



**ACB RESOURCES BERHAD**

A Member of The Lion Group

(20667-M)

**Laporan Tahunan**  
**2012**  
**Annual Report**

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## NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Seventh 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 19 November 2012 at 2.00 pm for the following purposes:

### AGENDA

- |     |   |   |
|-----|---|---|
| 1.  | To receive the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2012.  | <b>Note 2</b>   |
| 2.  | To approve the payment of Directors' fees amounting to RM60,700 (2011 : RM71,100).  | <b>Resolution 1</b>   |
| 3.  | To re-elect Director:<br><br>In accordance with Article 97 of the Company's Articles of Association, Y. Bhg. Tan Sri William H.J. Cheng retires and, being eligible, offers himself for re-election.  | <b>Resolution 2</b>   |
| 4.  | To consider and, if thought fit, pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965 as ordinary resolutions:<br><br>"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."<br><br>"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."<br><br>"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." | <b>Resolution 3</b><br><br><b>Resolution 4</b><br><br><b>Resolution 5</b> |
| 5.  | To re-appoint Auditors to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.   | <b>Resolution 6</b>   |
| 6.  | Special Business  |   |
| 6.1 | To consider and, if thought fit, pass the following ordinary resolution:<br><br>Authority to Directors to issue shares<br><br>"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."   | <b>Resolution 7</b>   |
| 7.  | To transact any other business for which due notice shall have been given.  |   |

By Order of the Board

**CHAN POH LAN**  
**WONG PHOOI LIN**  
 Secretaries

Kuala Lumpur  
 25 October 2012

**Notes:**

1. Proxy

- *Only Members whose names appear in the Register of Members and the Record of Depositors on 8 November 2012 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 office of the Registrar of the Company, Level 13, 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

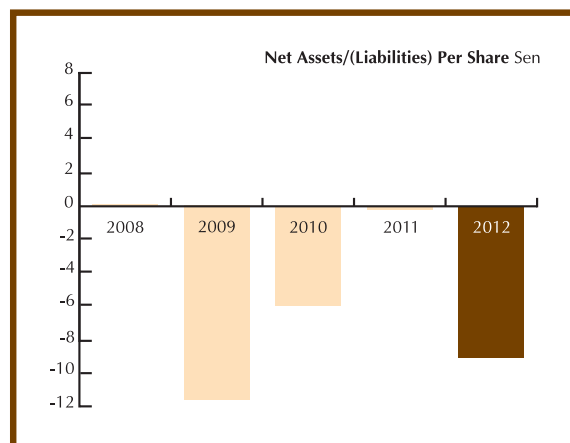
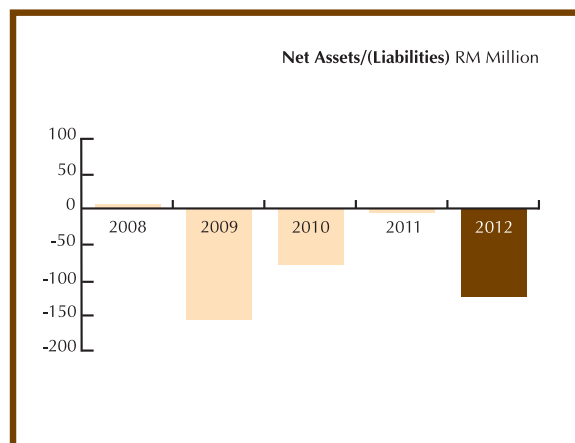
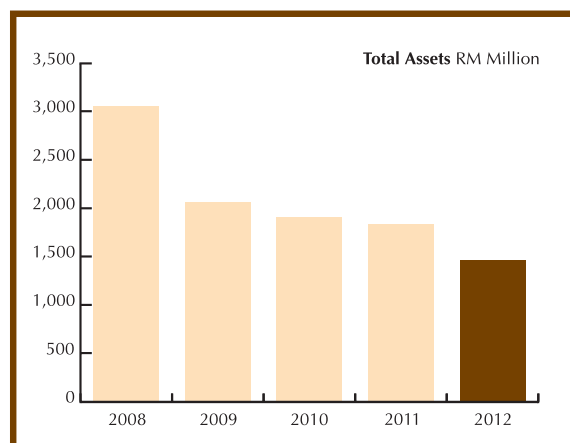
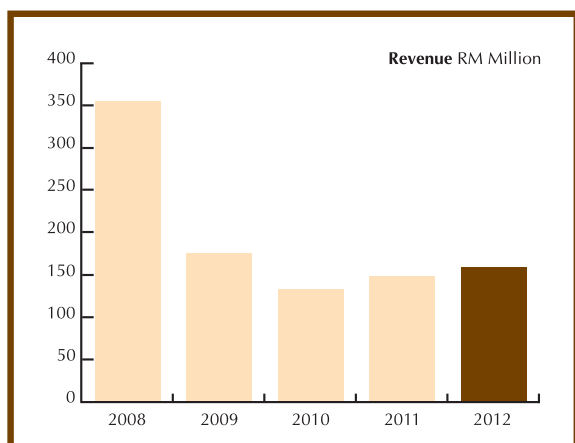
*This item of the Agenda is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 require that the Directors' Report and the Audited Financial Statements be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires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

## CORPORATE INFORMATION

<b>Board of Directors</b>	: Y. Bhg. Tan Sri William H.J. Cheng ( <i>Chairman</i> ) Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim Mr M. Chareon Sae Tang @ Tan Whye Aun Mr Tan Siak Tee
<b>Secretaries</b>	: Ms Chan Poh Lan Ms Wong Phooi Lin
<b>Company No</b>	: 20667-M
<b>Registered Office</b>	: Level 14, Office Tower No. 1 Jalan Nagasari (Off Jalan Raja Chulan) 50200 Kuala Lumpur Tel No : 03-21420155 Fax No : 03-21413448 Homepage : <a href="http://www.liongroup.com.my">http://www.liongroup.com.my</a>
<b>Share Registrar</b>	: 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
<b>Auditors</b>	: Ong Boon Bah & Co B-10-1 Megan Avenue 1 189 Jalan Tun Razak 50400 Kuala Lumpur
<b>Principal Bankers</b>	: AmInvestment Bank Berhad Malayan Banking Berhad RHB Bank Berhad

## 5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years ended 30 June		2008	2009	2010	2011	2012
Revenue	(RM'000)	351,144	175,858	133,600	149,186	<b>160,593</b>
Profit/(Loss) before tax	(RM'000)	(59,920)	(116,624)	92,356	60,360	<b>(94,283)</b>
Profit/(Loss) after tax	(RM'000)	(70,428)	(119,255)	89,549	59,371	<b>(98,309)</b>
Net profit/(loss) attributable to owners of the parent	(RM'000)	(73,659)	(118,838)	87,256	55,797	<b>(102,730)</b>
Total assets	(RM'000)	3,058,846	2,065,693	1,922,392	1,842,733	<b>1,465,133</b>
Net assets/(liabilities)	(RM'000)	989	(154,034)	(78,377)	(1,210)	<b>(120,969)</b>
Total borrowings	(RM'000)	2,677,153	2,121,878	1,879,449	1,706,014	<b>1,405,323</b>
Earnings/(Loss) per share	(Sen)	(5.5)	(8.9)	6.6	4.2	<b>(7.7)</b>
Net assets/(liabilities) per share	(Sen)	0.1	(11.6)	(5.9)	(0.1)	<b>(9.1)</b>



## REVIEW OF OPERATIONS

### GROUP FINANCIAL PERFORMANCE

For the financial year under review, the Group posted a higher revenue of RM160.6 million compared with RM149.2 million in the previous year. However, the Group recorded a loss before tax in 2012 of RM94.3 million against a profit before tax of RM60.4 million in 2011. The loss for 2012 was mainly due to unrealised loss on foreign exchange of RM55.1 million, provision for loss on indemnity claim of RM40.0 million and impairment loss on quoted investment of RM6.1 million.

### 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. During the year under review, Secom introduced the 'Automated External Defibrillator', a relatively new product in the Malaysian market, which is expected to improve Secom's rental business.

For the year under review, Secom recorded a higher revenue of RM47.8 million as compared to RM45.6 million a year ago. The improvement in revenue by 4.8% over last year was mainly attributable to higher fees from central monitoring services as a result of an increase in subscriber base from 2,731 last year to 2,827 this year. Higher revenue was also recorded in the static guard fees while sales of security equipment and installation fees increased marginally over the last year. Despite improved revenue, profit declined to RM9.2 million compared to RM10.8 million a year ago. The lower profit was attributable to higher operating cost and impairment loss recognised on quoted investment of RM0.3 million. Secom will continue with its aggressive strategies to improve sales services and expand its market presence in order to remain competitive.

#### Hotel

Our hotel 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 and the increased activities augur well for our hotel operation there.

For the financial year under review, the division achieved a higher revenue of RM21.6 million, representing an increase of 18% against RM18.3 million in 2011. Operating profit improved to RM1.5 million as compared to RM1.2 million last year. Although occupancy room rate remained flat averaging at 70%, higher room rates and better sales from the food and beverage section had contributed to the overall improved performance in 2012.

For the past years, continuous efforts have been put in to upgrade our facilities to meet customer expectations and maintain the overall high standard in our hotel. All these hard work have yielded results in higher revenue and profit.

#### Investment Holding and Others

This division is mainly involved in the plantation, manufacture and sale of tool and dies, and investment holding. For the financial year under review, the division recorded a higher revenue of RM91.2 million and profit of RM63.7 million as compared to RM85.3 million and RM48.6 million respectively in the previous year. The higher revenue was largely derived from interest income from its investment in unquoted bonds and loan stocks, dividend income, and tool and dies services. The higher profit in 2012 was mainly attributable to lower impairment of doubtful receivables.

## FINANCIAL STATEMENTS

# 2012

For The Financial Year Ended 30 June 2012

## DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2012.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in Note 16 to the financial statements.

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

### RESULTS

	GROUP RM'000	COMPANY RM'000
Net loss for the financial year	(98,309)	(630,123)
(Loss)/Profit attributable to:		
Owners of the parent	(102,730)	(630,123)
Non-controlling interests	4,421	–
	(98,309)	(630,123)

### DIVIDEND

The Directors do not recommend any payment of dividend for the financial year ended 30 June 2012.

