AMSTEEL CORPORATION BERHAD

2009

AMSTEEL CORPORATION BERHAD

A Member of The Lion Group

(20667-M)

Laporan Tahunan 2009 Annual Report

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fourth 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 3 December 2009 at 9.30 am for the following purposes:

AGENDA

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2009. **Resolution 1**

2. To approve the payment of Directors' fees amounting to RM81,600 (2008 : RM116,000). **Resolution 2**

3. To re-elect Directors:

   In accordance with Article 97 of the Company's Articles of Association, the following Directors retire by rotation and, being eligible, offer themselves for re-election:

   Y. Bhg. Tan Sri William H.J. Cheng **Resolution 3**
   Mr Tan Siak Tee **Resolution 4**

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

   "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 5**

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting of the Company." **Resolution 6**

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr M. Chareon Sae Tang @ Tan Whye Aun be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting of the Company." **Resolution 7**

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 8**

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 9**

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

   Proposed Change of Name

   "THAT the name of the Company be changed from "Amsteel Corporation Berhad" to "ACB Resources Berhad" with effect from the date of the Certificate of Incorporation on Change of Name of Company to be issued by the Companies Commission of Malaysia ("Proposed Change of Name"); **Resolution 10**

   AND THAT the Directors be and are hereby authorised to carry out all necessary formalities in effecting the Proposed Change of Name."

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
11 November 2009

Notes:

a) Proxy

- *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 26 November 2009 shall be eligible to attend the 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.*
- *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.*
- *Completed Form of Proxy sent through facsimile transmission shall not be accepted.*

b) Proposed Change of Name - Resolution 10

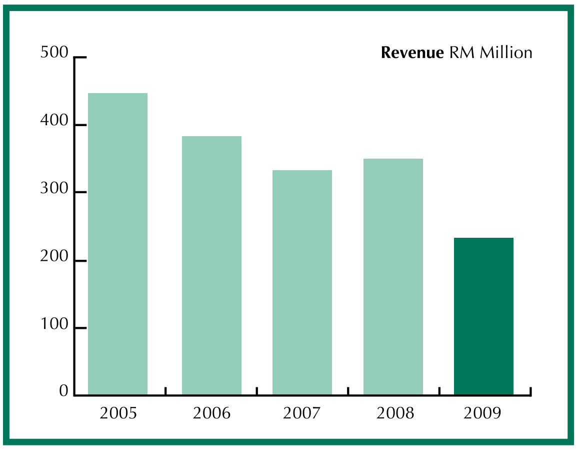
The Proposed Change of Name would better reflect the principal activity of the Company which is that of investment holding.

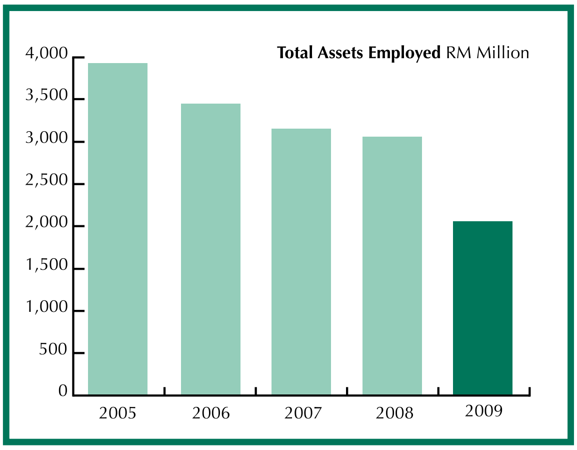
CORPORATE INFORMATION

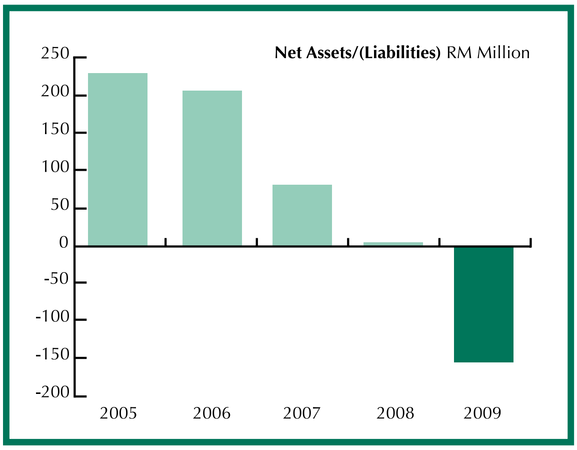
Board of Directors	:	Y. Bhg. Jen Tan Sri Dato' Zain Mahmud Hashim (b) *(Chairman)* Y. Bhg. Tan Sri William H.J. Cheng Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim Mr M. Chareon Sae Tang @ Tan Whye Aun Mr Tan Siak Tee
Secretaries	:	Ms Chan Poh Lan Ms Wong Phooi Lin
Company No.	:	20667-M
Registered 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

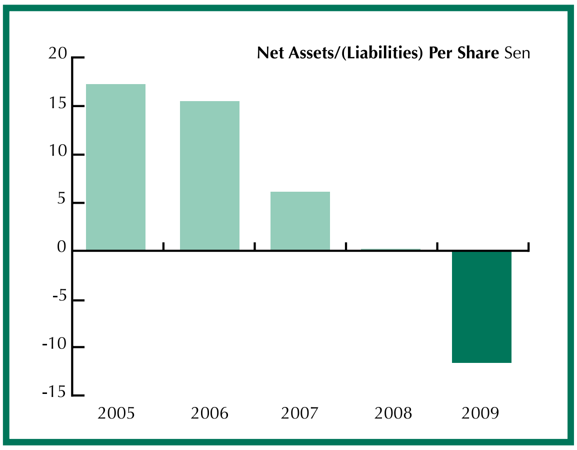
5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years ended 30 June	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Revenue	447,724	383,243	334,039	351,144	**233,735**
Profit from operations	199,482	220,005	318,594	190,279	**98,644**
Profit/(Loss) before taxation	(201)	37,290	(7,586)	(59,920)	**(112,206)**
Profit/(Loss) after taxation	9,800	7,345	(26,415)	(70,428)	**(116,074)**
Total assets employed	3,933,428	3,458,498	3,158,332	3,058,846	**2,065,693**
Net assets/(liabilities)	230,779	207,242	82,195	989	**(154,034)**
	Sen	**Sen**	**Sen**	**Sen**	**Sen**
Net assets/(liabilities) per share	17.3	15.6	6.2	0.1	**(11.6)**
Earnings/(Loss) per share	0.5	0.6	(2.1)	(5.5)	**(8.9)**
	'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**









REVIEW OF OPERATION

GROUP FINANCIAL PERFORMANCE

In February 2009, the Group implemented its corporate and debts restructuring scheme ("ACB Scheme") and disposed of its core business comprising the entire local property development and related businesses. The discontinued business contributed eight months' revenue and operating profit to the Group amounting to RM58 million and RM16 million respectively.

The Group's remaining on-going businesses involved in the plantation, hotel, provision of security services and investment holding sectors recorded a revenue of RM176 million and operating profit of RM83 million. After accounting for a net gain arising from the debts restructuring exercise, a loss from the divestment of property development and related businesses, finance costs and share of profit in associated companies, the Group posted a net loss of RM116 million for the financial year.

CORPORATE DEVELOPMENTS

1. On 27 February 2009, the Company implemented a corporate and debts restructuring scheme to address its debt repayment obligations which involved, *inter alia*, the following:

    (i) Disposal of RM900.0 million nominal value of Lion Corporation Berhad ("LCB") Class B(b) Bonds with a present value of RM804.5 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 LDHB.

    (ii) Conversion of:

    (a) RM1.3 million nominal value of LCB Class B(a) Bonds with a present value of RM1.2 million into RM1.2 million nominal value of LCB Class B(a) redeemable convertible secured loan stocks ("RCSLS"); and

    (b) RM200.0 million nominal value of LCB Class B(b) Bonds with a present value of RM178.8 million into RM178.8 million LCB Class B(b) RCSLS.

    (iii) Proposed disposal of 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 for a total cash consideration of approximately RM818.4 million.

2. On 6 February 2009, the Company received a Notice of Conditional Voluntary Take-over Offer ("Offer") from LCB and its wholly-owned subsidiary, Limpahjaya Sdn Bhd (collectively the "Joint Offerors") to acquire the remaining 797.8 million ordinary shares of RM1.00 each in the Company not already held by the Joint Offerors, representing approximately 59.9% of the Company's existing issued and paid-up share capital, to be satisfied by the issue and allotment of one (1) LCB B Warrant for every ten (10) existing shares held in the Company.

    Upon the completion of the Offer on 21 April 2009, the LCB Group held 67.7% of the total issued and paid-up share capital of the Company. The Company then became a subsidiary of LCB.

    LCB had subsequently on 26 June 2009 completed the disposal of 20% equity interest in the Company, reducing LCB Group's holding in the Company to 47.7% and the Company ceased to be a subsidiary of LCB.

Full details of the above are set out on pages 83 and 84 of this Annual Report.

REVIEW OF OPERATION

Property Division

For the financial year under review, the property projects under the Group performed moderately for the year. The economic downturn saw the property market dampening since October 2008. Many developers were cautious and selective with their launches and some even deferred their launches due to the weak market situation.

