuing operations	**(35,929)**	71,364	**(144,529)**	(636,236)
- Discontinued operations	**(23,991)**	(78,950)	**–**	–
	(59,920)	(7,586)	**(144,529)**	(636,236)

	GROUP		COMPANY	
	2008	**2007**	**2008**	**2007**
	%	**%**	**%**	**%**
Taxation at Malaysian statutory tax rate	**(26)**	(27)	**(26)**	(27)
Effect of different tax rates in other countries	**1**	7	**–**	–
Income not subject to tax	**(58)**	(600)	**(44)**	(7)
Expenses not deductible for tax purposes	**105**	729	**75**	35
Utilisation of tax losses and capital allowances	**(2)**	(4)	**–**	–
Deferred tax assets not recognised during the financial year	**1**	105	**–**	–
(Over)/Under provision in prior year	**(3)**	38	**–**	–
	18	248	**5**	1

Malaysian income tax is calculated at the tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The tax rate has been reduced to 26% from 27% effective year of assessment 2008 and will be further reduced to 25% effective year of assessment 2009. The computation of deferred tax as at 30 June 2008 has reflected these changes.

13. DISCONTINUED OPERATIONS

Loss attributable to the discontinued operation was as follows:

The results of discontinued operations

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Revenue	**121,031**	118,385
Other operating income	**71,362**	26,469
Operating expenses	**(143,078)**	(132,558)
Profit from operations	**49,315**	12,296
Impairment losses	**–**	(92,234)
Loss recognised on the measurement to fair value less costs to sell	**(77,280)**	–
Finance costs	**(388)**	(2,572)
Share in results of associated companies	**4,362**	3,560
Loss before taxation	**(23,991)**	(78,950)
Taxation	**(4,565)**	(1,686)
Net loss for the financial year	**(28,556)**	(80,636)

	GROUP 2008 RM'000	GROUP 2007 RM'000 Restated
Included in results from operating activities are:		
After charging:		
Depreciation	**2,505**	2,478
Auditors' remuneration:		
- current year	**67**	59
- prior year	**9**	3
Amortisation of prepaid land lease payments	**317**	317
Rental of land and buildings	**3,789**	3,904
Allowance for doubtful receivables	**–**	4
Property, plant and equipment written off	**1**	–
Provision for liquidated ascertained damages	**–**	98
Impairment losses on investment in joint-venture	**–**	31
And crediting:		
Rental income	**15,929**	18,267
Interest income from others	**19,762**	20,758
Gain on disposal of:		
- property, plant and equipment	**7,179**	80
- subsidiary company	**18,733**	–
Gain on foreign exchange:		
- unrealised	**–**	551
Bad receivables recovered	**8**	–
Reversal of impairment losses for land held for property development	**10,596**	–

Cash flows from discontinued operations

	GROUP 2008 RM'000	GROUP 2007 RM'000
Net cash flow from operating activities	**2,717**	17,809
Net cash flow from investing activities	**21,914**	12,537
Net cash flow from financing activities	**367**	(32,643)
Net cash from/(used in) discontinued operations	**24,998**	(2,297)

14. (LOSS)/EARNINGS PER SHARE

Basic

Basic (loss)/earnings per share amounts are calculated by dividing net loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	GROUP 2008 RM'000	GROUP 2007 RM'000
Continuing operations		
Net (loss)/earnings for the financial year attributable to ordinary equity holders of the Company	**(45,103)**	52,365
Weighted average number of ordinary shares in issue	**1,331,175**	1,331,175
Basic (loss)/earnings per share (sen)	**(3.4)**	3.9
Discontinued operations		
Net loss for the financial year attributable to ordinary equity holders of the Company	**(28,556)**	(80,636)
Weighted average number of ordinary shares in issue	**1,331,175**	1,331,175
Basic loss per share (sen)	**(2.1)**	(6.0)

	GROUP 2008	GROUP 2007
Total		
Basic (loss)/earnings per share (sen)		
- Continuing operations	**(3.4)**	3.9
- Discontinued operations	**(2.1)**	(6.0)
	(5.5)	(2.1)

Diluted

The diluted earnings per share is not disclosed as it is not applicable to the Group as there is no potential dilutive ordinary shares.

15. PROPERTY, PLANT AND EQUIPMENT

	Land, plantations and buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
As at 30 June 2008						
GROUP						
COST OR VALUATION						
At 1 July 2007	341,269	74,023	13,802	6,003	85,806	520,903
Additions	454	3,303	1,413	652	6,509	12,331
Disposals	(3,421)	(2,462)	(166)	(457)	(1,644)	(8,150)
Exchange difference	4,700	739	(27)	(50)	1	5,363
Written off	–	(221)	–	–	–	(221)
Transfer to assets held for sale (Note 27)	(225,861)	(9,034)	(8,435)	(1,413)	(30,521)	(275,264)
Disposal of subsidiary companies	–	(11,017)	(275)	–	(59,742)	(71,034)
At 30 June 2008	117,141	55,331	6,312	4,735	409	183,928

	Land, plantations and buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
GROUP						
Representing items at:						
Cost	117,141	55,331	6,312	4,735	409	183,928
Valuation	–	–	–	–	–	–
	117,141	55,331	6,312	4,735	409	183,928
ACCUMULATED DEPRECIATION						
At 1 July 2007	44,848	62,680	9,574	3,796	–	120,898
Charge for the financial year	5,111	3,379	972	808	–	10,270
Disposals	–	(2,041)	(122)	(336)	–	(2,499)
Exchange difference	1,685	597	20	(13)	–	2,289
Written off	–	(192)	–	–	–	(192)
Transfer to assets held for sale (Note 27)	(11,968)	(7,448)	(6,073)	(1,169)	–	(26,658)
Disposal of subsidiary companies	–	(10,740)	(171)	–	–	(10,911)
At 30 June 2008	39,676	46,235	4,200	3,086	–	93,197
Representing items at:						
Cost	39,676	46,235	4,200	3,086	–	93,197
Valuation	–	–	–	–	–	–
	39,676	46,235	4,200	3,086	–	93,197
ACCUMULATED IMPAIRMENT LOSSES						
At 1 July 2007	14,953	–	–	–	–	14,953
Charge for the financial year	–	–	–	–	–	–
Disposals	(1,953)	–	–	–	–	(1,953)
Transfer to assets held for sale (Note 27)	(13,000)	–	–	–	–	(13,000)
At 30 June 2008	–	–	–	–	–	–
Representing items at:						
Cost	–	–	–	–	–	–
Valuation	–	–	–	–	–	–
	–	–	–	–	–	–

	Land, plantations and buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
As at 30 June 2008						
GROUP						
NET BOOK VALUE						
At 30 June 2008						
At cost	77,465	9,096	2,112	1,649	409	90,731
At valuation	–	–	–	–	–	–
	77,465	9,096	2,112	1,649	409	90,731
As at 30 June 2007						
GROUP						
COST OR VALUATION						
At 1 July 2006						
As previously reported	457,336	71,103	14,770	5,697	86,747	635,653
- Effect of adopting FRS 117	(30,076)	–	–	–	–	(30,076)
As restated	427,260	71,103	14,770	5,697	86,747	605,577
Additions	993	4,316	1,044	639	2,867	9,859
Disposals	(2,600)	(1,172)	(528)	(278)	–	(4,578)
Exchange difference	(1,380)	(190)	(46)	(55)	(1)	(1,672)
Written off	–	(34)	(1,438)	–	–	(1,472)
Revaluation deficit	(80,492)	–	–	–	–	(80,492)
Transfer to assets held for sale (Note 27)	(2,527)	–	–	–	(3,792)	(6,319)
Reclassification	15	–	–	–	(15)	–
At 30 June 2007	341,269	74,023	13,802	6,003	85,806	520,903
Representing items at:						
Cost	228,842	74,023	13,802	6,003	85,806	408,476
Valuation	112,427	–	–	–	–	112,427
	341,269	74,023	13,802	6,003	85,806	520,903

	Land, plantations and buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
As at 30 June 2007						
GROUP						
ACCUMULATED DEPRECIATION						
At 1 July 2006						
As previously reported	43,128	60,448	10,166	3,178	–	116,920
- Effect of adopting FRS 117	(2,609)	–	–	–	–	(2,609)
As restated	40,519	60,448	10,166	3,178	–	114,311
Charge for the financial year	4,733	3,550	1,056	844	–	10,183
Disposals	–	(1,147)	(287)	(209)	–	(1,643)
Exchange difference	(404)	(141)	(71)	(17)	–	(633)
Written off	–	(30)	(1,290)	–	–	(1,320)
At 30 June 2007	44,848	62,680	9,574	3,796	–	120,898
Representing items at:						
Cost	44,848	62,680	9,574	3,796	–	120,898
Valuation	–	–	–	–	–	–
	44,848	62,680	9,574	3,796	–	120,898
ACCUMULATED IMPAIRMENT LOSSES						
At 1 July 2006	–	–	–	–	–	–
Charge for the financial year	16,769	–	–	–	–	16,769
Disposals	(1,816)	–	–	–	–	(1,816)
At 30 June 2007	14,953	–	–	–	–	14,953
Representing items at:						
Cost	14,953	–	–	–	–	14,953
Valuation	–	–	–	–	–	–
	14,953	–	–	–	–	14,953

	Land, plantations and buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
As at 30 June 2007						
GROUP						
NET BOOK VALUE						
At 30 June 2007						
At cost	169,041	11,343	4,228	2,207	85,806	272,625
At valuation	112,427	–	–	–	–	112,427
	281,468	11,343	4,228	2,207	85,806	385,052

The net book value of property, plant and equipment acquired under hire purchase arrangements are as follows:

At 30 June 2008	–	–	–	146	–	146
At 30 June 2007	–	–	–	453	–	453

	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
As at 30 June 2008			
COMPANY			
COST			
At 1 July 2007/At 30 June 2008	15	736	751
ACCUMULATED DEPRECIATION			
At 1 July 2007	3	674	677
Charge for the financial year	2	62	64
At 30 June 2008	5	736	741
NET BOOK VALUE			
At 30 June 2008	10	–	10

	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
As at 30 June 2007			
COST			
At 1 July 2006	4	736	740
Addition	11	–	11
At 30 June 2007	15	736	751
ACCUMULATED DEPRECIATION			
At 1 July 2006	2	581	583
Charge for the financial year	1	93	94
At 30 June 2007	3	674	677
NET BOOK VALUE			
At 30 June 2007	12	62	74

(a) The valuations of freehold land and buildings were made by the Directors in the financial year 2007 based on independent valuation carried out by CH Williams Talhar & Wong Sdn Bhd, an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis.

(b) The land title of certain freehold lands of the subsidiary companies have yet to be registered in its name.

(c) Property, plant and equipment with cost totalling RM0.2 billion (2007: RM0.5 billion) have been pledged as securities for bonds issued pursuant to the implementation of the GWRS.

16. PREPAID LAND LEASE PAYMENTS

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
		Restated
Cost		
At 1 July	**30,076**	30,076
Transfer to assets held for sale (Note 27)	**(29,089)**	–
At 30 June	**987**	30,076
Accumulated amortisation		
At 1 July	**2,929**	2,609
Amortisation for the financial year	**322**	320
Transfer to assets held for sale (Note 27)	**(3,187)**	–
At 30 June	**64**	2,929
Net book value		
At 30 June	**923**	27,147
Analysed as:		
Long term leasehold land	**923**	27,147

Prepaid land lease payments are amortised over a range of 50 years to 99 years.

Leasehold land at carrying values of RM0.9 million (2007: RM27.1 million) have been pledged as securities for bonds issued pursuant to the implementation of the GWRS.

17. BIOLOGICAL ASSETS

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Cost or valuation		
At 1 July	**33,773**	34,863
Exchange fluctuation	**(1,975)**	(1,090)
Transfer to assets held for sale (Note 27)	**(9,050)**	–
At 30 June	**22,748**	33,773
Accumulated depreciation		
At 1 July	**5,223**	4,165
Charge for the financial year	**1,137**	1,237
Exchange fluctuation	**(416)**	(179)
At 30 June	**5,944**	5,223
Net book value		
At 30 June	**16,804**	28,550

18. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing operations				
Unquoted shares - at cost	**239,226**	246,576	**114,409**	114,409
Share in post acquisition reserves	**(142,493)**	(100,213)	**–**	–
	96,733	146,363	**114,409**	114,409
Impairment losses	**(72,325)**	(72,325)	**(102,029)**	(102,029)
	24,408	74,038	**12,380**	12,380
Discontinued operations				
Unquoted shares - at cost	**11,560**	–	**–**	–
Share in post acquisition reserves	**54,962**	–	**–**	–
	66,522	–	**–**	–
Total	**90,930**	74,038	**12,380**	12,380

The Group's unrecognised share of losses of associated companies for the financial year are as follows:

	GROUP	
	2008 RM'000	2007 RM'000
At beginning of the financial year	**(105,108)**	(66,101)
Share of profit/(losses) not recognised during the financial year	**1,493**	(39,007)
At end of the financial year	**(103,615)**	(105,108)

Certain unquoted shares of the Group and of the Company amounting to RM250.8 million (2007: RM246.6 million) and RM114.4 million (2007: RM114.4 million) at cost respectively were pledged as securities for the bonds issued pursuant to the implementation of the GWRS.

