ACB RESOURCES BERHAD

2010

ACB RESOURCES BERHAD

(formerly known as Amsteel Corporation Berhad)

A Member of The Lion Group

(20667-M)

Laporan Tahunan 2010 Annual Report

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fifth Annual General Meeting of ACB Resources Berhad will be held at the Meeting Hall, Level 16, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 Kuala Lumpur on 24 November 2010 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 2010. **Note 2**

2. To approve the payment of Directors' fees amounting to RM71,100 (2009 : RM81,600). **Resolution 1**

3. 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 2**

   "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 3**

   "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 4**

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Tan Siak Tee be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting of the Company." **Resolution 5**

4. 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 6**

5. Special Business

5.1 To consider and, if thought fit, pass the following 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 7**

6. 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
2 November 2010

Notes:

1. *Proxy*

   - *Only Members whose names appear in the Register of Members and the Record of Depositors on 15 November 2010 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 14, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 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.*

2. *Agenda Item 1*

   This item of the Agenda is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 require that the Directors' Report and the Audited Financial Statements be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

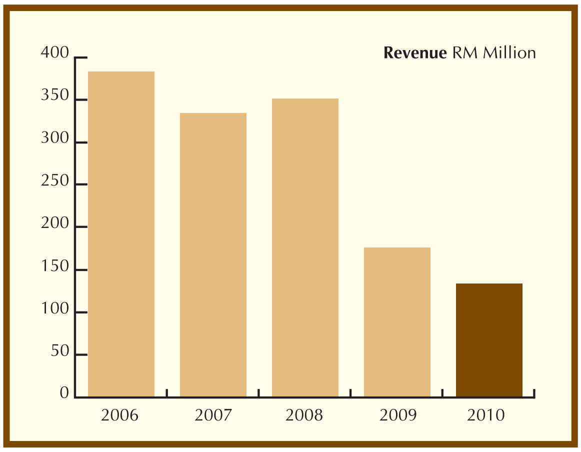
CORPORATE INFORMATION

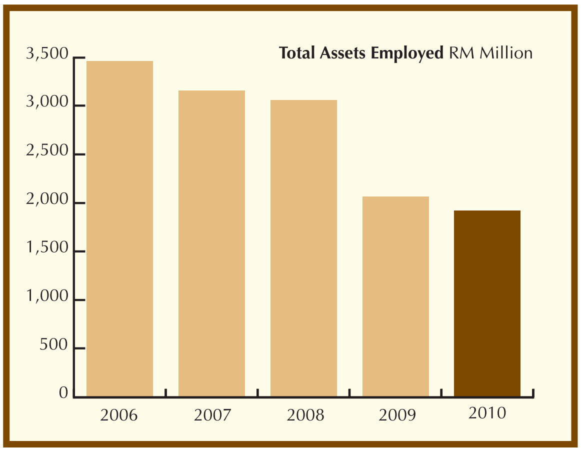
Board of Directors	:	Y. Bhg. Jen Tan Sri Dato' Zain Mahmud Hashim (b) *(Chairman)* Y. Bhg. Tan Sri William H.J. Cheng Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim Mr M. Chareon Sae Tang @ Tan Whye Aun Mr Tan Siak Tee
Secretaries	:	Ms Chan Poh Lan Ms Wong Phooi Lin
Company No	:	20667-M
Registered Office	:	Level 14, Office Tower No. 1 Jalan Nagasari (Off Jalan Raja Chulan) 50200 Kuala Lumpur Tel No : 03-21420155 Fax No : 03-21413448 Homepage : http://www.lion.com.my
Share Registrar	:	Secretarial Communications Sdn Bhd Level 13, Office Tower No. 1 Jalan Nagasari (Off Jalan Raja Chulan) 50200 Kuala Lumpur Tel Nos : 03-21420155, 03-21418411 Fax No : 03-21428409
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

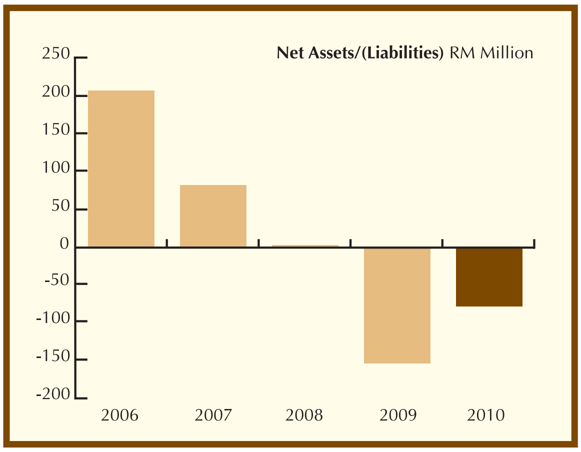
5 YEARS GROUP FINANCIAL HIGHLIGHTS

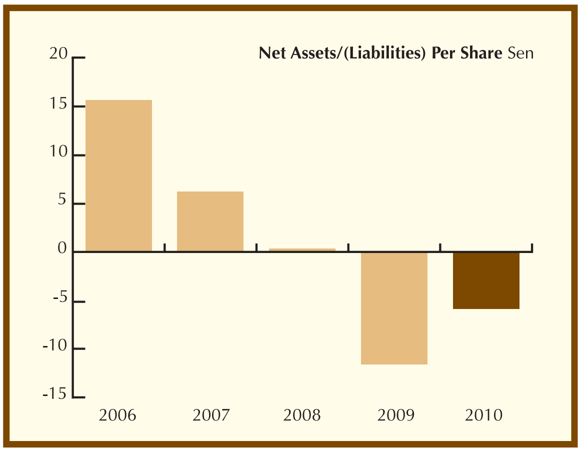
Financial years ended 30 June	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	**2010 RM'000**
Revenue	383,243	334,039	351,144	175,858	**133,600**
Profit from operations	220,005	318,594	190,279	82,741	**68,116**
Profit/(Loss) before taxation	37,290	(7,586)	(59,920)	(116,624)	**92,356**
Profit/(Loss) after taxation	7,345	(26,415)	(70,428)	(119,255)	**89,549**
Total assets employed	3,458,498	3,158,332	3,058,846	2,065,693	**1,922,392**
Net assets/(liabilities)	207,242	82,195	989	(154,034)	**(78,377)**
	Sen	**Sen**	**Sen**	**Sen**	**Sen**
Net assets/(liabilities) per share	15.6	6.2	0.1	(11.6)	**(5.9)**
Earnings/(Loss) per share	0.6	(2.1)	(5.5)	(8.9)	**6.6**
	'000	**'000**	**'000**	**'000**	**'000**
Number of ordinary shares issued and fully paid	1,331,175	1,331,175	1,331,175	1,331,175	**1,331,175**

Note: Financial years 2009 and 2010 represent continuing operations









REVIEW OF OPERATIONS

GROUP FINANCIAL PERFORMANCE

The Group had in the past been mainly involved in the property development business. Upon the successful implementation of the corporate and debt restructuring exercise which involved, amongst others, the disposal of its property development business, the Group is now principally involved in the provision of security services, hotel, plantation and investment holding sectors.