The Group implemented its ACB Scheme during the financial year which resulted in the property development and hotel businesses in Malaysia being disposed of. As such, the Division posted a lower revenue and operating profit of RM65 million and RM8 million respectively, compared to a revenue of RM137 million and operating profit of RM38 million in the previous year.

The property development projects disposed of under the ACB Scheme, amongst others, are projects at Bandar Bukit Mahkota Bangi, Bandar Akademia Lenggeng, and One Residency Kuala Lumpur. The Group had also disposed of its investment in Mahkota Hotel and Tiara Melaka Golf & Country Club under the same scheme.

Our hotel operation in China, namely 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 Northeast China. For the financial year under review, the 206-room hotel recorded an average occupancy rate in excess of 60%.

Plantation Division

The Plantation Division recorded a much lower revenue for the financial year under review mainly due to lower crude palm oil prices and lower rubber prices as compared to the preceding financial year.

The Group disposed of its plantation operations in Malaysia pursuant to the ACB Scheme during the financial year. Meanwhile, the remaining plantation operations located at West Kalimantan, Indonesia comprised an oil palm plantation with a planted area of 4,800 hectares. This plantation recorded a slightly higher loss of RM3.4 million as compared to RM3.3 million a year ago. Continuous measures and efforts are being carried out to enhance yield and cost effectiveness.

Other Operations

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

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 computerised central monitoring system for emergency response, CCTV, audio/video intercom, security audit and the supply of guards for residential and commercial properties. For the year under review, Secom recorded a higher revenue of RM39 million as compared to RM37 million a year ago. However, Secom posted a slightly lower profit of RM8 million as compared to RM9 million the previous year due mainly to lower margins and higher head count. Secom will continue with its aggressive strategies to improve sales services and expand its market presence in order to remain competitive.

FINANCIAL STATEMENTS

2009

For The Financial Year Ended 30 June 2009

DIRECTORS' REPORT

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 2009.

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 except for the disposal of subsidiary companies as disclosed in Note 13 to the financial statements.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Net loss for the financial year	(116,074)	(200,850)
Attributable to:		
Equity holders of the Company	(118,838)	(200,850)
Minority interests	2,764	–
	(116,074)	(200,850)

DIVIDENDS

The Directors do not recommend any dividend payment in respect of the financial year ended 30 June 2009.

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 97 of the Company's Articles of Association, Y. Bhg. Tan Sri William H.J. Cheng and Mr Tan Siak Tee retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Jen Tan Sri Dato' Zain Mahmud Hashim (b), Y. Bhg. Lt Jen (B) Datuk Seri Abdul Manap bin Ibrahim and Mr M. Chareon Sae Tang @ Tan Whye Aun retire and offer themselves for re-appointment as Directors 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 the sole proprietor 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 corporations and certain companies in which certain Directors of the Company and/or its subsidiary companies are substantial shareholders as disclosed in Note 36 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 of RM1.00 each			
	As at 1.7.2008	**Additions**	**Disposals**	**As at 30.6.2009**
Direct interest				
Tan Siak Tee	10,000	–	(10,000)	–
Indirect interest				
Tan Sri William H.J.Cheng	629,113,455	367,345,482	(361,973,682)	634,485,255
Jen Tan Sri Dato' Zain Mahmud Hashim (b)	53,321	–	–	53,321

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

	Nominal value per ordinary share	As at 1.7.2008	Additions	Disposals	As at 30.6.2009
		Number of shares			
Indirect interest					
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	As at 9.7.2008[(1)]	Additions	Disposals	As at 30.6.2009
		Number of shares			
Secom-Kop Security Systems Sdn Bhd	RM1.00	6	59,994	–	60,000

	Nominal value per preference share	As at 1.7.2008	Additions	Disposals	As at 30.6.2009
		Number of shares			
Hy-Line Berhad	RM1,000	2,480	–	–	2,480

Investment in the People's Republic of China	**Currency**	**As at 1.7.2008**	**Additions**	**Disposals**	**As at 30.6.2009**
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
(1) Became a related corporation on 9 July 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 Company or its related corporations 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, except as disclosed in the financial statements:

(a) 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) 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 41 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 14 October 2009.

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 2009

	Note	2009 RM'000	2008 RM'000
Continuing operations			
Revenue	7	**175,858**	230,113
Other operating income		**21,093**	23,795
Changes in inventories		**(724)**	1,561
Raw materials and consumables used		**(4,461)**	(5,399)
Purchase of trading goods		**(6,308)**	(7,695)
Employee benefits expense	8	**(21,657)**	(21,587)
Depreciation and amortisation expenses		**(8,845)**	(8,907)
Other operating expenses		**(72,215)**	(70,917)
Profit from operations	9	**82,741**	140,964
(Loss)/Gain on foreign exchange - unrealised		**(119,515)**	103,718
Impairment losses in unquoted bonds		**–**	(140,000)
Net gain on debts restructuring scheme	10	**33,525**	–
Finance costs	11	**(112,503)**	(144,597)
Share in results of associated companies		**(872)**	3,986
Loss before taxation		**(116,624)**	(35,929)
Taxation	12	**(2,631)**	(5,943)
Net loss for the financial year from continuing operations		**(119,255)**	(41,872)
Discontinued operations			
Profit/(Loss) from discontinued operations	13	**3,181**	(28,556)
Net loss for the financial year		**(116,074)**	(70,428)
Attributable to:			
Equity holders of the Company		**(118,838)**	(73,659)
Minority interests		**2,764**	3,231
Net loss for the financial year		**(116,074)**	(70,428)
Loss per share attributable to equity holder of the Company:			
- Basic (sen)	14	**(8.9)**	(5.5)

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

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2009

	Note	2009 RM'000	2008 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**93,988**	90,731
Prepaid land lease payments	16	**920**	923
Biological assets	17	**15,197**	16,804
Associated companies	18	**11,141**	24,408
Interest in joint-ventures	20	**–**	–
Investments	21	**931,947**	794,916
Land held for property development	22(a)	**–**	–
Goodwill	23	**–**	–
Deferred consideration	25	**566,903**	–
		1,620,096	927,782
Current assets			
Investments	21	**–**	732,841
Property development costs	22(b)	**–**	577
Inventories	24	**6,082**	10,080
Receivables	25	**298,795**	152,643
Tax recoverable		**9,203**	9,631
Deposits, cash and bank balances	26	**131,517**	117,105
		445,597	1,022,877
Assets classified as held for sale	27	**–**	1,108,187
		445,597	2,131,064
TOTAL ASSETS		**2,065,693**	3,058,846
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	28	**1,331,175**	1,331,175
Share premium		**230,188**	230,188
Reserves	29	**420,261**	645,766
Accumulated losses		**(2,135,658)**	(2,206,140)
		(154,034)	989
Minority interests		**24,213**	22,955
(Deficit in equity)/Total equity		**(129,821)**	23,944

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

CONSOLIDATED BALANCE SHEET (continued)

AS AT 30 JUNE 2009

	Note	2009 RM'000	2008 RM'000
Non-current liabilities			
ACB Bonds and USD Debts	30	**2,111,266**	842,355
Finance lease liabilities	31	**49**	67
Deferred liabilities		**1,657**	2,677
Deferred tax liabilities	32	**1,383**	1,376
		2,114,355	846,475
Current liabilities			
Payables	33	**70,120**	93,529
Finance lease liabilities	31	**17**	17
Provisions	34	**–**	5
ACB Bonds and USD Debts	30	**10,497**	1,811,839
Short term borrowings	35	**–**	22,875
Tax liabilities		**525**	75
		81,159	1,928,340
Liabilities classified as held for sale	27	**–**	260,087
		81,159	2,188,427
Total liabilities		**2,195,514**	3,034,902
TOTAL EQUITY AND LIABILITIES		**2,065,693**	3,058,846

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

COMPANY INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Note	2009 RM'000	2008 RM'000
Revenue	7	**109,284**	157,267
Other operating income		**396,819**	8,609
Employee benefits expense	8	**–**	(69)
Depreciation		**(1)**	(64)
Other operating expenses		**(474,817)**	(131,786)
Profit from operations	9	**31,285**	33,957
(Loss)/Gain on foreign exchange - unrealised		**(119,452)**	103,721
Impairment losses in unquoted bonds		**–**	(140,000)
Net gain on debts restructuring scheme	10	**33,525**	–
Finance costs	11	**(146,256)**	(142,207)
Loss before taxation		**(200,898)**	(144,529)
Taxation	12	**48**	(6,764)
Net loss for the financial year		**(200,850)**	(151,293)

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

COMPANY BALANCE SHEET

AS AT 30 JUNE 2009

	Note	2009 RM'000	2008 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**9**	10
Associated companies	18	**4,000**	12,380
Subsidiary companies	19	**4,751**	439,120
Investments	21	**902,795**	754,897
Deferred consideration	25	**566,903**	–
		1,478,458	1,206,407
Current assets			
Investments	21	**–**	732,841
Receivables	25	**2,007,415**	2,809,289
Tax recoverable		**4,602**	6,744
Deposits, cash and bank balances	26	**79,999**	34,391
		2,092,016	3,583,265
TOTAL ASSETS		**3,570,474**	4,789,672
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	28	**1,331,175**	1,331,175
Share premium		**230,188**	230,188
Accumulated losses		**(1,060,787)**	(859,937)
Total equity		**500,576**	701,426
Non-current liability			
ACB Bonds and USD debts	30	**2,192,826**	865,058
Current liabilities			
Payables	33	**866,568**	1,389,862
ACB Bonds and USD Debts	30	**10,504**	1,833,326
		877,072	3,223,188
Total liabilities		**3,069,898**	4,088,246
TOTAL EQUITY AND LIABILITIES		**3,570,474**	4,789,672

