LION DIVERSIFIED HOLDINGS BERHAD

2009

LION DIVERSIFIED HOLDINGS BERHAD

A Member of The Lion Group

(0428-T)

Laporan Tahunan 2009 Annual Report

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Ninth Annual General Meeting of Lion Diversified Holdings Berhad will be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 17 November 2009 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 2009. **Resolution 1**

2. To approve the payment of a first and final dividend of 1.0 sen per ordinary share tax exempt. **Resolution 2**

3. To approve the payment of Directors' fees amounting to RM213,000 (2008: RM215,500). **Resolution 3**

4. To re-elect Directors:

   In accordance with Article 98 of the Company's Articles of Association, the following Directors retire by rotation and, being eligible, offer themselves for re-election:

   Y. Bhg. Tan Sri William H.J. Cheng **Resolution 4**
   Mr Heah Sieu Lay **Resolution 5**

5. To re-appoint Auditors to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Resolution 6**

6. Special Business

   To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

6.1 Authority to Directors to issue shares

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." **Resolution 7**

6.2 Proposed Shareholders' Mandate for Recurrent Related Party Transactions

"THAT approval be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of Part A of the Circular to Shareholders of the Company dated 26 October 2009 ("Related Parties") which has been despatched to the shareholders of the Company, provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and **Resolution 8**

THAT authority conferred by this ordinary resolution will only continue to be in force until:

(i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier; and

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

6.3 Proposed Renewal of Authority for Share Buy-Back

"THAT, subject to the Companies Act, 1965, the provisions of the Articles of Association of the Company, the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements, and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to buy-back such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that: **Resolution 9**

(i) the aggregate number of shares bought-back does not exceed 10% of the total issued and paid-up capital of the Company at any point of time; and

(ii) the maximum amount of funds to be allocated for the share buy-back shall not exceed the amount of the retained profits or the share premium of the Company or both

(hereinafter referred to as the "Proposed Share Buy-Back"); and

THAT authority conferred by this ordinary resolution shall commence immediately upon the passing of this resolution and will only continue to be in force until:

(i) the conclusion of the next annual general meeting of the Company, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by shareholders of the Company at a general meeting of the Company,

whichever occurs first; and

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares of RM0.50 each in the Company so purchased by the Company as treasury shares and/or cancel them and to distribute the treasury shares as share dividends and/or resell the treasury shares; and

FURTHER, THAT authority be and is hereby unconditionally and generally given to the Directors of the Company to take all such steps as are necessary or expedient and/or enter into any and all agreements, arrangements and guarantee with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities."

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

DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT a depositor shall qualify for entitlement to the dividend only in respect of:

(a) shares deposited into the depositor's securities account before 12.30 pm on 18 November 2009 in respect of shares exempted from mandatory deposit;

(b) shares transferred into the depositor's securities account before 4.00 pm on 20 November 2009 in respect of transfers; and

(c) shares bought on the Exchange on a cum entitlement basis according to the Rules of the Exchange.

The dividend, if approved, will be paid on 15 December 2009 to shareholders on the Register of Members and the Record of Depositors of the Company at the close of business on 20 November 2009.

By Order of the Board

LIM KWEE PENG
YASMIN WEILI TAN BINTI ABDULLAH
Secretaries

Kuala Lumpur
26 October 2009

Notes:

1. *Proxy*

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

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

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

2. *Circular to Shareholders dated 26 October 2009 ("Circular")*

   Details on the following are set out in the Circular enclosed together with the 2009 Annual Report:

   (i) Part A - Proposed Shareholders' Mandate for Recurrent Related Party Transactions

   (ii) Part B - Proposed Renewal of Authority for Share Buy-Back

3. *Resolution 3*

   It is proposed that the fees for the Chairman of the Audit Committee be increased due to increased duties and responsibilities.

4. *Resolution 7*

   This approval will allow the Company to procure the renewal of the general mandate ("General Mandate") which will empower the Directors of the Company to issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 20 November 2008 which will lapse at the conclusion of this Annual General Meeting.

   The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for purpose of funding future investment projects, working capital and/or acquisitions.

5. *Resolution 8*

   This approval will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with those related parties as set out in paragraph 3.2 of Part A of the Circular, which are necessary for the Group's day-to-day operations undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

6. *Resolution 9*

   This approval will empower the Directors of the Company to purchase the Company's shares up to 10% of the issued and paid-up capital of the Company at any point of time. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

CORPORATE INFORMATION

Board of Directors	:	Y. Bhg. Tan Sri William H.J. Cheng *(Chairman)* Y. Bhg. Datuk Cheng Yong Kim *(Managing Director)* Y. Bhg. Tan Sri Dato' Seri Aseh bin Che Mat Y. Bhg. Dato' Ismail @ Mansor bin Said Mr Heah Sieu Lay Mr George Leong Chee Fook
Secretaries	:	Ms Lim Kwee Peng Puan Yasmin Weili Tan binti Abdullah
Company No.	:	9428-T
Registered Office	:	Level 46, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel Nos : 03-21622155, 03-21613166 Fax No : 03-21623448 Homepage : http://www.lion.com.my/liondiv
Share Registrar	:	Secretarial Communications Sdn Bhd Level 46, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel Nos : 03-21622155, 03-21648411 Fax No : 03-21623448
Auditors	:	Ernst & Young Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
Principal Bankers	:	RHB Bank Berhad Kuwait Finance House (Malaysia) Berhad The Bank of Nova Scotia Berhad Bank of China (Malaysia) Berhad
Stock Exchange Listing	:	Bursa Malaysia Securities Berhad ("Bursa Securities")

		Ordinary Shares	Irredeemable Convertible Unsecured Loan Stocks 2008/2013
Stock Name	:	LIONDIV	LIONDIV-LB
Bursa Securities Stock No.	:	2887	2887LB
Reuters Code	:	LDIV.KL	LDIVc.KL
ISIN Code	:	MYL2887OO007	MYL2887LBNC7

DIRECTORS' PROFILE

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

Y. Bhg. Tan Sri William H.J. Cheng, a Malaysian, aged 66, was appointed to the Board on 27 October 1989 and has been the Chairman of the Company since 17 December 1994. He is also the Chairman of the Executive Share Option Scheme Committee of the Company.

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

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

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

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

Save for Silverstone Corporation Berhad, Silverstone Berhad and Amsteel Corporation Berhad, all the above companies are public listed companies.

Tan Sri William Cheng has a direct shareholding of 121,356,607 ordinary shares of RM0.50 each in the Company ("LDHB Share") and an indirect interest in 290,013,688 LDHB Shares. In addition, he also has (i) a direct interest in RM121,615,000 nominal value of 5-year 4% irredeemable convertible unsecured loan stocks 2008/2013 of the Company ("ICULS") convertible into 243,230,000 new LDHB Shares at a conversion price of RM0.50 for one new LDHB Share ("Conversion Price"); and (ii) an indirect interest in RM203,961,522 nominal value of ICULS convertible into 407,923,044 new LDHB Shares at the Conversion Price. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on pages 133 and 134 of this Annual Report. He also has interests in certain companies which conduct similar business with the Group in the upstream steel operations and property development sector.

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

Tan Sri William Cheng attended all seven (7) Board Meetings of the Company held during the financial year ended 30 June 2009.

Datuk Cheng Yong Kim
Managing Director

Y. Bhg. Datuk Cheng Yong Kim, a Singaporean, aged 59, was appointed the Managing Director of the Company on 26 January 2007. He is also a member of the Executive Share Option Scheme Committee of the Company.

Datuk Cheng obtained a Bachelor of Business Administration (Honours) degree from the University of Singapore in 1971. He has more than 30 years of experience in the business operations of The Lion Group encompassing steel, retail, property development, tyre, computer, motor and plantation. For a period of seven years from 1988 to 1995, he was the Managing Director of Lion Fasteners Sdn Bhd, a company engaged in the business of manufacturing bolts and nuts. In 1990, he took up the role of President in P T Lion Metal Works Tbk, a manufacturer of steel furniture, building material and stamping products in Indonesia. He resigned from Lion Fasteners Sdn Bhd in 1995 to take on the position of Managing Director of Lion Industries Corporation Berhad. In 1996, he was appointed the Executive Director of the Ceemax and the Likom group of companies which are involved in the manufacturing and marketing of computers, monitors and peripherals.