For the financial year under review, the Group posted a lower revenue of RM133.6 million from RM175.9 million a year ago while profit from operations was lower by RM14.6 million at RM68.1 million. The lower performance was mainly attributable to lower interest income from the investment holding segment.

After accounting for the gain on foreign exchange of RM107.3 million and higher share of profit from associated companies, the Group recorded a profit before tax of RM92.4 million against a loss of RM116.6 million in the last financial year.

REVIEW OF OPERATIONS

Security Services

Secom (Malaysia) Sdn Bhd (“Secom”), the Group’s joint-venture with Secom Co. Ltd, Japan and the Malaysian Police Co-operative Society, provides total integrated 24-hour security services under the SECOM brand. The security services and equipment provided by Secom include 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 RM40.9 million as compared to RM38.6 million a year ago. The improvement in revenue by 6% over last year was mainly attributable to higher fees from central monitoring services (CMS) as a result of an increase in subscriber base from 2,408 last year to 2,595 this year. Greater sales of security equipment and higher installation fees further contributed to the improved performance. As such, Secom recorded a higher profit of RM9.1 million compared to RM6.8 million a year ago.

Secom will continue with its aggressive strategies to improve sales services and expand its market presence in order to remain competitive.

Hotel

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 a revenue of RM14.0 million and loss of RM2.2 million as compared to RM15.3 million and a loss of RM0.8 million respectively last year. The lower performance was mainly attributable to oversupply of hotel rooms within the city as well as a drop in incoming traffic in general. This has resulted in a lower average occupancy rate of 50% as compared to last year of 60%. Our hotel division will continue to upgrade its facilities to meet customer expectations and improve the food and beverage business to strengthen its market position.

Investment holding and others

This division is mainly involved in the plantation, manufacture and sale of tool and dies, and investment holding. The revenue was mainly derived from interest income from its investment in unquoted bonds. For the financial year under review, the division recorded a revenue of RM78.7 million and profit of RM61.3 million as compared to RM122.0 million and RM76.8 million respectively. The lower performance was mainly due to lower interest income from unquoted bonds pursuant to the corporate and debt restructuring scheme implemented last year.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2010.

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.

CHANGE OF COMPANY'S NAME

The Company has changed its name from Amsteel Corporation Berhad to ACB Resources Berhad on 9 December 2009.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Net profit for the financial year	89,549	9,508
Attributable to:		
Equity holders of the Company	87,256	9,508
Minority interests	2,293	–
	89,549	9,508

DIVIDENDS

The Directors do not recommend any payment of dividend for the financial year ended 30 June 2010.

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

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, Mr M. Chareon Sae Tang @ Tan Whye Aun and Mr Tan Siak Tee 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 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 33 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 interests of Directors in shares in the Company during and at the end of the financial year are as follows:

	Number of ordinary shares of RM1.00 each			
	As at 1.7.2009	**Additions**	**Disposals**	**As at 30.6.2010**
Indirect interest				
Tan Sri William H.J.Cheng	634,485,255	–	–	634,485,255
Jen Tan Sri Dato' Zain Mahmud Hashim (b)	53,321	–	–	53,321

The interests of Directors in shares in related corporations during and at the end of the financial year are as follows:

	Nominal value per ordinary share	Number of shares As at 1.7.2009	Additions	Disposals	As at 30.6.2010
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
Davids Warehousing Sdn Bhd (In Liquidation - Voluntary)	RM1.00	4,080,000	–	–	4,080,000
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
Secom-KOP Security Systems Sdn Bhd	RM1.00	60,000	–	–	60,000
Visionwell Sdn Bhd	RM1.00	16,000,000	–	–	16,000,000
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 preference share	Number of shares As at 1.7.2009	Additions	Disposals	As at 30.6.2010
Hy-Line Berhad	RM1,000	2,480	–	–	2,480

Investment in the People's Republic of China	**Currency**	**As at 1.7.2009**	**Additions**	**Disposals**	**As at 30.6.2010**
Jilin Motor City Park Hotel Co Ltd	Rmb	60,000,000	–	–	60,000,000

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 main features of the ESOS are disclosed in Note 27 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.

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 27 September 2010.

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 2010

	Note	2010 RM'000	2009 RM'000
Continuing operations			
Revenue	7	**133,600**	175,858
Other operating income		**6,425**	21,093
Changes in inventories		**850**	(724)
Raw materials and consumables used		**(3,368)**	(4,461)
Purchase of trading goods		**(3,204)**	(6,308)
Employee benefits expense	8	**(25,859)**	(21,657)
Depreciation and amortisation expenses		**(8,707)**	(8,845)
Other operating expenses		**(31,621)**	(72,215)
Profit from operations	9	**68,116**	82,741
Gain/(Loss) on foreign exchange - unrealised		**107,312**	(119,515)
Net gain on debts restructuring scheme	10	**–**	33,525
Finance costs	11	**(85,073)**	(112,503)
Share in results of associated companies		**2,001**	(872)
Profit/(Loss) before taxation		**92,356**	(116,624)
Taxation	12	**(2,807)**	(2,631)
Net profit/(loss) for the financial year from continuing operations		**89,549**	(119,255)
Discontinued operations			
Profit from discontinued operations	13	**–**	3,181
Net profit/(loss) for the financial year		**89,549**	(116,074)
Attributable to:			
Equity holders of the Company		**87,256**	(118,838)
Minority interests		**2,293**	2,764
Net profit/(loss) for the financial year		**89,549**	(116,074)
Earnings/(Loss) per share attributable to equity holder of the Company:			
- Basic (sen)	14	**6.6**	(8.9)

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

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2010

	Note	2010 RM'000	2009 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**81,721**	93,988
Prepaid land lease payments	16	**916**	920
Biological assets	17	**15,181**	15,197
Associated companies	18	**12,742**	11,141
Interest in joint-ventures	20	**–**	–
Investments	21	**983,044**	931,947
Goodwill	23	**–**	–
Deferred consideration	25	**412,758**	566,903
		1,506,362	1,620,096
Current assets			
Property development costs	22	**522**	–
Inventories	24	**7,890**	6,082
Receivables	25	**246,249**	298,795
Tax recoverable		**10,668**	9,203
Deposits, cash and bank balances	26	**150,701**	131,517
		416,030	445,597
TOTAL ASSETS		**1,922,392**	2,065,693
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	27	**1,331,175**	1,331,175
Share premium		**230,188**	230,188
Reserves	28	**408,662**	420,261
Accumulated losses		**(2,048,402)**	(2,135,658)
		(78,377)	(154,034)
Minority interests		**26,139**	24,213
Deficit in equity		**(52,238)**	(129,821)

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

CONSOLIDATED BALANCE SHEET (continued)

AS AT 30 JUNE 2010

	Note	2010 RM'000	2009 RM'000
Non-current liabilities			
ACB Bonds and USD Debts	29	**1,298,807**	2,111,266
Finance lease liabilities	30	**30**	49
Deferred liabilities		**1,714**	1,657
Deferred tax liabilities	31	**1,212**	1,383
		1,301,763	2,114,355
Current liabilities			
Payables	32	**92,022**	70,120
Finance lease liabilities	30	**19**	17
ACB Bonds and USD Debts	29	**580,593**	10,497
Tax liabilities		**233**	525
		672,867	81,159
Total liabilities		**1,974,630**	2,195,514
TOTAL EQUITY AND LIABILITIES		**1,922,392**	2,065,693