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Note	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation			
- Continuing operations		**(116,624)**	(35,929)
- Discontinued operations		**4,418**	(23,991)
Loss before taxation		**(112,206)**	(59,920)
Adjustment for non-cash items, interests and dividends	39(a)	**116,059**	86,185
Operating profit before working capital changes		**3,853**	26,265
Increase in inventories		**(2,118)**	(3,862)
Decrease in property development costs		**13,451**	4,093
(Increase)/Decrease in trade and other receivables		**(16,370)**	15,964
(Decrease)/Increase in trade and other payables		**(1,844)**	15,733
Cash (used in)/generated from operations		**(3,028)**	58,193
Tax refunded		**2,418**	10,533
Net cash (outflow)/inflow from operating activities		**(610)**	68,726
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(11,360)**	(12,331)
Advance to associated companies		**–**	(11)
Proceeds from disposal of property, plant and equipment		**340**	31,450
Proceeds from disposal of investments		**207,290**	16
Proceeds from disposal of subsidiary companies		**–**	8,449
Effect of disposal of subsidiary and associated companies, net of cash disposed	13	**(15,818)**	–
Dividend received		**2,236**	1,107
Interest received		**15,050**	22,751
Net cash inflow from investing activities		**197,738**	51,431

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

CONSOLIDATED CASH FLOW STATEMENT (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Note	2009 RM'000	2008 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to minority interests		**(368)**	(358)
Net decrease in short term borrowings		**–**	(2,725)
Repayment of long term borrowings		**–**	(7,874)
Redemption/repayment of bonds and USD debts		**(276,231)**	(54,728)
Repayment of finance lease liabilities		**(67)**	(94)
Interest paid		**(5)**	(1,772)
Decrease in fixed deposits pledged		**2,217**	4,692
(Increase)/Decrease in fixed deposits earmarked for bonds and USD debts redemption		**(69,475)**	12,611
(Repayment to)/Advances from associated companies		**(683)**	20,099
Issue of shares by a subsidiary company		**40**	–
Net cash outflow from financing activities		**(344,572)**	(30,149)
Effect of exchange rate changes on cash and cash equivalents		**(18,604)**	(12,319)
Net (decrease)/increase in cash and cash equivalents		**(166,048)**	77,689
Cash and cash equivalents at beginning of the financial year		**226,069**	148,380
Cash and cash equivalents at end of the financial year	39(b)	**60,021**	226,069

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

COMPANY CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Note	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(200,898)**	(144,529)
Adjustment for non-cash items, interests and dividends	39(a)	**181,263**	135,174
Operating loss before working capital changes		**(19,635)**	(9,355)
Decrease /(Increase) in other receivables		**35,146**	(7,226)
Increase in other payables		**1,882**	8,469
Cash generated from/(used in) operations		**17,393**	(8,112)
Tax refunded		**2,690**	5,384
Net cash inflow/(outflow) from operating activities		**20,083**	(2,728)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Advances to)/Repayment from subsidiary companies		**(1,098)**	29,648
Advances to associated companies		**–**	(11)
Proceeds from disposal of investments		**200,298**	–
Proceeds from disposal of subsidiary and associated companies		**100,520**	2,727
Interest received		**1,224**	926
Dividend received		**1,500**	19,220
Net cash inflow from investing activities		**302,444**	52,510
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from subsidiary companies		**–**	26,244
Repayment to an associated company		**(688)**	–
Redemption/Repayment of bonds and USD debts		**(276,231)**	(54,728)
(Increase)/Decrease in fixed deposits earmarked for bonds and USD debts redemption		**(71,300)**	11,830
Net cash outflow from financing activities		**(348,219)**	(16,654)
Net (decrease)/increase in cash and cash equivalents		**(25,692)**	33,128
Cash and cash equivalents at beginning of the financial year		**34,391**	1,263
Cash and cash equivalents at end of the financial year	39(b)	**8,699**	34,391

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	← 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 recognised directly in equity	–	–	(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
Balance at 1 July 2008	1,331,175	230,188	645,766	(2,206,140)	989	22,955	23,944
Net translation loss on equity of foreign subsidiary companies	–	–	(77,565)	–	(77,565)	–	(77,565)
Winding up of a subsidiary company	–	–	1,078	–	1,078	–	1,078
Issue of shares to minority shareholders by a subsidiary company	–	–	–	–	–	40	40
Disposal of subsidiary companies	–	–	(149,018)	189,320	40,302	(1,178)	39,124
Net (loss)/gain recognised directly in equity	–	–	(225,505)	189,320	(36,185)	(1,138)	(37,323)
Net loss for the financial year	–	–	–	(118,838)	(118,838)	2,764	(116,074)
Dividend paid	–	–	–	–	–	(368)	(368)
Balance at 30 June 2009	**1,331,175**	**230,188**	**420,261**	**(2,135,658)**	**(154,034)**	**24,213**	**(129,821)**

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

		Non-Distributable		
	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 July 2007	1,331,175	230,188	(708,644)	852,719
Net loss for the financial year	–	–	(151,293)	(151,293)
Balance at 30 June 2008	1,331,175	230,188	(859,937)	701,426
Net loss for the financial year	–	–	(200,850)	(200,850)
Balance at 30 June 2009	**1,331,175**	**230,188**	**(1,060,787)**	**500,576**

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company is 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 except for the disposal of subsidiary companies as disclosed in Note 13 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 October 2009.

2. GOING CONCERN

The Group and the Company incurred a net loss of RM118.838 million and RM200.850 million respectively for the financial year ended 30 June 2009 and as of that date, the Group has a deficit in its shareholders' funds of RM154.034 million. In addition, as disclosed in Note 30 to the financial statements, the ACB Bonds and USD Debts of the Group and of the Company which are repayable within the next 12 months amounted to RM10 million and RM11 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 27 February 2009, the Company implemented the corporate and debts restructuring scheme which is to address its debt obligation to redeem/repay the ACB Bonds and USD Debts of the Group and of the Company.

The Directors are of the opinion that the corporate and debts restructuring scheme referred to above had been 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.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, unless otherwise indicated in the summary of significant accounting policies.

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 the portion of 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 liabilities. 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

All items of 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 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.

(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 the 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:

	2009 RM	2008 RM
Foreign currency		
1 US Dollar	**3.5290**	3.2620
1 Singapore Dollar	**2.4313**	2.3968
1 Hong Kong Dollar	**0.4552**	0.4180
100 Philippine Peso	**7.2800**	7.2350
100 Indonesian Rupiah	**0.0324**	0.0334
1 Chinese Renminbi	**0.5147**	0.4766

(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, 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 impairment losses. The accretion of interest on the bond investment is recognised as interest income on the basis of their underlying yield to maturity.

Investment in LCB Redeemable Convertible Secured Loan Stocks ("RCSLS") is recorded at cost, adjusted for accretion of interest less any impairment losses.

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. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following FRSs, Amendments to FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs and Interpretations	**Effective for financial periods beginning on or after**
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 101: Presentation of Financial Statements	1 January 2010
FRS 123: Borrowing costs	1 January 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 132 Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11 FRS 2 : Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13 : Customer Loyalty Programme	1 January 2010
IC Interpretation 14 FRS 119 : The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

The above FRSs, Amendments to FRSs and IC Interpretations are not expected to have any significant impact to the financial statements of the Group and of the Company upon their initial application.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

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) 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.

(ii) 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 these 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.

(iii) 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		Total	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Group						
Sales of goods	**22,004**	37,657	**10,585**	8,517	**32,589**	46,174
Rendering of services	**30,587**	42,567	**1,483**	452	**32,070**	43,019
Property development	**–**	–	**33,219**	92,401	**33,219**	92,401
Dividend income	**275**	641	**–**	–	**275**	641
Interest income	**107,369**	131,288	**–**	–	**107,369**	131,288
Rental income	**9,358**	11,889	**10,141**	15,773	**19,499**	27,662
Others	**6,265**	6,071	**2,449**	3,888	**8,714**	9,959
	175,858	230,113	**57,877**	121,031	**233,735**	351,144
Company						
Dividend income	**2,000**	25,983	**–**	–	**2,000**	25,983
Interest income	**107,284**	131,284	**–**	–	**107,284**	131,284
	109,284	157,267	**–**	–	**109,284**	157,267

8. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Continuing operations				
Salaries, wages and bonuses	**12,387**	13,379	**–**	42
Defined contribution plans	**1,427**	1,397	**–**	6
Other staff related expenses	**7,843**	6,811	**–**	21
	21,657	21,587	**–**	69
Discontinued operations				
Salaries, wages and bonuses	**5,878**	7,935	**–**	–
Defined contribution plans	**734**	991	**–**	–
Other staff related expenses	**1,414**	1,585	**–**	–
	8,026	10,511	**–**	–
Total	**29,683**	32,098	**–**	69

Included in employee benefits expense of the Group and of the Company is an executive Director's remuneration as disclosed in Note 9(b). The executive Director has resigned during the previous financial year.