Datuk Cheng's other directorships in public companies are as follows:

- Managing Director of Lion Industries Corporation Berhad, a public listed company
- Director of Lion Corporation Berhad, a public listed company
- Director of Silverstone Corporation Berhad and Hy-Line Berhad

Datuk Cheng has a direct shareholding of 7,841,337 ordinary shares of RM0.50 each in the Company ("LDHB Share") and an indirect interest in 251,843,935 LDHB Shares. In addition, he also has (i) a direct interest in RM1,000,000 nominal value of 5-year 4% irredeemable convertible unsecured loan stocks 2008/2013 of the Company ("ICULS") convertible into 2,000,000 new LDHB Shares at a conversion price of RM0.50 for one new LDHB Share ("Conversion Price"); and (ii) an indirect interest in RM30,014,916 nominal value of ICULS convertible into 60,029,832 new LDHB Shares at the Conversion Price. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on pages 133 and 134 of this Annual Report. He also has interests in certain companies which conduct similar business with the Group in the upstream steel operations and property development sector.

Datuk Cheng is the nephew of Y. Bhg. Tan Sri William H.J. Cheng, the Chairman and a major shareholder of the Company.

Datuk Cheng attended all seven (7) Board Meetings of the Company held during the financial year ended 30 June 2009.

Tan Sri Dato' Seri Aseh bin Che Mat
Independent Non-Executive Director

Y. Bhg. Tan Sri Dato' Seri Aseh bin Che Mat, a Malaysian, aged 58, was appointed to the Board on 1 December 2007. He is also a member of the Audit Committee of the Company.

Tan Sri Dato' Seri Aseh graduated with a Bachelor of Arts (Honours) degree in Economics from the University of Malaya and received his Masters degree in Public Administration from the University of Southern California, United States of America and his PhD (Honorary) degree in Foreign Relations from Limkokwing University of Creative Technology, Cyberjaya, Malaysia.

Tan Sri Dato' Seri Aseh joined the Ministry of Finance, Malaysia in March 1974 and held various positions as Assistant Secretary, Secretary and Principal Assistant Secretary of the Education Services Commission in Kuala Lumpur, Sarawak and Sabah during his 8 years with the Commission. Since 1984, Tan Sri Dato' Seri Aseh served in the Ministry of Home Affairs, Malaysia in various positions including Principal Assistant Secretary of the Security and Police Affairs Division; Undersecretary of Security and Preventive Division, and Management Division; and Deputy Director General and Director General of the Department of Immigration, Malaysia. In February 2001, Tan Sri Dato' Seri Aseh was appointed Secretary General of the Ministry of Home Affairs, Malaysia, a post he held until his retirement on 22 October 2007.

Tan Sri Dato' Seri Aseh is the Chairman of Pos Malaysia Berhad and MWE Holdings Berhad and a Director of Stemlife Berhad, all of which are public listed companies.

Tan Sri Dato' Seri Aseh attended six (6) of the seven (7) Board Meetings of the Company held during the financial year ended 30 June 2009.

Dato' Ismail @ Mansor bin Said
Independent Non-Executive Director

Y. Bhg. Dato' Ismail @ Mansor bin Said, a Malaysian, aged 60, was appointed to the Board on 15 September 1995. Dato' Ismail is also the Chairman of the Audit Committee, and a member of the Nomination Committee and Remuneration Committee of the Company.

Dato' Ismail received his Bachelor of Economics degree from the University of Malaya. Dato' Ismail was a member of Parliament (1978-1995), the Chairman of Public Accounts Committee (1985 to 1990), the Chairman of Majlis Amanah Rakyat (1987 to 1990) and the Parliamentary Secretary of the Ministry of Youth and Sports (1990-1995).

He is also a Director of Ahmad Zaki Resources Berhad, a public listed company.

Dato' Ismail attended all seven (7) Board Meetings of the Company held during the financial year ended 30 June 2009.

Heah Sieu Lay
Independent Non-Executive Director

Mr Heah Sieu Lay, a Malaysian, aged 56, was appointed to the Board on 5 June 2001. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Mr Heah received his Bachelor of Arts (Honours) degree in Accountancy from the City of London Polytechnic, London. He is an Associate Member of the Institute of Chartered Accountants in England and Wales.

Mr Heah was the Group Executive Director of The Lion Group responsible for corporate planning and finance from 1998 to November 2006. Prior to joining The Lion Group in 1998, he was the Managing Director of RHB Sakura Merchant Bankers Berhad ("RHB Sakura") (now known as RHB Investment Bank Berhad) and has vast experience in the field of corporate finance after having served RHB Sakura for 15 years.

He is also a Director of Lion Industries Corporation Berhad, a public listed company.

Mr Heah attended all seven (7) Board Meetings of the Company held during the financial year ended 30 June 2009.

George Leong Chee Fook
Independent Non-Executive Director

Mr George Leong Chee Fook, a Malaysian, aged 63, was appointed to the Board on 5 June 2001. Mr George Leong is also the Chairman of the Nomination Committee and Remuneration Committee, and a member of the Audit Committee of the Company.

He received his Bachelor of Economics (Honours) degree from the University of Malaya. Mr George Leong was employed by the Malaysian Industrial Development Authority ("MIDA") after his graduation until December 2000 and was a Director of MIDA's offices in Germany and Australia, and the Metal and Engineering Supporting Industries in MIDA's headquarters.

Mr George Leong attended all seven (7) Board Meetings of the Company held during the financial year ended 30 June 2009.

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

CORPORATE GOVERNANCE STATEMENT

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

The Board is pleased to present below a description of how the Group has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Malaysian Code on Corporate Governance ("Code"). These principles and best practices have been applied consistently throughout the financial year ended 30 June 2009 except where otherwise stated herein.

1. DIRECTORS

The Board

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

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the financial year ended 30 June 2009, seven (7) Board Meetings were held and each Director attended at least 50% of the total Board Meetings held during the financial year. Details of attendance and a brief profile of each member of the Board are set out in the Directors' Profile section of this Annual Report.

Board Composition and Balance

The Board comprises six (6) Directors, five (5) of whom are non-executive. The current Board composition complies with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"). The broad range of experience, skills and knowledge of the Directors effectively facilitate the discharge of the Board's stewardship.

Represented on the Board are four (4) independent non-executive Directors who bring their independent advice, views and judgement to bear on the decision-making process of the Group to ensure that a balanced and unbiased deliberation process is in place to safeguard the interests of other stakeholders. As and when a potential conflict of interest arises, it is mandatory practice for the Directors concerned to declare their interests and abstain from the decision-making process.

There is a clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director is responsible for the overall operations of the Group and the implementation of the Board's strategies and policies.

Board Committees

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

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

Supply of Information

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

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

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

Appointments to the Board

The Nomination Committee is responsible for recommending the right candidates with the necessary mix of skill, experience and competency to be appointed to the Board and Board Committees to ensure the effectiveness of the Board. Newly appointed Directors will be given an orientation programme to familiarise themselves with the Group's operations to better understand the Group's businesses.

The process of assessing the Directors is an on-going responsibility of the Nomination Committee and the Board.

The members and terms of reference of the Nomination Committee are presented on page 18 of this Annual Report.

Re-election of Directors

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

Directors' Training

All members of the Board have attended Bursa Securities' Mandatory Accreditation Programme.

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

During the financial year, the Directors had participated in seminars, forums, conferences and training programmes on topics/subjects in relation to the steel industry, corporate governance, prospects in various industries, business opportunities and current global financial crisis. The Directors had also attended various other forums and seminars organised by Bursa Securities, the Securities Commission and trade associations.

In addition, the Company arranges site visits for the Directors, whenever necessary, to enhance their understanding of the Group's businesses and have a better awareness of the risks associated with the Group's operations.

The Directors are also updated on a continuing basis by the Company Secretaries on new and/or revised requirements to the Listing Requirements as and when the same were advised by Bursa Securities ("Continuing Updates").