### 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:

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

In accordance with Article 97 of the Company's Articles of Association, Y. Bhg. Tan Sri William H.J. Cheng retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. 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 a Director of the Company and/or substantial shareholders of its subsidiary companies are substantial shareholders as disclosed in Note 30 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 the Directors in office at the end of the financial year in shares in the Company during and at the end of the financial year were as follows:

	Number of ordinary shares of RM1.00 each			
	As at 1.7.2011	Additions	Disposals	As at 30.6.2012
<b>Indirect interest</b>				
Tan Sri William H.J. Cheng	634,485,255	—	—	634,485,255

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

**Indirect interest**

Tan Sri William H.J. Cheng

	Nominal value per share	As at 1.7.2011	Number of ordinary shares		As at 30.6.2012
			Additions	Disposals	
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	240,000	—	300,000
P T Amsteel Securities Indonesia	Rp1,000	9,350,000	—	—	9,350,000
P T Kebunaria	Rp1,000,000	17,000	—	—	17,000
<b>Investment in the People's Republic of China</b>	<b>Currency</b>	<b>As at 1.7.2011</b>	<b>Additions</b>	<b>Disposals</b>	<b>As at 30.6.2012</b>
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.

## OTHER STATUTORY INFORMATION

Before the income statements, statements of comprehensive income and statements of financial position 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 debts and the making of allowance for doubtful receivables and had satisfied themselves that all known bad debts 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 debts 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; and
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

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

In the opinion of the Directors, except as disclosed in the financial statements:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENT

Significant event during the financial year is disclosed in Note 34 to the financial statements.

## **AUDITORS**

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 September 2012.

**TAN SRI WILLIAM H.J. CHENG**  
Chairman

**LT. JEN (B) DATUK SERI ABDUL MANAP BIN IBRAHIM**  
Director

Kuala Lumpur

## INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	GROUP		COMPANY	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	6	<b>160,593</b>	149,186	<b>85,001</b>	76,289
Other operating income		<b>4,800</b>	11,762	<b>26,930</b>	3,740
Changes in inventories		<b>67</b>	(523)	–	–
Raw materials and consumables used		<b>(4,388)</b>	(4,205)	–	–
Purchase of trading goods		<b>(2,713)</b>	(2,262)	–	–
Employee benefits expenses	7	<b>(28,804)</b>	(25,098)	–	–
Depreciation and amortisation expenses		<b>(9,411)</b>	(9,100)	<b>(1)</b>	(1)
Other operating expenses		<b>(45,782)</b>	(59,187)	<b>(599,791)</b>	(91,674)
Profit/(Loss) from operations	8	<b>74,362</b>	60,573	<b>(487,861)</b>	(11,646)
(Loss)/Gain on foreign exchange - unrealised		<b>(55,083)</b>	76,026	<b>(55,058)</b>	96,078
Finance costs	9	<b>(75,752)</b>	(75,342)	<b>(84,504)</b>	(82,322)
Share in results of associated companies		<b>2,190</b>	(897)	–	–
Provision	29	<b>(40,000)</b>	–	–	–
(Loss)/Profit before tax		<b>(94,283)</b>	60,360	<b>(627,423)</b>	2,110
Tax expenses	10	<b>(4,026)</b>	(989)	<b>(2,700)</b>	(1,300)
Net (loss)/profit for the financial year		<b>(98,309)</b>	59,371	<b>(630,123)</b>	810
(Loss)/Profit attributable to:					
Owners of the parent		<b>(102,730)</b>	55,797	<b>(630,123)</b>	810
Non-controlling interests		<b>4,421</b>	3,574	–	–
		<b>(98,309)</b>	59,371	<b>(630,123)</b>	810
(Loss)/Earnings per share					
Basic (sen)	11	<b>(7.7)</b>	4.2		

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

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Other comprehensive (expense)/income</b>				
Foreign currency translation	(8,069)	4,126	–	–
Changes in fair value of available-for-sale investments				
- Fair value changes	(1,954)	5,921	(1,571)	2,225
- Transfer to profit or loss upon disposal	–	(4,281)	–	–
Other comprehensive (expense)/income for the financial year	(10,023)	5,766	(1,571)	2,225
Total comprehensive (expense)/income for the financial year	(108,332)	65,137	(631,694)	3,035
Total comprehensive (expense)/income for the financial year attributable to:				
Owners of the parent	(112,753)	61,563	(631,694)	3,035
Non-controlling interests	4,421	3,574	–	–
	(108,332)	65,137	(631,694)	3,035

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

## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2012

		GROUP		COMPANY	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	79,866	78,064	5	6
Investment properties	13	188	204	–	–
Biological assets	14	11,961	13,592	–	–
Associated companies	15	13,235	11,445	4,000	4,000
Subsidiary companies	16	–	–	4,751	4,751
Investments	17	888,827	878,617	850,156	843,895
Goodwill	18	–	–	–	–
		<b>994,077</b>	<b>981,922</b>	<b>858,912</b>	<b>852,652</b>
<b>Current assets</b>					
Investments	17	208,909	166,015	208,269	164,858
Property development costs	19	147	147	–	–
Inventories	20	5,019	5,513	–	–
Receivables	21	148,774	571,219	1,041,625	2,055,770
Tax recoverable		20,403	18,558	7,373	8,629
Deposits, cash and bank balances	22	87,804	99,359	37,952	34,311
		<b>471,056</b>	<b>860,811</b>	<b>1,295,219</b>	<b>2,263,568</b>
<b>TOTAL ASSETS</b>		<b>1,465,133</b>	<b>1,842,733</b>	<b>2,154,131</b>	<b>3,116,220</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	23	1,331,175	1,331,175	1,331,175	1,331,175
Share premium		230,188	230,188	230,188	230,188
Reserves	24	390,490	400,513	2,519	4,090
Accumulated losses		(2,072,822)	(1,963,086)	(1,680,592)	(1,050,469)
		<b>(120,969)</b>	<b>(1,210)</b>	<b>(116,710)</b>	<b>514,984</b>
Non-controlling interests		31,086	24,424	–	–
<b>Total equity</b>		<b>(89,883)</b>	<b>23,214</b>	<b>(116,710)</b>	<b>514,984</b>
<b>Non-current liabilities</b>					
ACB Bonds and USD Debts	25	166,357	287,906	187,166	307,578
Deferred liabilities		1,894	1,777	–	–
Deferred tax liabilities	27	914	1,409	–	–
		<b>169,165</b>	<b>291,092</b>	<b>187,166</b>	<b>307,578</b>
<b>Current liabilities</b>					
Payables	28	106,838	110,266	768,350	811,535
Provision	29	40,000	–	–	–
Finance lease liabilities	26	15	32	–	–
ACB Bonds and USD Debts	25	1,238,951	1,418,076	1,315,325	1,482,123
Tax liabilities		47	53	–	–
		<b>1,385,851</b>	<b>1,528,427</b>	<b>2,083,675</b>	<b>2,293,658</b>
<b>Total liabilities</b>		<b>1,555,016</b>	<b>1,819,519</b>	<b>2,270,841</b>	<b>2,601,236</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,465,133</b>	<b>1,842,733</b>	<b>2,154,131</b>	<b>3,116,220</b>

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		GROUP		COMPANY	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>CASH FLOWS FROM</b>					
<b>OPERATING ACTIVITIES</b>					
(Loss)/Profit before tax		(94,283)	60,360	(627,423)	2,110
Adjustment for non-cash items, interests and dividends	33(a)	105,059	(41,644)	625,477	219
Operating profit/(loss) before working capital changes		10,776	18,716	(1,946)	2,329
Decrease/(Increase) in inventories		494	(1,041)	–	–
Decrease/(Increase) in trade and other receivables		18,393	(13,274)	18,128	(5,413)
(Decrease)/Increase in trade and other payables		(19,818)	17,962	(2,748)	(1,717)
Cash generated from/(used in) operations		9,845	22,363	13,434	(4,801)
Tax paid		(5,385)	(4,252)	(2,350)	–
Tax refund		965	–	–	–
Net cash inflow/(outflow) from operating activities		5,425	18,111	11,084	(4,801)
<b>CASH FLOWS FROM</b>					
<b>INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		(6,289)	(3,583)	–	–
Proceeds from disposal of property, plant and equipment		248	350	–	–
Deferred consideration received from disposal of subsidiary companies in prior years		400,985	65,035	400,985	65,035
Proceeds from disposal of investments		–	15,339	–	–
Proceeds from redemption of investments		11,449	11,442	11,449	11,442
Repayment (to)/from associated companies		(398)	469	(291)	463
Repayment from subsidiary companies		–	–	1,391	20,582
Dividends received		2,143	4,222	9,279	7,266
Interest received		15,114	4,158	13,031	2,754
Net cash inflow from investing activities		423,252	97,432	435,844	107,542

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



## STATEMENTS OF CASH FLOWS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		GROUP		COMPANY	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid to non-controlling interests		(4,925)	(365)	–	–
Issue of shares by a subsidiary company		160	–	–	–
Advances (to)/from subsidiary companies		–	–	(69,758)	3,565
Redemption/Repayment of ACB Bonds and USD Debts		(426,773)	(158,845)	(426,773)	(158,845)
Repayment of finance lease liabilities		(17)	(17)	–	–
Interest paid		(5)	(56)	–	(62)
(Increase)/Decrease in fixed deposits earmarked for ACB Bonds and USD Debts redemption		(4,766)	58,265	(4,804)	58,204
Net cash outflow from financing activities		(436,326)	(101,018)	(501,335)	(97,138)
Effect of exchange rate changes on cash and cash equivalents		(8,672)	(7,602)	–	–
Net (decrease)/increase in cash and cash equivalents		(16,321)	6,923	(54,407)	5,603
Cash and cash equivalents at beginning of the financial year		79,678	72,755	14,695	9,092
Cash and cash equivalents at end of the financial year	33(b)	63,357	79,678	(39,712)	14,695