9. PROFIT FROM OPERATIONS

(a) Profit from operations is arrived at:

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
After charging:				
Depreciation	**7,739**	7,765	**1**	64
Directors' remuneration (Note 9(b))	**95**	235	**95**	164
Auditors' remuneration:				
- current year	**254**	273	**44**	42
- prior year	**3**	9	**–**	–
Amortisation of:				
- prepaid land lease payments	**3**	5	**–**	–
- biological assets	**1,103**	1,137	**–**	–
Allowance for diminution in value of quoted investments	**6,933**	28,671	**1,276**	189
Rental of land and buildings	**330**	420	**–**	–
Rental of equipment	**–**	449	**–**	–
Allowance for doubtful receivables:				
- subsidiary companies	**–**	–	**430,126**	112,311
- associated companies	**8,911**	10,000	**8,911**	10,000
- others	**65**	–	**–**	–
Written off:				
- property, plant and equipment	**37**	28	**–**	–
- bad receivables	**113**	–	**–**	–
Loss on disposal of:				
- property, plant and equipment	**16**	–	**–**	–
- quoted investments	**2,437**	13	**79**	1
Loss on foreign exchange - realised	**29,895**	32	**28,978**	–
And crediting:				
Rental income	**9,345**	14,069	**–**	–
Interest income from:				
- subsidiary companies	**–**	–	**–**	90
- unquoted bonds	**106,060**	130,167	**106,060**	130,167
- others	**2,300**	2,988	**1,224**	1,027
Gross dividend from investments:				
Quoted in Malaysia	**39**	708	**–**	–
Unquoted in Malaysia:				
- subsidiary companies	**–**	–	**–**	25,183
- associated companies	**–**	–	**2,000**	800
Gain on disposal of:				
- property, plant and equipment	**–**	14,254	**–**	–
- subsidiary companies	**–**	3,355	**382,029**	7,609
Gain on foreign exchange - realised	**–**	23	**–**	–
Allowance for doubtful receivables written back	**–**	6,714	**–**	–
Bad receivables recovered	**3,531**	355	**–**	–
Impairment loss on investment in subsidiary company written back	**–**	–	**–**	1,000

(b) Directors' remuneration

	GROUP		COMPANY	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Director *				
Fees	**–**	4	**–**	4
Salaries and other emoluments	**–**	48	**–**	48
	–	52	**–**	52
Non-Executive Directors				
Fees	**82**	112	**82**	112
Salaries and other emoluments	**–**	71	**–**	–
Benefits-in-kind	**13**	–	**13**	–
	95	183	**95**	112
TOTAL	**95**	235	**95**	164

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

Range of remuneration	**Number of Directors**	
	2009	**2008**
Non-executive Directors :		
RM25,000 and below	**4**	2
RM25,001- RM50,000	**1**	2
RM50,001- RM100,000	**–**	1

* 2008 : A Director who resigned during the previous financial year

10. NET GAIN ON DEBTS RESTRUCTURING SCHEME

	GROUP		COMPANY	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Gain on tenders of ACB Bonds and USD Debts	**214,650**	–	**214,650**	–
Loss on disposal of investment in unquoted bonds	**(181,125)**	–	**(181,125)**	–
	33,525	–	**33,525**	–

The net gain on debts restructuring scheme in relation to the implementation of a corporate and debts restructuring scheme as disclosed in Note 41(a).

11. FINANCE COSTS

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Continuing operations				
Interest expenses on:				
- hire purchase	**5**	5	**–**	–
- term loans	**–**	261	**–**	–
- ACB Bonds and USD Debts	**112,498**	143,213	**53,306**	48,910
- ACB Debts	**–**	–	**92,950**	93,297
- others	**–**	1,118	**–**	–
	112,503	144,597	**146,256**	142,207
Discontinued operations				
Interest expenses on:				
- hire purchase	**99**	15	**–**	–
- others	**694**	373	**–**	–
	793	388	**–**	–
Total	**113,296**	144,985	**146,256**	142,207

12. TAXATION

	GROUP 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Continuing operations				
Income tax:				
- Malaysian income tax	**2,615**	6,144	**–**	6,764
- Foreign tax	**–**	81	**–**	–
- Prior year	**9**	(529)	**(48)**	–
Deferred tax (Note 32):				
- Relating to origination and reversal of temporary differences	**(31)**	247	**–**	–
- Prior year	**38**	–	**–**	–
	2,631	5,943	**(48)**	6,764
Discontinued operations				
Income tax:				
- Malaysian income tax	**2,364**	5,546	**–**	–
- Prior year	**(1,127)**	(986)	**–**	–
Deferred tax (Note 32):				
- Relating to origination and reversal of temporary differences	**–**	5	**–**	–
	1,237	4,565	**–**	–
Total	**3,868**	10,508	**(48)**	6,764

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

	GROUP		COMPANY	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/Profit before taxation				
- Continuing operations	**(116,624)**	(35,929)	**(200,898)**	(144,529)
- Discontinued operations (Note 13)	**4,418**	(23,991)	**–**	–
	(112,206)	(59,920)	**(200,898)**	(144,529)

	GROUP		COMPANY	
	2009	**2008**	**2009**	**2008**
	%	%	%	%
Taxation at Malaysian statutory tax rate	**(25)**	(26)	**(25)**	(26)
Effect of different tax rates in other countries	**–**	1	**–**	–
Income not subject to tax	**(48)**	(58)	**(74)**	(44)
Expenses not deductible for tax purposes	**76**	105	**99**	75
Utilisation of tax losses and capital allowances	**–**	(2)	**–**	–
Deferred tax assets not recognised during the financial year	**–**	1	**–**	–
Overprovision in prior year	**–**	(3)	**–**	–
	3	18	**–**	5

Malaysian income tax is calculated at the tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. The computation of deferred tax as at 30 June 2009 has reflected these changes.

13. DISCONTINUED OPERATIONS

During the financial year, the Group completed the disposal of subsidiary companies as disclosed in Note 41(a). As at 30 June 2009, the results from these subsidiary companies are presented separately on the consolidated income statement as discontinued operations.

An analysis of the result of the discontinued operations is as follow:

	GROUP	
	2009	**2008**
	RM'000	**RM'000**
Revenue	**57,877**	121,031
Other operating income	**21,360**	71,362
Operating expenses	**(63,334)**	(143,078)
Profit from operations	**15,903**	49,315
Loss recognised on the measurement to fair value less costs to sell	**(14,670)**	(77,280)
Finance costs	**(793)**	(388)
Share in results of associated companies	**3,978**	4,362
Profit/(Loss) before taxation of discontinued operations (Note 12)	**4,418**	(23,991)
Taxation (Note 12)	**(1,237)**	(4,565)
Net profit/(loss) for the financial year from discontinued operations	**3,181**	(28,556)

The following amounts have been included in arriving at profit from operations of discontinued operations:

	GROUP	
	2009	**2008**
	RM'000	**RM'000**
After charging:		
Depreciation	**839**	2,505
Auditors' remuneration:		
- current year	**45**	67
- prior year	**–**	9
Amortisation of prepaid land lease payments	**1,081**	317
Rental of land and buildings	**2,456**	3,789
Property, plant and equipment written off	**–**	1
And crediting:		
Rental income	**2,649**	15,929
Interest income from others	**12,750**	19,762
Gain on disposal of:		
- property, plant and equipment	**66**	7,179
- subsidiary company	**–**	18,733
Bad receivables recovered	**35**	8
Reversal of impairment losses for land held for property development	**1,785**	10,596

The cash flows attributable to the discontinued operations are as follows:

	GROUP	
	2009	**2008**
	RM'000	**RM'000**
Net cash flow from operating activities	**38,880**	2,717
Net cash flow from investing activities	**(5,970)**	21,914
Net cash flow from financing activities	**(67)**	367
Net cash from discontinued operations	**32,843**	24,998

The disposals had the following effects on the financial position of the Group as at the end of the financial year:

	Up to the date of disposal 2009 RM'000
Property, plant and equipment	**149,649**
Prepaid land lease payments	**115,225**
Biological assets	**9,050**
Associated companies	**70,500**
Land held for property development	**300,609**
Deferred tax assets	**5,143**
Property development costs	**107,311**
Inventories	**158,839**
Trade and other receivables	**136,345**
Deposits, cash and bank balances	**116,339**
Trade and other payables	**(319,840)**
Finance lease liabilities	**(61)**
Minority interests	**(1,179)**
Deferred liabilities	**(6,324)**
Deferred tax liabilities	**(8,537)**
Net assets disposed of	**833,069**
Loss on disposal	**(14,670)**
Total cash consideration	**818,399**
Cash and cash equivalents of subsidiary companies disposed of	**(116,339)**
Deferred consideration	**(717,878)**
Net cash outflow from disposal of subsidiary companies	**(15,818)**

14. LOSS PER SHARE

Basic

Basic earnings/(loss) per share is calculated by dividing the net profit/(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	
	2009 RM'000	**2008 RM'000**
Continuing operations		
Net loss for the financial year attributable to ordinary equity holders of the Company	**(122,019)**	(45,103)
Weighted average number of ordinary shares in issue	**1,331,175**	1,331,175
Basic loss per share (sen)	**(9.1)**	(3.4)
Discontinued operations		
Net profit/(loss) for the financial year attributable to ordinary equity holders of the Company	**3,181**	(28,556)
Weighted average number of ordinary shares in issue	**1,331,175**	1,331,175
Basic earnings/(loss) per share (sen)	**0.2**	(2.1)