The Board views the aforementioned seminars, forums, conferences and training programmes attended and/or participated by the Directors, and the Continuing Updates provided to the Directors as adequate to enhance the Directors' skills and knowledge to carry out their duties as Directors.

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

2. DIRECTORS' REMUNERATION

The Company has adopted the objective as recommended by the Code in determining the remuneration of executive Directors so as to ensure that it attracts and retains the Directors needed to manage the Company and the Group effectively. Directors do not participate in decisions regarding their own remuneration. The responsibilities for developing the remuneration policy and determining the remuneration packages of executive Directors lie with the Remuneration Committee. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors. The members and terms of reference of the Remuneration Committee are presented on page 18 of this Annual Report.

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

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

The aggregate remuneration of Directors who served during the financial year ended 30 June 2009 are categorised as follows:

	Fees RM'000	Salaries & Other Emoluments RM'000	Total RM'000
Executive Director	20	382	402
Non-executive Directors*	193	-	193
	213	382	595

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

Range of Remuneration (RM)	Number of Directors Executive	Number of Directors Non-executive*
25,000 & below	–	1
25,001 – 50,000	–	5
400,001 – 450,000	1	–

* Including a Director who retired at the previous Annual General Meeting.

3. RELATIONS WITH SHAREHOLDERS AND INVESTORS

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

The Group also values dialogues with institutional investors, fund managers and analysts. The Group has been practising open discussions with investors/fund managers/analysts upon request. In this regard, information is disseminated with strict adherence to the disclosure requirements of Bursa Securities.

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

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

4. ACCOUNTABILITY AND AUDIT

The Audit Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group. The Audit Committee comprises four (4) Directors, all of whom are independent. The terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 14 to 17 of this Annual Report.

Financial Reporting

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

Directors' Responsibility in Financial Reporting

The Board is satisfied that for the financial year ended 30 June 2009, the financial statements presented give a true and fair view of the state of affairs, results and cash flows of the Group and of the Company. In preparing the financial statements, the Group has applied, on a consistent basis, the applicable approved accounting standards and the provisions of the Companies Act, 1965.

Internal Control

The Board has overall responsibility in maintaining a sound internal control system for the Group to achieve its objectives within an acceptable risk profile as well as safeguarding shareholders' investment and the Group's assets. An overview of the state of internal control within the Group is set out in the Statement on Internal Control on page 13 of this Annual Report.

Relationship with the Auditors

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

STATEMENT ON INTERNAL CONTROL

Introduction

The Board of Directors ("Board") acknowledges the importance of maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets. Guided by the *Statement on Internal Control: Guidance for Directors of Public Listed Companies*, the Board is pleased to present the Statement on Internal Control of the Group (excluding associated companies, as the Board does not have control over their operations) pursuant to the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Board Responsibility

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

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

Risk Management

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

Control and Monitoring Process

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

- An operational structure with defined lines of responsibility and delegation of authority together with a hierarchical structure of reporting and accountability
- Internal policies and procedures that are regularly updated to reflect changing risks or resolve operational deficiencies including to clearly define limits of authority
- A detailed budgeting process which requires all business units to prepare budget and business plan on an annual basis
- Review of key business variables and the monitoring of the achievements of the Group's performance on a quarterly basis by the Board and the Audit Committee
- Confirmation of the effectiveness of internal control and risk assessment process by the chief executive officer or general manager of key operating companies by way of completion of the Internal Control – Self-Assessment Questionnaire on an annual basis
- Periodic examination of business processes and systems of internal control by the internal audit function which regularly submits its reports to the Audit Committee
- Adequate insurance and physical safeguards on major assets are in place to ensure assets of the Group are sufficiently covered
- A Code of Ethics for all employees which defines the ethical standards and conduct at work
- A whistleblower policy established under the Human Resource Policy Manual which defines the rights of informants and also the protections accorded them. The channels of escalation are also documented to encourage and enable concerned parties to report any wrongdoing so that they can be properly addressed

Conclusion

The Board is of the view that the system of internal control in place is generally satisfactory and sufficient to safeguard all stakeholders' interest.

AUDIT COMMITTEE REPORT

COMPOSITION

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

- **Members**

  Y. Bhg. Dato' Ismail @ Mansor bin Said
  (Chairman, Independent Non-Executive Director)

  Y. Bhg. Tan Sri Dato' Seri Aseh bin Che Mat
  (Independent Non-Executive Director)

  Mr Heah Sieu Lay
  (Independent Non-Executive Director)

  Mr George Leong Chee Fook
  (Independent Non-Executive Director)

  The composition of the Audit Committee complies with Chapter 15 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

- **Secretaries**

  The Secretaries of Lion Diversified Holdings Berhad, Ms Lim Kwee Peng and Puan Yasmin Weili Tan binti Abdullah, are also Secretaries of the Audit Committee.

TERMS OF REFERENCE

- **Membership**

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

- **Meetings and Minutes**

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

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

- **Authority**

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

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

- **Duties**

  The duties of the Audit Committee are:

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

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

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

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

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

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

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

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

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

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

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

  (x) To promptly report to Bursa Securities on any matter where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

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

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

ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year under review, nine (9) Audit Committee Meetings were held. Except for Y. Bhg. Tan Sri Dato' Seri Aseh bin Che Mat who was absent for two (2) Meetings and Mr George Leong Chee Fook who was absent for one (1) Meeting, all other members attended all the nine (9) Meetings held in the financial year.

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

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

- **Financial Results**

    (a) Reviewed the interim unaudited financial statements of the Group prior to recommending them for approval by the Board.

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

- **Internal Audit**

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

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

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

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

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

- **External Audit**

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

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

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

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

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

- **Risk Management**

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

- **Related Party Transactions**

    Reviewed related party transactions entered into by the Group. Reviewed recurrent related party transactions of a revenue or trading nature on a quarterly basis for compliance under the Shareholders' Mandate.

- **Material Transactions**

  Reviewed material transactions entered into by the Group.

- **Allocation of Share Options**

  Verified the allocation of options pursuant to the Executive Share Option Scheme of the Company.

INTERNAL AUDIT FUNCTION

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

The purpose, authority and responsibility of the internal audit function as well as the nature of the assurance activities provided by the function are articulated in the internal audit charter.

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

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

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

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

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

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

The total cost incurred in managing the Group internal audit function for the financial year was RM108,000.

NOMINATION COMMITTEE

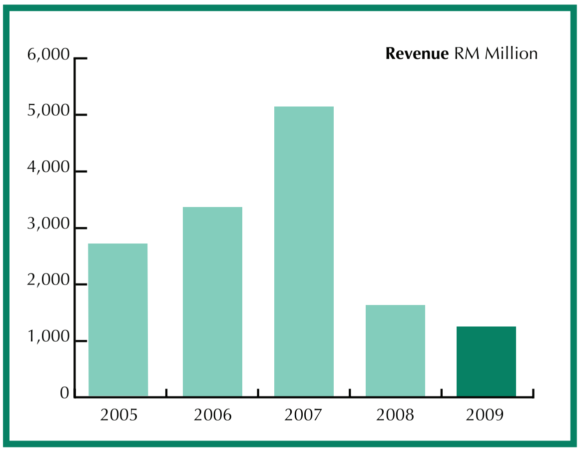
Chairman	:	Mr George Leong Chee Fook *(Independent Non-Executive Director)*
Members	:	Y. Bhg. Dato' Ismail @ Mansor bin Said *(Independent Non-Executive Director)* Mr Heah Sieu Lay *(Independent Non-Executive Director)*
Terms of Reference	:	• To recommend to the Board, candidates for directorships in Lion Diversified Holdings Berhad • To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder • To recommend to the Board, Directors to fill the seats on Board Committees • To assist the Board in reviewing on an annual basis, the required mix of skills and experience and other qualities, including core competencies which non-executive Directors should bring to the Board • To assess, on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, based on the process and procedure laid out by the Board