The associated companies are:

Name of Company	Country of Incorporation	Holding in Equity 2008 %	2007 %	Accounting Year End	Principal Activities
Bonuskad Loyalty Sdn Bhd *	Malaysia	**25**	25	31 December	# Providing marketing services by means of "BonusLink Loyalty Programme"
Changchun Changlin Engine Co Ltd *	China	**49**	49	31 December	# Manufacture of engines
Changchun Changlin Motorcycle Co Ltd *	China	**49**	49	31 December	# Manufacture of motorcycles
CMS Steel Berhad *	Malaysia	**–**	20	31 December	Ceased operation
Davids Distribution Sdn Bhd * (under court liquidation)	Malaysia	**49.16**	49.16	30 June	# Ceased operation
Inverfin Sdn Bhd *	Malaysia	**20**	20	31 December	Property investment, office management and food and beverage catering
Lion Asia Investment Pte Ltd *	Singapore	**42.50**	42.50	30 June	# Investment holding
Lion Jianmin Pte Ltd *	Singapore	**30**	30	30 June	# Investment holding
Lion Mutiara Parade Sdn Bhd @	Malaysia	**30**	60	30 June	# Investment holding
Steel Industries (Sabah) Sdn Bhd *	Malaysia	**20**	20	31 December	Manufacturing and trading of steel bars
Silverstone Corporation Berhad	Malaysia	**28.86** **#18.16**	28.86 #18.16	30 June	Investment holding

\# *Holding in equity by subsidiary companies.*

* *Financial statements of associated companies as at 30 June 2008 not audited by Ong Boon Bah & Co.*

@ *Refer to Note 43(a) of the financial statements.*

The summarised financial information of the associated companies are as follows:

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Assets and liabilities		
Current assets	**519,403**	511,193
Non-current assets	**1,125,024**	1,099,128
Total assets	**1,644,427**	1,610,321
Current liabilities	**833,965**	897,725
Non-current liabilities	**408,073**	377,966
Total liabilites	**1,242,038**	1,275,691
Results		
Revenue	**804,737**	792,896
Net profit/(loss) for the financial year	**40,127**	(75,718)

19. SUBSIDIARY COMPANIES

	COMPANY	
	2008	**2007**
	RM'000	**RM'000**
Unquoted shares in Malaysia at cost	**941,773**	942,773
Impairment losses	**(502,653)**	(503,653)
	439,120	439,120
Unquoted shares outside Malaysia at cost	**2,236**	2,236
Impairment losses	**(2,236)**	(2,236)
	–	–
Total	**439,120**	439,120

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding in Equity 2008 %	2007 %	Principal Activities
Akurjaya Sdn Bhd	Malaysia	**100**	100	Investment holding, plantation management and property development
Amalgamated Rolling Mill Sdn Bhd	Malaysia	**100**	100	Ceased operation
Ambang Jaya Sdn Bhd	Malaysia	**100**	100	Investment holding
Amsteel Capital Holdings Sdn Bhd	Malaysia	**100**	100	Investment holding and provision of management services to its related companies
Amsteel Harta (L) Limited*	Malaysia	**100**	100	Treasury business
Amsteel Harta (M) Sdn Bhd	Malaysia	**100**	100	Managing of debts novated from the Company and certain of its subsidiary companies pursuant to the GWRS
Angkasa Marketing (Singapore) Pte Ltd*	Singapore	**100**	100	Investment holding
Avenel Sdn Bhd	Malaysia	**100**	100	Investment holding
Ayer Keroh Resort Sdn Bhd	Malaysia	**70**	70	Investment holding, property development and hotel business
Bungawang Sdn Berhad	Malaysia	**70**	70	Investment holding
Crystavel Sdn Bhd (In Liquidation - Voluntary)	Malaysia	**99.8**	99.8	Investment holding
Exuniq Sdn Bhd	Malaysia	**100**	100	Investment holding
Lion Metal Industries Sdn Bhd	Malaysia	**100**	100	Provision of storage facilities
Lion Plantations Sdn Bhd	Malaysia	**70**	70	Investment holding
Lion Tooling Sdn Bhd	Malaysia	**100**	100	Manufacture and sale of tools and dies
Mastrama Sdn Bhd	Malaysia	**100**	100	Investment holding
Megasteel HBI Sdn Bhd	Malaysia	**100**	100	Dormant
Singa Logistics Sdn Bhd	Malaysia	**–**	100	Provision of transportation services
Timuriang Sdn Bhd	Malaysia	**100**	100	Investment holding

Name of Company	Country of Incorporation	Holding in Equity 2008 %	2007 %	Principal Activities
Visionwell Sdn Bhd	Malaysia	**80**	80	Property development
Ambang Maju Sdn Bhd	Malaysia	**70**	70	# Investment holding
AMS Securities (S) Pte Ltd*	Singapore	**100**	100	# Ceased operation
Amcap Consultants Ltd*	Hong Kong	**100**	100	# Ceased operation
Amsteel Asset Management (M) Sdn Bhd* (In Liquidation - Voluntary)	Malaysia	**100**	100	# Dormant
Amsteel Equity Realty (M) Sdn Bhd*	Malaysia	**100**	100	# Property investment and management
Amsteel Finance (HK) Limited*	Hong Kong	**100**	100	# Ceased operation
Amsteel Holdings (HK) Limited*	Hong Kong	**100**	100	# Investment holding
Amsteel Holdings Philippines, Inc.*	Philippines	**100**	100	# Investment holding
Amsteel Research (M) Sdn Bhd*	Malaysia	**100**	100	# Dormant
Amsteel Equity Capital Sdn Bhd*	Malaysia	**100**	100	# Ceased operation
Amsteel Securities Philippines, Inc.*	Philippines	**100**	100	# Ceased operation
Amsteel Strategic Investors Alliance, Inc.*	Philippines	**100**	100	# Ceased operation
Andalas Development Sdn Bhd	Malaysia	**100**	100	# Property development
Angkasa Logistic Pte Ltd*	Singapore	**100**	100	# Transportation and logistic services
Anika Developments Sdn Bhd	Malaysia	**100**	100	# Contract management
Aquabio Holdings Sdn Bhd	Malaysia	**100**	100	# Property development, and sand mining and extraction activities
Araprop Development Sdn Bhd	Malaysia	**100**	100	# Property development
Bandar Akademia Sdn Bhd	Malaysia	**100**	100	# Real estate development
Bandar Akademia Corporation (M) Sdn Bhd	Malaysia	**100**	100	# Real estate development
Benecorp Sdn Bhd	Malaysia	**100**	100	# Operations of retail outlets selling clothes, apparels and related accessories

Name of Company	Country of Incorporation	Holding in Equity 2008 %	2007 %	Principal Activities
Budmouth Limited*	Hong Kong	**100**	100	# Investment holding
Chembong Malay Rubber Company (1920) Limited	United Kingdom	**100**	100	# Ceased operation
Cibber Limited*	Hong Kong	**100**	100	# Investment holding
Datavest Sdn Bhd	Malaysia	**100**	100	# Investment holding
Davids Warehousing Sdn Bhd* (In Liquidation - Voluntary)	Malaysia	**51**	51	# Ceased operation
Geldart Investment Pte Ltd*	Singapore	**100**	100	# Investment holding
Harbour Home Sdn Bhd	Malaysia	**100**	100	# Cultivation of rubber and oil palm
Henrietta Rubber Estate Limited	United Kingdom	**100**	100	# Ceased operation
Hiap Joo Chong Realty Sdn Bhd	Malaysia	**100**	100	# Investment holding
Hy-Line Berhad	Malaysia	**100**	100	# Operation and management of a golf and country club
Jilin Motor City Park Hotel Co Ltd*	China	**60**	60	# Ownership and operation of a hotel
Khidmat Kelana (M) Sdn Bhd	Malaysia	**100**	100	# Investment holding
KL Home, Garden & Leisure Centre Sdn Bhd	Malaysia	**100**	100	# Investment holding
Kobayashi Optical Sdn Bhd	Malaysia	**70**	70	# Ceased operation
Kobayashi Optical (S) Pte Ltd*	Singapore	**100**	100	# Dormant
Konming Investments Limited*	Hong Kong	**100**	100	# Investment holding
Kuala Pahi Development Company Limited (Dissolved on 28.8.2008)	United Kingdom	**100**	100	# Ceased operation
Lion Commodities And Futures Trading Sdn Bhd	Malaysia	**100**	100	# Ceased operation
Lion Plaza Sdn Bhd*	Malaysia	**100**	100	# Property development
Lion Seatings Sdn Bhd	Malaysia	**100**	100	# Cultivation of oil palm and property development
Masbeef Sdn Bhd	Malaysia	**100**	100	# Investment holding

Name of Company	Country of Incorporation	Holding in Equity 2008 %	2007 %	Principal Activities
Masoni Investment Pte Ltd*	Singapore	**100**	100	# Investment holding
Natvest Parkson Sdn Bhd	Malaysia	**100**	100	# Investment holding
P T Amsteel Securities Indonesia*	Indonesia	**85**	85	# Ceased operation
P T Kebunaria*	Indonesia	**85**	85	# Cultivation of oil palm and processing of palm oil
Pacific Agriculture And Development Sdn Bhd	Malaysia	**100**	100	# Cultivation of oil palm and rubber, and property development
Parkson's Holdings (S) Pte Ltd*	Singapore	**100**	100	# Investment holding
Parkson Retail Consulting And Management Sdn Bhd	Malaysia	**100**	100	# Investment holding
Parkson Superstore (HK) Limited*	Hong Kong	**100**	100	# Dormant
Plantations Management Services (Sabah) Sdn Bhd (In Liquidation - voluntary) (Dissolved on 28.2.2008)	Malaysia	**–**	100	# Ceased operation
Romiti Limited*	Hong Kong	**100**	100	# Investment holding
Salient Care Sdn Bhd	Malaysia	**70**	70	# Dormant
Sea World Attraction Sdn Bhd	Malaysia	**100**	100	# Investment holding
Secom (Malaysia) Sdn Bhd*	Malaysia	**51**	51	# Provision of security services and sale of security related equipment
Segamat Land Berhad	Malaysia	**100**	100	# Ceased operation
Stowinco Sdn Bhd	Malaysia	**100**	100	# Investment holding
Sukhothai Food Sdn Bhd	Malaysia	**100**	100	# Investment holding
Superior Achievement Sdn Bhd	Malaysia	**100**	100	# Investment holding
The Brooklands Selangor Rubber Company Limited	United Kingdom	**100**	100	# Cultivation of oil palm and property development
The Lenggeng Rubber Company Limited	United Kingdom	**100**	100	# Landscaping business
Umatrac Enterprises Sdn Bhd	Malaysia	**100**	100	# Investment holding

Name of Company	Country of Incorporation	Holding in Equity 2008 %	2007 %	Principal Activities
WGD Retail Consultancy Sdn Bhd	Malaysia	**100**	100	# Provision of retail design consultancy services and sale of shoes

* *Financial statements of subsidiary companies as at 30 June 2008 not audited by Ong Boon Bah & Co.*

\# *Holding in equity by subsidiary companies.*

Certain subsidiary companies' financial statements for the financial year ended 30 June 2008 were commented on by their respective auditors as follows:

(i) P T Amsteel Securities Indonesia - an "unable to express and do not express an opinion" qualification due to the following:

(a) On 1 December 1997, the company was suspended from capital market activities by the relevant authorities. For commercial reasons, the company had on 1 July 1998 downsized its entire operations and maintain its presence until subsequent economic recovery would enable the company to revive its activities; and

(b) The company's accumulative deficit due to recurring operating losses up to 30 June 2008 and 2007 amounted to Rp153,320,073,717 and Rp153,297,937,717 respectively. The company has a capital deficiency for the financial year ended 30 June 2008 and 2007 amounting to Rp142,320,073,717 and Rp142,297,937,717 respectively. As a result, there is significant uncertainty whether the company will be able to continue as a going concern.

(ii) Amsteel Holdings Philippines, Inc. - an "unable to express and do not express an opinion" qualification due to a net income of 141 million peso and 238 million peso for the financial years ended 30 June 2008 and 30 June 2007 respectively and has a net capital deficiency of 1.5 billion and 2.0 billion peso for the financial years ended 30 June 2008 and 2007 respectively. On 14 September 1998, the company adopted a resolution authorising the management to implement a "de facto" phase out of the company's operations in accordance with the consensus arrived at during the meeting held on 20 August 1998. The activities of the company thereafter are limited to the realisation of assets and settlement of liabilities.

(iii) Amsteel Securities Philippines, Inc. - an "unable to express and do not express an opinion" qualification due to recurring losses from operations of 0.01 million peso and 46.2 million peso for the financial years ended 30 June 2008 and 30 June 2007 respectively and has a net capital deficiency of 277 million peso for both the financial years. On 14 September 1998, the company adopted a resolution authorising the management to implement a "de facto" phase out of the company's operations in accordance with the consensus arrived at during the meeting held on 20 August 1998. The company has ceased to carry on the business of stockbroker and dealer upon the sale of its exchange seat in the Philippine Stock Exchange. The activities of the company thereafter are limited to the realisation of assets and settlement of liabilities.

(iv) Amsteel Strategic Investors Alliance, Inc. - raised doubt about the company's ability to continue as a going concern in view of the recurring losses suffered from operations of 15,000 peso and 33,000 peso for the financial years ended 30 June 2008 and 30 June 2007. On 1 July 1998, the management decided to wind down its operations and maintain its presence until subsequent economic recovery will enable the company to revive its activities.