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

GROUP	Attributable to owners of the parent						
	◀Non-distributable▶						
	Share capital RM'000	Share premium RM'000	Reserves RM'000 (Note 24)	Accumulated losses RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 July 2010	1,331,175	230,188	394,747	(2,018,883)	(62,773)	26,139	(36,634)
Total comprehensive income for the financial year	–	–	5,766	55,797	61,563	3,574	65,137
Dividend paid/payable by subsidiary	–	–	–	–	–	(5,289)	(5,289)
At 30 June 2011	<u>1,331,175</u>	<u>230,188</u>	<u>400,513</u>	<u>(1,963,086)</u>	<u>(1,210)</u>	<u>24,424</u>	<u>23,214</u>
<b>At 1 July 2011</b>	<b>1,331,175</b>	<b>230,188</b>	<b>400,513</b>	<b>(1,963,086)</b>	<b>(1,210)</b>	<b>24,424</b>	<b>23,214</b>
Total comprehensive (expense)/income for the financial year	–	–	(10,023)	(102,730)	(112,753)	4,421	(108,332)
Issue of shares in a subsidiary	–	–	–	–	–	160	160
Dilution of interest in subsidiary	–	–	–	(7,006)	(7,006)	7,006	–
Dividend paid by subsidiary	–	–	–	–	–	(4,925)	(4,925)
<b>At 30 June 2012</b>	<b><u>1,331,175</u></b>	<b><u>230,188</u></b>	<b><u>390,490</u></b>	<b><u>(2,072,822)</u></b>	<b><u>(120,969)</u></b>	<b><u>31,086</u></b>	<b><u>(89,883)</u></b>

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

## STATEMENTS OF CHANGES IN EQUITY (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

COMPANY	← Non-distributable →				
	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 July 2010	1,331,175	230,188	1,865	(1,051,279)	511,949
Total comprehensive income for the financial year	–	–	2,225	810	3,035
At 30 June 2011	<u>1,331,175</u>	<u>230,188</u>	<u>4,090</u>	<u>(1,050,469)</u>	<u>514,984</u>
<b>At 1 July 2011</b>	<b>1,331,175</b>	<b>230,188</b>	<b>4,090</b>	<b>(1,050,469)</b>	<b>514,984</b>
Total comprehensive expense for the financial year	–	–	(1,571)	(630,123)	(631,694)
<b>At 30 June 2012</b>	<u><b>1,331,175</b></u>	<u><b>230,188</b></u>	<u><b>2,519</b></u>	<u><b>(1,680,592)</b></u>	<u><b>(116,710)</b></u>

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2012

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and the 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 principal activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in Note 16. There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies 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 26 September 2012.

## 2. GOING CONCERN

The Group's and the Company's current liabilities exceeded its current assets by RM914.795 million and RM788.456 million respectively for the financial year ended 30 June 2012 and as of that date, the Group and the Company have a deficit in their total equity attributable to the owners of the parent of RM120.969 million and RM116.710 million respectively. In addition, as disclosed in Note 25, the ACB Bonds and USD Debts of the Group and of the Company which are repayable within the next 12 months amounted to RM1,238.951 million and RM1,315.325 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 be 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. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

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

### (b) Subsidiary companies

#### (i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies, which are prepared up to the end of the same financial year.

Subsidiary companies are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

Subsidiary companies are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of subsidiary companies acquired during the financial year are included in the consolidated financial statements from the effective date of acquisition. 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. At the Group level, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

The cost of an acquisition is measured as the aggregate of the fair values, 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 statements.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup transactions, balances and unrealised gains and losses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

Non-controlling interests in the consolidated statements of financial position consist of the non-controlling interests' share of fair values of the identifiable assets and liabilities of the acquiree as at acquisition date and the non-controlling interests' share of movements in the acquiree's equity since then.

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

**(ii) Transactions with non-controlling interests**

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

**(c) Associated companies**

Associated companies are entities in which the Group has significant influence and where the Group participates in its financial and operating policies through Board representation. Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the latest audited or management financial statements of the companies concerned made up to the Group's financial year end. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Under the equity method of accounting, the Group's share of results of associated companies during the financial year is included in the consolidated financial statements. The Group's share of results of associated companies acquired or disposed of during the year, is included in the consolidated income statements from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

Unrealised gains and losses on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies.

The Group's interest in associated companies is carried in the consolidated statements of financial position at cost plus the Group's share of post-acquisition changes in the share of the net assets of the associated companies, less impairment losses.

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 net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of 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 associated company's results in the period in which the investment is acquired.

When the Group's share of losses equals or exceeds its interest in an equity accounted associated company, including any long term interest that, in substance, form part of the Group's net investment in the associated company, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payment on behalf of the associated company.

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

**(d) 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 statements 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.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Leasehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Buildings are stated at revalued amount, which is the fair value at the date of the revaluation less accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professional qualified valuers.

Freehold land has an unlimited useful life and therefore is not depreciated but reviewed at each reporting date to determine whether there is an indication of impairment. 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

**(e) Biological assets**

Replanting expenditure consists of expenses incurred from land clearing to the point of harvesting and is recognised in the income statements 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.

**(f) Investment property**

Investment property is property which is held either to earn rental income or for capital appreciation or for both. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar property and the valuation is performed by independent professional valuers.

Gains or losses arising from changes in the fair values of investment property are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

When an item of investment property carried at fair value is transferred to property, plant and equipment following a change in its use, the property's deemed cost for subsequent accounting in accordance with FRS 116: Property, Plant and Equipment shall be its fair value at the date of change in use.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in other comprehensive income. However, if such fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of the investment property, any surplus previously recorded in other comprehensive income is transferred to retained earnings.

When an item of inventory or property development is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to the transfer and its fair value is recognised in profit or loss.

**(g) Land held for development and property development costs**

**(i) Land held for property development**

Land held for development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any 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.

**(ii) Property development costs**

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.

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 financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion of the property development costs incurred for work performed to date which bear to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised to the extent of property development costs incurred that is probable of being recovered, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs that are not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within payables.

**(h) Inventories**

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.

**(i) 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.

**(j) 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 groups) held for sale, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life, the recoverable amount is estimated at each reporting date or more frequently when there are indications of impairment.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.



Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the fair value reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

**(k) Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at FVTPL, loans and receivables, held-to-maturity ("HTM") investments and available-for-sale ("AFS") financial assets.

**(i) FVTPL**

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Financial assets designated as financial assets at FVTPL are a group of financial assets which consist of certain quoted securities that is managed and its performance is evaluated at a fair value basis, in accordance with a documented risk management or investment strategy, and information about these group of financial assets is provided internally on that basis to the Group's and the Company's key management personnel.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair FVTPL could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

**(ii) Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

**(iii) HTM investments**

Financial assets with fixed or determinable payments and fixed maturity are classified as HTM when the Group has the positive intention and ability to hold the investment to maturity.

**(iv) AFS financial assets**

AFS financial assets are financial assets that are designated as AFS or are not classified in any of the three preceding categories.

After initial recognition, AFS financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an AFS equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

AFS financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss previously recognised in other comprehensive income will be recognised in profit or loss.

**(l) Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

**(i) Loans and receivables**

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

**(ii) AFS financial assets**

For equity instruments classified as AFS, a significant or prolonged decline in the fair value of the securities below its cost is considered to be objective evidence of impairment.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are classified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed through profit or loss to the extent that the carrying amounts of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

**(iii) Unquoted equity securities carried at cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

**(m) Cash and cash equivalents**

For the purposes of statements of cash flows, 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 and pledged deposits.

**(n) Provisions**

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 statement of financial position 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 statements.

**(o) Financial liabilities**

**(i) Financial liabilities at FVTPL**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

**(ii) Other financial liabilities**

The Group's and the Company's other financial liabilities include trade payables, other payables and accrued expenses, amount owing to subsidiary companies, amount owing to related companies and dividend payable.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

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.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**(p) 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 statements of financial position 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 Group'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 statements 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 3(d).

**(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.

**(q) Equity instruments**

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

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

**(r) 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 statement of financial position date, monetary items denominated in foreign currencies are translated at the rates prevailing on the statements of financial position 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 statements 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 other comprehensive income. 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 other comprehensive income 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 statements 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 statements of comprehensive income 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 statement of financial position presented are translated at the closing rate prevailing at the statement of financial position date;
- Income and expenses for each statement of comprehensive income 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 statement of financial position 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:

	2012 RM	2011 RM
<b>Foreign currencies</b>		
1 US Dollar	3.1940	3.0240
1 Singapore Dollar	2.4953	2.4538
1 Hong Kong Dollar	0.4115	0.3884
100 Philippine Peso	7.4950	6.9150
100 Indonesian Rupiah	0.0326	0.0339
1 Chinese Renminbi	0.4999	0.4670

### (s) 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 customers' 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 to date 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.

**(t) 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 statements in which they are incurred.

**(u) 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 statements in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

**(v) Income taxes**

**(i) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.



**(ii) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary companies and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

Deferred tax assets are recognised for all temporary differences, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary companies and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

**(w) 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 risks 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.

**(x) Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

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

**Adoption of New and Revised FRSs**

In the current financial year, the Group and the Company have adopted all the new and revised FRSs and Issues Committee Interpretations ("IC Int.") issued by the Malaysian Accounting Standards Board ("MASB") which are effective for annual periods beginning on or after 1 January 2011 as follows:

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
IC Int. 4	Determining whether an Arrangement Contains a Lease
IC Int. 18	Transfers of Assets from Customers
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Int. 14	Prepayments of a Minimum Funding Requirement
Improvements to FRSs 2010	Improvements to FRSs (2010)

**Standards affecting presentation and disclosure**

**Amendments to FRS 7 Improving Disclosures about Financial Instruments**

The amendments to FRS 7 expand the disclosures required in respect of fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. The amendments to FRS 7 require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The fair value measurement disclosures are presented in Note 36.

**FRSs, Amendments to FRSs and IC Int. issued but not yet effective**

At the date of authorisation for issue of these financial statements, the new and revised FRSs and IC Int. which were issued but not yet effective and not early adopted by the Group and the Company are as listed below:

**Effective for financial periods beginning on or after 1 January 2012:**

FRS 124	Related Party Disclosures (revised)
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to FRS 112	Income Taxes – Deferred Tax: Recovery of Underlying Assets

**Effective for financial periods beginning on or after 1 July 2012:**

Amendments to FRS 101	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
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**Effective for financial periods beginning on or after 1 January 2013:**

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits (revised)
FRS 127	Separate Financial Statements (revised)
FRS 128	Investment in Associates and Joint Ventures (revised)
Amendments to FRS 7	Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine

**Effective for financial periods beginning on or after 1 January 2014:**

Amendments to FRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
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**Effective for financial periods beginning on or after 1 January 2015:**

FRS 9	Financial Instruments
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Consequential amendments were also made to various FRSs as a result of these new/revised FRSs.