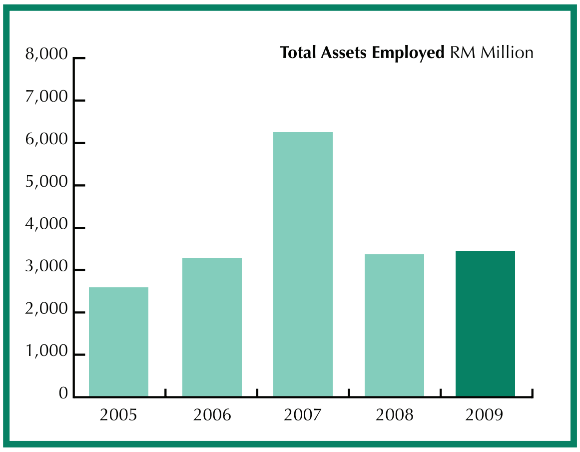
REMUNERATION COMMITTEE

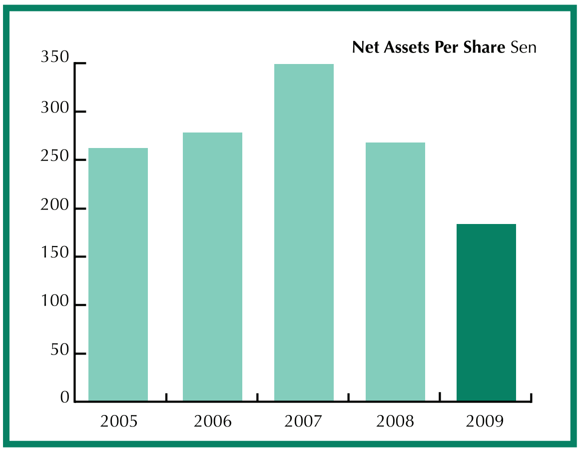
Chairman	:	Mr George Leong Chee Fook *(Independent Non-Executive Director)*
Members	:	Y. Bhg. Dato' Ismail @ Mansor bin Said *(Independent Non-Executive Director)* Mr Heah Sieu Lay *(Independent Non-Executive Director)*
Terms of Reference	:	• To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary • To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time

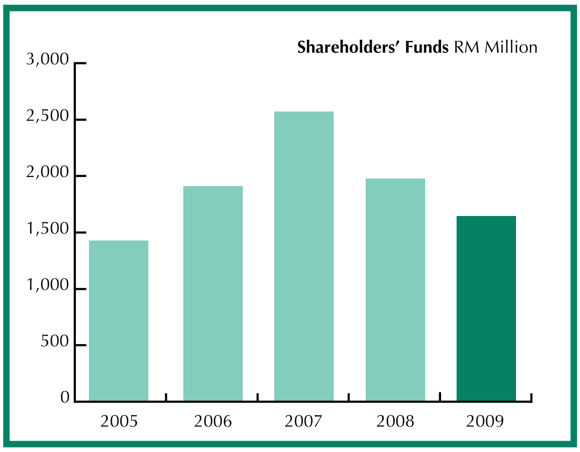
5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years ended 30 June	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Revenue	2,728,738	3,367,544	5,171,682	1,616,836	**1,248,815**
Profit/(Loss) before taxation	616,804	606,041	856,987	117,934	**(576,706)**
Profit/(Loss) after taxation	560,879	527,929	738,040	89,589	**(623,731)**
Dividends:					
Rate (%)	12.0	18.0	5.0	2.0	**2.0**
Amount (net of tax)	22,317	53,882	18,431	7,372	**7,372**
Total assets employed	2,595,113	3,308,642	6,309,175	3,392,564	**3,443,183**
Shareholders' funds	1,425,621	1,906,239	2,577,250	1,983,893	**1,641,932**
	Sen	Sen	Sen	Sen	Sen
Net assets per share attributable to ordinary equity holders of the parent	263	279	350	269	**184**
Earnings/(Loss) per share	115.5	78.3	86.2	7.2	**(44.8)**









THE GROUP'S BUSINESSES

- The Direct Reduced Iron (DRI) plant in Banting, Selangor produces DRI (bottom photo), a substitute raw material for scrap, to make high grade steel.
- *Kilang Besi Pengurangan Terus (DRI) di Banting, Selangor mengeluarkan DRI (gambar bawah), bahan mentah gantian bagi besi lusuh untuk menghasilkan besi bermutu tinggi.*

- Aerial view of Megasteel Sdn Bhd, the country's only integrated flat steel mill producing hot rolled (left, top) and cold rolled coils (right, top) located next to the DRI plant in Banting, Selangor.
- *Pemandangan dari udara kilang Megasteel Sdn Bhd, satu-satunya kilang besi rata bersepadu di negara ini yang mengeluarkan gegelung gelekan panas (gambar atas, kiri) dan sejuk (gambar atas, kanan) terletak bersebelahan kilang DRI di Banting, Selangor.*


Likom, Melaka


Likom, Mexico

- The Group's computer operations under Likom have manufacturing facilities in Melaka and Mexico.
- *Operasi komputer Kumpulan di bawah Likom memiliki kilang di Melaka dan Mexico.*

- Artist's impressions of (left) Cheng Avenue Project comprising shop offices and semi-detached factories, in Melaka; and (top) D' Venice Residence in Changshu, China, featuring residential and commercial properties.
- *Gambaran artis (kiri) Projek Cheng Avenue di Melaka merangkumi kedai-pejabat dan kilang berkembar dan (atas) D' Venice Residence di Changshu, China, menampilkan hartanah kediaman dan komersial.*

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Diaudit Lion Diversified Holdings Berhad bagi tahun kewangan berakhir pada 30 Jun 2009.

PRESTASI KEWANGAN

Ekonomi dunia menghadapi tekanan yang teruk apabila kemelesetan di negara-negara ekonomi maju memburuk. Kesan daripada pembuangan pekerja dan kebimbangan terhadap kemelesetan yang berpanjangan mengakibatkan penguncupan ketara dalam permintaan sektor swasta, mempercepatkan kemerosotan bagi permintaan dunia terhadap barangan serta perkhidmatan, dan pembetulan pada harga-harga komoditi. Sebagai sebahagian daripada ekonomi dunia, Malaysia juga tidak terkecuali daripada kesan kelembapan ekonomi sejagat. Kejatuhan eksport menyebabkan pertumbuhan semakin bergantung kepada permintaan domestik terutamanya dalam penggunaan persendirian dan perbelanjaan kerajaan.

Di sebalik kemelut ekonomi ini, Kumpulan telah mencatat perolehan yang lebih tinggi berjumlah RM1.2 bilion dalam tahun kewangan semasa berbanding RM0.3 bilion sebelumnya untuk kesinambungan operasi. Pada tempoh sama, keuntungan operasi yang lebih baik berjumlah RM178 juta juga dicatatkan dalam tahun kajian. Prestasi baik itu disumbangkan terutamanya oleh keputusan penuh operasi besi Kumpulan berbanding keputusan bagi tempoh kurang sebulan pada tahun lalu berikutan pengeluaran kilang besi pengurangan terus yang baru bermula pada bulan Jun 2008.

Meskipun berlaku peningkatan dalam hasil perolehan dan keuntungan operasi, Kumpulan mengalami kerugian sebelum cukai yang lebih tinggi berjumlah RM577 juta berbanding dengan RM14 juta setahun lalu, disebabkan terutamanya daripada kerugian yang dicatatkan oleh syarikat-syarikat bersekutu. Persekitaran operasi industri besi yang buruk ditambah dengan penurunan ketara harga komoditi telah menyebabkan syarikat-syarikat sekutu kita melaporkan kerugian besar ekoran perolehan yang lebih rendah dan pengurangan ketara inventori.