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

COMPANY INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Note	2010 RM'000	2009 RM'000
Revenue	7	**73,868**	109,284
Other operating income		**56,575**	396,819
Depreciation		**(2)**	(1)
Other operating expenses		**(135,714)**	(474,817)
(Loss)/Profit from operations	9	**(5,273)**	31,285
Gain/(Loss) on foreign exchange - unrealised		**107,250**	(119,452)
Net gain on debts restructuring scheme	10	**–**	33,525
Finance costs	11	**(92,469)**	(146,256)
Profit/(Loss) before taxation		**9,508**	(200,898)
Taxation	12	**–**	48
Net profit/(loss) for the financial year		**9,508**	(200,850)

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

COMPANY BALANCE SHEET

AS AT 30 JUNE 2010

	Note	2010 RM'000	2009 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**7**	9
Associated companies	18	**4,000**	4,000
Subsidiary companies	19	**4,751**	4,751
Investments	21	**951,774**	902,795
Deferred consideration	25	**412,758**	566,903
		1,373,290	1,478,458
Current assets			
Receivables	25	**1,813,723**	2,007,415
Tax recoverable		**6,911**	4,602
Deposits, cash and bank balances	26	**86,912**	79,999
		1,907,546	2,092,016
TOTAL ASSETS		**3,280,836**	3,570,474
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	27	**1,331,175**	1,331,175
Share premium		**230,188**	230,188
Accumulated losses		**(1,051,279)**	(1,060,787)
Total equity		**510,084**	500,576
Non-current liability			
ACB Bonds and USD Debts	29	**1,372,855**	2,192,826
Current liabilities			
Payables	32	**808,391**	866,568
ACB Bonds and USD Debts	29	**589,506**	10,504
		1,397,897	877,072
Total liabilities		**2,770,752**	3,069,898
TOTAL EQUITY AND LIABILITIES		**3,280,836**	3,570,474

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Note	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation			
- Continuing operations		**92,356**	(116,624)
- Discontinued operations	13	**–**	4,418
Profit/(Loss) before taxation		**92,356**	(112,206)
Adjustment for non-cash items, interests and dividends	36(a)	**(86,004)**	116,059
Operating profit before working capital changes		**6,352**	3,853
Increase in inventories		**(1,808)**	(2,118)
Decrease in property development costs		**–**	13,451
Increase in trade and other receivables		**(99,314)**	(16,370)
Increase/(Decrease) in trade and other payables		**21,439**	(1,844)
Cash used in operations		**(73,331)**	(3,028)
Tax refunded		**–**	2,418
Tax paid		**(3,170)**	–
Net cash outflow from operating activities		**(76,501)**	(610)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(5,187)**	(11,360)
Deferred consideration received from disposal of subsidiary companies in prior year		**305,120**	–
Proceeds from disposal of property, plant and equipment		**6,520**	340
Proceeds from disposal of investments		**21**	207,290
Proceeds from redemption of investment		**14,498**	–
Effect of disposal of subsidiary and associated companies, net of cash disposed	13	**–**	(15,818)
Dividend received		**701**	2,236
Interest received		**2,488**	15,050
Net cash inflow from investing activities		**324,161**	197,738

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

CONSOLIDATED CASH FLOW STATEMENT (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Note	2010 RM'000	2009 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to minority interests		**(367)**	(368)
Redemption/Repayment of ACB Bonds and USD Debts		**(228,089)**	(276,231)
Repayment of finance lease liabilities		**(17)**	(67)
Interest paid		**(62)**	(5)
Decrease in fixed deposits pledged		**–**	2,217
Increase in fixed deposits earmarked for ACB Bonds and USD Debts redemption		**(6,450)**	(69,475)
Repayment to associated companies		**(2)**	(683)
Issue of shares by a subsidiary company		**–**	40
Net cash outflow from financing activities		**(234,987)**	(344,572)
Effect of exchange rate changes on cash and cash equivalents		**61**	(18,604)
Net increase/(decrease) in cash and cash equivalents		**12,734**	(166,048)
Cash and cash equivalents at beginning of the financial year		**60,021**	226,069
Cash and cash equivalents at end of the financial year	36(b)	**72,755**	60,021

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

COMPANY CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Note	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		**9,508**	(200,898)
Adjustment for non-cash items, interests and dividends	36(a)	**(13,657)**	181,263
Operating loss before working capital changes		**(4,149)**	(19,635)
(Increase)/Decrease in other receivables		**(85,380)**	35,146
(Decrease)/Increase in other payables		**(7,444)**	1,882
Cash (used in)/generated from operations		**(96,973)**	17,393
Tax refunded		**–**	2,690
Net cash (outflow)/inflow from operating activities		**(96,973)**	20,083
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to subsidiary companies		**(3,153)**	(1,098)
Deferred consideration received from disposal of subsidiary companies in prior year		**305,120**	–
Proceeds from disposal of investments		**21**	200,298
Proceeds from disposal of subsidiary and associated companies		**–**	100,520
Proceeds from disposal of property, plant and equipment		**70**	–
Proceeds from redemption of investment		**14,497**	–
Interest received		**2,428**	1,224
Dividend received		**6,930**	1,500
Net cash inflow from investing activities		**325,913**	302,444
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from subsidiary companies		**6,117**	–
Interest paid		**(55)**	–
Repayment to an associated company		**–**	(688)
Redemption/Repayment of ACB Bonds and USD Debts		**(228,089)**	(276,231)
Increase in fixed deposits earmarked for ACB Bonds and USD Debts redemption		**(6,520)**	(71,300)
Net cash outflow from financing activities		**(228,547)**	(348,219)
Net increase/(decrease) in cash and cash equivalents		**393**	(25,692)
Cash and cash equivalents at beginning of the financial year		**8,699**	34,391
Cash and cash equivalents at end of the financial year	36(b)	**9,092**	8,699

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	← Attributable to equity holders of the Company →						
		← Non-distributable →					
	Share capital RM'000	Share premium RM'000	Reserves RM'000 (Note 28)	Accumulated losses RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
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 a subsidiary company	–	–	(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)
Balance at 1 July 2009	1,331,175	230,188	420,261	(2,135,658)	(154,034)	24,213	(129,821)
Net translation loss on equity of foreign subsidiary companies	–	–	(11,599)	–	(11,599)	–	(11,599)
Net loss recognised directly in equity	–	–	(11,599)	–	(11,599)	–	(11,599)
Net profit for the financial year	–	–	–	87,256	87,256	2,293	89,549
Dividend paid	–	–	–	–	–	(367)	(367)
Balance at 30 June 2010	**1,331,175**	**230,188**	**408,662**	**(2,048,402)**	**(78,377)**	**26,139**	**(52,238)**

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

		Non-Distributable		
	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 July 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
Net profit for the financial year	–	–	9,508	9,508
Balance at 30 June 2010	**1,331,175**	**230,188**	**(1,051,279)**	**510,084**

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

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 are both located at Level 14, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 Kuala Lumpur.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 September 2010.