The Directors anticipate that the adoption of the above standards and interpretations, when they become effective, are not expected to be relevant or have material impact on the financial statements of the Group and of the Company in the period of initial application.

### **Malaysian Financial Reporting Standards (“MFRS Framework”)**

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Int. 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (“Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by the Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Company falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2014. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

On 4 July 2012, MASB announced that the Transitioning Entities are allowed to defer the adoption of MFRS Framework to 1 January 2014. Thus, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2015.

The Group and the Company have not completed its assessment of the financial effects of the differences between the Financial Reporting Standards and the accounting standards under the MFRS Framework.

Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 30 June 2012 could be different if prepared under the MFRS Framework.

The Group and the Company consider that they are achieving their scheduled milestones and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2015.

## **5. 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 statement of financial position 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 based 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) Impairment losses**

The Group makes impairment losses 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.

**6. REVENUE**

An analysis of revenue is as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sales of goods	<b>24,350</b>	23,910	–	–
Rendering of service	<b>37,316</b>	35,370	–	–
Dividend income from:				
- subsidiary companies	–	–	<b>8,012</b>	6,798
- associated companies	–	–	<b>400</b>	400
- others	<b>1,743</b>	4,535	<b>866</b>	2,006
Interest income from:				
- subsidiary companies	–	–	<b>219</b>	220
- unquoted investments	<b>63,564</b>	64,567	<b>63,564</b>	64,567
- others	<b>12,008</b>	2,496	<b>11,940</b>	2,298
Rental income	<b>21,612</b>	18,308	–	–
	<b>160,593</b>	149,186	<b>85,001</b>	76,289

**7. EMPLOYEE BENEFITS EXPENSES**

	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Salaries, wages and bonuses	<b>17,570</b>	14,827
Defined contribution plans	<b>1,650</b>	1,405
Other staff related expenses	<b>9,584</b>	8,866
	<b>28,804</b>	25,098

## 8. PROFIT/(LOSS) FROM OPERATIONS

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

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>After charging:</b>				
Depreciation of property, plant and equipment	8,192	7,835	1	1
Directors' remuneration (Note 8(b))	70	77	70	77
Auditors' remuneration:				
- current year	335	246	50	44
- prior year	46	8	6	1
Amortisation of:				
- biological assets	1,203	1,250	-	-
- investment properties	16	15	-	-
Rental of land and buildings	492	365	-	-
Impairment losses on receivables:				
- subsidiary companies	-	-	597,537	80,318
- associated companies	-	25,423	-	9,945
- others	476	2,031	-	-
Impairment loss on quoted investment	6,110	-	-	-
Property, plant and equipment written off	74	123	-	-
	<b>2,234</b>	<b>1,427</b>	<b>-</b>	<b>-</b>
<b>And crediting:</b>				
Interest income	2,234	1,427	-	-
Gain on disposal of:				
- investments	-	5,452	-	-
- property, plant and equipment	108	57	-	-
Gain on foreign exchange - realised	270	3,651	308	3,627
Bad debts recovered	329	230	-	-
Waiver of debt by a subsidiary company	-	-	26,622	-
	<b>26,622</b>	<b>26,622</b>	<b>26,622</b>	<b>26,622</b>

### (b) Directors' remuneration

	GROUP		COMPANY	
	2012 RM'000	2011* RM'000	2012 RM'000	2011* RM'000
Non-Executive Directors:				
Fees	61	71	61	71
Other emoluments	9	6	9	6
	<b>70</b>	<b>77</b>	<b>70</b>	<b>77</b>

The number of Directors and their range of remuneration are as follows:

Range of remuneration	Number of Directors	
	2012	2011*
Non-executive Directors: RM25,000 and below	4	5

\* Including a Director who passed away on 30 June 2011.

## 9. FINANCE COSTS

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expenses on:				
- finance lease	5	4	–	–
- ACB Bonds and USD Debts	75,747	75,286	29,009	28,217
- ACB Debts	–	–	55,495	54,045
- others	–	52	–	60
<b>Total</b>	<b>75,752</b>	<b>75,342</b>	<b>84,504</b>	<b>82,322</b>

## 10. TAX EXPENSES

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Income tax:				
- Malaysian income tax	4,915	3,084	1,400	1,300
- Foreign tax	–	6	–	–
- Prior year	(394)	(2,298)	1,300	–
Deferred tax (Note 27):				
- Relating to origination and reversal of temporary differences	(588)	(84)	–	–
- Prior year	93	281	–	–
<b>Total</b>	<b>4,026</b>	<b>989</b>	<b>2,700</b>	<b>1,300</b>

A reconciliation of income tax expense applicable to (loss)/profit before tax 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(Loss)/Profit before tax	(94,283)	60,360	(627,423)	2,110

	GROUP		COMPANY	
	2012 %	2011 %	2012 %	2011 %
Taxation at Malaysian statutory tax rate	(25)	25	(25)	25
Income not subject to tax	(1)	(22)	(1)	(29)
Expenses not deductible for tax purposes	29	2	27	66
Prior year	1	(3)	–	–
	<b>4</b>	<b>2</b>	<b>1</b>	<b>62</b>

Malaysian income tax is calculated at the tax rate of 25% (2011: 25%) of the estimated assessable profit for the year. The computation of deferred tax as at 30 June 2012 has reflected these changes.

## 11. (LOSS)/EARNINGS PER SHARE

### Basic

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit for the financial year attributable to ordinary owners of the parent by the weighted average number of ordinary shares in issue during the financial year as follows:

	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Net (loss)/profit for the financial year attributable to owners of the parent	<b>(102,730)</b>	55,797
Weighted average number of ordinary shares in issue	<b>1,331,175</b>	1,331,175
Basic (loss)/earnings per share (sen)	<b>(7.7)</b>	4.2

## 12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>2012</b>							
<b>GROUP</b>							
<b>COST</b>							
At 1 July 2011	5,222	855	106,612	61,028	8,468	5,294	187,479
Additions	–	–	1,936	2,975	334	1,044	6,289
Disposals	–	–	–	(22)	(134)	(523)	(679)
Exchange difference	–	–	7,133	1,021	(12)	(10)	8,132
Written off	–	–	–	(715)	–	–	(715)
At 30 June 2012	5,222	855	115,681	64,287	8,656	5,805	200,506
<b>LESS: ACCUMULATED DEPRECIATION</b>							
At 1 July 2011	–	71	48,333	51,446	5,839	3,726	109,415
Charge for the financial year	–	1	4,092	2,913	577	609	8,192
Disposals	–	–	–	(22)	(124)	(393)	(539)
Exchange difference	–	–	3,373	860	(4)	(16)	4,213
Written off	–	–	–	(641)	–	–	(641)
At 30 June 2012	–	72	55,798	54,556	6,288	3,926	120,640
<b>NET CARRYING AMOUNTS</b>							
At 30 June 2012	5,222	783	59,883	9,731	2,368	1,879	79,866



	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>2011</b>							
<b>GROUP</b>							
<b>COST</b>							
At 1 July 2010	5,222	–	107,956	59,716	8,245	5,274	186,413
Additions	–	–	1,632	526	557	868	3,583
Disposals	–	–	(65)	–	(154)	(600)	(819)
Exchange difference	–	–	(2,693)	(346)	(128)	(248)	(3,415)
Written off	–	–	–	(1,129)	(52)	–	(1,181)
Transfer from inventories	–	–	–	2,261	–	–	2,261
Effects of adopting amended FRS117	–	855	(218)	–	–	–	637
At 30 June 2012	5,222	855	106,612	61,028	8,468	5,294	187,479
<b>LESS: ACCUMULATED DEPRECIATION</b>							
At 1 July 2010	–	–	45,910	49,954	5,274	3,554	104,692
Charge for the financial year	–	–	3,718	2,788	668	661	7,835
Disposals	–	–	(8)	–	(36)	(482)	(526)
Exchange difference	–	–	(1,154)	(276)	(29)	(7)	(1,466)
Written off	–	–	–	(1,020)	(38)	–	(1,058)
Effects of adopting amended FRS117	–	71	(133)	–	–	–	(62)
At 30 June 2011	–	71	48,333	51,446	5,839	3,726	109,415
<b>NET CARRYING AMOUNTS</b>							
At 30 June 2011	5,222	784	58,279	9,582	2,629	1,568	78,064

As at 30 June 2012, the Group has a motor vehicle with net book value of RM NIL (2011: RM NIL) acquired under hire purchase agreement.

	Office equipment RM'000	Total RM'000
<b>2012</b>		
<b>COMPANY</b>		
<b>COST</b>		
At 1 July 2011/30 June 2012	15	15
<b>LESS: ACCUMULATED DEPRECIATION</b>		
At 1 July 2011	9	9
Charge for the financial year	1	1
At 30 June 2012	10	10
<b>CARRYING AMOUNT</b>		
At 30 June 2012	5	5
<b>2011</b>		
<b>COMPANY</b>		
<b>COST</b>		
At 1 July 2010/30 June 2011	15	15
<b>LESS: ACCUMULATED DEPRECIATION</b>		
At 1 July 2010	8	8
Charge for the financial year	1	1
At 30 June 2011	9	9
<b>CARRYING AMOUNT</b>		
At 30 June 2011	6	6

### 13. INVESTMENT PROPERTIES

	GROUP	
	2012 RM'000	2011 RM'000
At 1 July	204	219
Amortisation for the financial year	(16)	(15)
At 30 June	<u>188</u>	<u>204</u>
Analysed as:		
Leasehold land and building	<u>188</u>	<u>204</u>

As disclosed in Note 6, the rental income earned by the Group for the financial year ended 30 June 2012 from its investment properties amounted to RM13,900 (2011: RM13,200). Direct operating expenses (including repairs and maintenance) arising from investment properties that generate rental income and from investment properties that did not generate rental income are RM2,058 (2011: RM2,359) and RM NIL (2011: RM NIL) respectively.

Investment properties are representing investment properties held under lease terms.

The fair value of the investment properties was determined by the Directors based on valuations by independent valuers, who hold recognised qualifications and have relevant experience, by reference to market evidence of transaction prices of similar properties or comparable available market data.