PERKEMBANGAN KORPORAT

Dalam tahun kewangan, Kumpulan telah melaksanakan cadangan korporat yang berikut:

- Pada bulan Disember 2008, Syarikat telah menyempurnakan terbitan hak boleh lepas bertempoh matang 5-tahun 4% stok pinjaman tidak boleh tebus boleh tukar tidak berjamin ("ICULS") pada 100% nilai nominal dan menjana kutipan kasar berjumlah RM327,462,064.
- Pada bulan Februari 2009, Kumpulan telah memuktamadkan perkara berikut:

  (i) Pembelian RM900 juta bon bernilai nominal menggunakan mata wang RM Kelas B(b) boleh dijamin dan boleh ditebus dengan nilai kupon sifar yang diterbitkan oleh Lion Corporation Berhad ("LCB") ("Bon") pada pertimbangan harga tunai berjumlah RM400 juta dan penukaran Bon kepada 804.46 juta saham biasa baru bernilai RM1.00 setiap satu dalam LCB ("Saham LCB");

  (ii) Langganan 100 juta saham keutamaan boleh tebus kumulatif boleh tukar bernilai RM0.01 setiap satu pada premium RM0.99 setiap satu oleh Megasteel Sdn Bhd ("Megasteel") pada pertimbangan tunai RM100 juta;

  (iii) Pembelian 66,666,667 saham biasa bernilai RM1.00 setiap satu dalam Megasteel, mewakili kira-kira 11.1% daripada modal terbitan dan berbayar sedia ada dalam Megasteel daripada Limpahjaya Sdn Bhd, anak syarikat milik penuh LCB, untuk pertimbangan tunai berjumlah RM100 juta; dan

  (iv) Pelupusan sebuah projek pembangunan hartanah dikenali sebagai Projek Bandar Mahkota Cheras bersama-sama dengan empat bidang tanah yang belum dimajukan dalam Mukim Cheras, Daerah Hulu Langat, Selangor kepada Pancar Tulin Sdn Bhd, anak syarikat milik penuh LCB, pada pertimbangan harga RM89.95 juta yang dilunasi dengan terbitan 89,948,000 Saham LCB baru pada harga terbitan bernilai RM1.00 setiap Saham LCB.

Maklumat terperinci pelbagai cadangan korporat yang lain terkandung di muka surat 119 dalam Laporan Tahunan ini.

KAJIAN OPERASI

Kumpulan secara amnya terbabit dalam aktiviti berikut:

- Perkilangan dan penjualan produk berkaitan besi ("Besi");
- Perkilangan dan penjualan komputer dan barangan berkaitan ("Komputer");
- Pembangunan dan pengurusan hartanah ("Hartanah"); dan
- Pegangan pelaburan, perdagangan dan lain-lain ("Lain-lain").

	Perolehan		Keuntungan Operasi	
(RM' Juta)	2009	2008	2009	2008
Besi	1,042	61	161	16
Komputer	166	208	12	6
Hartanah	33	43	1	12
Lain-lain	8	15	4	17
	1,249	327	178	51
Peruncitan (Dijual pada 2008)	–	1,290	–	144
	1,249	1,617	178	195

Bahagian Besi

Operasi utama besi Kumpulan yang terletak di lokasi strategik di Banting, Selangor (Malaysia), mengeluarkan besi pengurangan terus ("DRI"), satu bahan cas ferus bermutu tinggi yang digunakan dalam pembuatan besi dan keluli. Sebagai gantian cas panas kepada sekerap (bahan utama dalam pembuatan besi), DRI adalah lebih menjimatkan kerana penggunaan tenaga elektrik yang rendah dan mampu menggantikan penggunaan sekerap import yang lebih mahal harganya.

Kemelesetan ekonomi sejagat telah menjejaskan permintaan besi bagi industri-industri pengguna utamanya seperti sektor pembinaan dan pembuatan kenderaan, sekali gus memaksa para pengeluar besi mengurangkan pengeluaran mereka dengan ketara sekali. Operasi DRI kita juga tidak terkecuali daripada kesan tersebut meskipun secara perbandingan, ia tidak terlalu ketara. Perjanjian belian jangka panjang yang menjamin pendapatan telah membolehkan Bahagian mencatat perolehan berjumlah RM1.0 bilion dan keuntungan operasi berjumlah RM161 juta. Keputusan kewangan jauh lebih rendah yang dicatatkan pada tahun sebelumnya adalah disebabkan oleh keputusan prestasi kilang DRI hanya dikira untuk tempoh kurang sebulan berikutan operasi kilang berkenaan dimulakan pada bulan Jun 2008.

Perniagaan hiliran besi Kumpulan yang lain adalah melalui pegangan kepentingan 59% dalam LCB (ekuiti diambil kira dan bukan disatukan berikutan kemungkinan kecairan pegangan kepada bawah paras 50%) dan pegangan dalam Megasteel. Megasteel terbabit dalam perkilangan dan penjualan gegelung gelekan panas ("HRC") dan merupakan pengeluar tunggal HRC di negara ini untuk pasaran tempatan dan luar negara. Sejak pada awal tahun kewangan, prestasi Megasteel terjejas teruk akibat kemerosotan besar dalam pasaran besi berikutan kemelesetan ekonomi sejagat.

Bahagian Komputer

Bahagian Komputer kita terbabit dalam pembekalan pusat sehenti bersepadu bagi perkhidmatan pembuatan kelengkapan asli ("OEM") bagi penghasilan bekas dan penutup komputer peribadi terutama dalam pemasangan peralatan komputer dan komponen elektronik. Ia juga telah mempelbagaikan rangkaian produknya meliputi segmen bukan komputer peribadi seperti rangka dan komponen televisyen panel rata, kotak `set-top' TV protokol internet, kelengkapan audio visual, telekomunikasi, produk penggera keselamatan dan suis elektrik bagi mengurangkan kebergantungan kepada pasaran komputer peribadi. Kilang pengeluaran produk-produk berkenaan terletak di Melaka, Malaysia dan Mexico, serta sebuah pejabat jualan di AS bertujuan menyediakan perkhidmatan sokongan pelanggan.

Berikutan krisis ekonomi dan kewangan dunia, para pengguna telah mengurangkan perbelanjaan mereka terhadap barang-barang bukan keperluan, sekali gus menyebabkan permintaan berkurangan dan perolehan lebih rendah dicatatkan dalam tahun kajian. Bagaimanapun, Bahagian ini berjaya meningkatkan keuntungan terutamanya dengan pengukuhan nilai Dolar AS berbanding Ringgit dan juga pelaksanaan langkah-langkah pengurangan kos oleh pihak pengurusan.

Bahagian Hartanah

Di bawah portfolio aset Bahagian Hartanah, dua (2) projek hartanah berikut dilaksanakan:

(i) Projek Cheng Avenue, Melaka
Projek komersil seluas 20 ekar ini terletak di tanah pegangan pajakan berhampiran kilang pengeluaran komputer kita di Melaka. Sebanyak 84 buah kedai pejabat dan kilang berkembar dua telah dilancarkan dalam tahun kajian dengan mendapat sambutan jualan yang menggalakkan sekitar 80%.

(ii) Projek "D' Venice Residence", China
Terletak di Bandaraya Changshu, Wilayah Jiangsu, China, projek ini merangkumi empat bidang tanah bersambung dengan jumlah keluasan 20.1 hektar. Pembangunan Fasa 1 dijangka akan dilancarkan pada akhir tahun 2009.

Selain itu, Kumpulan juga memegang 35% kepentingan (dianggap sebagai entiti yang dikuasai secara bersama) di **Twins**, sebuah projek yang terletak di Damansara Heights, Kuala Lumpur. Pembangunan kondominium mewah yang eksklusif ini merangkumi dua (2) blok menara ikon setinggi 36 tingkat yang menawarkan kira-kira 300 unit kediaman. Sejak jualannya dilancarkan pada tahun kewangan sebelumnya, sambutan yang diterima amat memberangsangkan. Kerja pembinaan berjalan lancar dan dijangka akan memberikan sumbangan keuntungan yang baik dalam tempoh dua tahun akan datang.

DIVIDEN

Lembaga Pengarah mencadangkan dividen pertama dan terakhir sebanyak 1.0 sen sesaham (2%), dikecualikan cukai, untuk diluluskan oleh para pemegang saham dalam Mesyuarat Agung Tahunan yang akan datang. Dividen bersih boleh bayar akan berjumlah RM7.4 juta.

TANGGUNGJAWAB SOSIAL KORPORAT

Kami mengiktiraf pentingnya Tanggungjawab Sosial Korporat (CSR) sebagai sebahagian daripada perniagaan dan telah menerapkan rangka kerja CSR dalam pelan perniagaan kami untuk meningkatkan keyakinan pemegang kepentingan, akauntabiliti dan ketelusan. CSR kini merupakan satu komponen penting dalam amalan perniagaan yang baik dalam menambah baik masyarakat dan alam sekitar.