2. GOING CONCERN

The Group's current liabilities exceeded its current assets by RM256.837 million for the financial year ended 30 June 2010 and as of that date, the Group has a deficit in its shareholders' funds of RM78.377 million. In addition, as disclosed in Note 29 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 RM581 million and RM590 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.

The Directors are of the opinion that 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 that 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:

	2010 RM	2009 RM
Foreign currency		
1 US Dollar	**3.2690**	3.5290
1 Singapore Dollar	**2.3263**	2.4313
1 Hong Kong Dollar	**0.4198**	0.4552
100 Philippine Peso	**6.9950**	7.2800
100 Indonesian Rupiah	**0.0349**	0.0324
Chinese Renminbi	**0.4792**	0.5147

(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 in 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 loss. 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 is 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 in 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 new 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, Amendments to FRSs and IC Interpretations		**Effective for financial periods beginning on or after**
FRS 1	First-time Adoption of Financial Reporting Standards (revised)	1 July 2010
FRS 3	Business Combinations (revised)	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 101	Presentation of Financial Statements (revised)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements (revised)	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2	Scope of FRS 2: Share-based Payment and Revised FRS 3	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations- Plan to sell the controlling interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	Financial Instruments: Disclosures, Financial Instruments: Recognition and Measurement and, Reassessment of Embedded Derivatives	1 January 2010
Amendments to FRS 7	Financial Instruments - Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132	Financial Instruments - Puttable Financial Instruments and Obligation arising on Liquidation	1 January 2010
Amendments to FRS 132	Financial Instruments - Classification of Rights Issues	1 March 2010
Amendments to FRS 138	Intangible Assets - Consequential amendments arising from FRS 3	1 July 2010

FRSs, Amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
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 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-Cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9	Scope of IC Interpretation 9 and Revised FRS 3	1 July 2010
Improvements to FRSs		1 January 2010

The above new FRSs, Amendments to FRSs, and IC Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7, FRS 101 and FRS 139.

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	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Group						
Sales of goods	**15,508**	22,004	**–**	10,585	**15,508**	32,589
Rendering of services	**37,773**	30,587	**–**	1,483	**37,773**	32,070
Property development	**1,237**	–	**–**	33,219	**1,237**	33,219
Dividend income	**401**	275	**–**	–	**401**	275
Interest income from:						
- unquoted investments	**62,200**	106,060	**–**	–	**62,200**	106,060
- others	**2,488**	1,309	**–**	–	**2,488**	1,309
Rental income	**10,795**	9,358	**–**	10,141	**10,795**	19,499
Others	**3,198**	6,265	**–**	2,449	**3,198**	8,714
	133,600	175,858	**–**	57,877	**133,600**	233,735

	Continuing operations		Discontinued operations		Total	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Company						
Dividend income from unquoted investments:						
- subsidiary companies	**8,840**	–	**–**	–	**8,840**	–
- associated companies	**400**	2,000	**–**	–	**400**	2,000
Interest income from:						
- unquoted investments	**62,200**	106,060	**–**	–	**62,200**	106,060
- others	**2,428**	1,224	**–**	–	**2,428**	1,224
	73,868	109,284	**–**	–	**73,868**	109,284

8. EMPLOYEE BENEFITS EXPENSE

	GROUP	
	2010 RM'000	2009 RM'000
Continuing operations		
Salaries, wages and bonuses	**16,648**	12,387
Defined contribution plans	**1,483**	1,427
Other staff related expenses	**7,728**	7,843
	25,859	21,657
Discontinued operations		
Salaries, wages and bonuses	**–**	5,878
Defined contribution plans	**–**	734
Other staff related expenses	**–**	1,414
	–	8,026
Total	**25,859**	29,683

9. PROFIT FROM OPERATIONS

(a) Profit from operations is arrived at:

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
After charging:				
Depreciation	**7,515**	7,739	**2**	1
Directors' remuneration (Note 9(b))	**77**	95	**77**	95
Auditors' remuneration:				
- current year	**255**	254	**44**	44
- prior year	**(3)**	3	**–**	–
Amortisation of:				
- prepaid land lease payments	**4**	3	**–**	–
- biological assets	**1,188**	1,103	**–**	–
Allowance for diminution in value of quoted investments	**–**	6,933	**–**	1,276
Rental of land and buildings	**371**	330	**–**	–
Allowance for doubtful receivables:				
- subsidiary companies	**–**	–	**131,251**	430,126
- associated companies	**–**	8,911	**–**	8,911
- others	**–**	65	**–**	–
Written off:				
- property, plant and equipment	**54**	37	**–**	–
- bad receivables	**–**	113	**–**	–
Loss on disposal of:				
- property, plant and equipment	**–**	16	**–**	–
- quoted investments	**–**	2,437	**–**	79
Loss on foreign exchange - realised	**771**	29,895	**–**	28,978
And crediting:				
Interest income	**–**	2,300	**–**	1,224
Gross dividend from quoted investments in Malaysia	**33**	39	**–**	–
Gain on disposal of:				
- investment	**21**	–	**21**	–
- property, plant and equipment	**1,156**	–	**70**	–
- subsidiary companies	**–**	–	**–**	382,029
Gain on foreign exchange – realised	**–**	–	**156**	–
Allowance for diminution in value for quoted investments written back	**3,680**	–	**1,276**	–
Allowance for doubtful debts no longer required	**579**	–	**–**	–
Bad receivables recovered	**15**	3,531	**–**	–
Waiver of debt by a subsidiary company	**–**	–	**54,894**	–

(b) Directors' remuneration

	GROUP		COMPANY	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-Executive Directors				
Fees	**71**	82	**71**	82
Benefits-in-kind	**6**	13	**6**	13
	77	95	**77**	95

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

Range of remuneration	**Number of Directors**	
	2010	**2009**
Non-executive Directors :		
RM25,000 and below	**5**	4
RM25,001 - RM50,000	**–**	1

10. NET GAIN ON DEBTS RESTRUCTURING SCHEME

	GROUP		COMPANY	
	2010	**2009**	**2010**	**2009**
	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 implementation of a corporate and debts restructuring scheme.

11. FINANCE COSTS

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Continuing operations				
Interest expenses on:				
- hire purchase	**5**	5	**–**	–
- ACB Bonds and USD Debts	**85,011**	112,498	**28,346**	53,306
- ACB Debts	**–**	–	**64,068**	92,950
- others	**57**	–	**55**	–
	85,073	112,503	**92,469**	146,256
Discontinued operations				
Interest expenses on:				
- hire purchase	**–**	99	**–**	–
- others	**–**	694	**–**	–
	–	793	**–**	–
Total	**85,073**	113,296	**92,469**	146,256

12. TAXATION

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Continuing operations				
Income tax:				
- Malaysian income tax	**2,974**	2,615	**–**	–
- Foreign tax	**6**	–	**–**	–
- Prior year	**(2)**	9	**–**	(48)
Deferred tax (Note 31):				
- Relating to origination and reversal of temporary differences	**(167)**	(31)	**–**	–
- Prior year	**(4)**	38	**–**	–
	2,807	2,631	**–**	(48)
Discontinued operations				
Income tax:				
- Malaysian income tax	**–**	2,364	**–**	–
- Prior year	**–**	(1,127)	**–**	–
	–	1,237	**–**	–
Total	**2,807**	3,868	**–**	(48)

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	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) before taxation				
- Continuing operations	**92,356**	(116,624)	**9,508**	(200,898)
- Discontinued operations (Note 13)	**–**	4,418	**–**	–
	92,356	(112,206)	**9,508**	(200,898)

	GROUP		COMPANY	
	2010	**2009**	**2010**	**2009**
	%	**%**	**%**	**%**
Taxation at Malaysian statutory tax rate	**25**	(25)	**25**	(25)
Income not subject to tax	**(37)**	(48)	**(287)**	(74)
Expenses not deductible for tax purposes	**15**	76	**262**	99
	3	3	**–**	–

Malaysian income tax is calculated at the tax rate of 25% (2009: 25%) of the estimated assessable profit for the year. The computation of deferred tax as at 30 June 2010 has reflected these changes.