	GROUP	
	2009	**2008**
Total		
Basic earnings/(loss) per share (sen)		
- Continuing operations	**(9.1)**	(3.4)
- Discontinued operations	**0.2**	(2.1)
	(8.9)	(5.5)

Diluted

The diluted loss 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 2009						
GROUP						
COST						
At 1 July 2008	117,141	55,331	6,312	4,735	409	183,928
Additions	783	2,915	1,594	782	–	6,074
Disposals	–	(204)	(178)	(568)	–	(950)
Exchange difference	8,060	1,200	1	–	33	9,294
Written off	–	(286)	–	–	–	(286)
Reclassification	–	442	–	–	(442)	–
At 30 June 2009	125,984	59,398	7,729	4,949	–	198,060
ACCUMULATED DEPRECIATION						
At 1 July 2008	39,676	46,235	4,200	3,086	–	93,197
Charge for the financial year	3,871	2,756	574	538	–	7,739
Disposals	–	(139)	(153)	(368)	–	(660)
Exchange difference	2,961	1,021	48	15	–	4,045
Written off	–	(249)	–	–	–	(249)
At 30 June 2009	46,508	49,624	4,669	3,271	–	104,072
NET BOOK VALUE						
At 30 June 2009	79,476	9,774	3,060	1,678	–	93,988
As at 30 June 2008						
GROUP						
COST						
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
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
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	–	–	–	–	–	–
NET BOOK VALUE						
At 30 June 2008	77,465	9,096	2,112	1,649	409	90,731

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

At 30 June 2009	–	–	–	–	–	–
At 30 June 2008	–	–	–	146	–	146

	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
As at 30 June 2009			
COMPANY			
COST			
At 1 July 2008/30 June 2009	15	736	751
ACCUMULATED DEPRECIATION			
At 1 July 2008	5	736	741
Charge for the financial year	1	–	1
At 30 June 2009	6	736	742
NET BOOK VALUE			
At 30 June 2009	9	–	9
As at 30 June 2008			
COMPANY			
COST			
At 1 July 2007/30 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

16. PREPAID LAND LEASE PAYMENTS

	GROUP 2009 RM'000	2008 RM'000
Cost		
At 1 July	**987**	30,076
Transfer to assets held for sale (Note 27)	**–**	(29,089)
At 30 June	**987**	987
Accumulated amortisation		
At 1 July	**64**	2,929
Amortisation for the financial year	**3**	322
Transfer to assets held for sale (Note 27)	**–**	(3,187)
At 30 June	**67**	64
Net carrying amount		
At 30 June	**920**	923
Analysed as:		
Long term leasehold land	**920**	923

The leases will expire between the year 2064 and 2894.

Prepaid land lease payments are amortised over the lease terms of the land.

17. BIOLOGICAL ASSETS

	GROUP 2009 RM'000	2008 RM'000
Cost or valuation		
At 1 July	**22,748**	33,773
Exchange fluctuation	**(681)**	(1,975)
Transfer to assets held for sale (Note 27)	**–**	(9,050)
At 30 June	**22,067**	22,748
Accumulated depreciation		
At 1 July	**5,944**	5,223
Charge for the financial year	**1,103**	1,137
Exchange fluctuation	**(177)**	(416)
At 30 June	**6,870**	5,944
Net carrying amount		
At 30 June	**15,197**	16,804

18. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Continuing operations				
Unquoted shares - at cost	**74,059**	239,226	**4,000**	114,409
Share in post acquisition reserves	**(62,918)**	(142,493)	**–**	–
	11,141	96,733	**4,000**	114,409
Impairment losses	**–**	(72,325)	**–**	(102,029)
	11,141	24,408	**4,000**	12,380
Discontinued operations				
Unquoted shares - at cost	**–**	11,560	**–**	–
Share in post acquisition reserves	**–**	54,962	**–**	–
	–	66,522	**–**	–
Total	**11,141**	90,930	**4,000**	12,380

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

	GROUP	
	2009 RM'000	2008 RM'000
At beginning of the financial year	**(103,615)**	(105,108)
(Loss)/Profit not recognised during the financial year	**(1,102)**	1,493
At end of the financial year	**(104,717)**	(103,615)

Certain unquoted shares of the Group and of the Company amounting to RM74.1 million (2008: RM250.8 million) and RM4 million (2008: RM114.4 million) at cost respectively were pledged as securities for the bonds issued pursuant to the GWRS.

The associated companies are:

Name of Company	Country of Incorporation	Holding in Equity 2009 %	Holding in Equity 2008 %	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
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
1st Avenue Mall Sdn Bhd (formerly known as Lion Mutiara Parade Sdn Bhd) ^	Malaysia	**30**	30	30 June	# Holding of properties for long-term investment and rental purposes
Steel Industries (Sabah) Sdn Bhd *	Malaysia	**20**	20	31 December	Manufacturing and trading of steel bars
Silverstone Corporation Berhad	Malaysia	**–**	28.86 #18.16	30 June	Investment holding

Holding in equity by subsidiary companies

* *Financial statements of associated companies as at 30 June 2009 not audited by Ong Boon Bah & Co*

^ *The Group's investments in these companies are the subject of disposal under the terms of the sale and purchase agreement entered into between the Company and Limbungan Emas Sdn Bhd. The transfer of beneficial ownership of these investments was still pending as at year end.*

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

	GROUP	
	2009 RM'000	2008 RM'000
Assets and liabilities		
Current assets	**180,357**	519,403
Non-current assets	**51,616**	1,125,024
Total assets	**231,973**	1,644,427
Current liabilities	**257,189**	833,965
Non-current liabilities	**–**	408,073
Total liabilites	**257,189**	1,242,038
Results		
Revenue	**109,769**	804,737
Net profit for the financial year	**19,510**	40,127

19. SUBSIDIARY COMPANIES

	COMPANY	
	2009 RM'000	2008 RM'000
Unquoted shares in Malaysia at cost	**941,773**	941,773
Impairment losses	**(502,653)**	(502,653)
Disposals	**(434,369)**	–
	4,751	439,120
Unquoted shares outside Malaysia at cost	**2,236**	2,236
Impairment losses	**(2,236)**	(2,236)
	–	–
Total	**4,751**	439,120

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding in Equity 2009 %	2008 %	Principal Activities
Akurjaya Sdn Bhd^	Malaysia	**100**	100	Investment holding, plantation management and property development
Amalgamated Rolling Mill Sdn Bhd	Malaysia	**100**	100	Trading in steel products and other related services
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) (Dissolved on 15.7.2009)	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	Investment holding
Timuriang Sdn Bhd	Malaysia	**100**	100	Investment holding

Name of Company	Country of Incorporation	Holding in Equity 2009 %	2008 %		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 Limited*	Hong Kong	**100**	100	#	Ceased operation
Amsteel Asset Management (M) Sdn Bhd* (In Liquidation - Voluntary) (Dissolved on 8.11.2008)	Malaysia	**–**	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

Name of Company	Country of Incorporation	Holding in Equity 2009 %	2008 %	Principal Activities
Benecorp Sdn Bhd	Malaysia	**100**	100	# Operations of retail outlets selling clothes, apparels and related accessories
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	# 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	# Cultivation of oil palm and property development

Name of Company	Country of Incorporation	Holding in Equity 2009 %	2008 %	Principal Activities
Masbeef Sdn Bhd	Malaysia	**100**	100	# Investment holding
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
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
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
Secom-Kop Security Systems Sdn Bhd*	Malaysia	**60**	–	# Dormant
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	# Investment holding
The Lenggeng Rubber Company Limited^	United Kingdom	**100**	100	# Landscaping business and investment holding
Umatrac Enterprises Sdn Bhd	Malaysia	**100**	100	# Investment holding

Name of Company	Country of Incorporation	Holding in Equity 2009 %	2008 %		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 2009 not audited by Ong Boon Bah & Co*

\# *Holding in equity by subsidiary companies*

^ *These companies are the subject of disposal under the terms of the sale and purchase agreement entered into between the Company and Limbungan Emas Sdn Bhd. The Company no longer has management control of these companies and these companies are classified as discontinued operations as disclosed in Note 41(a)(iii). However, the transfer of beneficial ownership was still pending as at year end.*

Certain subsidiary companies' financial statements for the financial year ended 30 June 2009 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 2009 and 2008 amounted to Rp153,342,209,717 and Rp153,320,073,717 respectively. The company has a capital deficiency for the financial year ended 30 June 2009 and 2008 amounting to Rp142,342,209,717 and Rp142,320,073,717 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 loss of 117 million peso and net income of 141 million peso for the financial years ended 30 June 2009 and 30 June 2008 respectively and has a net capital deficiency of 1.6 billion and 1.5 billion peso for the financial years ended 30 June 2009 and 2008 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 0.06 million peso and 0.01 million peso for the financial years ended 30 June 2009 and 30 June 2008 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 5,000 peso and 15,000 peso for the financial years ended 30 June 2009 and 30 June 2008. 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 2009 RM'000	GROUP 2008 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 2009 RM'000	GROUP 2008 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 2009 RM'000	GROUP 2008 RM'000
Revenue	**–**	–
Expenses	**–**	–
Profit from ordinary activities	**–**	–

There were no capital commitments and contingent liabilities in the joint-ventures as at 30 June 2009.