Masyarakat

Dalam mengendalikan kegiatan perniagaan, Kumpulan sentiasa menyedari tanggungjawabnya sebagai warga korporat dengan memberikan sumbangan kepada masyarakat selain berusaha meningkatkan pendapatan dan juga nilai para pemegang saham. Kumpulan menumpukan usaha membantu masyarakat menerusi bidang pendidikan dan penjagaan kesihatan melalui dua buah Yayasan yang ditubuhkan oleh Syarikat-syarikat Kumpulan Lion yang mana Kumpulan merupakan salah satu daripada ahlinya.

Yayasan Lion-Parkson menyalurkan dana bagi keperluan pendidikan dan kebajikan; dan setiap tahun memberikan biasiswa dan pinjaman pendidikan tanpa faedah kepada mahasiswa di universiti tempatan. Tabung Bantuan Perubatan Kumpulan Lion menyediakan bantuan kewangan kepada rakyat Malaysia yang memerlukan rawatan perubatan termasuk pembedahan, pembelian peralatan atau ubat-ubatan. Tabung ini juga menaja program kesihatan masyarakat seperti kem perubatan dan pembelian mesin-mesin dialisis bagi Pusat-pusat Dialisis yang menawarkan subsidi rawatan kepada golongan kurang bernasib baik.

Kumpulan turut membantu masyarakat dalam usaha pengumpulan dana dan pungutan derma serta menyumbang kepada rayuan mangsa bencana di dalam dan luar negara.

Alam Sekitar

Sejajar dengan pembangunan teknologi dan industri. Kumpulan sentiasa berusaha mendukung keprihatinannya terhadap alam sekitar melalui pematuhan ketat operasi akan undang-undang dan peraturan-peraturan alam sekitar mengikut industri yang diceburi. Dengan meningkatnya permintaan terhadap bahan api dan juga sumber asli lain, Kumpulan turut mengenal pasti sumber bahan api lain seperti gas asli dan beralih kepada teknologi baru yang lebih mesra alam bagi operasi perniagaan kami.

Kumpulan mematuhi peraturan keselamatan, kesihatan dan alam sekitar (SHE) dengan mengamalkan pendekatan sistematik yang diperkukuhkan melalui latihan dan pemantauan secara tetap untuk memastikan keselamatan dan kesejahteraan para pekerja kami.

PROSPEK

Meskipun keadaan pasaran tidak menentu, Kumpulan optimistik terhadap prospek jangka sederhana dan panjang pasaran besi. Beberapa inisiatif yang diperkenalkan oleh Kerajaan Malaysia dan pelbagai pakej rangsangan besar-besaran yang diperkenalkan di seluruh dunia akan membantu mewujudkan kestabilan dalam persekitaran operasi besi dan juga mengukuhkan dasaran yang ada dalam pertumbuhan penggunaan. Liberalisasi terbaru dalam sektor besi tempatan juga baik untuk operasi syarikat-syarikat bersekutu kita. Dengan pengurangan bagi harga pellet bijih besi dan gas asli, bahan mentah utama untuk operasi DRI, kita menjangkakan prestasi lebih baik untuk operasi besi pada tahun kewangan berikutnya.

Bagi Bahagian Hartanah pula, operasi dijangka mempamerkan prestasi lebih baik berikutan pemulihan dalam industri hartanah manakala Bahagian Komputer kita pula dijangka mengekalkan keuntungan. Pihak pengurusan akan terus berhemah dalam mengawal kos dan meningkatkan inisiatif bagi meluaskan bahagian pasaran serta membangunkan pasaran-pasaran baru.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada semua pelanggan yang dihargai, para pembiaya, rakan-rakan niaga, pihak berkuasa kerajaan dan para pemegang saham atas sokongan berterusan, kerjasama dan keyakinan yang diberikan kepada Kumpulan.

Saya juga ingin menyatakan penghargaan tulus ikhlas dan rasa terhutang budi kepada rakan-rakan Pengarah atas bimbingan dan sumbangan yang tidak ternilai diberikan sepanjang tahun dan ingin merakamkan penghargaan kepada kakitangan segenap peringkat kerana dedikasi, komitmen dan sumbangan mereka terhadap Kumpulan.

TAN SRI WILLIAM H.J. CHENG
Pengerusi

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Lion Diversified Holdings Berhad for the financial year ended 30 June 2009.

FINANCIAL PERFORMANCE

The global economy came under severe stress as the deepening recession in the advanced economies intensified. The effects of job cuts and fears of a protracted recession have led to severe contraction in private sector demand, accelerating the drop in global demand for goods and services, and the correction in commodity prices. Being an integral part of the global economy, Malaysia was not spared the impact of the global slowdown. As exports declined, growth has increasingly relied on domestic demand, particularly private consumption and government spending.

In spite of the turbulent economic environment, the Group recorded higher revenue of RM1.2 billion in the current financial year as compared to RM0.3 billion previously for its continuing operations. Correspondingly, a better operating profit of RM178 million was achieved for the year under review. The favourable performance was mainly attributed to a full year's results of the Group's steel operation as compared to less than a month's results last year following the commencement of production of the new direct reduced iron plant in June 2008.

Notwithstanding the increase in revenue and operating profit, the Group incurred a much higher pre-tax loss of RM577 million as compared to RM14 million a year ago, due mainly to the associated companies losses. The adverse operating environment in the steel industry coupled with the sharp drop in commodity prices had resulted in our associated companies reporting higher losses on account of lower revenue and substantial write-down of its inventories.

CORPORATE DEVELOPMENTS

During the financial year, the Group had undertaken the following significant corporate events:

- In December 2008, the Company completed a renounceable rights issue of 5-year 4% irredeemable convertible unsecured loan stocks ("ICULS") at 100% of its nominal value and raised a gross proceed of RM327,462,064.

- In February 2009, the Group completed the following:

  (i) Acquisition of RM900 million nominal value of zero-coupon redeemable secured Class B(b) RM denominated bonds issued by Lion Corporation Berhad ("LCB") ("Bonds") for a cash consideration of RM400 million and the conversion of the Bonds into 804.46 million new ordinary shares of RM1.00 each in LCB ("LCB Share");

  (ii) Subscription of 100 million redeemable cumulative convertible preference shares of RM0.01 each at a premium of RM0.99 each in Megasteel Sdn Bhd ("Megasteel") for a cash consideration of RM100 million;

  (iii) Acquisition of 66,666,667 ordinary shares of RM1.00 each in Megasteel, representing approximately 11.1% of the existing issued and paid-up capital of Megasteel from Limpahjaya Sdn Bhd, a wholly-owned subsidiary of LCB, for a cash consideration of RM100 million; and

  (iv) Disposal of an ongoing property development project known as Bandar Mahkota Cheras Project together with four parcels of undeveloped land in the Mukim of Cheras, District of Hulu Langat, Selangor to Pancar Tulin Sdn Bhd, a wholly-owned subsidiary of LCB, for a consideration of approximately RM89.95 million, satisfied by the issuance of 89,948,000 new LCB Shares at an issue price of RM1.00 per LCB Share.

Full details of the various other corporate proposals are contained in page 119 of this Annual Report.

REVIEW OF OPERATIONS

The Group is principally engaged in the following activities:

- Manufacturing and sale of steel related products ("Steel");
- Manufacturing and sale of computer and related products ("Computer");
- Property development and management ("Property"); and
- Investment holding, trading and others ("Others").

	Revenue		Operating Profit	
(RM Million)	2009	2008	2009	2008
Steel	1,042	61	161	16
Computer	166	208	12	6
Property	33	43	1	12
Others	8	15	4	17
	1,249	327	178	51
Retail (Disposed of in 2008)	–	1,290	–	144
	1,249	1,617	178	195

Steel Division

The Group's core steel operation, located strategically in Banting, Malaysia, produces direct reduced iron ("DRI"), a high quality ferrous charge material used in iron and steelmaking. As a hot charge substitute for scrap (main ingredient for steelmaking), DRI would generate savings through lower consumption of electrical power and replace the usage of the more expensive imported scrap.