20. INTEREST IN JOINT-VENTURES

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Capital contribution	**160**	160
Share of profit from joint-ventures	**187**	187
Impairment losses	**(31)**	(31)
	316	316
Less: Cash received	**(316)**	(316)
	–	–

The Group's proportionate share of the assets and liabilities of the joint-ventures is as follows:

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Current Assets		
Deposits, cash and bank balances	**475**	475
Current Liabilities		
Payables	**(475)**	(475)
Net Assets Employed	**–**	–

The Group's share of revenue and expenses of the joint-ventures is as follows:

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Revenue	**–**	–
Expenses	**–**	–
Profit from ordinary activities	**–**	–

There were no capital commitments and contingent liabilities in the joint-ventures as at 30 June 2008.

The joint-venture companies are:

Name of Joint-Venture	Holding in Equity by Subsidiary Companies 2008 %	Holding in Equity by Subsidiary Companies 2007 %	Accounting Year End	Principal Activities
Dwiwater Sdn Bhd	**52.52**	52.52	31 December	Ceased operation
Triwater Sdn Bhd	**43.07**	43.07	31 December	Ceased operation

21. INVESTMENTS

	GROUP		COMPANY	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Non-current				
Convertible unsecured loan stock at cost	**–**	–	**4,590**	4,590
Impairment losses	**–**	–	**(4,590)**	(4,590)
	–	–	**–**	–
Shares quoted in Malaysia at cost	**25,808**	25,808	**1,008**	1,008
Impairment losses	**(6,547)**	(46)	**(631)**	(442)
	19,261	25,762	**377**	566
Shares quoted outside Malaysia at cost	**56,016**	54,563	**–**	–
Impairment losses	**(34,890)**	(19,434)	**–**	–
	21,126	35,129	**–**	–
Quoted warrants at cost	**–**	49,374	**–**	–
Impairment losses	**–**	(42,121)	**–**	–
	–	7,253	**–**	–
Unquoted shares at cost	**137**	137	**128**	128
LCB Bonds	**754,392**	1,199,474	**754,392**	1,199,474
	754,529	1,199,611	**754,520**	1,199,602
Total	**794,916**	1,267,755	**754,897**	1,200,168

	GROUP		COMPANY	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
LCB Bonds	**872,841**	297,591	**872,841**	297,591
Impairment losses	**(140,000)**	–	**(140,000)**	–
Total	**732,841**	297,591	**732,841**	297,591
Total				
Convertible unsecured loan stock at cost	**–**	–	**4,590**	4,590
Impairment loss	**–**	–	**(4,590)**	(4,590)
	–	–	**–**	–
Shares quoted in Malaysia at cost	**25,808**	25,808	**1,008**	1,008
Impairment loss	**(6,547)**	(46)	**(631)**	(442)
	19,261	25,762	**377**	566
Shares quoted outside Malaysia at cost	**56,016**	54,563	**–**	–
Impairment loss	**(34,890)**	(19,434)	**–**	–
	21,126	35,129	**–**	–
Warrants quoted in Malaysia at cost	**–**	49,374	**–**	–
Impairment loss	**–**	(42,121)	**–**	–
	–	7,253	**–**	–
Unquoted shares at cost	**137**	137	**128**	128
LCB Bonds	**1,627,233**	1,497,065	**1,627,233**	1,497,065
Impairment loss	**(140,000)**	–	**(140,000)**	–
	1,487,233	1,497,065	**1,487,233**	1,497,065
Total	**1,527,757**	1,565,346	**1,487,738**	1,497,759
Market value of:				
Shares quoted in Malaysia	**19,285**	27,618	**377**	566
Shares quoted outside Malaysia	**21,122**	35,129	**–**	–
Warrants quoted in Malaysia	**–**	7,253	**–**	–
	40,407	70,000	**377**	566

Certain investments of the Group and of the Company amounting to RM1.53 billion and RM1.49 billion (2007: RM1.56 billion and RM1.50 billion) respectively were pledged as securities for bonds issued pursuant to the GWRS and as security for an amount due to a main contractor as a result of debts assumed from a subsidiary company disposed of in the previous financial years.

22. PROPERTY DEVELOPMENT ACTIVITIES

(a) Land held for property development

	GROUP 2008 RM'000	GROUP 2007 RM'000
Land, at cost	**177,707**	177,318
Development expenditure	**162,747**	159,707
Impairment losses	**(38,560)**	(38,560)
Transfer to assets held for sale (Note 27)	**(301,894)**	–
	–	298,465

A reconciliation of the carrying amount of land held for property development is as follows:

	GROUP 2008 RM'000	GROUP 2007 RM'000
At beginning of the financial year	**298,465**	352,531
Additions	**3,386**	3,842
Disposals	**–**	–
Transfer from/(to) property development costs (Note (b))	**43**	(19,348)
Impairment losses	**–**	(38,560)
Transfer to assets held for sale(Note 27)	**(301,894)**	–
At end of the financial year	**–**	298,465

(b) Property development costs

	GROUP 2008 RM'000	GROUP 2007 RM'000
At beginning of the financial year		
- land, at cost	**68,765**	68,476
- development costs	**220,683**	170,001
- accumulated costs charged to income statement	**(136,593)**	(90,821)
- impairment losses	**(38,237)**	(9,070)
	114,618	138,586
Costs incurred during the financial year:		
- transfer (to)/from land held for property development (Note (a))	**(43)**	19,348
- development costs	**85,196**	64,840
- impairment losses	**10,596**	(29,167)
	95,749	55,021

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Cost charged to income statement	**(90,071)**	(74,031)
Transfer to inventories	**(2,604)**	(4,958)
Transfer to assets held for sale (Note 27)	**(117,115)**	–
	(209,790)	(78,989)
At end of the financial year	**577**	114,618

The titles of certain subsidiary companies' land held for development have yet to be registered in the name of the subsidiary companies.

Certain land at cost totalling RM246.4 million (2007: RM245.8 million) have been pledged as securities for bonds issued pursuant to the implementation of the GWRS.

23. GOODWILL

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Cost:		
At beginning of the financial year	**49,183**	49,183
Impairment losses	**(49,183)**	(49,183)
At end of the financial year	**–**	–

24. INVENTORIES

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
At cost:		
Raw materials	**69**	86
Finished goods	**758**	974
General and consumable stores	**1,605**	1,874
Work-in-progress	**3,053**	1,310
Completed property units for sale	**667**	145,798
	6,152	150,042
At net realisable value:		
Marketable securities	**3,928**	8,907
Total	**10,080**	158,949

25. RECEIVABLES

	GROUP		COMPANY	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	**166,024**	281,636	**–**	–
Allowance for doubtful receivables	**(121,664)**	(185,938)	**–**	–
	44,360	95,698	**–**	–
Accrued billings	**47,963**	73,700	**–**	–
Other receivables, deposits and prepayments	**85,469**	135,116	**33,564**	20,456
Allowance for doubtful receivables	**(82,535)**	(79,838)	**(1,961)**	(1,961)
	50,897	128,978	**31,603**	18,495
Amount due from subsidiary companies	**–**	–	**3,561,234**	3,590,882
Allowance for doubtful receivables	**–**	–	**(825,380)**	(713,069)
	–	–	**2,735,854**	2,877,813
Amount due from associated companies	**88,337**	88,018	**65,914**	65,903
Allowance for doubtful receivables	**(30,951)**	(20,643)	**(24,082)**	(14,082)
	57,386	67,375	**41,832**	51,821
Total	**152,643**	292,051	**2,809,289**	2,948,129

The Group's normal trade credit term ranges from 21 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single customer or to groups of customers.

The amounts due from subsidiary companies which arose mainly from inter-company advances are unsecured, interest bearing at 1% (2007: 0.2% to 8%) per annum and are repayable on demand.

The amounts due from associated companies which arose mainly from inter-company advances are unsecured, interest free and are repayable on demand.

The currency exposure profile of receivables is as follows:

	GROUP		COMPANY	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**132,326**	268,480	**2,237,122**	2,262,569
Chinese Renminbi	**1,861**	5,280	**194**	194
Singapore Dollar	**16,561**	16,559	**103,089**	160,899
Hong Kong Dollar	**1,232**	1,419	**273,005**	287,851
Others	**663**	313	**195,879**	236,616
	152,643	292,051	**2,809,289**	2,948,129

26. DEPOSITS, CASH AND BANK BALANCES

	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
Deposits with licensed financial institutions	**89,100**	95,041	**33,973**	11,891
Housing Development Accounts	**–**	38,448	**–**	–
Cash and bank balances	**28,005**	36,432	**418**	1,202
	117,105	169,921	**34,391**	13,093

The Housing Development Accounts are maintained in accordance with Section 7(A) of the Housing Developer (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the subsidiary companies upon the completion of the property development projects and after all property development expenditure has been fully settled.

Certain deposits included in deposits with licensed financial institutions are:

	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
Pledged as security for credit facilities granted to the Group	**5**	6,914	**–**	–
Earmarked for bond redemption under the GWRS	**2,016**	14,627	**19,750**	11,830
	2,021	21,541	**19,750**	11,830

The currency exposure profile of deposits, cash and bank balances is as follows:

	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
Ringgit Malaysia	**113,064**	167,439	**34,391**	13,093
Others	**4,041**	2,482	**–**	–
	117,105	169,921	**34,391**	13,093

The average interest rates of deposits at the balance sheet date is 3.0% (2007: 3.0%) per annum.

The average maturities of deposits as at the end of the financial year is 18 days (2007: 18 days).

27. DISPOSAL GROUPS/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In the previous financial year, the Group has classified the freehold and leasehold land in subsidiary companies in non-current assets classified as held for sale of which disposals were completed during the financial year.

During the financial year, the assets and liabilities of the Property Holding Companies have been classified as disposal group held for sale on the consolidated balance sheet pursuant to the corporate and debt restructuring exercise as mentioned in Note 43(c).

The details of assets and liabilities classified as disposal groups and assets held for sale are as follows:

	GROUP 2008 RM'000
Assets	
Property, plant and equipment	**235,606**
Prepaid land lease payments	**25,902**
Biological assets	**9,050**
Land held for property development	**301,894**
Associated companies	**66,522**
Deferred tax assets	**5,139**
Property development costs	**117,115**
Inventories	**152,723**
Receivables	**158,314**
Deposits, cash and bank balances	**113,202**
Loss recognised on the measurement to fair value less costs to sell	**(77,280)**
Assets of disposal groups classified as held for sale	**1,108,187**
Liabilities	
Payables	**190,328**
Finance lease liabilities	**110**
Provisions	**26,068**
Tax liabilities	**28,738**
Deferred liabilities	**6,324**
Deferred tax liabilities	**8,519**
Liabilities directly associated with disposal groups classified as held for sale	**260,087**

Cash and cash equivalents of the disposal groups held for sale are as follows:

	GROUP 2008 RM'000
Deposits, cash and bank balances	**113,202**
Fixed deposits pledged	**(2,217)**
	110,985

	Group 2007 RM'000
Non-current assets classified as held for sale	
- Freehold land	2,527
- Leasehold land	3,792
	6,319

28. SHARE CAPITAL

	GROUP AND COMPANY	
	2008 RM'000	2007 RM'000
Authorised:		
2,000,000,000 Ordinary Shares of RM1.00 each	**2,000,000**	2,000,000
Issued and fully paid:		
1,331,174,812 Ordinary Shares of RM1.00 each	**1,331,175**	1,331,175

The main features of the ESOS, which became effective on 1 June 2006, are as follows:

(a) Executive directors and confirmed executive employees of the Group who have been employed on a continuous full time basis for a period of not less than six months on the date of offer shall be eligible to participate in the ESOS.

(b) The aggregate number of options exercised and options offered and to be offered under the ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at any one time during the duration of the ESOS subject to the following being complied with:

(i) not more than 50% of the shares available under the scheme shall be allocated, in aggregate, to executive directors and senior management; and

(ii) not more than 10% of the shares available under the scheme shall be allocated to any eligible executive who, either singly or collectively through persons connected with him or her (as defined in paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad), holds 20% or more of the issued and paid-up capital of the Company.

(c) No options shall be granted for less than 100 ordinary shares nor more than the maximum allowable allotment and each grant of options shall be in multiples of 100 ordinary shares.

(d) The subscription price of each ordinary share under the ESOS shall be the weighted average market price of the shares for the 5 market days immediately preceding the date of offer on which the shares were traded with a discount of not more than 10%, or the par value of the shares, whichever is the higher.

(e) The ESOS shall continue to be in force for a period of 5 years and the Company may, if the Board deems fit upon the recommendation of the Option Committee, renew the ESOS for a further 5 years, without further approval of the relevant authorities.

No options were granted pursuant to the ESOS during the financial year.

29. RESERVES

GROUP	← Translation RM'000	Non-distributable Capital reserve RM'000	Revaluation reserve RM'000 →	Total RM'000
Balance at 1 July 2006	52,543	490,411	204,430	747,384
Net translation loss on equity of foreign subsidiary companies	(10,019)	(2)	–	(10,021)
Equity accounting for share of net assets of associated companies	–	–	8,064	8,064
Reversal of revaluation reserve previously realised due to aborted sales	–	–	709	709
Revaluation deficit on property, plant and equipment and property development activities	–	–	(106,060)	(106,060)
Transfer from deferred tax liabilities	–	–	11,241	11,241
Balance at 30 June 2007	42,524	490,409	118,384	651,317
Net translation loss on equity of foreign subsidiary companies	(13,613)	–	–	(13,613)
Equity accounting for share of net assets of associated companies	–	–	5,740	5,740
Reversal of revaluation reserve previously realised due to aborted sales	–	–	1,996	1,996
Transfer from deferred tax liabilities	–	3	323	326
Balance at 30 June 2008	**28,911**	**490,412**	**126,443**	**645,766**

Capital reserve comprises profits recognised by a subsidiary company set up to manage the Ringgit Malaysia debts under the GWRS amounting to RM437.9 million.