### 14. BIOLOGICAL ASSETS

	GROUP	
	2012 RM'000	2011 RM'000
<b>Cost</b>		
At 1 July	23,088	23,769
Exchange fluctuation	(885)	(681)
At 30 June	<u>22,203</u>	<u>23,088</u>
<b>Less: Accumulated amortisation</b>		
At 1 July	9,496	8,588
Charge for the financial year	1,203	1,250
Exchange fluctuation	(457)	(342)
At 30 June	<u>10,242</u>	<u>9,496</u>
<b>Carrying amount</b>		
At 30 June	<u>11,961</u>	<u>13,592</u>

## 15. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted shares - at cost	74,059	74,059	4,000	4,000
Share in post acquisition reserves	(60,824)	(62,614)	–	–
<b>Total</b>	<b>13,235</b>	<b>11,445</b>	<b>4,000</b>	<b>4,000</b>

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

	GROUP	
	2012 RM'000	2011 RM'000
At 1 July	(102,548)	(104,360)
(Loss)/Profit not recognised during the financial year	(12,627)	1,812
At 30 June	<b>(115,175)</b>	<b>(102,548)</b>

Certain unquoted shares of the Group and of the Company amounting to RM74.1 million (2011: RM74.1 million) and RM4.0 million (2011: RM4.0 million) at cost respectively were pledged as securities for the bonds issued pursuant to the Group Wide Restructuring Scheme ("GWRS").

The associated companies are:

Name of Company	Country of Incorporation	Holding in Equity		Accounting Year End	Principal Activities
		2012 %	2011 %		
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
Renor Pte Ltd * (formerly known as 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	31 December	# Holding of properties for long-term investment and rental purposes

Name of Company	Country of Incorporation	Holding in Equity		Accounting Year End	Principal Activities
		2012 %	2011 %		
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 not audited by Ong Boon Bah & Co.

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

	GROUP	
	2012 RM'000	2011 RM'000
<b>Assets and liabilities</b>		
Current assets	245,692	202,578
Non-current assets	36,094	150,434
Total assets	281,786	353,012
Current liabilities	202,578	254,584
Non-current liabilities	150,434	175
Total liabilities	353,012	254,759
<b>Results</b>		
Revenue	362,246	243,859
Net (loss)/profit for the financial year	(20,913)	5,142

## 16. SUBSIDIARY COMPANIES

	COMPANY	
	2012 RM'000	2011 RM'000
Unquoted shares in Malaysia – at cost	477,387	507,404
Impairment losses	(472,636)	(502,653)
	4,751	4,751
Unquoted shares outside Malaysia – at cost	2,236	2,236
Impairment losses	(2,236)	(2,236)
	–	–
<b>Total</b>	4,751	4,751

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2012 %	2011 %	
Akurjaya Sdn Bhd^	Malaysia	–	100	Investment holding, plantation, management and property development
Amalgamated Rolling Mill Sdn Bhd	Malaysia	<b>100</b>	100	Trading in steel products and other related services
Ambang Jaya Sdn Bhd	Malaysia	<b>100</b>	100	Investment holding
Amsteel Capital Holdings Sdn Bhd	Malaysia	<b>100</b>	100	Investment holding and provision of management services to its related companies
Amsteel Harta (L) Limited*	Malaysia	<b>100</b>	100	Treasury business
Amsteel Harta (M) Sdn Bhd	Malaysia	<b>100</b>	100	Managing of debts novated from the Company and certain of its subsidiary companies pursuant to the GWRS
Angkasa Marketing (Singapore) Pte Ltd*	Singapore	<b>100</b>	100	Investment holding
Avenel Sdn Bhd	Malaysia	<b>100</b>	100	Investment holding
Ayer Keroh Resort Sdn Bhd^	Malaysia	–	70	Investment holding, property development and hotel business
Bungawang Sdn Berhad^	Malaysia	–	70	Investment holding
Exuniqu Sdn Bhd	Malaysia	<b>100</b>	100	Investment holding
Lion Metal Industries Sdn Bhd^	Malaysia	–	100	Provision of storage facilities
Lion Plantations Sdn Bhd	Malaysia	<b>70</b>	70	Investment holding
Lion Tooling Sdn Bhd	Malaysia	<b>100</b>	100	Manufacture and sale of tools and dies
Mastrama Sdn Bhd	Malaysia	<b>100</b>	100	Investment holding
ACB Harta Holdings Sdn Bhd	Malaysia	<b>100</b>	100	Investment holding and property development
Timuriang Sdn Bhd	Malaysia	<b>100</b>	100	Investment holding
Visionwell Sdn Bhd^	Malaysia	–	80	Property development, property investment, office and car park management
Ambang Maju Sdn Bhd^	Malaysia	–	100	# Investment holding
AMS Securities (S) Pte Ltd*	Singapore	<b>100</b>	100	# Ceased operation
Amcap Consultants Limited*	Hong Kong	<b>100</b>	100	# Ceased operation
Amsteel Equity Realty (M) Sdn Bhd*	Malaysia	<b>100</b>	100	# Property investment and management
Amsteel Finance (HK) Limited*	Hong Kong	<b>100</b>	100	# Ceased operation

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2012 %	2011 %	
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	# Property development
Angkasa Logistic Pte Ltd*	Singapore	100	100	# Dormant
Anika Developments Sdn Bhd	Malaysia	100	100	# Contract management
Aquabio Holdings Sdn Bhd^	Malaysia	–	100	# Property development, and sand mining and extraction activities
Araprop Development Sdn Bhd^	Malaysia	–	100	# Property development
Bandar Akademia Sdn Bhd^	Malaysia	–	100	# Real estate development
Bandar Akademia Corporation (M) Sdn Bhd^	Malaysia	–	100	# Real estate development
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	# Temporary ceased operation
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	# 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

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2012 %	2011 %	
Khidmat Kelana (M) Sdn Bhd <sup>^</sup>	Malaysia	–	100	# Investment holding
KL Home, Garden & Leisure Centre Sdn Bhd <sup>^</sup>	Malaysia	–	100	# Investment holding
Kobayashi Optical Sdn Bhd	Malaysia	<b>70</b>	70	# Ceased operation
Kobayashi Optical (S) Pte Ltd*	Singapore	<b>100</b>	100	# Dormant
Konming Investments Limited*	Hong Kong	<b>100</b>	100	# Dormant
Lion Commodities And Futures Trading Sdn Bhd	Malaysia	<b>100</b>	100	# Dormant
Westlake Landscape Sdn Bhd	Malaysia	<b>100</b>	100	# Landscaping business
Masbeef Sdn Bhd	Malaysia	<b>100</b>	100	# Investment holding
Masoni Investment Pte Ltd*	Singapore	<b>100</b>	100	# Investment holding
Natvest Parkson Sdn Bhd	Malaysia	<b>100</b>	100	# Investment holding
P T Amsteel Securities Indonesia*	Indonesia	<b>85</b>	85	# Ceased operation
P T Kebunaria*	Indonesia	<b>85</b>	85	# Cultivation of oil palm
Pacific Agriculture And Development Sdn Bhd <sup>^</sup>	Malaysia	–	100	# Cultivation of oil palm and rubber, and property development
Parkson's Holdings (S) Pte Ltd*	Singapore	<b>100</b>	100	# Investment holding
Parkson Retail Consulting And Management Sdn Bhd	Malaysia	<b>100</b>	100	# Investment holding
Romiti Limited*	Hong Kong	<b>100</b>	100	# Investment holding
Salient Care Sdn Bhd	Malaysia	<b>70</b>	70	# Dormant
Sea World Attraction Sdn Bhd <sup>^</sup>	Malaysia	–	100	# Investment holding
Secom (Malaysia) Sdn Bhd*	Malaysia	<b>51</b>	51	# Provision of electronic surveillance of premises and other security related services and sale of security equipment
Secom-KOP Security Systems Sdn Bhd*	Malaysia	<b>60</b>	60	# Provision of electronic surveillance of premises and other security related services and sale of security equipment
Segamat Land Berhad	Malaysia	<b>100</b>	100	# Ceased operation
Stowinco Sdn Bhd <sup>^</sup>	Malaysia	–	100	# Investment holding
Sukhothai Food Sdn Bhd	Malaysia	<b>100</b>	100	# Investment holding
Superior Achievement Sdn Bhd <sup>^</sup>	Malaysia	–	100	# Investment holding
The Brooklands Selangor Rubber Company Limited <sup>^</sup>	United Kingdom	–	100	# Investment holding



Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2012 %	2011 %	
The Lenggeng Rubber Company Limited <sup>^</sup>	United Kingdom	–	100	# Investment holding
Umatrac Enterprises Sdn Bhd	Malaysia	<b>100</b>	100	# Investment holding
WGD Retail Consultancy Sdn Bhd	Malaysia	<b>100</b>	100	# Ceased operation

\* Financial statements of subsidiary companies as at 30 June 2012 not audited by Ong Boon Bah & Co.

# Holding in equity by subsidiary companies.

<sup>^</sup> The disposal by the Company of these companies to Limbungan Emas Sdn Bhd pursuant to the Corporate and Debt Restructuring Scheme implemented in 2009 has been completed as at the date hereof.

Certain subsidiary companies' financial statements for the financial year ended 30 June 2012 were commented on by their respective auditors as follows:

- (i) PT 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 2012 and 30 June 2011 amounted to Rp153,408,617,717 and Rp153,386,481,717 respectively. The company has a capital deficiency for the financial year ended 30 June 2012 and 30 June 2011 amounting to Rp142,408,617,717 and Rp142,386,481,717 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 losses of 40 million peso and net income of 92 million peso for the financial years ended 30 June 2012 and 30 June 2011 respectively and has a net capital deficiency of 1.4 billion peso and 1.5 billion peso for the financial years ended 30 June 2012 and 2011 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 0.05 million peso and 0.1 million peso for the financial years ended 30 June 2012 and 30 June 2011 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 for each of the financial years ended 30 June 2012 and 30 June 2011. The company has a net capital deficiency of 0.45 million peso and 0.44 million peso for the financial years ended 30 June 2012 and 30 June 2011 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.