The global recession has severely affected steel demand in key consuming industries, such as the building and vehicle manufacturing sectors, forcing steelmakers to reduce production sharply. Our DRI operation is not spared from the crisis although the damage is comparatively less severe. The long term off-take agreement with a guaranteed return has led to the Division to report a revenue of RM1.0 billion and an operating profit of RM161 million. The substantially lower results registered in the preceding year was due to the results of our DRI plant being accounted for only less than a month following the commissioning of the plant in June 2008.

The Group's other downstream steel business is through its investments in 59% interest in LCB (equity accounted for instead of consolidated in view of the potential dilution in the interest to below 50%) and a stake in Megasteel. Megasteel is involved in the manufacturing and sale of hot rolled coils ("HRC"), and is the sole producer of HRC in Malaysia serving the domestic and international markets. Since the beginning of the financial year, the performance of Megasteel has been adversely affected by the sharp deterioration in the steel market as a result of the severe global economic crisis.

Computer Division

Our Computer Division is involved in the provision of integrated one-stop original equipment manufacturing ("OEM") services for the production of personal computer ("PC") casings and enclosures especially the assembly of computer peripherals and electronics components. It has also diversified its product range into other non-PC segments such as flat panel television frames and components, internet protocol TV set-top boxes, audio visual equipment, telecommunication, security-alarm and electrical switching products to reduce its dependence on the PC market. The production facilities are located in Melaka, Malaysia and Mexico, together with a sales representative office in the USA to provide customer support services.

With the global economic and financial crisis, consumers are tightening their belts on spending on non-essential items which has led to slower demand and lower revenue being posted for the year under review. However, the Division has managed to improve its profitability mainly due to the strengthening of the US Dollar against the Ringgit coupled with the ongoing cost-reduction efforts implemented by the management.

Property Division

In the Property Division's assets portfolio, there were two (2) property projects as follows:

(i) Cheng Avenue Project, Melaka
Located near to our computer operation in Melaka, this commercial project is situated on 20 acres of leasehold land. A total of 84 units of shop office and semi-detached factory have been launched during the financial year, recording an encouraging sale of approximately 80%.

(ii) "D' Venice Residence" Project, China
Located at Changshu City, Jiangsu Province, China, the project comprises four pieces of contiguous land totalling 20.1 hectares. Phase 1 development is expected to be launched by end 2009.

In addition, the Group also has a 35% interest (treated as a jointly controlled entity) in **Twins**, a project located in the prestigious residential enclave of Damansara Heights, Kuala Lumpur. This exclusive high-end condominium development comprises two (2) iconic 36-storey tower blocks and consists of about 300 residential units. Since the sales launches in the previous financial year, the response has been overwhelming. The construction works is progressing well and it is expected to contribute a satisfactory profit over the next two years.

DIVIDEND

The Board is pleased to recommend a first and final dividend of 1.0 sen per share (2%), tax-exempt, for the approval of shareholders at the forthcoming Annual General Meeting. Net dividend payable will amount to RM7.4 million.

CORPORATE SOCIAL RESPONSIBILITY

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

Society

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

The Lion-Parkson Foundation disburses funds for education and charitable needs; and every year, awards scholarships and interest-free education loans to undergraduates in the local universities. The Lion Group Medical Assistance Fund provides financial assistance to needy Malaysians who require medical treatment including surgery, purchase of equipment and medication. The Fund also sponsors community health programmes such as medical camps and the purchase of dialysis machines for Dialysis Centres providing subsidised treatment to the less fortunate.

The Group also supports the community by contributing to fundraising and donation drives and responding to the plight of disaster victims locally and elsewhere.

Environment

In keeping abreast with technology and industry developments, the Group seeks to uphold environmental concerns through strict compliance of its operations with the environmental laws and regulations governing the industries in which it operates. In the face of increasing demand for energy and other natural resources, the Group is also identifying alternative sources of energy such as natural gas, and opting for new technologies that are environmentally friendly, for our business operations.

The Group subscribes to the safety, health and environment regulations with a systematic approach reinforced by constant training and monitoring to ensure the safety and well-being of our employees.

PROSPECTS

Notwithstanding the uncertain market conditions, the Group is optimistic on the medium and long term prospects of the steel market. Several initiatives introduced by the Malaysian Government and the massive stimulus packages being implemented around the world will help to create some stability in the steel operating environment and also add to improvements of underlying fundamentals for consumption growth. The recent liberalisation of the local steel sector also augurs well for our associates' operation. Coupled with the reduction in the iron ore pellet and natural gas prices, the core feedstock for our DRI operation, a better performance is expected for our steel operation in the coming financial year.

As for the Property Division, the operation is expected to perform better in the light of the recovery of the property industry, whilst our Computer Division is anticipated to maintain its profitable position. Management will continue to be vigilant in controlling costs and to augment initiatives to expand market share as well as to develop new markets.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to extend my sincere thanks to all our valued customers, financiers, business associates, Government authorities and shareholders for their continued support, co-operation and confidence in the Group.

I would also like to convey my sincere appreciation and gratitude to my fellow Directors for their invaluable guidance and contributions throughout the year as well as to record my appreciation to our employees at all levels for their dedication, commitment and contributions to the Group.

TAN SRI WILLIAM H.J. CHENG
Chairman

主席报告

我谨代表董事部，欣然提呈金狮多元控股有限公司截至2009年6月30日会计年度的常年报告及经审核财务报告。

财务表现

随着先进国经济衰退加深，全球经济受到沉重压力。就业减少以及人们担心经济衰退延长，导致私人界的需求严重收缩，加剧了全球对货物与服务的需求之下降，以及原产品价格回落。身为全球经济的组成部分，马来西亚并没有幸免而受到全球经济衰退的影响。随着出口减少，经济成长日益依赖国内需求，尤其是私人消费和政府开支。

尽管经济环境动荡，本集团在本会计年度的营业额增加，持续营业达到12亿令吉，上一个年度只有3亿令吉。这样一来，在本会计年度，我们取得更佳的营业利润，达到1亿7千800万令吉。这更佳的表现，主要是由于本集团的钢铁组全年营业业绩的贡献，上一年度这钢铁业只有不到一个月的业绩，因为全新的直接还原铁工厂在2008年6月才投入生产。

尽管营业额及营业利润增加，本集团蒙受更高的税前亏损达到5亿7千700万令吉；上一个年度的税前亏损只有1千400万令吉，主要是由于联号公司的亏损。由于钢铁业当前不利的营业环境加上原产品价格暴跌，使联号公司因其较低的营业额和巨大的存货账面减值而蒙受重大的亏损。

企业发展

在本会计年度，本集团采取下述重大企业事件：

- 在2008年12月，本公司完成发行不可赎回、可转换、无担保债券。发行票面价值是RM327,462,064, 为期5年，年利率4%。发售时以票面价值100%的价值出售。

- 在2009年2月，本集团完成以下事项：

  (i) 以现金4亿令吉收购金狮机构有限公司（“金狮机构”）发行的，面值9亿令吉、以马币为单位的零利率、可赎回、有担保B(b)级债券，并把这些债券转换为8亿446万股，每股1.00令吉金狮机构的新普通股（“金狮机构股票”）；

  (ii) 以1亿令吉现金向美佳钢铁私人有限公司（“美佳钢铁”）认购1亿股，每股面值0.01令吉，每股溢价0.99令吉发行的可赎回、可转换、累积优先股；

  (iii) 以1亿令吉现金，向金狮机构的独资子公司Limpahjaya公司收购美佳钢铁的66,666,667股, 每股面值1.00令吉的普通股。相等于美佳钢铁约11.1%现有的发行及缴足资本；以及

  (iv) 脱售在雪兰莪州乌鲁冷岳县蕉赖区一项名为蕉赖皇冠城的产业发展计划加上4块未发展的地皮，给金狮机构的独资子公司Pancar Tulin Sdn Bhd，出售价约8千995万令吉，支付方式是由金狮机构发行面值8千994万8千股的金狮机构新股票给本集团。

有关其他企业计划详情，列在本常年报告119 页。

业务检讨

本集团主要从事以下业务：

- 制造及出售钢铁相关产品(“钢铁”)；
- 制造及出售电脑及相关产品(“电脑”)；
- 产业发展及管理(“产业”)；以及
- 投资控股、贸易及其他(“其他”)。