The joint-venture companies are:

Name of Joint-Venture	Holding in Equity by Subsidiary Companies 2009 %	Holding in Equity by Subsidiary Companies 2008 %	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 2009 RM'000	GROUP 2008 RM'000	COMPANY 2009 RM'000	COMPANY 2008 RM'000
Non-current				
Shares quoted in Malaysia at cost	**16,339**	25,808	**6,380**	1,008
Impairment losses	**(44)**	(6,547)	**(1,276)**	(631)
	16,295	19,261	**5,104**	377
Shares quoted outside Malaysia at cost	**48,175**	56,016	**–**	–
Impairment losses	**(30,223)**	(34,890)	**–**	–
	17,952	21,126	**–**	–
Unquoted investment at cost	**137**	137	**128**	128
LCB Bonds	**830,634**	754,392	**830,634**	754,392
LCB RCSLS	**66,929**	–	**66,929**	–
	897,700	754,529	**897,691**	754,520
Total	**931,947**	794,916	**902,795**	754,897

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current				
LCB Bonds	–	872,841	–	872,841
Impairment losses	–	(140,000)	–	(140,000)
Total	–	732,841	–	732,841
Total				
Shares quoted in Malaysia at cost	**16,339**	25,808	**6,380**	1,008
Impairment loss	**(44)**	(6,547)	**(1,276)**	(631)
	16,295	19,261	**5,104**	377
Shares quoted outside Malaysia at cost	**48,175**	56,016	–	–
Impairment loss	**(30,223)**	(34,890)	–	–
	17,952	21,126	–	–
Unquoted shares at cost	**137**	137	**128**	128
LCB Bonds	**830,634**	1,627,233	**830,634**	1,627,233
LCB RCSLS	**66,929**	–	**66,929**	–
Impairment loss	–	(140,000)	–	(140,000)
	897,563	1,487,233	**897,563**	1,487,233
Total	**931,947**	1,527,757	**902,795**	1,487,738
Market value of:				
Shares quoted in Malaysia	**16,314**	19,285	**5,104**	377
Shares quoted outside Malaysia	**17,952**	21,122	–	–
	34,266	40,407	**5,104**	377

Certain investments of the Group and of the Company amounting to RM0.93 billion and RM0.90 billion (2008: RM1.53 billion and RM1.49 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	
	2009 RM'000	2008 RM'000
Land, at cost	–	177,707
Development expenditure	–	162,747
Impairment losses	–	(38,560)
Transfer to assets held for sale (Note 27)	–	(301,894)
	–	–

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

	GROUP	
	2009 RM'000	2008 RM'000
At beginning of the financial year	–	298,465
Additions	–	3,386
Transfer from property development costs (Note (b))	–	43
Transfer to assets held for sale (Note 27)	–	(301,894)
At end of the financial year	–	–

(b) Property development costs

	GROUP	
	2009 RM'000	2008 RM'000
At beginning of the financial year		
- land, at cost	–	68,765
- development costs	–	220,683
- accumulated costs charged to income statement	–	(136,593)
- impairment losses	–	(38,237)
	–	114,618
Costs incurred during the financial year:		
- transfer to land held for property development (Note (a))	–	(43)
- development costs	–	85,196
- impairment losses	–	10,596
	–	95,749

	GROUP 2009 RM'000	GROUP 2008 RM'000
Cost charged to income statement	–	(90,071)
Transfer to inventories	–	(2,604)
Transfer to assets held for sale (Note 27)	–	(117,115)
	–	(209,790)
At end of the financial year	–	577

23. GOODWILL

	GROUP 2009 RM'000	GROUP 2008 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 2009 RM'000	GROUP 2008 RM'000
At cost:		
Raw materials	**141**	69
Finished goods	**1,795**	758
General and consumable stores	**1,299**	1,605
Work-in-progress	**1,325**	3,053
Completed property units for sale	–	667
	4,560	6,152
At net realisable value:		
Marketable securities	**1,522**	3,928
Total	**6,082**	10,080

25. RECEIVABLES

	GROUP		COMPANY	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred consideration	**717,878**	–	**717,878**	–
Less: Non-current	**(566,903)**	–	**(566,903)**	–
	150,975	–	**150,975**	–
Trade receivables	**161,089**	166,024	**–**	–
Allowance for doubtful receivables	**(128,685)**	(121,664)	**–**	–
	32,404	44,360	**–**	–
Accrued billings	**–**	47,963	**–**	–
Other receivables, deposits and prepayments	**144,499**	85,469	**43,142**	33,564
Allowance for doubtful receivables	**(77,547)**	(82,535)	**(1,961)**	(1,961)
	66,952	50,897	**41,181**	31,603
Amount due from subsidiary companies	**–**	–	**2,637,983**	3,561,234
Allowance for doubtful receivables	**–**	–	**(855,635)**	(825,380)
	–	–	**1,782,348**	2,735,854
Amount due from associated companies	**88,413**	88,337	**65,904**	65,914
Allowance for doubtful receivables	**(39,949)**	(30,951)	**(32,993)**	(24,082)
	48,464	57,386	**32,911**	41,832
Total	**298,795**	152,643	**2,007,415**	2,809,289

The deferred consideration arose from the disposal of subsidiary companies pursuant to the corporate and debts restructuring scheme as disclosed in Note 41(a)(iii).

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 free (2008: 1% 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Ringgit Malaysia	**245,257**	90,494	**1,534,589**	2,237,122
Chinese Renminbi	**1,312**	1,861	**194**	194
Singapore Dollar	**50,233**	58,393	**115,382**	103,089
Hong Kong Dollar	**1,390**	1,232	**200,547**	273,005
Others	**603**	663	**156,703**	195,879
	298,795	152,643	**2,007,415**	2,809,289

26. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits with licensed financial institutions	**114,122**	89,100	**79,112**	33,973
Cash and bank balances	**17,395**	28,005	**887**	418
	131,517	117,105	**79,999**	34,391

Certain deposits included in deposits with licensed financial institutions are:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Pledged as security for credit facilities granted to the Group	**5**	5	**–**	–
Earmarked for bond redemption under the GWRS	**71,491**	2,016	**71,300**	–
	71,496	2,021	**71,300**	–

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

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Ringgit Malaysia	**128,657**	113,064	**79,999**	34,391
Others	**2,860**	4,041	**–**	–
	131,517	117,105	**79,999**	34,391

The average interest rates of deposits at the balance sheet date is 2.6% (2008: 3.0%) per annum.

The average maturities of deposits as at the end of the financial year is 18 days (2008: 18 days).

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

In the previous financial year, the assets and liabilities of the Target Companies and its subsidiary companies have been classified as disposal group held for sale on the consolidated balance sheet pursuant to the corporate and debts restructuring scheme as mentioned in Note 41(a)(iii).

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

28. SHARE CAPITAL

	GROUP AND COMPANY 2009 RM'000	2008 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 ESOS shall be allocated, in aggregate, to executive directors and senior management; and

  (ii) not more than 10% of the shares available under the ESOS 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements), 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

	Non-distributable Translation RM'000	Capital reserve RM'000	Revaluation reserve RM'000	Total RM'000
GROUP				
Balance at 1 July 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
Net translation loss on equity of foreign subsidiary companies	(77,565)	–	–	(77,565)
Disposal of subsidiary companies	(1,732)	(20,843)	(126,443)	(149,018)
Winding up of a subsidiary company	1,078	–	–	1,078
Balance at 30 June 2009	**(49,308)**	**469,569**	**–**	**420,261**

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current				
- ACB Bonds	**2,126**	483,342	**2,126**	483,342
- ACB Debts	**–**	–	**8,378**	1,349,984
- ACB Consolidated and Rescheduled Debts	**8,371**	1,328,497	**–**	–
	10,497	1,811,839	**10,504**	1,833,326
Non-current				
- ACB Bonds	**622,374**	294,416	**622,374**	294,416
- ACB Debts	**–**	–	**1,570,452**	570,642
- ACB Consolidated and Rescheduled Debts	**1,488,892**	547,939	**–**	–
	2,111,266	842,355	**2,192,826**	865,058
Total				
- ACB Bonds	**624,500**	777,758	**624,500**	777,758
- ACB Debts	**–**	–	**1,578,830**	1,920,626
- ACB Consolidated and Rescheduled Debts	**1,497,263**	1,876,436	**–**	–
	2,121,763	2,654,194	**2,203,330**	2,698,384

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

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Within one year	**10,497**	1,811,839	**10,504**	1,833,326
More than one year and less than two years	**790,931**	–	**796,419**	–
More than two years and less than five years	**1,252,055**	842,355	**1,307,328**	865,058
More than five years	**68,280**	–	**89,079**	–
	2,121,763	2,654,194	**2,203,330**	2,698,384

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

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Ringgit Malaysia	**624,500**	777,758	**624,500**	777,758
United States Dollar	**1,497,263**	1,876,436	**1,578,830**	1,920,626
	2,121,763	2,654,194	**2,203,330**	2,698,384

The Company had on 27 February 2009, implemented the corporate and debts restructuring scheme ("ACB Scheme") which is to address its debts obligation to redeem/repay the ACB Bonds and USD Debts issued by the Company and its subsidiary company pursuant to the Group Wide Restructuring Scheme ("GWRS"). The ACB Scheme is mentioned in Note 41(a).

The implementation of the ACB Scheme led to consequential changes to the principal terms and conditions of the ACB Bonds and USD Debts.