13. DISCONTINUED OPERATIONS

During the previous financial year, the Group completed for implementation the disposal of certain subsidiary companies and an associated company pursuant to the corporate and debts restructuring scheme, to Limbungan Emas Sdn Bhd.

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

	GROUP
	2009
	RM'000
Revenue	57,877
Other operating income	21,360
Operating expenses	(63,334)
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
Profit before taxation of discontinued operations (Note 12)	4,418
Taxation (Note 12)	(1,237)
Net profit for the financial year from discontinued operations	3,181

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

	GROUP 2009 RM'000
After charging:	
Depreciation	839
Auditors' remuneration	45
Amortisation of prepaid land lease payments	1,081
Rental of land and buildings	2,456
And crediting:	
Rental income	2,649
Interest income from others	12,750
Gain on disposal of property, plant and equipment	66
Bad receivables recovered	35
Reversal of impairment losses for land held for property development	1,785

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

	GROUP 2009 RM'000
Net cash flow from operating activities	38,880
Net cash flow from investing activities	(5,970)
Net cash flow from financing activities	(67)
Net cash from discontinued operations	32,843

14. EARNINGS/(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	
	2010	**2009**
	RM'000	**RM'000**
Continuing operations		
Net profit/(loss) for the financial year attributable to ordinary equity holders of the Company	**87,256**	(122,019)
Weighted average number of ordinary shares in issue	**1,331,175**	1,331,175
Basic earnings/(loss) per share (sen)	**6.6**	(9.1)
Discontinued operations		
Net profit for the financial year attributable to ordinary equity holders of the Company	**–**	3,181
Weighted average number of ordinary shares in issue	**–**	1,331,175
Basic earnings per share (sen)	**–**	0.2

	GROUP	
	2010	**2009**
Total		
Basic earnings/(loss) per share (sen)		
- Continuing operations	**6.6**	(9.1)
- Discontinued operations	**–**	0.2
	6.6	(8.9)

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	Total RM'000
As at 30 June 2010					
GROUP					
COST					
At 1 July 2009	125,984	59,398	7,729	4,949	198,060
Additions	879	3,073	560	675	5,187
Disposals	(6,242)	(1,170)	(12)	(341)	(7,765)
Exchange difference	(7,443)	(1,162)	36	17	(8,552)
Written off	–	(423)	(68)	(26)	(517)
At 30 June 2010	113,178	59,716	8,245	5,274	186,413
ACCUMULATED DEPRECIATION					
At 1 July 2009	46,508	49,624	4,669	3,271	104,072
Charge for the financial year	3,655	2,595	659	606	7,515
Disposals	(1,163)	(911)	(10)	(317)	(2,401)
Exchange difference	(3,090)	(975)	14	20	(4,031)
Written off	–	(379)	(58)	(26)	(463)
At 30 June 2010	45,910	49,954	5,274	3,554	104,692
NET BOOK VALUE					
At 30 June 2010	67,268	9,762	2,971	1,720	81,721

	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

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

At 30 June 2010	–	–	–	44	–	–
At 30 June 2009	–	–	–	97	–	–

	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
As at 30 June 2010			
COMPANY			
COST			
At 1 July 2009	15	736	751
Disposal	–	(736)	(736)
At 30 June 2010	15	–	15
ACCUMULATED DEPRECIATION			
At 1 July 2009	6	736	742
Charge for the financial year	2	–	2
Disposal	–	(736)	(736)
At 30 June 2010	8	–	8
NET BOOK VALUE			
At 30 June 2010	7	–	7
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

16. PREPAID LAND LEASE PAYMENTS

	GROUP	
	2010	**2009**
	RM'000	**RM'000**
Cost		
At 1 July/30 June	**987**	987
Accumulated amortisation		
At 1 July	**67**	64
Amortisation for the financial year	**4**	3
At 30 June	**71**	67
Net carrying amount		
At 30 June	**916**	920
Analysed as:		
Long term leasehold land	**916**	920

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	
	2010	**2009**
	RM'000	**RM'000**
Cost or valuation		
At 1 July	**22,067**	22,748
Exchange fluctuation	**1,702**	(681)
At 30 June	**23,769**	22,067
Accumulated depreciation		
At 1 July	**6,870**	5,944
Charge for the financial year	**1,188**	1,103
Exchange fluctuation	**530**	(177)
At 30 June	**8,588**	6,870
Net carrying amount		
At 30 June	**15,181**	15,197

18. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted shares - at cost	**74,059**	74,059	**4,000**	4,000
Share in post acquisition reserves	**(61,317)**	(62,918)	**–**	–
Total	**12,742**	11,141	**4,000**	4,000

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

	GROUP	
	2010	**2009**
	RM'000	**RM'000**
At beginning of the financial year	**(104,717)**	(103,615)
Profit/(Loss) not recognised during the financial year	**357**	(1,102)
At end of the financial year	**(104,360)**	(104,717)

Certain unquoted shares of the Group and of the Company amounting to RM74.1 million (2009: RM74.1 million) and RM4 million (2009: RM4 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 2010 %	Holding in Equity 2009 %	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	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 ^	Malaysia	**30**	30	31 December	# 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

\# *Holding in equity by subsidiary companies*

* *Financial statements of associated companies as at 30 June 2010 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. Except for the disposal of Inverfin Sdn Bhd which was completed on 3 February 2010, the transfer of beneficial ownership of 1st Avenue Mall Sdn Bhd was still pending as at year end.*

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

	GROUP	
	2010	**2009**
	RM'000	**RM'000**
Assets and liabilities		
Current assets	**221,806**	180,357
Non-current assets	**46,878**	51,616
Total assets	**268,684**	231,973
Current liabilities	**282,164**	257,189
Non-current liabilities	**78**	–
Total liabilites	**282,242**	257,189
Results		
Revenue	**319,862**	109,769
Net profit for the financial year	**12,525**	19,510

19. SUBSIDIARY COMPANIES

	COMPANY	
	2010	**2009**
	RM'000	**RM'000**
Unquoted shares	**507,404**	941,773
Impairment losses	**(502,653)**	(502,653)
Disposals	**–**	(434,369)
	4,751	4,751
Unquoted shares outside Malaysia at cost	**2,236**	2,236
Impairment losses	**(2,236)**	(2,236)
	–	–
Total	**4,751**	4,751