30. ACB BONDS AND USD DEBTS - SECURED

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current				
- ACB Bonds	**483,342**	399,584	**483,342**	399,584
- ACB Debts	**–**	–	**1,349,984**	1,125,889
- ACB Consolidated and Rescheduled Debts	**1,328,497**	1,103,849	**–**	–
	1,811,839	1,503,433	**1,833,326**	1,525,473
Non-current				
- ACB Bonds	**294,416**	383,990	**294,416**	383,990
- ACB Debts	**–**	–	**570,642**	805,161
- ACB Consolidated and Rescheduled Debts	**547,939**	779,368	**–**	–
	842,355	1,163,358	**865,058**	1,189,151
Total				
- ACB Bonds	**777,758**	783,574	**777,758**	783,574
- ACB Debts	**–**	–	**1,920,626**	1,931,050
- ACB Consolidated and Rescheduled Debts	**1,876,436**	1,883,217	**–**	–
	2,654,194	2,666,791	**2,698,384**	2,714,624

The ACB Bonds and USD Debts are repayable over the following periods:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Within one year	**1,811,839**	1,503,433	**1,833,326**	1,525,473
More than one year and less than two years	**–**	133,875	**–**	195,889
More than two years and less than five years	**842,355**	1,029,483	**865,058**	993,262
	2,654,194	2,666,791	**2,698,384**	2,714,624

The currency exposure profile of ACB Bonds and USD Debts is as follows:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Ringgit Malaysia	**777,758**	783,574	**777,758**	783,574
United States Dollar	**1,876,436**	1,883,217	**1,920,626**	1,931,050
	2,654,194	2,666,791	**2,698,384**	2,714,624

On 14 March 2003, the Group and the Company issued RM denominated zero coupon redeemable secured bonds and USD Debts in settlement of the indebtedness owing to lenders and inter-company balances with Lion Industries Corporation Berhad ("LICB"), Lion Diversified Holdings Berhad ("LDHB") and Silverstone Corporation Berhad.

RM denominated bonds ("ACB Bonds") issued by the Company are as follows:

(a) RM153.54 million (in present value as at date of issue) Class A1 secured ACB Bonds, with a maturity date of 29 December 2006, a nominal value of RM194.65 million and a cash yield to maturity at 7.00% per annum;

(b) RM345.12 million (in present value as at date of issue) Class A2 secured ACB Bonds, with a maturity date of 29 December 2006, a nominal value of RM420.60 million and a cash yield to maturity at 6.00% per annum;

(c) RM368.10 million (in present value as at date of issue) Class B secured ACB Bonds, with a maturity date of 31 December 2010, a nominal value of RM477.76 million and a cash yield to maturity at 4.75% and 7.75% per annum; and

(d) RM217.69 million (in present value as at date of issue) Class C secured ACB Bonds, with a maturity date of 31 December 2011, a nominal value of RM340.05 million and a cash yield to maturity at 4.75% per annum.

USD Debts ("ACB Debts") issued by the Company to a subsidiary company are as follows:

(a) USD215.67 million (equivalent to RM819.56 million) (in present value as at date of issue) Class A1 secured ACB Debts, with a maturity date of 29 December 2006, a nominal value of USD270.78 million (equivalent to RM1,028.95 million) and a cash yield to maturity at 6.75% per annum;

(b) USD2.70 million (equivalent to RM10.25 million) (in present value as at date of issue) Class A2 secured ACB Debts, with a maturity date of 29 December 2006, a nominal value of USD3.23 million (equivalent to RM12.27 million) and a cash yield to maturity at 5.50% per annum;

(c) USD238.13 million (equivalent to RM904.88 million) (in present value as at date of issue) Class B secured ACB Debts, with a maturity date of 31 December 2010, a nominal value of USD293.96 million (equivalent to RM1,117.06 million) and a cash yield to maturity at 4.25% per annum; and

(d) USD133.44 million (equivalent to RM507.08 million) (in present value as at date of issue) Class C secured ACB Debts, with a maturity date of 31 December 2011, a nominal value of USD198.85 million (equivalent to RM755.63 million) and a cash yield to maturity at 4.25% per annum.

USD Debts ("ACB Consolidated and Rescheduled Debts") issued by a subsidiary company are as follows:

(a) USD215.67 million (equivalent to RM819.56 million) (in present value as at date of issue) Class A1 secured ACB Consolidated and Rescheduled Debts, with a maturity date of 29 December 2006, a nominal value of USD268.61 million (equivalent to RM1,020.71 million) and a cash yield to maturity at 6.50% per annum;

(b) USD2.70 million (equivalent to RM10.25 million) (in present value as at date of issue) Class A2 secured ACB Consolidated and Rescheduled Debts, with a maturity date of 29 December 2006, a nominal value of USD3.20 million (equivalent to RM12.18 million) and a cash yield to maturity at 5.25% per annum;

(c) USD238.13 million (equivalent to RM904.88 million) (in present value as at date of issue) Class B secured ACB Consolidated and Rescheduled Debts, with a maturity date of 31 December 2010, a nominal value of USD290.46 million (equivalent to RM1,103.74 million) and a cash yield to maturity at 4.00% per annum; and

(d) USD133.44 million (equivalent to RM507.08 million) (in present value as at date of issue) Class C secured ACB Consolidated and Rescheduled Debts, with a maturity date of 31 December 2011, a nominal value of USD194.33 million (equivalent to RM738.45 million) and a cash yield to maturity at 4.00% per annum.

Securities and covenants for the ACB Bonds and ACB Consolidated and Rescheduled Debts

The Security Trustee holds the following securities for and on behalf for the benefit of the holders of ACB Bonds and ACB Consolidated and Rescheduled Debts ("Securities"):

(a) the assets included in the Proposed Divestment Programme for the Group;

(b) Class B LCB Bonds received by the Company pursuant to the GWRS;

(c) The Redemption Account held by the Company where it will capture the "Dedicated Cash Flows" pursuant to the GWRS. Dedicated Cash Flows mean cash flows from the following sources:

- net surplus proceeds from the disposal of any assets in the Proposed Divestment Programme for the Group over which there is presently a security, if applicable;

- net proceeds from the disposal of any assets in the Proposed Divestment Programme for the Group over which there is presently no security;

- any Back-End Amount and Loyalty Payment received by the Company as a holder of LCB Bonds;

- net proceeds of the redemption of LCB Bonds received by the Company;

- net proceeds from the disposal of any residual assets (other than the assets in the Proposed Divestment Programme) of the Group.

Classes A(1) and A(2) ACB Bonds and ACB Consolidated and Rescheduled Debts and Class B ACB Bonds and ACB Consolidated and Rescheduled Debts rank pari passu amongst each other over the Securities under items (a) to (c) above held by the Security Trustee.

Class C ACB Bonds and ACB Consolidated and Rescheduled Debts rank pari passu amongst each other over the Securities under items (a) to (c) above held by the Security Trustee.

The Classes A(1), A(2) and B ACB Bonds and ACB Consolidated and Rescheduled Debts will rank in priority over Class C ACB Bonds and ACB Consolidated and Rescheduled Debts over the Securities under items (a) to (c) above held by the Security Trustee.

In addition, the following will be securities provided in respect of the ACB Consolidated and Rescheduled Debts ("SPV Securities"):

(a) Assignment of all the rights attaching to the ACB Debts including the rights to receive payments from the Company and rights to other entitlements;

(b) A debenture over the assets (namely ACB Debts) of a subsidiary company;

(c) A charge over a subsidiary company's Redemption Account which will capture the proceeds from the repayment of the ACB Debts by the Company; and

(d) Corporate guarantee by the Company to the Facility Agent for the benefit of holders of the ACB Consolidated and Rescheduled Debts.

Monies captured in the Redemption Account can only be utilised towards the repayment of ACB Consolidated and Rescheduled Debts and cannot be utilised by the subsidiary company for any other purposes.

The Classes A(1), A(2) and B ACB Consolidated and Rescheduled Debts will rank pari passu amongst each other in respect of the SPV Securities listed under items (a) to (d) and rank ahead of the Class C ACB Consolidated and Rescheduled Debts in respect of the SPV Securities. Meanwhile, the Class C ACB Consolidated and Rescheduled Debts will rank pari passu amongst each other in respect of the SPV Securities.

Classes A(1), A(2), B and C ACB Bonds and ACB Consolidated and Rescheduled Debts shall rank pari passu with all other unsecured and unsubordinated creditors of the Group in respect of the Group's assets which are not part of the Securities.

The main covenants of the ACB Bonds and ACB Consolidated and Rescheduled Debts are as follows:

(a) Permitted indebtedness

At any time, any indebtedness for borrowed moneys incurred or assumed by the Group and any scheme companies in respect of which the aggregate principal amount committed or provided by the lenders together with the aggregate amount of all indebtedness of the Group and any scheme companies at the time of incurrence does not exceed the following limits:

(i) where the total amounts for the redemption or purchase of the ACB Bonds and the total amounts for the repayment or purchase of the ACB Consolidated and Rescheduled Debts paid by the Company and/or the subsidiary company up to that time when the indebtedness is incurred or proposed to be incurred (which amount shall exclude amounts paid in respect of the Class B(b) Bonds) and the up-front cash payment made on 31 January 2003 ("Repaid Amount") is less than 50% of the aggregate outstanding nominal values of all ACB Bond and all ACB Consolidated and Rescheduled Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 20% of that Repaid Amounts;

(ii) where the total Repaid Amounts is equal to or exceeding 50% but less than 75% of the aggregate outstanding for nominal values of all ACB Bonds and all ACB Consolidated and Rescheduled Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 35% of that Repaid Amounts; and

(iii) where the total Repaid Amounts is equal to or more than 75% of the aggregate outstanding nominal values of all ACB Bonds and all ACB Consolidated and Rescheduled Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 50% of that Repaid Amounts.

(b) Disposal of assets/shares

The disposal of assets/shares shall require prior consent from the Security Trustee where:

(i) the disposal price of such asset/share is at a discount rate of 20% or more of the market value of the said asset/share; and/or

(ii) the disposal price of such asset/share is equal to or more than RM5.0 million; and/or

(iii) the sale of such asset/share is to a related party.

(c) Disposal of residual assets/shares

The disposal of residual assets/shares shall require prior consent from the Security Trustee where:

(i) the disposal price is more than RM25.0 million or 20% or more than the audited consolidated net tangible assets of the Group, whichever is lower; and

(ii) the disposal price is at a discount rate of 20% or more of the market value of the said asset/share.

(d) Capital expenditure

Prior written consent from the Security Trustee/Facility Agent before the Group (other than the excluded companies) incurs any capital expenditure:

(i) for any new investment which is not within the core business(es) of the Group as set out in the Trust Deed; and

(ii) exceeding 25% of the consolidated net tangible assets of the Group.

As reported in the previous financial statements:

(a) in consideration of the holders of ACB Bonds and USD Debts granting the indulgence and approval to vary the redemption date and the repayment date of ACB Bonds and USD Debts, additional securities were charged in favour of the Security Trustee on shares in certain subsidiary companies of the Company with an adjusted net tangible assets of RM5 million or more, provided such shares are not encumbered;

(b) the redemption date and repayment date for the ACB Bonds and the USD Debts, both of 31 December 2004 were varied to 31 March 2005 and 31 December 2007 respectively; and

(c) commencing 1 January 2005, interest payable as penalty for late redemption/repayment of any redemption amount/repayment amount shall be calculated on a simple interest basis instead of on a compound basis.

The Group and the Company have not met their scheduled Bonds and Debts repayment obligations and have requested for the indulgence of their lenders to consent to a deferment during the financial year.

On 21 May 2008, the Company proposed to undertake a corporate and debt restructuring exercise ("Proposed ACB Scheme") to address its debts obligations to redeem/repay the ACB Bonds and USD Debts. At the ACB lenders' meeting held on 24 July 2008, all the resolutions pertaining to the Proposed ACB Scheme were passed except for the resolutions in respect of the Proposed ACB Class C Bonds and Class C USD Debts Term-Out and Proposed Acquisition of ACB Class C USD Debts. The proposal is currently pending approval from relevant authorities. Subject to the Proposed ACB Scheme becoming unconditional, all proposals within the Proposed ACB Scheme will be carried out by the Group with the exception of the Proposed ACB Class C Bonds and Class C USD Debts term out and the Proposed Acquisition of ACB Class C USD Debts. On 24 July 2008, Lion Corporation Berhad ("LCB") announced that LCB may proceed to implement the Proposed Acquisition of ACB Class C USD Debts via bilateral agreements with interested ACB Class C USD Debts holders who have not voted against the Proposed Acquisition of ACB Class C USD Debts and also with such dissenting holders at LCB's absolute discretion.

In accordance with FRS 101, the entire Bonds and Debts liabilities within the same class, inclusive of amount maturing beyond one year, has been reclassified as current liabilities.

31. LONG TERM BORROWINGS

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Term loans - secured	–	7,874
Less: Portion repayable within one year and included under short term borrowings (Note 36)	–	(3,850)
	–	4,024

The long term borrowings are repayable over the following periods:

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Within one year	–	3,850
From one to two years	–	1,020
From two to five years	–	2,040
More than five years	–	964
	–	7,874

The term loans of certain subsidiary companies are secured by way of charges over their respective assets and certain property, plant and equipment, where applicable. The long term borrowings bear interest at 6.0% (2007: 6.0%) per annum.