The principal terms and conditions of the ACB Bonds and USD Debts are now as follows:

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

ACB Bonds	Nominal Value RM'000	Net Present Value RM'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	40,058	34,740	31 December 2011	7.00%
Class A(2)	32,907	29,133	31 December 2011	6.00%
Class B(a)	265,537	238,460	31 December 2014	4.00%
Class B(b)	*	*	31 December 2014	7.00%
Class C #	340,049	303,475	31 December 2011	4.75%

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

ACB Debts	Nominal Value USD'000	Net Present Value USD'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	142,047	123,186	31 December 2011	6.75%
Class A(2)	1,620	1,443	31 December 2011	5.50%
Class B	129,777	115,184	31 December 2014	3.50%
Class C #	198,849	179,761	31 December 2011	4.25%

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

USD Debts	Nominal Value USD'000	Net Present Value USD'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	125,285	109,778	31 December 2011	6.50%
Class A(2)	1,441	1,313	31 December 2011	5.25%
Class B	120,801	109,300	31 December 2014	3.25%
Class C #	194,328	176,698	31 December 2011	4.00%

* *Less than RM1,000*

\# *There is no change to the yield to maturity and maturity date of the Class C Bonds and USD Debts in view that Class C are not restructured*

Securities and covenants for the ACB Bonds and USD Debts

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

(a) the assets included in the 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 and ACB Scheme. Dedicated Cash Flows mean cash flows from the following sources:

- net surplus proceeds from the disposal of any assets in the Divestment Programme of the Group over which there is existing security, if applicable;
- net proceeds from the disposal of any assets in the Divestment Programme of the Group over which there is no existing 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 and LCB RCSLS (not fully tendered and/or exchanged for) received by the Company;
- net proceeds from the disposal of LCB RCSLS received by the Company pursuant to the put and call option agreement with Tan Sri William H.J. Cheng;
- net proceeds from the disposal of any residual assets (other than the assets in the Divestment Programme) of the Group;
- net proceeds from the adjusted assets and liabilities pursuant to ACB internal reorganisation under the ACB Scheme;
- net proceeds from such other securities as may be provided by the Group.

Classes A(1) and A(2) ACB Bonds and USD Debts and Class B ACB Bonds and USD 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 USD 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 USD Debts will rank in priority over Class C ACB Bonds and USD 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 USD 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 USD Debts.

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

The Classes A(1), A(2) and B USD 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 USD Debts in respect of the SPV Securities. Meanwhile, the Class C USD 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 USD 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 USD 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 redemption amounts of the ACB Bonds redeemed, or cancelled pursuant to an early redemption or purchase, and the total repayment amounts of the USD Debts repaid and in the case of an early repayment or purchased, the total repayment amounts in respect of the USD Debts repaid or purchased, up to the relevant 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 (collectively "Repaid Amount") is less than 50% of the aggregate outstanding nominal value of all ACB Bond and the outstanding repayment amounts of all the USD 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 the outstanding repayment amounts of all the USD 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 the outstanding repayment amounts of all the USD 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 Divestment Assets

The disposal of Divestment Assets shall require prior consent from the Security Trustee where:

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

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

(iii) the sale of such Divestment Asset is to a related party.

(c) Disposal of assets/shares (other than Divestment Assets and those assets acquired by the Group after 14 March 2003 which are funded from monies other than the Dedicated Cashflow).

The disposal of 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 Company, 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 Company.

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) 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.

31. FINANCE LEASE LIABILITIES

	GROUP	
	2009	**2008**
	RM'000	**RM'000**
Minimum lease payments		
- not later than one year	**22**	22
- later than one year and not later than five years	**61**	84
	83	106
Less: Future finance charges	**(17)**	(22)
Present value of finance lease liabilities	**66**	84

Present value of finance lease liabilities are as follows:

	GROUP	
	2009	**2008**
	RM'000	**RM'000**
- not later than one year	**17**	17
- later than one year and not later than five years	**49**	67
	66	84

The finance lease liabilities bear interest at rates ranging from 2.3% to 10% (2008: 2.3% to 10%) per annum.

32. DEFERRED TAX

	GROUP 2009 RM'000	GROUP 2008 RM'000
At beginning of the financial year	**1,376**	4,888
Recognised in income statement (Note 12)	**7**	252
Recognised in equity statement	**–**	(274)
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	**1,383**	1,376

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

Deferred tax liabilities

	GROUP 2009 RM'000	GROUP 2008 RM'000
At beginning of the financial year	**1,376**	10,027
Recognised in income statement (Note 12)	**7**	252
Recognised in equity statement	**–**	(274)
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	**1,383**	1,376

Deferred tax liabilities provided for in the financial statements:

	GROUP 2009 RM'000	GROUP 2008 RM'000
- excess of capital allowances over depreciation	**1,659**	1,593
- tax effects of revaluation of plantation lands	**35**	37
- other temporary differences	**(311)**	(254)
	1,383	1,376

Deferred tax assets

	GROUP 2009 RM'000	GROUP 2008 RM'000
At beginning of the financial year	**–**	5,139
Transfer to assets held for sale (Note 27)	**–**	(5,139)
At end of the financial year	**–**	–

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

	GROUP	
	2009	**2008**
	RM'000	**RM'000**
- unabsorbed capital allowances	**9,170**	48,415
- unutilised tax losses	**167,646**	320,632
	176,816	369,047

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.

33. PAYABLES

	GROUP		COMPANY	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	**2,726**	4,295	**–**	–
Progress billings	**–**	572	**–**	–
Other payables	**67,258**	87,843	**13,315**	11,443
Amount due to associated companies	**136**	819	**–**	688
Amount due to subsidiary companies	**–**	–	**853,253**	1,377,731
	70,120	93,529	**866,568**	1,389,862

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 free and are repayable on demand.

The currency exposure profile of payables is as follows:

	GROUP		COMPANY	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**30,274**	74,859	**866,568**	1,388,805
Chinese Renminbi	**35,918**	14,569	**–**	1,057
Others	**3,928**	4,101	**–**	–
	70,120	93,529	**866,568**	1,389,862

34. PROVISIONS

	Liquidated ascertained damages	
	2009	**2008**
	RM'000	**RM'000**
GROUP		
At beginning of the financial year	**5**	27,060
Additions during the financial year	**–**	284
Utilised during the financial year	**(5)**	(1,271)
Transfer to assets held for sale (Note 27)	**–**	(26,068)
At end of the financial year	**–**	5

35. SHORT TERM BORROWINGS

	GROUP	
	2009	**2008**
	RM'000	**RM'000**
Short term loans - unsecured	**–**	22,875

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

	GROUP	
	2009	**2008**
	RM'000	**RM'000**
Chinese Renminbi	**–**	22,875

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 (2008: nil) per annum.

36. 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	
	2009	**2008**
	RM'000	**RM'000**
Sales of goods and services to:		
- Megasteel Sdn Bhd	**5,085**	13,777
- Amsteel Mills Sdn Bhd	**4,486**	7,952
- Bright Steel Sdn Bhd	**1,369**	1,447
- Antara Steel Mills Sdn Bhd	**629**	1,290
- Parkson Corporation Sdn Bhd	**503**	667
- Narajaya Sdn Bhd	**9**	353

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	
	2009	**2008**
	RM'000	**RM'000**
Purchases of goods from:		
- Secom Co Ltd	**1,408**	1,279
- Secom Nohmi Co Ltd	**403**	440
- Silverstone Marketing Sdn Bhd	**–**	125

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.

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.

37. CONTINGENT LIABILITIES

	GROUP 2009 RM'000	GROUP 2008 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.

38. 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 tools and dies, provision of security services and security related equipment, 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 2009

	Property RM'000	Plantation RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
Revenue					
Continuing operations:					
External sales	15,262	944	159,652	–	175,858
Inter-segment sales	–	–	10	(10)	–
	15,262	944	159,662	(10)	175,858
Discontinued operations:					
External sales	50,211	6,597	1,069	–	57,877
Inter-segment sales	–	–	–	–	–
	50,211	6,597	1,069	–	57,877
Total revenue	65,473	7,541	160,731	(10)	233,735
Result					
Continuing operations:					
Segment results	(353)	(3,389)	85,492	–	81,750
Interest income					991
Profit from operations					82,741
Loss on foreign exchange - unrealised					(119,515)
Net gain on debts restructuring scheme					33,525
Finance costs					(112,503)
Share in results of associated companies	–	–	(872)	–	(872)
Taxation					(2,631)
Net loss for the financial year					(119,255)
Discontinued operations:					
Segment results	7,855	5,016	701	–	13,572
Interest income					2,331
Profit from operations					15,903
Loss recognised on the measurement to fair value less costs to sell					(14,670)
Finance costs					(793)
Share in results of associated companies	3,978	–	–	–	3,978
Taxation					(1,237)
Net profit for the financial year					3,181

30 June 2009

	Property RM'000	Plantation RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
Assets					
Continuing operations:					
Segment assets	73,054	19,153	1,953,142	–	2,045,349
Investment in associated companies	–	–	11,141	–	11,141
Unallocated assets					9,203
Consolidated total assets					2,065,693
Liabilities					
Continuing operations:					
Segment liabilities	23,400	17,924	2,152,807	–	2,194,131
Unallocated liabilities					1,383
Consolidated total liabilities					2,195,514
Other information					
Continuing operations:					
Capital expenditure	853	4	5,217	–	6,074
Depreciation	4,322	26	3,391	–	7,739
Amortisation	–	1,031	3	–	1,034
Allowance for diminution in value of quoted investments	–	–	6,933	–	6,933
Non-cash expenses other than depreciation, amortisation and impairment losses	37	–	326,852	–	326,889
Discontinued operations:					
Depreciation	652	78	109	–	839
Amortisation	1,039	–	42	–	1,081
Non-cash expenses other than depreciation, amortisation and impairment losses	–	–	–	–	–

30 June 2008

	Property RM'000	Plantation RM'000	Investment holding and others RM'000	Eliminations RM'000	Total 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	131,914	–	139,097
Interest income					1,867
Profit from operations					140,964
Gain on foreign exchange - unrealised					103,718
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	Total 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	Total 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
Allowance for diminution in value of quoted investments	–	–	28,671	–	28,671
Impairment losses	–	–	140,000	–	140,000
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

(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 tools and dies, provision of security services and security related equipment and investment holding;
China	-	mainly involved in operation of hotel; and
Other countries	-	cultivation of oil palm, investment holding and others.