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding in Equity 2010 %	2009 %	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 15.07.2009)	Malaysia	**–**	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
ACB Harta Holdings Sdn Bhd (formerly known as 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 2010 %	2009 %		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 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
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 2010 %	2009 %	Principal Activities
Benecorp Sdn Bhd	Malaysia	**100**	100	# Temporary ceased operation
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	# Investment holding and 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
Lion Commodities And Futures Trading Sdn Bhd	Malaysia	**100**	100	# Landscaping business
Lion Plaza Sdn Bhd *	Malaysia	**100**	100	# Dormant

Name of Company	Country of Incorporation	Holding in Equity 2010 %	2009 %	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**	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 2010 %	2009 %	Principal Activities
WGD Retail Consultancy Sdn Bhd	Malaysia	**100**	100	# Ceased operation

* *Financial statements of subsidiary companies as at 30 June 2010 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 since the previous year. However, the transfer of beneficial ownership was still pending as at year end.*

@ *The Company had applied to be de-registered from the Companies Registry of Hong Kong*

Certain subsidiary companies' financial statements for the financial year ended 30 June 2010 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 2010 and 2009 amounted to Rp153,364,345,717 and Rp153,342,209,717 respectively. The company has a capital deficiency for the financial year ended 30 June 2010 and 2009 amounting to Rp142,364,345,717 and Rp142,342,209,717 respectively. As a result, there is significant uncertainty whether the company will be able to continue as a going concern.

(ii) Amsteel Holdings Philippines, Inc. - an "unable to express and do not express an opinion" qualification due to a net income of 66 million peso and net loss of 117 million peso for the financial years ended 30 June 2010 and 30 June 2009 respectively and has a net capital deficiency of 1.5 billion and 1.6 billion peso for the financial years ended 30 June 2010 and 2009 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 for each of the financial years ended 30 June 2010 and 30 June 2009 and has a net capital deficiency of 277 million peso for both the financial years. On 14 September 1998, the company adopted a resolution authorising the management to implement a "de facto" phase out of the company's operations in accordance with the consensus arrived at during the meeting held on 20 August 1998. The company has ceased to carry on the business of stockbroker and dealer upon the sale of its exchange seat in the Philippine Stock Exchange. The activities of the company thereafter are limited to the realisation of assets and settlement of liabilities.

(iv) Amsteel Strategic Investors Alliance, Inc. - raised doubt about the company's ability to continue as a going concern in view of the recurring losses suffered from operations of 15,000 peso and 5,000 peso for the financial years ended 30 June 2010 and 30 June 2009 and has a net capital deficiency of 0.42 million peso and 0.41 million peso for the financial years ended 30 June 2010 and 30 June 2009 respectively. 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	
	2010	**2009**
	RM'000	**RM'000**
Capital contribution	**160**	160
Share of profit from joint-ventures	**187**	187
Impairment losses	**(31)**	(31)
	316	316
Less: Cash received	**(316)**	(316)
	–	–

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

	GROUP	
	2010	**2009**
	RM'000	**RM'000**
Current Assets		
Deposits, cash and bank balances	**475**	475
Current Liabilities		
Payables	**(475)**	(475)
Net Assets Employed	**–**	–

There were no capital commitments and contingent liabilities in the joint-ventures as at 30 June 2010.

The joint-venture companies are:

Name of Joint-Venture	Holding in Equity by Subsidiary Companies 2010 %	2009 %	Accounting Year End	Principal Activities
Dwiwater Sdn Bhd (Dissolved on 27.05.2010)	**–**	52.52	31 December	Ceased operation
Triwater Sdn Bhd	**43.07**	43.07	31 December	Ceased operation

21. INVESTMENTS

	GROUP		COMPANY	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Shares quoted in Malaysia at cost	**16,339**	16,339	**6,380**	6,380
Impairment losses	**(30)**	(44)	**–**	(1,276)
	16,309	16,295	**6,380**	5,104
Shares quoted outside Malaysia at cost	**46,985**	48,175	**–**	–
Impairment losses	**(25,653)**	(30,223)	**–**	–
	21,332	17,952	**–**	–
Unquoted investments at cost	**137**	137	**128**	128
LCB Bonds*	**877,626**	830,634	**877,626**	830,634
LCB RCSLS**	**67,640**	66,929	**67,640**	66,929
	945,403	897,700	**945,394**	897,691
Total	**983,044**	931,947	**951,774**	902,795
Market value of:				
Share quoted in Malaysia	**27,650**	16,314	**8,245**	5,104
Shares quoted outside Malaysia	**21,332**	17,952	**–**	–
	48,982	34,266	**8,245**	5,104

Certain investments of the Group and of the Company amounting to RM0.98 billion and RM0.95 billion (2009: RM0.93 billion and RM0.90 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.

* Represents unquoted bonds issued by Lion Corporation Berhad.

** Represents redeemable convertible secured loan stocks issued by Lion Corporation Berhad.

22. PROPERTY DEVELOPMENT ACTIVITIES

Property development costs

	GROUP	
	2010 RM'000	**2009 RM'000**
At beginning of the financial year	**–**	–
Costs incurred during the financial year:		
- land, at cost	**53**	–
- development costs	**1,700**	–
	1,753	–
Cost charged to income statement	**(1,231)**	–
At end of the financial year	**522**	–

23. GOODWILL

	GROUP	
	2010 RM'000	**2009 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	
	2010 RM'000	**2009 RM'000**
At cost:		
Raw materials	**76**	141
Finished goods	**2,526**	1,795
General and consumable stores	**1,024**	1,299
Work-in-progress	**1,444**	1,325
Completed property units for sale	**421**	–
	5,491	4,560
At net realisable value:		
Marketable securities	**2,399**	1,522
Total	**7,890**	6,082

25. RECEIVABLES

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Deferred consideration	**412,758**	717,878	**412,758**	717,878
Less: Non-current	**(412,758)**	(566,903)	**(412,758)**	(566,903)
	–	150,975	**–**	150,975
Trade receivables	**154,487**	161,089	**–**	–
Allowance for doubtful receivables	**(119,909)**	(128,685)	**–**	–
	34,578	32,404	**–**	–
Other receivables, deposits and prepayments	**248,260**	144,499	**130,924**	43,142
Allowance for doubtful receivables	**(85,054)**	(77,547)	**(4,362)**	(1,961)
	163,206	66,952	**126,562**	41,181
Amount due from subsidiary companies	**–**	–	**2,933,870**	3,037,855
Allowance for doubtful receivables	**–**	–	**(1,279,620)**	(1,255,507)
	–	–	**1,654,250**	1,782,348
Amount due from associated companies	**88,409**	88,413	**65,904**	65,904
Allowance for doubtful receivables	**(39,944)**	(39,949)	**(32,993)**	(32,993)
	48,465	48,464	**32,911**	32,911
Total	**246,249**	298,795	**1,813,723**	2,007,415

The deferred consideration arose from the disposal of subsidiary companies pursuant to the corporate and debts restructuring scheme in the previous year.