32. FINANCE LEASE LIABILITIES

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Minimum lease payments		
- not later than one year	**22**	111
- later than one year and not later than five years	**84**	239
	106	350
Less: Future finance charges	**(22)**	(34)
Present value of finance lease liabilities	**84**	316

Present value of finance lease liabilities are as follows:

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
- not later than one year	**17**	102
- later than one year and not later than five years	**67**	214
	84	316

The finance lease liabilities bear interest at rates ranging from 2.3% to 10% (2007: 2.3% to 10%) per annum.

33. DEFERRED TAX

	GROUP	
	2008 RM'000	2007 RM'000
At beginning of the financial year	**4,888**	12,743
Recognised in income statement (Note 12)	**252**	3,386
Recognised in equity statement	**(274)**	(11,241)
Disposal of subsidiary companies	**(58)**	–
Effect of changes on tax rate	**(52)**	–
Transfer to assets held for sale (Note 27)	**(3,380)**	–
At end of the financial year	**1,376**	4,888

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities

	GROUP	
	2008 RM'000	2007 RM'000
At beginning of the financial year	**10,027**	21,887
Recognised in income statement (Note 12)	**252**	(619)
Recognised in equity statement	**(274)**	(11,241)
Disposal of subsidiary companies	**(58)**	–
Effect of changes on tax rate	**(52)**	–
Transfer to assets held for sale (Note 27)	**(8,519)**	–
At end of the financial year	**1,376**	10,027

Deferred tax liabilities provided for in the financial statements:

	GROUP	
	2008 RM'000	2007 RM'000
- excess of capital allowances over depreciation	**1,593**	1,998
- tax effects of revaluation of plantation lands	**37**	8,391
- other temporary differences	**(254)**	(362)
	1,376	10,027

Deferred tax assets

	GROUP	
	2008 RM'000	2007 RM'000
At beginning of the financial year	**5,139**	9,144
Recognised in income statement (Note 12)	**–**	(4,005)
Transfer to assets held for sale (Note 27)	**(5,139)**	–
At end of the financial year	**–**	5,139

Deferred tax assets provided for in the financial statements:

	GROUP	
	2008	2007
	RM'000	RM'000
- unused tax losses	**–**	5,139

Deferred tax assets have not been recognised in respect of the following items:

	GROUP	
	2008	2007
	RM'000	RM'000
- unabsorbed capital allowances	**48,415**	48,282
- unutilised tax losses	**320,632**	325,578
	369,047	373,860

The unutilised tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiary companies in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiary companies in the Group and they have arisen in subsidiary companies that have a recent history of losses.

The unutilised tax losses and unabsorbed capital allowances carried forward are subject to agreement by the tax authorities.

34. PAYABLES

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Trade payables	**4,295**	44,820	**–**	–
Progress billings	**572**	20,214	**–**	–
Other payables	**87,843**	213,532	**11,443**	2,974
Amount due to associated companies	**819**	2,849	**688**	688
Amount due to subsidiary companies	**–**	–	**1,377,731**	1,351,678
	93,529	281,415	**1,389,862**	1,355,340

The normal trade credit term granted to the Group ranges from 30 days to 120 days.

The amounts due to associated companies which arose mainly from inter-company advances are unsecured, interest free and are repayable on demand.

The amounts due to subsidiary companies which arose mainly from inter-company advances are unsecured, interest bearing at rates of nil (2007: 0.2% to 1.0%) per annum and are repayable on demand.

The currency exposure profile of payables is as follows:

	GROUP		COMPANY	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Ringgit Malaysia	**74,859**	261,553	**1,388,805**	1,349,089
Chinese Renminbi	**14,569**	14,420	**1,057**	6,251
Others	**4,101**	5,442	**–**	–
	93,529	281,415	**1,389,862**	1,355,340

35. PROVISIONS

	Liquidated ascertained damages	
	2008	**2007**
	RM'000	**RM'000**
GROUP		
At beginning of the financial year	**27,060**	19,484
Additions during the financial year	**284**	98
Utilised during the financial year	**(1,271)**	(417)
Transfer from other payables	**–**	7,895
Transfer to assets held for sale (Note 27)	**(26,068)**	–
At end of the financial year	**5**	27,060

The liquidated ascertained damages relate to damages payable by certain subsidiaries of the Group to purchasers of property units in the event the subsidiaries are unable to deliver vacant possession within the time stipulated in the agreements. The damages are calculated from day to day at the rate stipulated in the agreement on the portion of the purchase price paid by the purchasers from the expected basic infrastructure completion date under the agreement to the actual date of completion.

36. SHORT TERM BORROWINGS

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Short term loans - secured	**–**	–
- unsecured	**22,875**	24,481
Long term borrowings - portion repayable within one year (Note 31)	**–**	3,850
	22,875	28,331

The currency exposure profile of short term borrowings is as follows:

	GROUP	
	2008 RM'000	2007 RM'000
Ringgit Malaysia	**–**	1,020
Chinese Renminbi	**22,875**	24,481
Others	**–**	2,830
	22,875	28,331

The short term loans of certain subsidiary companies are secured by way of fixed and floating charges over their respective assets, quoted shares and certain property, plant and equipment. The short term borrowings bear interest at nil% (2007: 3.0% to 8.3%) per annum.

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are entities in which a Director or a substantial shareholder of the Company or its subsidiary companies or persons connected to such Director or substantial shareholder has an interest, excluding those parties disclosed as related companies in the financial statements.

(a) Sales of goods and services

	GROUP	
	2008 RM'000	2007 RM'000
Sales of goods and services to:		
- Megasteel Sdn Bhd	**13,777**	15,688
- Amsteel Mills Sdn Bhd	**7,952**	7,153
- Bright Steel Sdn Bhd	**1,447**	1,318
- Antara Steel Mills Sdn Bhd	**1,290**	491
- Parkson Corporation Sdn Bhd	**667**	375
- Narajaya Sdn Bhd	**353**	298

Megasteel Sdn Bhd is a subsidiary company of Lion Corporation Berhad ("LCB"), a substantial shareholder of the Company.

Amsteel Mills Sdn Bhd is a substantial shareholder of the Company.

Bright Steel Sdn Bhd is a wholly-owned subsidiary company of LCB.

Antara Steel Mills Sdn Bhd is a wholly-owned subsidiary company of Amsteel Mills Sdn Bhd.

Parkson Corporation Sdn Bhd is a wholly-owned subsidiary company of Parkson Holdings Berhad, a company in which a Director and certain substantial shareholders of the Company have interests.

Narajaya Sdn Bhd is a wholly-owned subsidiary company of Lion Development (Penang) Sdn Bhd, a substantial shareholder of the Company.

(b) Purchases of goods

	GROUP 2008 RM'000	GROUP 2007 RM'000
Purchases of goods from:		
- Secom Co Ltd	**1,279**	907
- Secom Nohmi Co Ltd	**440**	245
- Silverstone Marketing Sdn Bhd	**125**	675

Secom Co Ltd is a substantial shareholder of Secom (Malaysia) Sdn Bhd, a subsidiary of the Company.

Secom Nohmi Co Ltd is a subsidiary company of Secom Co Ltd.

Silverstone Marketing Sdn Bhd is a wholly-owned subsidiary company of Silverstone Corporation Berhad, a company in which a Director and certain substantial shareholders of the Company have interests.

(c) Sales commissions

	GROUP 2008 RM'000	GROUP 2007 RM'000
Sales commissions payable to:		
- Parkson Corporation Sdn Bhd	**–**	151

(d) Rental expenses

	GROUP 2008 RM'000	GROUP 2007 RM'000
Rental charges payable to:		
- Parkson Corporation Sdn Bhd	**–**	129

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no more favourable to the related parties than those arranged with independent third parties.

38. CONTINGENT LIABILITIES

	GROUP 2008 RM'000	GROUP 2007 RM'000
Unsecured:		
Legal claims in respect of the termination of contracts for the extraction and sale of timber	**313,300**	313,300

The contingent liability arises out of indemnity contract whereby a subsidiary company of the Group, agrees to indemnify in full, litigation suits and any other claims brought by third parties against Sabah Forest Industries Sdn Bhd, a former subsidiary company of Lion Forest Industries Berhad ("LFIB"). LFIB ceased to be a subsidiary company of the Company upon the implementation of the GWRS.

39. COMMITMENTS

The Group has the following commitments:

	GROUP 2008 RM'000	GROUP 2007 RM'000
Capital expenditure for property, plant and equipment		
- approved but not contracted for	–	80,564

40. SEGMENT INFORMATION

(a) Business Segments:

The Group is organised into three major business segments:

(i)	Property	-	property development and management, and operation of hotels;
(ii)	Plantation	-	cultivation of oil palm and rubber;
(iii)	Investment holding and others	-	investment holding, manufacture and sale of steel related products, provision of security services and security related equipment, provision of transportation services, and others.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are no more favourable to the related parties than those arranged with unrelated parties.

30 June 2008

	Property RM'000	Plantation RM'000	Investment holding and others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
Continuing operations:					
External sales	17,859	18,864	193,390	–	230,113
Inter-segment sales	–	–	25,326	(25,326)	–
	17,859	18,864	218,716	(25,326)	230,113
Discontinued operations:					
External sales	119,407	–	1,624	–	121,031
Inter-segment sales	–	–	–	–	–
	119,407	–	1,624	–	121,031
Total revenue	137,266	18,864	220,340	(25,326)	351,144
Result					
Continuing operations:					
Segment results	(1,535)	8,718	235,632	–	242,815
Interest income					1,867
Profit from operations					244,682
Impairment losses	–	–	(140,000)	–	(140,000)
Finance costs					(144,597)
Share in results of associated companies	–	–	3,986	–	3,986
Taxation					(5,943)
Net loss for the financial year					(41,872)
Discontinued operations:					
Segment results	39,432	–	1,097	–	40,529
Interest income					8,786
Profit from operations					49,315
Loss recognised on the measurement to fair value less costs to sell					(77,280)
Finance costs					(388)
Share in results of associated companies	4,362	–	–	–	4,362
Taxation					(4,565)
Net loss for the financial year					(28,556)

30 June 2008

	Property RM'000	Plantation RM'000	Investment holding and others RM'000	Eliminations RM'000	Consolidated RM'000
Assets					
Continuing operations:					
Segment assets	**72,621**	**95,757**	**1,724,071**	**–**	**1,892,449**
Investment in associated companies	**–**	**–**	**24,408**	**–**	**24,408**
Unallocated assets					**33,802**
Consolidated total assets					**1,950,659**
Discontinued operations:					
Segment assets	**1,025,504**	**–**	**14,011**	**–**	**1,039,515**
Investment in associated companies	**66,522**	**–**	**–**	**–**	**66,522**
Unallocated assets					**2,150**
Consolidated total assets					**1,108,187**
Liabilities					
Continuing operations:					
Segment liabilities	**24,950**	**36,026**	**2,685,958**	**–**	**2,746,934**
Unallocated liabilities					**27,881**
Consolidated total liabilities					**2,774,815**
Discontinued operations:					
Segment liabilities	**248,742**	**–**	**517**	**–**	**249,259**
Unallocated liabilities					**10,828**
Consolidated total liabilities					**260,087**

30 June 2008

	Property RM'000	Plantation RM'000	Investment holding and others RM'000	Eliminations RM'000	Consolidated RM'000
Other information					
Continuing operations:					
Capital expenditure	**1,121**	**176**	**3,836**	**–**	**5,133**
Depreciation	**4,075**	**303**	**3,387**	**–**	**7,765**
Amortisation	**–**	**1,137**	**5**	**–**	**1,142**
Impairment losses	**–**	**–**	**140,000**	**–**	**140,000**
Allowance for diminution in value of quoted investment	**–**	**–**	**28,671**	**–**	**28,671**
Non-cash expenses other than depreciation, amortisation and impairment losses	**28**	**5**	**10,008**	**–**	**10,041**
Discontinued operations:					
Capital expenditure	**7,198**	**–**	**–**	**–**	**7,198**
Depreciation	**2,342**	**–**	**163**	**–**	**2,505**
Amortisation	**254**	**–**	**63**	**–**	**317**
Non-cash expenses other than depreciation, amortisation and impairment losses	**1**	**–**	**–**	**–**	**1**

30 June 2007

	Property RM'000	Plantation RM'000	Investment holding and others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
Continuing operations:					
External sales	13,478	10,792	191,384	–	215,654
Inter-segment sales	–	789	31,515	(32,304)	–
	13,478	11,581	222,899	(32,304)	215,654
Discontinued operations:					
External sales	116,911	–	1,474	–	118,385
Inter-segment sales	–	–	196	(196)	–
	116,911	–	1,670	(196)	118,385
Total revenue	130,389	11,581	224,569	(32,500)	334,039
Result					
Continuing operations:					
Segment results	(1,571)	3,184	282,511	–	284,124
Interest income					22,174
Profit from operations					306,298
Impairment losses	–	–	(70,202)	–	(70,202)
Finance costs					(157,165)
Share in results of associated companies	–	–	(7,567)	–	(7,567)
Taxation					(17,143)
Net profit for the financial year					54,221
Discontinued operations:					
Segment results	9,820	–	1,093	–	10,913
Interest income					1,383
Profit from operations					12,296
Impairment losses	(55,159)	–	(37,075)	–	(92,234)
Finance costs					(2,572)
Share in results of associated companies	3,560	–	–	–	3,560
Taxation					(1,686)
Net loss for the financial year					(80,636)