## 17. INVESTMENTS

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Non-current</b>				
Available-for-sale financial assets				
Shares quoted in Malaysia at fair value	18,735	17,129	8,899	10,470
Shares quoted outside Malaysia at fair value	28,826	28,054	–	–
Unquoted shares and investments at amortised cost	137	137	128	128
	<b>47,698</b>	45,320	<b>9,027</b>	10,598
Held-to-maturity investment at amortised cost				
LCB Bonds*	802,666	792,039	802,666	792,039
Loan and receivables at amortised cost				
LCB RCSLS**	38,463	41,258	38,463	41,258
<b>Total</b>	<b>888,827</b>	878,617	<b>850,156</b>	843,895
<b>Current</b>				
FVTPL investments***				
Shares quoted in Malaysia at fair value	640	1,157	–	–
Held-to-maturity investment at amortised cost				
LCB Bonds*	184,305	145,762	184,305	145,762
Loan and receivables at amortised cost				
LCB RCSLS**	23,964	19,096	23,964	19,096
	<b>208,909</b>	166,015	<b>208,269</b>	164,858
<b>Total</b>	<b>1,097,736</b>	1,044,632	<b>1,058,425</b>	1,008,753
Market value of:				
Shares quoted in Malaysia	19,375	18,286	8,899	10,470
Shares quoted outside Malaysia	28,826	28,054	–	–
	<b>48,201</b>	46,340	<b>8,899</b>	10,470

Certain investments of the Group and of the Company amounting to RM1,098 million and RM1,058 million (2011: RM1,045 million and RM1,008 million) 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 ("LCB").

\*\* Represents redeemable convertible secured loan stocks issued by LCB.

\*\*\* Represents financial assets at fair value through profit or loss.

## 18. GOODWILL

	GROUP	
	2012 RM'000	2011 RM'000
Cost:		
At 1 July	49,183	49,183
Impairment losses	(49,183)	(49,183)
At 30 June	–	–

## 19. PROPERTY DEVELOPMENT ACTIVITIES

### Property development costs

	GROUP	
	2012 RM'000	2011 RM'000
At 1 July	147	522
Costs incurred during the financial year:		
- land, at cost	–	–
- development costs	–	316
	–	316
Cost charged to income statements	–	(691)
At 30 June	147	147

## 20. INVENTORIES

	GROUP	
	2012 RM'000	2011 RM'000
At cost:		
Raw materials	18	189
Finished goods	2,372	2,341
General and consumable stores	1,176	1,087
Work-in-progress	2,073	2,087
Completed property units for sale	60	365
	5,699	6,069
Less: Allowance for slow-moving and obsolete inventories	(680)	(556)
Net	5,019	5,513

## 21. RECEIVABLES

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deferred consideration	–	412,114	–	412,114
Trade receivables	31,953	40,469	–	–
Impairment losses	(2,690)	(2,217)	–	–
	<b>29,263</b>	<b>38,252</b>	<b>–</b>	<b>–</b>
Other receivables, deposits and prepayments	123,896	125,351	66,429	69,823
Impairment losses	(27,135)	(26,990)	(1,961)	(1,961)
	<b>96,761</b>	<b>98,361</b>	<b>64,468</b>	<b>67,862</b>
Amount due from subsidiary companies	–	–	3,010,985	2,923,084
Impairment losses	–	–	(2,056,567)	(1,369,738)
	<b>–</b>	<b>–</b>	<b>954,418</b>	<b>1,553,346</b>
Amount due from associated companies	79,220	87,859	65,650	65,359
Impairment losses	(56,470)	(65,367)	(42,911)	(42,911)
	<b>22,750</b>	<b>22,492</b>	<b>22,739</b>	<b>22,448</b>
<b>Total</b>	<b>148,774</b>	<b>571,219</b>	<b>1,041,625</b>	<b>2,055,770</b>

The deferred consideration arose from the disposal of subsidiary companies pursuant to the corporate and debt restructuring scheme in 2009 which has been completed.

The Group's normal trade credit term ranges from 21 days to 90 days. Other credit terms are assessed and approved on a case-to-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 and repayable on demand. The amount due from certain subsidiary companies bears an effective interest rate of 1% (2011: 1%) per annum.

The amounts due from associated companies which arose mainly from inter-company advances are unsecured, interest free (2011: interest free) and repayable on demand.

Included in the Group's trade receivables balance are debtors which are past due at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable. The Group does not hold any collateral over these balances.

The table below is an analysis of trade receivables as of 30 June 2012:

	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	<b>4,873</b>	3,358
1 - 30 days past due but not impaired	<b>3,197</b>	3,940
31 - 60 days past due but not impaired	<b>1,906</b>	1,002
61 - 90 days past due but not impaired	<b>1,116</b>	3,730
More than 90 days past due but not impaired	<b>18,171</b>	26,222
	<b>29,263</b>	38,252
Past due and impaired	<b>2,690</b>	2,217
Total trade receivables	<b>31,953</b>	40,469

Movement in the impairment losses of trade receivables as of 30 June 2012 is as follows:

	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	<b>2,217</b>	1,761
Current year	<b>473</b>	456
At 30 June	<b>2,690</b>	2,217

In determining the recoverability of a trade receivable, the Group and the Company consider any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

The Group has no major significant concentration of credit risk.

The currency exposure profile of receivables is as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	<b>117,595</b>	543,781	<b>671,540</b>	1,690,966
Chinese Renminbi	<b>1,439</b>	2,450	<b>1,511</b>	194
Singapore Dollar	<b>22,760</b>	22,492	<b>75,269</b>	74,409
Hong Kong Dollar	<b>6,453</b>	1,922	<b>200,747</b>	201,965
Philippine Peso	<b>251</b>	231	<b>89,657</b>	88,236
Indonesian Rupiah	<b>276</b>	343	<b>2,901</b>	–
	<b>148,774</b>	571,219	<b>1,041,625</b>	2,055,770

## 22. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits with licensed financial institutions	65,908	78,230	36,565	28,336
Cash and bank balances	21,896	21,129	1,387	5,975
	<b>87,804</b>	<b>99,359</b>	<b>37,952</b>	<b>34,311</b>

Certain deposits included in deposits with licensed financial institutions are:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Pledged as security for credit facilities granted to the Group	5	5	–	–
Earmarked for bond redemption under the GWRS	24,442	19,676	24,420	19,616
	<b>24,447</b>	<b>19,681</b>	<b>24,420</b>	<b>19,616</b>

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

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	79,226	93,244	37,952	34,311
Others	8,578	6,115	–	–
	<b>87,804</b>	<b>99,359</b>	<b>37,952</b>	<b>34,311</b>

The average interest rate of deposits at the end of the financial year is 3.2% (2011: 2.8%) per annum.

The average maturity of deposits at the end of the financial year is 220 days (2011: 220 days).

## 23. SHARE CAPITAL

	GROUP AND COMPANY	
	2012 RM'000	2011 RM'000
<b>Authorised:</b>		
2,000,000,000 ordinary shares of RM1.00 each	<b>2,000,000</b>	<b>2,000,000</b>
<b>Issued and fully paid:</b>		
1,331,174,812 ordinary shares of RM1.00 each	<b>1,331,175</b>	<b>1,331,175</b>

## 24. RESERVES

	<----- Non-distributable ----->			
	Translation reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Total RM'000
<b>GROUP</b>				
At 1 July 2010	(60,907)	469,569	(13,915)	394,747
Total comprehensive income for the year	4,126	–	1,640	5,766
<b>At 30 June 2011</b>	<b>(56,781)</b>	<b>469,569</b>	<b>(12,275)</b>	<b>400,513</b>
Total comprehensive expense for the year	(8,069)	–	(1,954)	(10,023)
<b>At 30 June 2012</b>	<b>(64,850)</b>	<b>469,569</b>	<b>(14,229)</b>	<b>390,490</b>

Included in capital reserve was profits recognised by a subsidiary company set up to manage the Ringgit Malaysia debts under the GWRS amounting to RM437.9 million.

	<----- Non-distributable ----->			
	Translation reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Total RM'000
<b>COMPANY</b>				
At 1 July 2010	–	–	1,865	1,865
Total comprehensive income for the year	–	–	2,225	2,225
<b>At 30 June 2011</b>	<b>–</b>	<b>–</b>	<b>4,090</b>	<b>4,090</b>
Total comprehensive expense for the year	–	–	(1,571)	(1,571)
<b>At 30 June 2012</b>	<b>–</b>	<b>–</b>	<b>2,519</b>	<b>2,519</b>

## 25. ACB BONDS AND USD DEBTS - SECURED

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Current</b>				
- ACB Bonds	454,934	489,360	454,934	489,360
- ACB Debts	–	–	860,391	992,763
- ACB Consolidated and Rescheduled Debts	784,017	928,716	–	–
	<b>1,238,951</b>	<b>1,418,076</b>	<b>1,315,325</b>	<b>1,482,123</b>
<b>Non-current</b>				
- ACB Bonds	69,056	118,656	69,056	118,656
- ACB Debts	–	–	118,110	188,922
- ACB Consolidated and Rescheduled Debts	97,301	169,250	–	–
	<b>166,357</b>	<b>287,906</b>	<b>187,166</b>	<b>307,578</b>
<b>Total</b>				
- ACB Bonds	523,990	608,016	523,990	608,016
- ACB Debts	–	–	978,501	1,181,685
- ACB Consolidated and Rescheduled Debts	881,318	1,097,966	–	–
	<b>1,405,308</b>	<b>1,705,982</b>	<b>1,502,491</b>	<b>1,789,701</b>

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

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Within one year	1,238,951	1,418,076	1,315,325	1,482,123
More than one year and less than two years	166,357	133,816	187,166	134,270
More than two years and less than five years	–	154,090	–	173,308
	<b>1,405,308</b>	<b>1,705,982</b>	<b>1,502,491</b>	<b>1,789,701</b>

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

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	523,990	608,016	523,990	608,016
United States Dollar	881,318	1,097,966	978,501	1,181,685
	<b>1,405,308</b>	<b>1,705,982</b>	<b>1,502,491</b>	<b>1,789,701</b>



The Company had on 27 February 2009, implemented the corporate and debt 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 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	Net Nominal Value USD'000	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 ACB Bonds and USD Debts in view that Class C ACB Bonds and USD Debts 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; and
- (c) The Redemption Account held by the Company where it will capture the "Dedicated Cash Flows" pursuant to the GWRS and the 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; and
  - 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; and
- (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.