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 (2009: interest free) 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	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Ringgit Malaysia	**221,120**	245,257	**1,387,098**	1,534,589
Chinese Renminbi	**1,564**	1,312	**194**	194
Singapore Dollar	**16,552**	50,233	**74,224**	115,382
Hong Kong Dollar	**6,423**	1,390	**200,547**	200,547
Others	**590**	603	**151,660**	156,703
	246,249	298,795	**1,813,723**	2,007,415

26. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Deposits with licensed financial institutions	**127,079**	114,122	**84,459**	79,112
Cash and bank balances	**23,622**	17,395	**2,453**	887
	150,701	131,517	**86,912**	79,999

Certain deposits included in deposits with licensed financial institutions are:

	GROUP		COMPANY	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Pledged as security for credit facilities granted to the Group	**5**	5	**–**	–
Earmarked for bond redemption under the GWRS	**77,941**	71,491	**77,820**	71,300
	77,946	71,496	**77,820**	71,300

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

	GROUP		COMPANY	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Ringgit Malaysia	**146,513**	128,657	**86,912**	79,999
Others	**4,188**	2,860	**–**	–
	150,701	131,517	**86,912**	79,999

The average interest rates of deposits at the balance sheet date is 2.6% (2009: 2.6%) per annum.

The average maturities of deposits as at the end of the financial year is 18 days (2009: 18 days).

27. SHARE CAPITAL

	GROUP AND COMPANY 2010 RM'000	2009 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 five years and the Company may, if the Board deems fit upon the recommendation of the Option Committee, renew the ESOS for a further five years, without further approval of the relevant authorities.

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

28. RESERVES

	← Non-distributable		→	
	Translation RM'000	Capital reserve RM'000	Revaluation reserve RM'000	Total RM'000
GROUP				
Balance at 1 July 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
Net translation loss on equity of foreign subsidiary companies	(11,599)	–	–	(11,599)
Balance at 30 June 2010	**(60,907)**	**469,569**	**–**	**408,662**

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.

29. ACB BONDS AND USD DEBTS - SECURED

	GROUP		COMPANY	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
- ACB Bonds	**167,558**	2,126	**167,558**	2,126
- ACB Debts	**–**	–	**421,948**	8,378
- ACB Consolidated and Rescheduled Debts	**413,035**	8,371	**–**	–
	580,593	10,497	**589,506**	10,504
Non-current				
- ACB Bonds	**441,747**	622,374	**441,747**	622,374
- ACB Debts	**–**	–	**931,108**	1,570,452
- ACB Consolidated and Rescheduled Debts	**857,060**	1,488,892	**–**	–
	1,298,807	2,111,266	**1,372,855**	2,192,826
Total				
- ACB Bonds	**609,305**	624,500	**609,305**	624,500
- ACB Debts	**–**	–	**1,353,056**	1,578,830
- ACB Consolidated and Rescheduled Debts	**1,270,095**	1,497,263	**–**	–
	1,879,400	2,121,763	**1,962,361**	2,203,330

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

	GROUP		COMPANY	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Within one year	**580,593**	10,497	**589,506**	10,504
More than one year and less than two years	**1,014,530**	790,931	**1,068,105**	796,419
More than two years and less than five years	**284,277**	1,252,055	**304,750**	1,307,328
More than five years	**–**	68,280	**–**	89,079
	1,879,400	2,121,763	**1,962,361**	2,203,330

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

	GROUP		COMPANY	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**609,305**	624,500	**609,305**	624,500
United States Dollar	**1,270,095**	1,497,263	**1,353,056**	1,578,830
	1,879,400	2,121,763	**1,962,361**	2,203,330

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 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 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 which encompass properties that are subject to the sale and purchase agreement dated 21 May 2008 (as varied /supplemented) entered into between the Company and Limbungan Emas Sdn Bhd ("Agreement");

(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 and assets under the Agreement;

- 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 are the 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.

30. FINANCE LEASE LIABILITIES

	GROUP	
	2010	**2009**
	RM'000	**RM'000**
Minimum lease payments		
- not later than one year	**21**	22
- later than one year and not later than five years	**40**	61
	61	83
Less: Future finance charges	**(12)**	(17)
Present value of finance lease liabilities	**49**	66

Present value of finance lease liabilities are as follows:

	GROUP	
	2010	**2009**
	RM'000	**RM'000**
- not later than one year	**19**	17
- later than one year and not later than five years	**30**	49
	49	66

The finance lease liabilities bear interest at rates ranging from 2.3% to 10% (2009: 2.3% to 10%) per annum.

31. DEFERRED TAX

	GROUP	
	2010 RM'000	2009 RM'000
At beginning of the financial year	**1,383**	1,376
Recognised in income statement (Note 12)	**(171)**	7
At end of the financial year	**1,212**	1,383

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

Deferred tax liabilities

	GROUP	
	2010 RM'000	2009 RM'000
At beginning of the financial year	**1,383**	1,376
Recognised in income statement (Note 12)	**(171)**	7
At end of the financial year	**1,212**	1,383

Deferred tax liabilities provided for in the financial statements:

	GROUP	
	2010 RM'000	2009 RM'000
- excess of capital allowances over depreciation	**1,705**	1,659
- tax effects of revaluation of plantation lands	**35**	35
- other temporary differences	**(528)**	(311)
	1,212	1,383

Deferred tax assets

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

	GROUP	
	2010	**2009**
	RM'000	**RM'000**
- unabsorbed capital allowances	**9,155**	9,170
- unutilised tax losses	**167,657**	167,646
	176,812	176,816

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.

32. PAYABLES

	GROUP		COMPANY	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	**3,495**	2,726	**–**	–
Other payables	**88,393**	67,258	**3,914**	13,315
Amount due to associated companies	**134**	136	**–**	–
Amount due to subsidiary companies	**–**	–	**804,477**	853,253
	92,022	70,120	**808,391**	866,568

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	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**58,606**	30,274	**808,391**	866,568
Chinese Renminbi	**24,643**	35,918	**–**	–
Others	**8,773**	3,928	**–**	–
	92,022	70,120	**808,391**	866,568

33. 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	
	2010	**2009**
	RM'000	**RM'000**
Sales of goods and services to:		
- Megasteel Sdn Bhd	**3,065**	5,085
- Amsteel Mills Sdn Bhd	**3,354**	4,486
- Bright Steel Sdn Bhd	**967**	1,369
- Antara Steel Mills Sdn Bhd	**1,344**	629
- Parkson Corporation Sdn Bhd	**342**	503
- Narajaya Sdn Bhd	**–**	9

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	
	2010	**2009**
	RM'000	**RM'000**
Purchases of goods from:		
- Secom Co Ltd	**1,011**	1,408
- Shanghai Nohmi Secom Fire Protection Equipment Co Ltd	**432**	403

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

Shanghai Nohmi Secom Fire Protection Equipment Co Ltd is a subsidiary company of Secom Co Ltd.

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.

34. CONTINGENT LIABILITIES

	GROUP	
	2010	**2009**
	RM'000	**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 an 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.