30 June 2007

	Property RM'000	Plantation RM'000	Investment holding and others RM'000	Eliminations RM'000	Consolidated RM'000
Assets					
Continuing operations:					
Segment assets	70,182	165,450	1,821,743	–	2,057,375
Investment in associated companies	–	–	21,006	–	21,006
Unallocated assets					34,872
Consolidated total assets					2,113,253
Discontinued operations:					
Segment assets	975,978	–	13,065	–	989,043
Investment in associated companies	53,032	–	–	–	53,032
Unallocated assets					3,004
Consolidated total assets					1,045,079
Liabilities					
Continuing operations:					
Segment liabilities	26,446	59,517	2,725,352	–	2,811,315
Unallocated liabilities					16,935
Consolidated total liabilities					2,828,250
Discontinued operations:					
Segment liabilities	204,161	–	517	–	204,678
Unallocated liabilities					18,612
Consolidated total liabilities					223,290

30 June 2007

	Property RM'000	Plantation RM'000	Investment holding and others RM'000	Eliminations RM'000	Consolidated RM'000
Other information					
Continuing operations:					
Capital expenditure	1,130	305	4,151	–	5,586
Depreciation	3,985	298	3,422	–	7,705
Amortisation	–	1,237	–	–	1,237
Impairment losses	–	–	70,202	–	70,202
Non-cash expenses other than depreciation, amortisation and impairment losses	3	–	27,539	–	27,542
Discontinued operations:					
Capital expenditure	4,217	–	56	–	4,273
Depreciation	2,303	–	175	–	2,478
Amortisation	253	–	64	–	317
Impairment losses	55,159	–	37,075	–	92,234
Non-cash expenses other than depreciation, amortisation and impairment losses	5,833	–	–	–	5,833

(b) Geographical Segments:

The Group operates in the following main geographical areas:

Malaysia - mainly in the property development and management, operation of hotel, cultivation of oil palm and rubber, manufacture and sale of steel related products, provision of security services and security related equipment, provision of transportation services, retail and investment holding;

China - mainly involved in operation of hotel; and

Other countries - investment holding and others.

Continuing operations:

	Revenue		Segment assets		Capital expenditure	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Malaysia	**211,534**	201,456	**1,836,027**	1,981,124	**3,952**	4,396
China	**17,859**	13,478	**72,595**	70,144	**1,121**	1,130
Other countries	**720**	720	**42,037**	61,985	**60**	60
	230,113	215,654	**1,950,659**	2,113,253	**5,133**	5,586

Discontinued operations:

	Revenue		Segment assets		Capital expenditure	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Malaysia	**121,031**	118,385	**1,108,187**	1,045,079	**7,198**	4,273
China	**–**	–	**–**	–	**–**	–
Other countries	**–**	–	**–**	–	**–**	–
	121,031	118,385	**1,108,187**	1,045,079	**7,198**	4,273
Total	**351,144**	334,039	**3,058,846**	3,158,332	**12,331**	9,859

41. CASH FLOW STATEMENTS

(a) Adjustment for non-cash items, interests and dividends:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000 Restated	2008 RM'000	2007 RM'000
Depreciation	**10,270**	10,183	**64**	94
Share in losses/(profits) of associated companies	**(8,348)**	4,007	**–**	–
Amortisation of:				
- deferred expenditure	**–**	134	**–**	–
- biological assets	**1,137**	1,237	**–**	–
- prepaid land lease payments	**322**	320	**–**	–
Interest expenses	**144,985**	159,737	**142,207**	153,295
Interest income	**(152,917)**	(155,709)	**(131,284)**	(144,804)
Written off of:				
- property, plant and equipment	**29**	152	**–**	–
- bad receivables	**–**	162	**–**	–
Gain on disposal of:				
- property, plant and equipment	**(21,433)**	–	**–**	–
- subsidiaries	**(22,088)**	–	**–**	–
- investments	**–**	(5,259)	**(7,609)**	(5,276)
Allowance for doubtful receivables	**3,286**	20,579	**122,311**	715,041
Dividend income	**(708)**	(3,956)	**(25,984)**	(31,275)
Gain on foreign exchange - unrealised	**(103,718)**	(116,762)	**(103,720)**	(116,965)
Provision for liquidated ascertained damages	**–**	98	**–**	–
Loss on disposal of:				
- associated companies	**–**	655	**–**	–
- property, plant and equipment	**–**	145	**–**	–
- investments	**13**	–	**–**	–
Impairment losses	**140,000**	162,436	**140,000**	55,679
Impairment losses on investment in joint-ventures	**–**	31	**–**	–
Reversal of impairment losses for land and development expenditure	**(10,596)**	–	**–**	–
Allowance written back for diminution in value of investments	**–**	(43,169)	**–**	(13,845)
Allowance for diminution in value of quoted investments	**28,671**	–	**189**	–
Allowance for slow moving inventories	**–**	5,720	**–**	–
Reversal of impairment loss on investment in subsidiary company	**–**	–	**(1,000)**	–
Loss recognised on assets held for sale	**77,280**	–	**–**	–
	86,185	40,741	**135,174**	611,944

(b) Cash and cash equivalents at end of the financial year:

	GROUP		COMPANY	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**35,007**	36,432	**418**	1,202
Deposit with licensed financial institutions	**169,079**	95,041	**33,973**	11,891
Housing Development Accounts	**26,221**	38,448	**–**	–
	230,307	169,921	**34,391**	13,093
Less: Fixed deposits pledged	**(2,222)**	(6,914)	**–**	–
Fixed deposits earmarked for bond redemption	**(2,016)**	(14,627)	**–**	(11,830)
	226,069	148,380	**34,391**	1,263

(c) Summary of effects on disposal of subsidiary companies:

	GROUP
	2008
	RM'000
Property, plant and equipment	**60,123**
Inventories	**8**
Trade and other receivables	**299**
Deposits, cash and bank balances	**3,398**
Trade and other payables	**(66,082)**
Finance lease liabilities	**(28)**
Minority interest	**(4,515)**
Deferred tax liabilities	**(58)**
Associated company	**(3,386)**
Net assets disposed of	**(10,241)**
Gain on disposal	**22,088**
Total cash consideration	**11,847**
Cash and cash equivalents of subsidiary companies disposed of	**(3,398)**
Net cash inflow from disposal of subsidiary companies	**8,449**

42. DISPOSAL OF SUBSIDIARY COMPANIES

During the financial year, the Group completed the following disposals:

(a) Bungawang Sdn Berhad (“Bungawang”), a 70% owned subsidiary of the Company, had on 13 November 2007 and 7 March 2008, entered into a share sale and purchase agreement (“SSPA”) and a supplemental agreement to the SSPA with Elstead Sdn Bhd (“Elstead”), Mujur Idaman Sdn Bhd (“Mujur Idaman”) and Witmer Limited (“Witmer”) for the disposal by Bungawang, of its entire 49% equity interest in Lion Mutiara Parade Sdn Bhd (“Lion Mutiara”) and the 11% equity interest held by Elstead on Bungawang’s behalf to Witmer (“Disposal of Lion Mutiara”) in 2 tranches of 30% each. Tranche I involving the disposal of 30% equity interest in Lion Mutiara at a consideration of RM9.12 million was completed on 7 March 2008.

(b) On 27 March 2008, the Company has entered into a sale and purchase agreement with Lion Forest Industries Berhad (“LFIB”) to dispose of its entire equity interest comprising 1 million ordinary shares of RM1.00 each fully paid in Singa Logistics Sdn Bhd, a wholly-owned subsidiary of the Company, to LFIB for a cash consideration of RM2.727 million.

(i) The effects of the disposal of Lion Mutiara and Singa Logistics Sdn Bhd on the financial results of the Group were as follows:

	Up to the date of disposal 2008 RM’000	**2007 RM’000**
Revenue	**11,249**	12,243
Operating expenses	**(10,129)**	(12,442)
Other operating income	**10**	14
Profit/(Loss) from operation	**1,130**	(185)
Finance costs	**–**	(2,095)
Profit/(Loss) before taxation	**1,130**	(2,280)
Taxation	**–**	(12)
Net profit/(loss) for the financial year	**1,130**	(2,292)

(ii) The effects of the disposal of Lion Mutiara and Singa Logistics Sdn Bhd on the financial position of the Group were as follows:

	Up to the date of disposal 2008 RM'000	2007 RM'000
Assets and liabilities:		
Property, plant and equipment	**60,123**	54,047
Long term investment	**–**	672
Inventories	**8**	–
Trade and other receivables	**299**	6,030
Amount due from related companies	**–**	262
Deposits, cash and bank balances	**3,398**	1,252
Trade and other payables	**(66,082)**	(114,543)
Tax liabilities	**–**	(1)
Finance lease liabilities	**(28)**	(39)
Minority interest	**(4,515)**	(4,521)
Deferred tax liabilities	**(58)**	(58)
Associated company	**(3,386)**	–
Net assets disposed of	**(10,241)**	(56,899)

43. SIGNIFICANT EVENTS

(a) Bungawang Sdn Berhad ("Bungawang"), a 70% owned subsidiary of the Company, had on 13 November 2007 and 7 March 2008, entered into a share sale and purchase agreement ("SSPA") and a supplemental agreement to the SSPA with Elstead Sdn Bhd ("Elstead"), Mujur Idaman Sdn Bhd ("Mujur Idaman") and Witmer Limited ("Witmer") for the disposal by Bungawang, of its entire 49% equity interest in Lion Mutiara Parade Sdn Bhd ("Lion Mutiara") and the 11% equity interest held by Elstead on Bungawang's behalf to Witmer ("Disposal of Lion Mutiara") in 2 tranches of 30% each.

Tranche 1 of the Disposal of Lion Mutiara was completed on 7 March 2008 at a consideration of RM9.12 million ("Tranche 1 Sale") whilst Tranche 2 of the Disposal of Lion Mutiara at a consideration to be calculated based on the net assets value of Lion Mutiara as at the completion date of Tranche 2, has not been completed.

Upon the completion of the Tranche 1 Sale, Bungawang had on 7 March 2008 entered into a joint-venture cum shareholders' agreement with Mujur Idaman and Witmer in respect of the development of a retail mall owned by Lion Mutiara.

(b) The Company had on 27 March 2008, entered into a sale and purchase agreement with Lion Forest Industries Berhad ("LFIB") to dispose of its entire equity interest comprising 1 million ordinary shares of RM1.00 each fully paid in Singa Logistics Sdn Bhd, a wholly-owned subsidiary of the Company, to LFIB for a cash consideration of RM2.727 million ("Disposal of Singa Logistics"). The Disposal of Singa Logistics was completed on 24 April 2008.

(c) On 21 May 2008, the Company inter-alia proposed a corporate and debt restructuring scheme to address its debt repayment obligation which involve the following proposals ("Proposed ACB Scheme"):-

(i) proposed disposal of RM900.0 million nominal value ("NV") of LCB Class B(b) Bonds with a present value as at 31 October 2008 ("PV") of approximately RM787.1 million for a cash consideration of RM400.0 million to Lion Diversified Holdings Berhad ("LDHB") and Teraju Varia Sdn Bhd, a wholly-owned subsidiary of Excel Step Investments Limited which is in turn a wholly-owned subsidiary of LDHB;

(ii) proposed conversion of:-

(aa) approximately RM1.2 million PV of LCB Class B(a) Bonds (NV RM3.0 million) held by ACB into approximately RM1.2 million NV of LCB Class B(a) redeemable convertible secured loan stock ("RCSLS"); and

(ab) approximately RM174.9 million PV of LCB Class B(b) Bonds (NV RM200.0 million) held by ACB into approximately RM174.9 million NV of LCB Class B(b) RCSLS;

(iii) proposed disposal to Limbungan Emas Sdn Bhd, a company controlled by Tan Sri William H.J. Cheng, of the sale shares in Akurjaya Sdn Bhd, Ayer Keroh Resort Sdn Bhd, Bungawang Sdn Berhad, Visionwell Sdn Bhd, Lion Metal Industries Sdn Bhd and Inverfin Sdn Bhd (collectively the "Target Companies") together with the subsidiaries of the Target Companies, the properties owned by the Target Companies and their subsidiaries ("Properties") and the total assets and liabilities related to the Properties of the Group Reorganisation as defined therein with all rights attaching thereto including but without limitation to all profits, bonuses, rights, dividends and distributions declared paid or made in respect thereof as from 1 April 2007, for a total cash consideration of approximately RM818.4 million; and

(iv) proposed rescheduling of the balance of the ACB Bonds and USD Debts.

The Proposed ACB Scheme has not been completed.

44. SUBSEQUENT EVENT

Proposed disposal by the Company of its entire 20% equity interest in Inverfin Sdn Bhd comprising 2,000,001 ordinary shares of RM1.00 each to IOI Corporation Berhad for a cash consideration of approximately RM117.35 million pursuant to a conditional sale and purchase agreement entered into between the parties involved on 29 August 2008 ("Disposal of Inverfin").

The Disposal of Inverfin has not been completed.

45. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors for observation in the day-to-day operations for the controlling and management of the risks associated with the financing, investing and operating activities of the Group.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

Foreign currency risk

The Group's exposure to currency risks are mainly in US Dollar. The Group attempts to limit its exposure in foreign currency by entering into forward contracts wherever possible.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits. Interest rates of the Group's borrowings are managed through fixed and floating rates. Investments in financial assets are short term in nature and are mostly placed as short term deposits with licensed financial institutions.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's associations to mainly business partners with high creditworthiness. Receivables are monitored on an on-going basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Market risk

The Group has in place policies to manage its exposure to fluctuation in the prices of the key raw materials used in the operations through close monitoring and buying ahead in anticipation of significant price increase, where possible. For market risk arising from changes in equity prices, the Group manages the disposal of its investments to optimise returns on realisation.

Liquidity and cash flow risks

The Group actively managed its debt maturity profile, operating cash flows and the availability of the funding so as to ensure that all financing, repayment and funding needs are met. As part of the overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company as at 30 June 2008 approximated their fair values.

	GROUP		COMPANY	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Investments - quoted	**40,387**	**40,407***	**377**	**377***

* *Market values as at financial year end*

No disclosure is made for:

(a) Unquoted shares as it is not practical to estimate the fair value because of the lack of market information and the assumptions used in valuation models to value these investments cannot be reasonably determined; and

(b) Balances with subsidiary and associated companies as it is impractical to determine their fair values in view of the uncertainty as to the timing of future cash flows. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(a) Cash and cash equivalents and trade and other receivables/payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(b) Investment in quoted shares

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(c) Borrowings

The carrying amount of short term borrowings approximates fair value because of the short maturity period. The fair value of long term borrowings is estimated based on the current rates available for borrowings with the same maturity profile.

46. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year presentation.

	GROUP	
	As previously reported RM'000	**As restated RM'000**
Income Statement		
Revenue	334,039	215,654
Other operating income	220,649	194,180
Changes in inventories	(697)	(1,059)
Property development expenditure	(74,031)	–
Employee benefits expense	(32,849)	(21,566)
Depreciation and amortisation expenses	(11,874)	(9,079)
Other operating expenses	(96,631)	(51,820)
Profit from operations	318,594	306,298
Impairment losses	(162,436)	(70,202)
Finance costs	(159,737)	(157,165)
Share of result of associated companies	(4,007)	(7,567)
(Loss)/Profit before taxation	(7,586)	71,364
Taxation	(18,829)	(17,143)

STATEMENT BY DIRECTORS

We, **JEN TAN SRI DATO' ZAIN MAHMUD HASHIM (b)** and **TAN SRI WILLIAM H.J. CHENG**, being two of the Directors of **AMSTEEL CORPORATION BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 32 to 114 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2008 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 25 September 2008.

JEN TAN SRI DATO' ZAIN MAHMUD HASHIM (b)
Chairman

TAN SRI WILLIAM H.J. CHENG
Director

Kuala Lumpur

STATUTORY DECLARATION

I, **CHENG SIN YENG**, the officer primarily responsible for the financial management of **AMSTEEL CORPORATION BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 32 to 114 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.

Subscribed and solemnly declared by the abovenamed CHENG SIN YENG at Kuala Lumpur in the Federal Territory on 25 September 2008.

CHENG SIN YENG

Before me

W327
MOHD RADZI BIN YASIN
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMSTEEL CORPORATION BERHAD

Report on the Financial Statements

We have audited the accompanying financial statements of AMSTEEL CORPORATION BERHAD, which comprise the balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 114.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2008 and of their financial performance and cash flows for the year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which discloses the premises upon which the Group and the Company have prepared its financial statements by applying the going concern assumption, notwithstanding that the Group and the Company incurred a net loss of RM70.428 million and RM151.293 million respectively for the financial year ended 30 June 2008. In addition, we draw attention to Note 30 which sets forth the status of the Group's borrowings and management's plans to redress those conditions.

Report on Other Legal and Regulatory Requirements

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

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

(b) we have considered the financial statements and the independent auditors' reports of all the subsidiaries which have not acted as auditors, which are indicated in Note 19 to the financial statements.

(c) we are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) the independent auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification other than as disclosed in Note 19 to the financial statements and did not include any comment made under subsection (3) of Section 174 of the Act.

Other Matters

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

ONG BOON BAH & CO	**WONG SOO THIAM**
AF: 0320	**1315/12/08(J)**
Chartered Accountants	**Partner of the Firm**

Kuala Lumpur

MATERIAL CONTRACTS
INVOLVING DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

1. Sale and Purchase Agreement dated 27 March 2008 entered into between the Company and Lion Forest Industries Berhad ("LFIB"), a company wherein a Director and certain major shareholders of the Company have interests, for the disposal of the Company's entire equity interest comprising 1,000,000 ordinary shares of RM1.00 each fully paid in Singa Logistics Sdn Bhd to LFIB for a cash consideration of RM2.727 million ("Disposal"). The Disposal was completed on 24 April 2008.

2. Sale and Purchase Agreement dated 21 May 2008 between (i) the Company; (ii) Lion Diversified Holdings Berhad ("LDHB"), a major shareholder of the Company and a company wherein a Director and certain major shareholders of the Company have interests; and (iii) Teraju Varia Sdn Bhd ("Teraju Varia"), a wholly-owned subsidiary of LDHB, for the proposed disposal of RM900.0 million nominal value of Class B(b) Bonds issued by Lion Corporation Berhad with a present value as at 31 October 2008 of approximately RM787.1 million for a cash consideration of RM400.0 million to LDHB and Teraju Varia.

3. Sale and Purchase Agreement dated 21 May 2008 between the Company and Limbungan Emas Sdn Bhd ("Limbungan Emas"), a company controlled by a Director who is also a major shareholder of the Company, for the proposed disposal to Limbungan Emas of the Company's entire shareholding in Akurjaya Sdn Bhd, Ayer Keroh Resort Sdn Bhd, Bungawang Sdn Berhad, Visionwell Sdn Bhd, Lion Metal Industries Sdn Bhd and Inverfin Sdn Bhd (collectively the "Target Companies") together with the subsidiaries of the Target Companies, the properties owned by the Target Companies and their subsidiaries ("Properties") and the total assets and liabilities related to the Properties after the Group Reorganisation as defined therein with all rights attaching thereto including but without limitation to all profits, bonuses, rights, dividends and distributions declared paid or made in respect thereof as from 1 April 2007, for a total cash consideration of approximately RM818.4 million.

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2008

No.	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM million)	Date of Acquisition/ Last Revaluation
1.	CT 13782 Lot 692 Section 57, Jalan Nagasari Kuala Lumpur	Freehold	8,624.6 sq metres	Land and development	Property under development	74.7	15.12.1995
2.	Lot 2330, Mukim of Beranang Daerah Hulu Langat Selangor	Freehold	25.4 hectares	Mixed development land	Property under development	7.7	13.5.1996
3.	Brooklands 2 Estate Bandar Baru Brooklands Grant 5106 Lot 707 Grant 10886 Lot 1644 & 1647, Grant 10885 Lot 1645 & 1648, Mukim Tanjong Duabelas Kuala Langat, Selangor	Freehold	204.1 hectares	Mixed development land	Property under development	75.6	7.10.1993 and 28.9.1999
4.	Brooklands 3 Estate HS (D) 5377 Lot PT 6339 Mukim Tanjong Duabelas Daerah Kuala Langat Selangor	Freehold	503.4 hectares	Agriculture land	Oil palm plantation	80.9	31.3.2007
5.	Lot 22, 607, 776, 618-634 Mukim of Beranang Daerah Hulu Langat, Selangor	Freehold	241.3 hectares	Mixed development land	Property under development	140.5	7.6.1993
6.	HS (D) 24277 PT 3501 Lot 1, Jalan Waja Bukit Raja Industrial Estate Mukim of Bukit Raja Klang, Selangor	Leasehold 22.10.2088	3.2 hectares	Land and building	Office and factory 20	11.1	22.8.1983
7.	12, Jalan Astaka U8/82 Bukit Jelutong Business & Technology Centre Shah Alam, Selangor	Freehold	1,729.9 sq metres	Industrial land and building	Office 8	2.1	11.10.2000
8.	Lot 8771U, Bandar Ipoh Daerah Kinta, Plot 294B, 294C, 294D, 294E, 294G Lorong Menteri, Ipoh, Perak	Leasehold 10.9.2894	3,313.4 sq metres	Land	Vacant	0.8	30.4.1998
9.	105, Jalan Sultan Abdul Jalil Greentown, Ipoh	Freehold	30,3000.0 sq metres (Gross floor area)	Building	Medical Centre partially completed	23.0	3.6.2005
10.	Lot 1, 6 & 537 Merbau Pulas Estate Mukim of Padang Meha District of Kulim, Kedah	Freehold	317.0 hectares	Agriculture land	For future development	29.0	31.3.2007

No.	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM million)	Date of Acquisition/ Last Revaluation
11.	Taman Serai Setia Lot 953, Mukim of Sidam Kanan, Daerah Kulim, Kedah	Freehold	0.59 hectares	Mixed development land	Property under development	0.6	20.9.1997
12.	Bagan Sena Estate Mukim of Bagan Sena District of Kulim, Kedah	Freehold	1,162.4 hectares	Agriculture land and building	Oil palm and rubber plantation	57.8	31.3.2007
13.	Chembong Estate Mukim of Pedas Daerah Rembau Negeri Sembilan	Freehold	222.0 hectares	Agriculture land and building	Oil palm and rubber plantation	25.1	31.3.2007
14.	Lenggeng Estate Mukim of Lenggeng District of Seremban Negeri Sembilan	Freehold	364.0 hectares	Mixed development land	Oil palm plantation and property under development	146.6	31.3.2007
15.	Batu Sablas Mukim of Rantau Daerah Seremban Negeri Sembilan	Freehold	480.0 hectares	Agriculture land and building	Oil palm and rubber plantation	28.1	31.3.2007
16.	PT 3252-3255, 3677, 4606 Lot 1840-1859 Mukim Bukit Katil Daerah Melaka Tengah Melaka	Leasehold 13.6.2090, 5.12.2090 and 25.5.2093	150.9 hectares	Land and buildings	Golf course and country club 9	83.2	14.6.1991, 6.12.1991 and 26.5.1994
17.	PT 488-490 Kawasan Bandar Hilir Daerah Melaka Tengah Melaka	Leasehold 19.10.2091 and 18.7.2089	7.0 hectares	Land and buildings	Hotel, carpark and property under development 12	28.0	26.7.1991 and 20.10.1992
18.	Lot 2933-2939 Mukim of Tebrau, Johor	Freehold	15.3 hectares	Mixed development land	Property under development	8.5	25.10.1995
19.	HS (D) 212200 PTD 111298 Mukim of Plentong Johor Bahru, Johor	Freehold	8,219.9 sq metres	Industrial land	Vacant	3.5	7.5.1998
20.	HS (D) 212298 PTD 111398 Mukim of Plentong Johor Bahru, Johor	Freehold	14,965.0 sq metres	Industrial land	Vacant	4.8	7.5.1998

No.	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM million)	Date of Acquisition/ Last Revaluation
21.	Lot 4, Jalan Singgamata Lahad Datu, Sabah	Leasehold 22.4.2064	174.0 sq metres	Land and building	Rental 27	0.2	5.8.1991
22.	LG Floor, Block A Kompleks Karamunsing Jalan Tuaran Kota Kinabalu, Sabah	Leasehold 21.1.2901	1,257.3 sq metres	Land and building	Departmental store 20	1.7	14.3.1989
23.	Nyayum Estate Pontianak Kalimantan Barat Indonesia	Location Permit	4,500.0 hectares	Agriculture land	Oil palm plantation	5.2	7.11.1996
24.	Darit Estate Pontianak Kalimantan Barat Indonesia	Location Permit	20,000.0 hectares	Agriculture land	Oil palm plantation	1.6	7.11.1996
25.	Ngabang Estate Pontianak Kalimantan Barat Indonesia	Location Permit	16,500.0 hectares	Agriculture land	Oil palm plantation	12.1	7.11.1996
26.	39, Changchun Chuang Ye Street, Changchun Chaoyang, China	Leasehold 14.7.2027	21,234.0 sq metres	Commercial land and building	Office and hotel 14	63.1	6.9.1994

ANALYSIS OF SHAREHOLDINGS

Share Capital as at 31 October 2008

Authorised Capital	:	RM2,000,000,000
Issued and Paid-up Capital	:	RM1,331,174,812
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

Distribution of Shareholdings as at 31 October 2008

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	2,577	7.66	107,076	0.01
100 to 1,000	15,843	47.11	8,192,807	0.62
1,001 to 10,000	10,810	32.15	42,285,478	3.18
10,001 to 100,000	3,572	10.62	131,376,594	9.87
100,001 to less than 5% of issued shares	823	2.45	651,501,639	48.94
5% and above of issued shares	3	0.01	497,711,218	37.38
	33,628	100.00	1,331,174,812	100.00

Thirty Largest Registered Shareholders as at 31 October 2008

	Registered Shareholders	No. of Shares	% of Shares
1.	RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Corporation Berhad	235,098,987	17.66
2.	Lion Corporation Berhad	179,712,231	13.50
3.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad SMS Demag AG for Lion Corporation Berhad	82,900,000	6.23
4.	EB Nominees (Tempatan) Sendirian Berhad EON Bank Berhad	45,877,176	3.45
5.	RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad	38,781,283	2.91
6.	RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Silverstone Corporation Berhad	34,012,605	2.56
7.	Alliancegroup Nominees (Asing) Sdn Bhd Bayerische Landesbank (Hong Kong Branch)	20,059,383	1.51
8.	AMSEC Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Amsteel Mills Sdn Bhd (CS-Amsteel0)	19,211,931	1.44
9.	Affin Nominees (Asing) Sdn Bhd Wide Fidelity Limited for Limpahjaya Sdn Bhd	14,995,653	1.13
10.	Kumpulan Perangsang Selangor Berhad	14,738,956	1.11
11.	Lim Seng Chee	14,137,800	1.06