During the current financial year, the holders of ACB Bonds and USD Debts have granted the indulgence and approval to vary the redemption date of the Class A and Class B ACB Bonds and USD Debts which were due on 31 December 2011 to 30 April 2012 and 31 December 2012 respectively.

**26. FINANCE LEASE LIABILITIES**

	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Minimum lease payments:		
- not later than one year	15	32
- later than one year and not later than five years	—	—
	<b>15</b>	<b>32</b>
Less: Future finance charges	—	—
Present value of finance lease liabilities	<b>15</b>	<b>32</b>

Present value of finance lease liabilities are as follows:

	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
- not later than one year	15	32
- later than one year and not later than five years	—	—
	<b>15</b>	<b>32</b>

The finance lease liabilities bear interest at rates ranging from 2.3% to 10% (2011: 2.3% to 10%) per annum.

## 27. DEFERRED TAX LIABILITIES

	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	<b>1,409</b>	1,212
Recognised in income statements (Note 10)	<b>(495)</b>	197
At 30 June	<b>914</b>	1,409

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

### Deferred tax liabilities

	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	<b>1,409</b>	1,212
Recognised in income statements (Note 10)	<b>(495)</b>	197
At 30 June	<b>914</b>	1,409

Deferred tax liabilities provided for in the financial statements:

	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
- excess of capital allowances over depreciation	<b>1,840</b>	1,983
- tax effects of revaluation of plantation lands	<b>35</b>	35
- other temporary differences	<b>(961)</b>	(609)
	<b>914</b>	1,409

### Deferred tax assets

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

	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
- unabsorbed capital allowances	<b>9,178</b>	9,178
- unutilised tax losses	<b>162,256</b>	162,274
	<b>171,434</b>	171,452

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 authority.

## 28. PAYABLES

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables	4,345	4,295	–	–
Other payables	102,493	105,831	3,443	3,492
Amount due to associated companies	–	140	–	–
Amount due to subsidiary companies	–	–	764,907	808,043
	<b>106,838</b>	<b>110,266</b>	<b>768,350</b>	<b>811,535</b>

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 repayable on demand.

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

The currency exposure profile of payables is as follows:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	77,532	85,192	519,450	562,560
Chinese Renminbi	18,572	20,896	–	–
US Dollar	1,783	1,684	248,900	248,975
Others	8,951	2,494	–	–
	<b>106,838</b>	<b>110,266</b>	<b>768,350</b>	<b>811,535</b>

## 29. PROVISION

	GROUP	
	2012 RM'000	2011 RM'000
Provision for indemnity claim:		
At 1 July	–	–
Provision during the financial year	40,000	–
At 30 June	<b>40,000</b>	–

The provision arose pursuant to an Indemnity dated 29 May 1997 and a Supplementary Indemnity dated 16 June 2007 given by Avenel Sdn Bhd (“Avenel”), a wholly-owned subsidiary company of the Company, to Lion Forest Industries Berhad (“LFIB”) whereby Avenel had irrevocably and unconditionally undertaken to indemnify LFIB in full against all losses, damages, liabilities, claims, costs and expenses whatsoever which LFIB incurred or sustained as a result of or arising from the claims against Sabah Forest Industries Sdn Bhd (“SFI”) in connection with the litigation suits brought by third parties against SFI. SFI was formerly a subsidiary of LFIB and LFIB ceased to be a subsidiary company of Avenel upon the implementation of the GWRS in 2003. On 16 April 2012, Avenel received a letter of demand dated 13 April 2012 from LFIB to fully reimburse LFIB for a sum of RM40 million paid by LFIB following the settlement of claim with Harapan Permai Sdn Bhd, the claimant against SFI.

### 30. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

#### (a) Sales of goods and services

	GROUP	
	2012	2011
	RM'000	RM'000
Sales of goods and services to:		
- Megasteel Sdn Bhd	3,814	3,635
- Amsteel Mills Sdn Bhd	3,274	2,583
- Antara Steel Mills Sdn Bhd	1,058	701
- Parkson Corporation Sdn Bhd	689	94
- Bright Steel Sdn Bhd	598	634

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.

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 Retail Asia Limited, a company in which a Director and a substantial shareholder of the Company have interests.

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

#### (b) Purchases of goods

	GROUP	
	2012	2011
	RM'000	RM'000
Purchases of goods from:		
- Secom Co., Ltd.	872	1,439
- Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd	637	402

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

### 31. CONTINGENT LIABILITIES

	<b>GROUP</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Unsecured:		
Legal claims in respect of the termination of contracts for the extraction and sale of timber	<b>128,874</b>	313,300

The contingent liabilities arose out of the Indemnity and the Supplementary Indemnity given by Avenel to LFIB as disclosed in Note 29.

### 32. 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 2012

	Security services RM'000	Hotel RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>					
External sales	47,785	21,612	91,196	–	160,593
Inter-segment sales	13	–	–	(13)	–
	<b>47,798</b>	<b>21,612</b>	<b>91,196</b>	<b>(13)</b>	<b>160,593</b>
<b>Result</b>					
Segment results	9,167	1,487	63,708	–	74,362
Loss on foreign exchange - unrealised					(55,083)
Finance costs					(75,752)
Share in results of associated companies	–	–	2,190	–	2,190
Provision	–	–	(40,000)	–	(40,000)
Loss before tax					(94,283)
Tax expenses					(4,026)
Net loss for the financial year					<b>(98,309)</b>
<b>Assets</b>					
Segment assets	55,934	65,872	1,309,689	–	1,431,495
Investment in associated companies	–	–	13,235	–	13,235
Unallocated assets					20,403
Consolidated total assets					<b>1,465,133</b>
<b>Liabilities</b>					
Segment liabilities	9,338	14,980	1,529,784	–	1,554,102
Unallocated liabilities					914
Consolidated total liabilities					<b>1,555,016</b>
<b>Other information</b>					
Capital expenditure	3,725	2,335	229	–	6,289
Depreciation	3,406	4,360	426	–	8,192
Amortisation	–	–	1,219	–	1,219
Other non-cash expenses	473	74	46,110	–	46,657

30 June 2011

	Security services RM'000	Hotel RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>					
External sales	45,606	18,308	85,272	–	149,186
Inter-segment sales	12	–	–	(12)	–
	45,618	18,308	85,272	(12)	149,186
<b>Result</b>					
Segment results	10,776	1,200	48,597	–	60,573
Gain on foreign exchange - unrealised					76,026
Finance costs					(75,342)
Share in results of associated companies	–	–	(897)	–	(897)
Profit before tax					60,360
Tax expenses					(989)
Net profit for the financial year					59,371
<b>Assets</b>					
Segment assets	71,074	62,805	1,678,851	–	1,812,730
Investment in associated companies	–	–	11,445	–	11,445
Unallocated assets					18,558
Consolidated total assets					1,842,733
<b>Liabilities</b>					
Segment liabilities	11,315	16,471	1,790,271	–	1,818,057
Unallocated liabilities					1,462
Consolidated total liabilities					1,819,519
<b>Other information</b>					
Capital expenditure	1,204	1,828	551	–	3,583
Depreciation	3,339	3,999	497	–	7,835
Amortisation	–	–	1,265	–	1,265
Other non-cash expenses	475	104	26,998	–	27,577

**(b) Geographical Segments:**

The Group operates in the following main geographical areas:

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

	Revenue		Total assets		Capital expenditure	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysia	<b>138,360</b>	130,493	<b>1,370,775</b>	1,750,082	<b>3,837</b>	1,716
China	<b>21,612</b>	18,308	<b>65,872</b>	62,805	<b>2,335</b>	1,828
Other countries	<b>621</b>	385	<b>28,486</b>	29,846	<b>117</b>	39
	<b>160,593</b>	149,186	<b>1,465,133</b>	1,842,733	<b>6,289</b>	3,583

**33. STATEMENTS OF CASH FLOWS**

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

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Depreciation	<b>8,192</b>	7,835	<b>1</b>	1
Share in (profit)/loss of associated companies	<b>(2,190)</b>	897	—	—
Amortisation of:				
- biological assets	<b>1,203</b>	1,250	—	—
- investment properties	<b>16</b>	15	—	—
Impairment losses on receivables	<b>476</b>	27,454	<b>597,537</b>	90,263
Interest expenses	<b>75,752</b>	75,342	<b>84,504</b>	82,322
Interest income	<b>(77,806)</b>	(68,490)	<b>(75,723)</b>	(67,085)
Property, plant and equipment written off	<b>74</b>	123	—	—
Gain on disposal of:				
- property, plant and equipment	<b>(108)</b>	(57)	—	—
- investments	—	(5,452)	—	—
Waiver of debt by a subsidiary company	—	—	<b>(26,622)</b>	—
Dividend income	<b>(1,743)</b>	(4,535)	<b>(9,278)</b>	(9,204)
Loss/(Gain) on foreign exchange				
- unrealised	<b>55,083</b>	(76,026)	<b>55,058</b>	(96,078)
Provision	<b>40,000</b>	—	—	—
Impairment loss on quoted investment	<b>6,110</b>	—	—	—
	<b>105,059</b>	(41,644)	<b>625,477</b>	219

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012 RM'000</b>	<b>2011 RM'000</b>	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Cash and bank balances	<b>21,896</b>	21,129	<b>1,387</b>	5,975
Deposit with licensed financial institutions	<b>65,908</b>	78,230	<b>36,565</b>	28,336
	<b>87,804</b>	99,359	<b>37,952</b>	34,311
Less: Fixed deposits pledged	(5)	(5)	–	–
Fixed deposits earmarked for bond redemption	<b>(24,442)</b>	(19,676)	<b>(24,420)</b>	(19,616)
	<b>63,357</b>	79,678	<b>13,532</b>	14,695

**34. SIGNIFICANT EVENT**

Following the offer for sale, on proportionate basis, by Usaha Tegas Sdn Bhd (“UTSB”) on 29 July 2011 to the remaining shareholders of Bonuskad Loyalty Sdn Bhd (“BLSB”), of its 25% equity interest in BLSB, Timuriang Sdn Bhd (“Timuriang”), a wholly-owned subsidiary of the Company, had on 26 September 2011:

- (i) undertaken to acquire its pro-rated portion of the 100 ordinary shares of RM1.00 each (“Shares”) and 100 redeemable preference shares of RM1.00 each issued at a premium of RM2,500.00 per share (“RPS”) in BLSB, representing 8.33% equity interest of BLSB comprising 33 Shares and 33 RPS from UTSB for a total cash consideration of approximately RM4.98 million (“Proposed Acquisition”); and
- (ii) approved the sale and transfer of the remaining 1 Share and 1 RPS held by UTSB in BLSB to Shell Malaysia Trading Sdn Bhd (“Shell”) (after acquisition of an equal pro-rated portion of UTSB’s Shares and RPS by Shell, MBF Cards (M’sia) Sdn Bhd and Timuriang).