35. SEGMENT INFORMATION

(a) Business Segments:

The Group is organised into three major business segments:

(i) Security services - provision of security services and sale of security related equipment;

(ii) Hotel - operation of hotel;

(iii) Investment holding and others - investment holding, manufacture and sale of tools and dies, cultivation of oil palm, 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 2010

	Security services RM'000	Hotel RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
Revenue					
External sales	40,885	13,980	78,735	–	133,600
Inter-segment sales	–	–	–	–	–
	40,885	13,980	78,735	–	133,600
Result					
Segment results	9,088	(2,238)	61,266	–	68,116
Gain on foreign exchange - unrealised					107,312
Finance costs					(85,073)
Share in results of associated companies	–	–	2,001	–	2,001
Profit before taxation					92,356
Taxation					(2,807)
Net profit for the financial year					89,549
Assets					
Segment assets	59,820	64,018	1,775,144	–	1,898,982
Investment in associated companies	–	–	12,742	–	12,742
Unallocated assets					10,668
Consolidated total assets					1,922,392
Liabilities					
Segment liabilities	7,031	17,654	1,948,500	–	1,973,185
Unallocated liabilities					1,445
Consolidated total liabilities					1,974,630
Other information					
Capital expenditure	3,265	1,398	524	–	5,187
Depreciation	3,126	3,943	446	–	7,515
Amortisation	–	–	1,192	–	1,192
Other non-cash expenses	385	51	2,296	–	2,732

30 June 2009

	Continuing Operations (Restated)				
	Security services RM'000	Hotel RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
Revenue					
External sales	38,606	15,262	121,990	–	175,858
Inter-segment sales	10	–	–	(10)	–
	38,616	15,262	121,990	(10)	175,858
Result					
Segment results	6,785	(807)	76,763	–	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)
Loss before taxation					(116,624)
Taxation					(2,631)
Net loss for the financial year					(119,255)
Assets					
Segment assets	53,018	71,759	1,920,572	–	2,045,349
Investment in associated companies	–	–	11,141	–	11,141
Unallocated assets					9,203
Consolidated total assets					2,065,693
Liabilities					
Segment liabilities	7,173	19,624	2,167,334	–	2,194,131
Unallocated liabilities					1,383
Consolidated total liabilities					2,195,514

30 June 2009

	Continuing Operations (Restated)				
	Security services RM'000	Hotel RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
Other information					
Capital expenditure	4,658	853	563	–	6,074
Depreciation	2,989	4,322	428	–	7,739
Amortisation	–	–	1,034	–	1,034
Allowance for diminution in value of quoted investments	–	–	6,933	–	6,933
Non-cash expenses	380	37	326,472	–	326,889

(b) Geographical Segments:

The Group operates in the following main geographical areas:

Malaysia - mainly in provision of security services and security related equipment, manufacture and sale of tools and dies, 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	**119,188**	159,996	**1,829,617**	1,963,862	**3,740**	5,217
China	**13,980**	15,262	**64,018**	73,054	**1,398**	853
Other countries	**432**	600	**28,757**	28,777	**49**	4
	133,600	175,858	**1,922,392**	2,065,693	**5,187**	6,074

36. CASH FLOW STATEMENTS

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

	GROUP		COMPANY	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Depreciation	**7,515**	8,578	**2**	1
Share in profits of associated companies	**(2,001)**	(3,106)	**–**	–
Amortisation of:				
- biological assets	**1,188**	1,103	**–**	–
- prepaid land lease payments	**4**	1,084	**–**	–
Interest expenses	**85,073**	112,503	**92,469**	146,256
Interest income	**(64,688)**	(121,110)	**(64,628)**	(107,284)
Written off:				
- property, plant and equipment	**54**	37	**–**	–
- bad receivables	**–**	113	**–**	–
(Gain)/Loss on disposal of:				
- property, plant and equipment	**(1,156)**	(50)	**(70)**	–
- subsidiaries	**–**	–	**–**	(382,029)
- investments	**(21)**	2,437	**(21)**	79
Waiver of debt by a subsidiary company	**–**	–	**(54,894)**	–
Allowance for doubtful receivables	**–**	8,976	**131,251**	439,037
Dividend income	**(401)**	(314)	**(9,240)**	(2,000)
(Gain)/Loss on foreign exchange - unrealised	**(107,312)**	119,515	**(107,250)**	119,452
Net gain on debts restructuring	**–**	(33,525)	**–**	(33,525)
Reversal of impairment losses for land and development expenditure	**–**	(1,785)	**–**	–
Allowance for diminution in value of quoted investments	**–**	6,933	**–**	1,276
Allowance for doubtful debts no longer required	**(579)**	–	**–**	–
Reversal of allowance for diminution in value for quoted investment	**(3,680)**	–	**(1,276)**	–
Loss recognised on discontinued operations	**–**	14,670	**–**	–
	(86,004)	116,059	**(13,657)**	181,263

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

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Cash and bank balances	**23,622**	17,395	**2,453**	887
Deposit with licensed financial institutions	**127,079**	114,122	**84,459**	79,112
	150,701	131,517	**86,912**	79,999
Less: Fixed deposits pledged	**(5)**	(5)	**–**	–
Fixed deposits earmarked for bond redemption	**(77,941)**	(71,491)	**(77,820)**	(71,300)
	72,755	60,021	**9,092**	8,699

37. 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 2010 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	**37,641**	**48,982***	**6,380**	**8,245***

* *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 **ACB RESOURCES BERHAD** (formerly known as AMSTEEL CORPORATION BERHAD), do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 75 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 2010 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 27 September 2010.

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 **ACB RESOURCES BERHAD** (formerly known as AMSTEEL CORPORATION BERHAD), do solemnly and sincerely declare that the financial statements set out on pages 11 to 75 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 27 September 2010.

CHENG SIN YENG

Before me

W259
AHMAD B. LAYA
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACB RESOURCES BERHAD

Report on the Financial Statements

We have audited the financial statements of **ACB RESOURCES BERHAD** (formerly known as AMSTEEL CORPORATION BERHAD), which comprise the balance sheets as at 30 June 2010 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 11 to 75.

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 2010 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's current liabilities exceeded its current assets by RM256.837 million for the financial year ended 30 June 2010 and as of that date, the Group has a deficit in its shareholders' funds of RM78.377 million. In addition, we draw attention to Note 29 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

LIM KOK BENG
588/02/11(J)
Chartered Accountant

Kuala Lumpur

27 September 2010

ACB RESOURCES BERHAD
(formerly known as Amsteel Corporation Berhad)
(Incorporated in Malaysia) (20667-M)

CDS ACCOUNT NUMBER

			–				–									

FORM OF PROXY

I/We ....

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

of ....

being a member/members of ACB RESOURCES 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-Fifth Annual General Meeting of the Company to be held at the Meeting Hall, Level 16, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 Kuala Lumpur on 24 November 2010 at 9.30 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve Directors' fees		
2. To re-appoint as Director, Y. Bhg. Jen Tan Sri Dato' Zain Mahmud Hashim (b)		
3. To re-appoint as Director, Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim		
4. To re-appoint as Director, Mr M. Chareon Sae Tang @ Tan Whye Aun		
5. To re-appoint as Director, Mr Tan Siak Tee		
6. To re-appoint Auditors		
7. Authority to Directors to issue shares		

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 2010

No. of shares : .... Signed : ....

Representation at Meeting:

- Only Members whose names appear in the Register of Members and the Record of Depositors on 15 November 2010 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 14, Office Tower, No. 1 Jalan Nagasari (Off Jalan Raja Chulan), 50200 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.