Registered Shareholders		No. of Shares	% of Shares
12.	HSBC Nominees (Asing) Sdn Bhd Bank of America, National Association, Labuan Branch	14,010,350	1.05
13.	RC Nominees (Asing) Sdn Bhd BNP Paribas (Labuan Branch)	11,670,772	0.88
14.	RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Corporation Berhad (LCB-B1)	10,436,759	0.78
15.	Tee Yeow	10,000,000	0.75
16.	Ng Teng Song	9,254,800	0.70
17.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Clearstream Banking S.A.	8,847,164	0.66
18.	Tee Yeow	7,750,720	0.58
19.	Mayban Nominees (Asing) Sdn Bhd DBS Bank for Agricultural Bank of China (S'pore Branch)	7,743,602	0.58
20.	Citigroup Nominees (Asing) Sdn Bhd Citigroup GM Inc for Avenue Asia Investments, LP	7,647,369	0.57
21.	Citigroup Nominees (Asing) Sdn Bhd CBHK for Standard Merchant Bank (Asia) Limited (STD BK Asia LTD)	6,294,361	0.47
22.	RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Limpahjaya Sdn Bhd (LCB-B3)	5,804,320	0.44
23.	Heng Nam Import & Export (M) Sdn Bhd	5,299,000	0.40
24.	Projek Lebuhraya Utara-Selatan Berhad	5,052,784	0.38
25.	Chin Chin Seong	5,000,000	0.38
26.	Cartaban Nominees (Asing) Sdn Bhd Credit Suisse Securities (Europe) Limited	4,646,161	0.35
27.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	4,633,614	0.35
28.	CIMSEC Nominees (Asing) Sdn Bhd) Exempt AN for CIMB-GK Securities Pte Ltd (Retail Clients)	4,189,552	0.31
29.	Lim Gim Leong	3,931,600	0.30
30.	Jacob LDC	3,871,801	0.29

Substantial Shareholders as at 31 October 2008

Substantial Shareholders	Direct Interest No. of Shares	Direct Interest % of Shares	Indirect Interest No. of Shares	Indirect Interest % of Shares
1. Tan Sri William H.J. Cheng	–	–	629,038,255	47.25
2. Datuk Cheng Yong Kim	87,000	0.01	595,025,650	44.70
3. Lion Realty Pte Ltd	–	–	594,686,450	44.67
4. Lion Development (Penang) Sdn Bhd	–	–	594,686,450	44.67
5. Horizon Towers Sdn Bhd	–	–	594,686,450	44.67
6. Lion Corporation Berhad	508,147,977	38.17	86,538,473	6.50
7. Lion Industries Corporation Berhad	38,781,283	2.91	555,905,167	41.76
8. Amsteel Mills Sdn Bhd	19,211,931	1.44	575,474,519	43.23
9. LLB Steel Industries Sdn Bhd	–	–	594,686,450	44.67
10. Steelcorp Sdn Bhd	–	–	594,686,450	44.67
11. Lion Diversified Holdings Berhad	3,318,501	0.25	591,367,949	44.42
12. LDH (S) Pte Ltd	–	–	594,686,450	44.67
13. Narajaya Sdn Bhd	–	–	594,686,450	44.67

Directors' Interests in Shares in the Company and its Related Companies as at 31 October 2008

The Directors' interests in shares in the Company and its related companies as at 31 October 2008 are as follows:

	Nominal Value per Ordinary Share	Direct Interest No. of Shares	Direct Interest % of Shares	Indirect Interest No. of Shares	Indirect Interest % of Shares
The Company					
Jen Tan Sri Dato' Zain Mahmud Hashim (b)	RM1.00	–	–	53,321	0.004
Tan Sri William H.J. Cheng	RM1.00	–	–	629,113,455	47.26
Tan Siak Tee	RM1.00	10,000	*	–	–
Related Companies					
Tan Sri William H.J. Cheng					
Ambang Maju Sdn Bhd	RM1.00	–	–	70,000	70.00
Ayer Keroh Resort Sdn Bhd	RM1.00	–	–	20,000,000	100.00
Bungawang Sdn Berhad	RM1.00	–	–	25,000	100.00
Crystavel Sdn Bhd (In Liquidation – Voluntary)	RM1.00	–	–	998	99.8
Davids Warehousing Sdn Bhd (In Liquidation – Voluntary)	RM1.00	–	–	4,080,000	51.00
Dwiwater Sdn Bhd	RM1.00	–	–	5,252	52.52
Kobayashi Optical Sdn Bhd	RM1.00	–	–	700,000	70.00
Lion Plantations Sdn Bhd	RM1.00	–	–	8,000,000	100.00
Salient Care Sdn Bhd	RM1.00	–	–	1,400,000	70.00

Directors' Interests in Shares in the Company and its Related Companies as at 31 October 2008 (continued)

	Nominal Value per Ordinary Share	Direct Interest No. of Shares	Direct Interest % of Shares	Indirect Interest No. of Shares	Indirect Interest % of Shares
Related Companies					
Tan Sri William H.J. Cheng					
Secom-Kop Security Systems Sdn Bhd	RM1.00	–	–	6	6.00
Secom (Malaysia) Sdn Bhd	RM1.00	–	–	5,100,000	51.00
Visionwell Sdn Bhd	RM1.00	–	–	16,000,000	80.00
Masoni Investment Pte Ltd	**	–	–	9,500,000	100.00
P T Amsteel Securities Indonesia	Rp1,000	–	–	9,350,000	85.00
P T Kebunaria	Rp1,000,000	–	–	17,000	85.00

Investments in the People's Republic of China	Indirect Interest Rmb	Indirect Interest % Holding
Jilin Motor City Park Hotel Co Ltd	60,000,000	60.00

	Nominal Value per Preference Share	Direct Interest No. of Shares	Direct Interest % of Shares	Indirect Interest No. of Shares	Indirect Interest % of Shares
Related Company					
Tan Sri William H.J. Cheng					
Hy-Line Berhad	RM1,000	–	–	2,480	70.86

Notes:

* *Negligible*

** *Shares in companies incorporated in Singapore do not have a par value.*

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related companies as at 31 October 2008.

OTHER INFORMATION

(I) Status of Utilisation of Proceeds from Corporate Proposals as at 31 October 2008

	Proposed Utilisation	Utilisation Status	
		Actual	Unutilised/ Outstanding
	RM'mil	RM'mil	RM'mil
1. Disposal of approximately 1,512 million new ordinary shares of HKD0.01 each in CIL Holdings Limited ("CIL") received pursuant to a scheme of arrangement proposed by CIL to Ambang Jaya Sdn Bhd and Angkasa Marketing (Singapore) Pte Ltd in settlement of debts owing by CIL.			
a) Estimated expenses	0.02	0.02	–
b) Redemption/repayment of ACB Bonds and USD Debts	5.30	1.51	[2] 3.79
	5.32	1.53	3.79

Note:

[1] *The outstanding portion is pending settlement from CIL. The Group has taken legal action to recover the outstanding portion.*

(II) Status of Conditions Imposed by the Securities Commission ("SC")

The status of the various conditions imposed by the SC in its approval of the Group Wide Restructuring Scheme ("GWRS") are as follows:

(a) Status of Compliance on Restructuring of Organisational and Financial Management System

As mentioned in the previous years' Annual Report, the Group had strengthened its Organisational and Financial Management System through the recruitment of experienced and capable personnel to head the Group's operations and the streamlining of the management reporting system. Whilst the identification and recruitment of further specialised and skilled human resources is an ongoing process, the Group, as reported previously, had complied with all material recommendations by PricewaterhouseCoopers Consulting Sdn Bhd ("PwC") as set out in the Circular to Shareholders dated 9 January 2003. Summarised below are the current organisational and financial management structure.

1. Organisation Structure

As proposed by PwC, the Lion Group organisation structure is currently segregated into three (3) distinct levels covering the structure at the overall Group Management level, Public Company both listed and unlisted ("PLC") Management level and also the structure at the various key operating companies ("KOCs") level.

1.1 Group Management Structure

The Group Executive Chairman heads and oversees the Group's functions and his primary duties include, amongst others, the setting of overall strategic and business directions for the Lion Group to ensure shareholders' values are achieved and also to ensure that the objectives of the GWRS are met. In the discharge of his duties, he is supported by the various high level committees including the Group Investment Committee and the Group Management Committee. Members of these committees comprise Group Directors, Group Executive Directors and Managing Directors/Executive Directors of the PLCs. The post of Group Finance Director is currently overseen by a Group Executive Director.

1.2 Amsteel Corporation Berhad ("Amsteel") Management Structure

The Amsteel management structure is headed by a well-balanced and experienced Board of Directors, who is responsible for the financial performance and profitability of Armsteel as well as the implementation of various strategic business plans and objectives of the Amsteel Group, including overseeing the divestment plans of the Amsteel Group. The Board is supported by the Audit Committee which comprised a majority of independent Directors, The Audit Committee is assisted by the internal audit function.

1.3 KOC Organisation Structure

Each KOC is headed by a CEO who is responsible for the operational and financial performance and profitability of the KOC. His team includes the Financial Controller and the heads of department of manufacturing, sales and marketing, management information system and human resource.

2. Financial Management

The recommendations from PwC to streamline the reporting processes for our China operations as well as to meet the stringent reporting requirements of the GWRS have largely been put in place via the enhancement in the reporting packages in terms of consistency and completeness. The management is also working closely with the Monitoring Accountants to ensure Amsteel's financial performance is reported to its lenders in a timely and comprehensive manner.

The Amsteel Group's financial management system has been further strengthened following the establishment of the Corporate Risk Management framework which seeks to identify, evaluate, control and monitor various risk profiles faced by the Group.

(b) Status of the Proposed Divestment Programme ("PDP")

(i) Status of the assets to be divested

			Subsequent to December 2007			
				Proceeds received / to be received (Jan - Dec 08)		
Stages of assets to be divested	**PDP (Per GWRS)**	**Completed before Dec 2007**	**Concluded Sales Total**	**Actual Jan - June 2007**	**Projected Jul - Dec 2007**	**Total Jan - Dec 2007**
	RM' mil	**RM' mil**	**RM' mil**	**RM' mil (a)**	**RM' mil (b)**	**RM' mil (a) + (b)**
By December 2002						
Steel manufacturing assets	10.00	10.00	–	–	–	–
Warehouse	3.14	3.14	–	–	–	–
Equity interest in property holding company	38.73	38.73	–	–	–	–
Listed shares in financial services company	70.00	70.00	–	–	–	–
Listed shares in industrial products company	25.86	25.86	–	–	–	–
Listed shares	3.22	4.57	–	–	–	–
By December 2003						
Equity interest/assets in financial services company	74.32	42.25	–	–	–	–
Equity interest in retailing companies	127.47	127.47	–	–	–	–
Shares in unlisted/listed companies, freehold land, factory and shoplots in Parade	158.63	55.91	–	–	–	–
By December 2004						
Leasehold land	4.86	11.83	–	–	–	–
Equity interest in retailing companies	315.45	315.45	–	–	–	–
Freehold land, property holding and shoplots in Parade	348.29	63.91	35.65	9.12	26.53	35.65
By December 2005						
Equity interest in retailing companies	12.87	12.87	–	–	–	–
Hotel and freehold land	240.71	–	–	–	–	–
By December 2006						
Equity interest in retailing companies	93.23	12.52	–	–	–	–
Freehold land, unlisted shares in companies, shopping centres, golf club and medical centre	1,063.76	220.70	117.35	–	117.35	117.35
Total	2,590.54	1,017.51	153.00	9.12	143.88	153.00

The Group will, if necessary, divest other assets which are not part of the PDP, to redeem/repay the ACB Bonds and USD Debts.

(ii) Transactions completed during the financial period (January - June 2008)

As disclosed in Note 43(a) to the financial statements, the proceeds of RM9.12 million from the Tranche 1 Sale was utilised to redeem/repay the ACB Bonds and USD debts.

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AMSTEEL CORPORATION BERHAD
(Incorporated in Malaysia) (20667-M)

FORM OF PROXY

CDS ACCOUNT NUMBER

			–				–									

I/We ....

I.C. No./Company No. ....

of ....

being a member/members of AMSTEEL CORPORATION BERHAD, hereby appoint ....

....

I.C. No. ....

of ....

or failing whom ....

I.C. No. ....

of ....

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 31 December 2008 at 12.00 noon and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Directors' Report and Audited Financial Statements		
2. To approve Directors' fees		
3. To re-elect as Director, Mr M. Chareon Sae Tang @ Tan Whye Aun		
4. To re-appoint as Director, Y. Bhg. Jen Tan Sri Dato' Zain Mahmud Hashim (b)		
5. To re-appoint Auditors		
6. Authority to Directors to issue shares		
7. Proposed Amendments to the Articles of Association of the Company		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this ....day of..2008

Signed :..

No. of shares : ....

In the presence of :..

Representation at Meeting:

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.
- An instrument appointing a proxy executed in Malaysia need not be witnessed. The signature to an instrument appointing a proxy executed outside Malaysia shall be attested by a solicitor, notary public, consul or magistrate.
- The instrument of proxy shall be deposited at the Registered Office of the Company, Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.
- Form of Proxy sent through facsimile transmission shall not be accepted.