Continuing operations:

	Revenue		Total assets		Capital expenditure	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Malaysia	**159,996**	211,534	**1,963,862**	1,836,027	**5,217**	3,952
China	**15,262**	17,859	**73,054**	72,595	**853**	1,121
Other countries	**600**	720	**28,777**	42,037	**4**	60
	175,858	230,113	**2,065,693**	1,950,659	**6,074**	5,133

Discontinued operations:

	Revenue		Total assets		Capital expenditure	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Malaysia	**57,877**	121,031	**–**	1,108,187	**–**	7,198
China	**–**	–	**–**	–	**–**	–
Other countries	**–**	–	**–**	–	**–**	–
	57,877	121,031	**–**	1,108,187	**–**	7,198
Total	**233,735**	351,144	**2,065,693**	3,058,846	**6,074**	12,331

39. CASH FLOW STATEMENTS

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

	GROUP		COMPANY	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Depreciation	**8,578**	10,270	**1**	64
Share in profits of associated companies	**(3,106)**	(8,348)	**–**	–
Amortisation of:				
- biological assets	**1,103**	1,137	**–**	–
- prepaid land lease payments	**1,084**	322	**–**	–
Interest expenses	**112,503**	144,985	**146,256**	142,207
Interest income	**(121,110)**	(152,917)	**(107,284)**	(131,284)
Written off:				
- property, plant and equipment	**37**	29	**–**	–
- bad receivables	**113**	–	**–**	–
Gain on disposal of:				
- property, plant and equipment	**(50)**	(21,433)	**–**	–
- subsidiaries	**–**	(22,088)	**(382,029)**	–
- investments	**–**	–	**–**	(7,609)
Allowance for doubtful receivables	**8,976**	3,286	**439,037**	122,311
Dividend income	**(314)**	(708)	**(2,000)**	(25,984)
Loss/(Gain) on foreign exchange				
- unrealised	**119,515**	(103,718)	**119,452**	(103,720)
Net gain on debts restructuring	**(33,525)**	–	**(33,525)**	–
Loss on disposal of investments	**2,437**	13	**79**	–
Impairment losses	**–**	140,000	**–**	140,000
Reversal of impairment losses for land and development expenditure	**(1,785)**	(10,596)	**–**	–
Allowance for diminution in value of quoted investments	**6,933**	28,671	**1,276**	189
Reversal of impairment loss on investment in subsidiary company	**–**	–	**–**	(1,000)
Loss recognised on discontinued operations	**14,670**	–	**–**	–
Loss recognised on assets held for sale	**–**	77,280	**–**	–
	116,059	86,185	**181,263**	135,174

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

	GROUP		COMPANY	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**17,395**	35,007	**887**	418
Deposit with licensed financial institutions	**114,122**	169,079	**79,112**	33,973
Housing Development Accounts	**–**	26,221	**–**	–
	131,517	230,307	**79,999**	34,391
Less: Fixed deposits pledged	**(5)**	(2,222)	**–**	–
Fixed deposits earmarked for bond redemption	**(71,491)**	(2,016)	**(71,300)**	–
	60,021	226,069	**8,699**	34,391

40. DISPOSAL OF SUBSIDIARY COMPANIES

During the previous 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") (now known as 1st Avenue Mall Sdn Bhd) 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 had 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.

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

	Up to the date of disposal 2008 RM'000
Revenue	11,249
Operating expenses	(10,129)
Other operating income	10
Profit from operation	1,130
Finance costs	–
Profit before taxation	1,130
Taxation	–
Net profit for the financial year	1,130

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

	Up to the date of disposal 2008 RM'000
Assets and liabilities:	
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)

41. SIGNIFICANT EVENTS

(a) The Company had on 27 February 2009 implemented a corporate and debts restructuring scheme to address its debt repayment obligations which involved *inter alia* the following:

(i) Disposal of RM900.0 million nominal value of LCB Class B(b) Bonds with a present value as at 27 February 2009 of RM804.5 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 LDHB.

(ii) Conversion of:

(aa) RM1,251,959 nominal value of LCB Class B(a) Bonds with a present value as at 27 February 2009 of RM1,218,342 into RM1,218,342 nominal value of LCB Class B(a) redeemable convertible secured loan stocks ("RCSLS"); and

(bb) RM200.0 million nominal value of LCB Class B(b) Bonds with a present value as at 27 February 2009 of RM178,769,000 into RM178,769,000 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 respective subsidiaries ("Properties") and the total assets and liabilities related to the Properties 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.

(b) The Company had on 6 February 2009, received a Notice of Conditional Voluntary Take-over Offer ("Offer") from AmInvestment Bank Berhad, on behalf of Lion Corporation Berhad ("LCB") and its wholly-owned subsidiary, Limpahjaya Sdn Bhd (collectively the "Joint Offerors") to acquire the remaining 797,800,077 ordinary shares of RM1.00 each in the Company ("ACB Shares") not already held by the Joint Offerors, representing approximately 59.9% of the Company's existing issued and paid-up share capital, to be satisfied by the issue and allotment of one (1) LCB B Warrant for every ten (10) existing ACB Shares held.

Upon the completion of the Offer on 21 April 2009, the Joint Offerors held in aggregate, together with those ACB Shares already held by them, 900,720,217 ACB Shares which represented 67.7% of the total issued and paid-up share capital of the Company. The Company then became a subsidiary of LCB.

LCB had subsequently on 26 June 2009 completed the disposal of 20% equity interest in the Company, comprising 266,234,962 ACB Shares. Subsequent thereto, LCB's holding in the Company was reduced to 47.7% and the Company ceased to be a subsidiary of LCB.

42. 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 2009 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	**34,247**	**34,266***	**5,104**	**5,104***

* *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.

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 12 to 85 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 2009 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 14 October 2009.

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 12 to 85 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 14 October 2009.

CHENG SIN YENG

Before me

W259
AHMAD B. LAYA
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 2009 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 12 to 85.

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 2009 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 has prepared its financial statements by applying the going concern assumption, notwithstanding that the Group and the Company incurred a net loss of RM118.838 million and RM200.850 million respectively for the financial year ended 30 June 2009 and as of that date, the Group has a deficit in its shareholders' funds of RM154.034 million. 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 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 of which we 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 financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(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 required to be made under Section 174(3) 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 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ONG BOON BAH & CO
AF: 0320
Chartered Accountants

WONG SOO THIAM
1315/12/10(J)
Partner of the Firm

Kuala Lumpur

OTHER INFORMATION

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 Director 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 Amsteel 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 is in place with the implementation 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 2008			
				Proceeds received / to be received (Jan - Dec 09)		
Stages of assets to be divested	**PDP (Per GWRS)**	**Completed before Dec 2008**	**Concluded Sales Total**	**Actual Jan - June 2009**	**Projected Jul - Dec 2009**	**Total Jan - Dec 2009**
	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	99.56	178.92	25.46	–	153.46
By December 2005						
Equity interest in retailing companies	12.87	12.87	–	–	–	–
Hotel and freehold land	240.71	–	185.00	–	–	185.00
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	454.48	95.23	96.70	262.55
Total	2,590.54	1,050.86	818.40	120.69	96.70	601.01

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

On 27 February 2009, the Group has implemented a corporate and debts restructuring scheme as mentioned in Note 41(a) to the financial statements.

(ii) Transactions completed during the financial period (January - June 2009)

As disclosed in Note 41(a) (iii) to the financial statements, the partial proceeds received of RM120.69 million from the disposal was utilised to redeem/repay the ACB Bonds and USD debts.

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-Fourth Annual General Meeting of the Company to be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 3 December 2009 at 9.30 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To receive the Directors' Report and Audited Financial Statements		
2. To approve Directors' fees		
3. To re-elect as Director, Y. Bhg. Tan Sri William H.J. Cheng		
4. To re-elect as Director, Mr Tan Siak Tee		
5. To re-appoint as Director, Y. Bhg. Jen Tan Sri Dato' Zain Mahmud Hashim (b)		
6. To re-appoint as Director, Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim		
7. To re-appoint as Director, Mr M. Chareon Sae Tang @ Tan Whye Aun		
8. To re-appoint Auditors		
9. Authority to Directors to issue shares		
10. Proposed Change of Name		

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..2009

No. of shares : ....

Signed :..

Representation at Meeting:

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 26 November 2009 shall be eligible to attend the 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.
- 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.
- Completed Form of Proxy sent through facsimile transmission shall not be accepted.