As at 30 June 2012, the Proposed Acquisition has not been completed.

**35. CAPITAL COMMITMENT**

	<b>GROUP</b>	
	<b>2012 RM'000</b>	<b>2011 RM'000</b>
Approved and contracted for:		
Additional investment in associated company	<b>4,980</b>	–

## 36. FINANCIAL RISK MANAGEMENT

### 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:

### Capital Risk Management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance.

The capital structure of the Group and of the Company consists of net debts (borrowings offset by cash and cash equivalents) and equity of the Group and of the Company (comprising issued capital, reserves and non-controlling interests).

### Gearing Ratio

The gearing ratio at end of the reporting period is as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Debt (i)	<b>1,405,323</b>	1,706,014	<b>1,502,491</b>	1,789,701
Cash and cash equivalents (Note 33(b))	<b>(63,357)</b>	(79,678)	<b>(13,532)</b>	(14,695)
Net debt	<b>1,341,966</b>	1,626,336	<b>1,488,959</b>	1,775,006
Equity (ii)	<b>(89,883)</b>	23,214	<b>(116,710)</b>	514,984
Debt to equity ratio	<b>N/A</b>	70.1	<b>N/A</b>	3.4

(i) Debt is defined as long-term and short-term borrowings as disclosed in Notes 25 and 26 respectively.

(ii) Equity includes issued capital, reserves and non-controlling interest.

N/A = Not applicable

### Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

### Categories of financial instruments

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Available-for-sale investments	<b>47,698</b>	45,320	<b>9,027</b>	10,598
Held-to-maturity investments	<b>986,971</b>	937,801	<b>986,971</b>	937,801
FVTPL investments	<b>640</b>	1,157	–	–
Loans and receivables:				
Investments	<b>62,427</b>	60,354	<b>62,427</b>	60,354
Receivables	<b>148,774</b>	571,219	<b>1,041,625</b>	2,055,770
Deposits, cash and bank balances	<b>87,804</b>	97,359	<b>37,952</b>	32,311
<b>Financial liabilities</b>				
Payables	<b>106,838</b>	110,266	<b>768,350</b>	811,535
Finance lease liabilities	<b>15</b>	32	–	–
ACB Bonds and USD Debts	<b>1,405,308</b>	1,705,982	<b>1,502,491</b>	1,789,701
Deferred liabilities	<b>1,894</b>	1,777	–	–

At the end of the reporting period, there are no significant concentrations of credit risk. The carrying amount reflected above represents the Group's maximum exposure to credit risk for loans and receivables.

### Foreign currency sensitivity analysis

The Group and the Company are mainly exposed to the foreign currency of United States Dollar ("USD").

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 10% change in foreign currency rates. A positive number below indicates a gain in profit or loss where the Ringgit Malaysia strengthens 10% against the USD. For a 10% weakening of the Ringgit Malaysia against the USD, there would be a comparable impact on profit or loss, the balances below would be negative.

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
United States Dollar	<b>88.132</b>	109,797	<b>122,740</b>	143,065

The Group's and the Company's sensitivity to foreign currency is mainly attributable to the exposure of outstanding USD payables of the Group and of the Company at the end of the reporting period.

In management's opinion, the sensitivity analysis does not represent the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

### Interest rate risk

The Group's and the Company's exposures to interest rate on investments in LCB Bonds and LCB RCSLS and borrowings in ACB Bonds and USD Debts and finance lease liabilities are limited because the interest rate is fixed upon inception. The interest rates for the ACB Bonds and USD Debts and finance lease liabilities are disclosed in Notes 25 and 26 respectively.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit net of tax and equity arising from the effect of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

### 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.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total RM'000	Contractual Interest %
<b>GROUP</b>					
<b>2012</b>					
<b>Financial liabilities</b>					
Trade payables	4,345	–	–	4,345	–
Other payables	102,493	–	–	102,493	–
ACB Bonds and USD Debts	1,238,951	166,357	–	1,405,308	3.25 – 7.00
Deferred liabilities	–	–	1,894	1,894	–
Finance lease liabilities	15	–	–	15	2.30 – 10.00
	<b>1,345,804</b>	<b>166,357</b>	<b>1,894</b>	<b>1,514,055</b>	
<b>2011</b>					
<b>Financial liabilities</b>					
Trade payables	4,295	–	–	4,295	–
Other payables	105,831	–	–	105,831	–
Amount due to associated companies	140	–	–	140	–
ACB Bonds and USD Debts	1,418,076	133,816	154,090	1,705,982	3.25 – 7.00
Deferred liabilities	–	–	1,777	1,777	–
Finance lease liabilities	32	–	–	32	2.30 – 10.00
	<b>1,528,374</b>	<b>133,816</b>	<b>155,867</b>	<b>1,818,057</b>	

	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total RM'000
<b>COMPANY</b>				
<b>2012</b>				
<b>Financial liabilities</b>				
Other payables	3,443	–	–	3,443
Amount due to subsidiary companies	764,907	–	–	764,907
ACB Bonds and USD Debts	1,315,325	187,166	–	1,502,491
	<u>2,083,675</u>	<u>187,166</u>	<u>–</u>	<u>2,270,841</u>
<b>2011</b>				
<b>Financial liabilities</b>				
Other payables	3,492	–	–	3,492
Amount due to subsidiary companies	808,043	–	–	808,043
ACB Bonds and USD Debts	1,482,123	134,270	173,308	1,789,701
	<u>2,293,658</u>	<u>134,270</u>	<u>173,308</u>	<u>2,601,236</u>

Note: As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the statements of financial positions.

#### Fair values of financial instruments

The fair values of long-term financial assets (except for unquoted investments) and financial liabilities are determined based on market conditions or by discounting the relevant cash flows using the current interest rates for similar instruments at the end of the reporting period.

	<b>GROUP</b>		<b>COMPANY</b>	
	Carrying Value RM'000	Fair Value RM'000	Carrying Value RM'000	Fair Value RM'000
<b>2012</b>				
<b>Financial liabilities</b>				
ACB Bonds and USD Debts	1,405,308	1,405,308	1,502,491	1,502,491
Finance lease liabilities	15	15	–	–
	<u>1,405,323</u>	<u>1,405,323</u>	<u>1,502,491</u>	<u>1,502,491</u>
<b>2011</b>				
<b>Financial liabilities</b>				
ACB Bonds and USD Debts	1,705,982	1,705,982	1,789,701	1,789,701
Finance lease liabilities	32	32	–	–
	<u>1,706,014</u>	<u>1,706,014</u>	<u>1,789,701</u>	<u>1,789,701</u>

No disclosure is made for other unquoted investments as it is not practicable to determine the fair values of these investments because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.



No disclosure is made for balances with related companies and related parties as it is impractical to determine their fair values with sufficient reliability given these balances are repayable on demand.

The fair value measurement hierarchies used to measure financial assets carried at fair value in the statements of financial position as at end of the financial year are as follows:

- (a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- (b) Level 2: Inputs that are based on observable market data, either directly or indirectly
- (c) Level 3: Inputs for the assets or liabilities that are not based on observable market data

As at 30 June 2012, the Group held the following financial assets that are measured at fair value:

	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Level 4 RM'000</b>
<b>2012</b>				
Available-for-sale financial assets:				
Quoted shares and warrants	<b>47,561</b>	–	–	<b>47,561</b>
FVTPL investments:				
Quoted shares	<b>640</b>	–	–	<b>640</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>2011</b>				
Available-for-sale financial assets:				
Quoted shares and warrants	45,183	–	–	45,183
FVTPL investments:				
Quoted shares	1,157	–	–	1,157
	<hr/>	<hr/>	<hr/>	<hr/>

## STATEMENT BY DIRECTORS

### PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **TAN SRI WILLIAM H.J. CHENG** and **LT. JEN (B) DATUK SERI ABDUL MANAP BIN IBRAHIM**, being two of the Directors of **ACB RESOURCES BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 11 to 71 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 financial position of the Group and of the Company as at 30 June 2012 and of its financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 September 2012.

**TAN SRI WILLIAM H.J. CHENG**  
Chairman

**LT. JEN (B) DATUK SERI ABDUL MANAP BIN IBRAHIM**  
Director

Kuala Lumpur

## STATUTORY DECLARATION

### PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **CHENG SIN YENG**, the officer primarily responsible for the financial management of **ACB RESOURCES BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 11 to 71 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 above named **CHENG SIN YENG** at Kuala Lumpur in the Federal Territory on 26 September 2012.

**CHENG SIN YENG**

Before me

**W626**  
**HAJJAH JAMILAH ISMAIL**  
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** which comprise the statements of financial position as at 30 June 2012 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 71.

### **Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 about 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 2012 and of their financial performance and cash flows for the year then ended.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which discloses the premises upon which the Group and the Company have prepared its financial statements by applying the going concern assumption, notwithstanding that the Group's and the Company's current liabilities exceeded its current assets by RM914.795 million and RM788.456 million respectively for the financial year ended 30 June 2012 and as of that date, the Group and the Company have a deficit in its total equity attributable to the owners of the parent of RM120.969 million and RM116.710 million respectively. In addition, we draw attention to Note 25 which sets forth the status of the Group's borrowings and management's plans to address 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 16 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 16 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**

Kuala Lumpur  
26 September 2012

**LIM KOK BENG**  
**588/02/13(J)**  
**Chartered Accountant**

CDS ACCOUNT NUMBER

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## 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-Seventh 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 19 November 2012 at 2.00 pm and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve Directors' fees		
2. To re-elect as Director, Y. Bhg. Tan Sri William H.J. Cheng		
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 ..... 2012

No. of shares : .....

Signed : .....

### Representation at Meeting:

- Only Members whose names appear in the Register of Members and the Record of Depositors on 8 November 2012 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 office of the Registrar of the Company, Level 13, 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.