	营业额		营业利润	
单位:百万令吉	2009	2008	2009	2008
钢铁	1,042	61	161	16
电脑	166	208	12	6
产业	33	43	1	12
其他	8	15	4	17
	1,249	327	178	51
零售业（在2008年出售）	-	1,290	-	144
	1,249	1,617	178	195

钢铁组

本集团的核心钢铁生产工厂坐落在马来西亚的万津，生产直接还原铁；这是生产铁和钢所使用的高素质的铁质原料。直接还原铁是热质废铁（炼钢的主要成份）的代替品，它耗电量少，且取代比较昂贵的入口废铁，使到炼钢时节省成本。

全球经济衰退使主要用钢行业（诸如建筑业和汽车制造业）对钢铁的需求减少，迫使钢铁厂把产量大幅度降低。我们的直接还原铁也未能免于受到经济危机影响，尽管其损害相对较小。和客户订立长期购买量合同所订下的保证回酬，使钢铁组有不错的营业额，达到10亿令吉，营业利润达到1亿6千100万令吉。上一年度的业绩显著较少，是由于直接还原铁工厂在2008年6月才投入生产，取得少於一个月的业绩。

本集团的其他钢铁组下游业务，是通过投资在金狮机构的59%股权（采用会计权益法例帐，并非综合计算，考虑到股权有可能被冲淡到50%以下），以及在美佳钢铁直接拥有的股权。美佳钢铁制造和销售热轧卷钢，是马来西亚唯一生产热轧卷钢的生产商，供应国内及国际市场。从本会计年度开始，由于严重的全球性经济危机，钢铁市场严重恶化，美佳钢铁的表现深受不利影响。

电脑组

我们的电脑组提供综合性一站式原件加工制造服务以生产个人电脑的外壳和附件，尤其是装配电脑的周边产品以及电子配件。它也将产品多元化，进军非个人电脑领域、诸如平面电视框和配件、网络电视机上盒、视听器材、电信器材、保安警铃以及电子开关产品，以减少对个人电脑市场的依赖。其生产设施坐落在马来西亚的马六甲以及墨西哥；另外在美国设有一个销售代表办事处，以提供客户支援服务。

随着发生全球经济与金融危机，消费者束紧腰带，减少购买非必需品，导致在本会计年度，电脑组的需求减缓，营业额下降。不过，本组能够取得增长的盈利率，主要是美元对令吉的汇率增强，加上管理层持续致力于推行削减成本的措施所取得的成果。

产业组

在产业组的资产部分，有两个产业计划如下：

(i) 马六甲Cheng Avenue计划
这项计划坐落在我们马六甲的电脑业务附近，此商业建筑计划位于一片20依格的期限地契的土地上。在本会计年度推出总共84个单位的店屋和半独立式工厂，销售率令人鼓舞，达到约80%。

(ii) 中国“D’Venice 住宅” 计划
这项计划坐落在中国江苏省常熟市，包括4块相邻的土地，总共20.1公顷。第一阶段的发展预料将在2009年终推展。

此外，本集团在吉隆坡白沙罗高原高尚住宅区的一个称为**Twins**的发展计划拥有35%股权（被视为是共同控制实体）。这个独有的高档公寓发展包括两座高36层的塔楼，拥有约300个住宅单位。自从在上个会计年度销售推展以来，反应热烈。建筑工作进展顺利，预料在未来两年内将会为本集团带来令人满意的利润。

股息

董事部欣然宣布，派发每股1.0仙免税（2巴仙）的一次性股息。此项建议必须获得将召开的常年股东大会批准。应付净股息总额740万令吉。

企业社会责任

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

社会

本集团在展开商业活动时，深切了解到作为企业公民的责任，在加强业务与股东企业价值的同时，也要回馈社会。作为金狮集团成立的两项基金的成员，本集团着重于通过这两项基金，以教育与医疗服务来回馈社会。

金狮百盛基金拨款供作教育与慈善用途；每年都提供奖学金和免息教育贷款给在本地大学深造的在籍大学本科生。金狮集团医药援助基金则为迫切需要医疗的马来西亚公民提供财务援助，包括手术、购置器材和药物。这项基金也赞助社区保健计划如医疗营，并且为那些提供津贴治疗服务给不幸社群的洗肾中心添购洗肾机器。

本集团也通过筹款及捐款活动为社会做出贡献，同时也援助本地及其他地方的灾黎。

环境

在跟上科技和工业发展之际，本集团同时也关心环境保护，业务运作完全严格遵照环境条例及工业运作的相关工业条例。面对能源需求日增及天然资源的需求日益增加，我们也为业务运作鉴定替代能源，包括天然气，并且选择具环保作用的新技术。

本集团有系统地通过定期培训和有效的监管，来落实安全、卫生及环保条例，以确保员工的安全和福利获得照顾。

展望

尽管市场情况不稳定，本集团对钢铁市场的中期和长期展望感到乐观。马来西亚政府所采取的几项倡议，以及全球各国采取的各种大规模刺激配套，将为钢铁业的营运环境带来某些稳定，以及协助改善消费成长的固有基本因素。本国最近钢铁业的自由化，也预示着本集团的联号业务良好。加上我们的直接还原铁营运的主要原料铁矿粒和天然气的价格下降，预料在下一个会计年度，我们的钢铁组的业务会有更佳表现。

至于产业组，鉴于产业复苏，这组的业务预料将有更佳的表现；至于电脑组，预料将保持盈利地位。管理层将保持警戒，致力控制成本，及加强主动，以扩大市场份额，及开发新市场。

鸣谢

我谨代表董事部，真诚感谢尊贵的客户、银行家、商业伙伴、政府机构和股东，感谢他们继续给予本集团支持与合作，及对本集团有信心。

我也要真诚感谢董事们一年来给予的指导与贡献，以及感谢各级雇员的献身精神与对本集团的贡献。

主席
丹斯里钟廷森

FINANCIAL STATEMENTS

2009

For The Financial Year Ended 30 June 2009

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 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and of the Group during the financial year, other than the cessation of property development activities by a Malaysian subsidiary pursuant to the disposal as disclosed in Note 41(a)(iv) to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the year	(623,731)	(330,651)
Attributable to:		
Equity holders of the Company	(623,508)	(330,651)
Minority interests	(223)	–
	(623,731)	(330,651)

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except for the effect arising from share of losses of associates which has resulted in a decrease in the Group's profit for the financial year by RM662.8 million.

DIVIDENDS

The amount of dividends paid by the Company since 30 June 2008 were as follows:

	RM'000
In respect of the financial year ended 30 June 2008 as reported in the Directors' Report of that year, a first and final dividend of 2% (1 sen per share), tax exempt was paid on 15 December 2008	7,372

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 June 2009, of 2% (1 sen per share), tax exempt amounting to a dividend payable of RM7.4 million will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2010.

DIRECTORS

The Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri William H.J. Cheng
Datuk Cheng Yong Kim
Tan Sri Dato' Seri Aseh bin Che Mat
Dato' Ismail @ Mansor bin Said
Heah Sieu Lay
George Leong Chee Fook
Cheng Yong Kwang (Retired on 20.11.2008)

In accordance with Article 98 of the Company's Articles of Association, Y. Bhg. Tan Sri William H.J. Cheng and Mr Heah Sieu Lay retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Save for the 5-year 4% irredeemable convertible unsecured loan stocks 2008/2013 of the Company ("ICULS") which are convertible into new ordinary shares of RM0.50 each in the Company, neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 6(a) to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 40 to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interest of 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 RM0.50 Each			
	1.7.2008	**Acquired**	**Disposed**	**30.6.2009**
Direct Interest				
Tan Sri William H.J. Cheng	121,356,607	–	–	121,356,607
Datuk Cheng Yong Kim	7,841,337	–	–	7,841,337
Indirect Interest				
Tan Sri William H.J. Cheng	309,545,688	–	(19,532,000)	290,013,688
Datuk Cheng Yong Kim	267,875,935	3,500,000	(19,532,000)	251,843,935

In addition to the above, the following Directors are also deemed to have an interest in shares in the Company by virtue of the ICULS convertible into new ordinary shares of RM0.50 each in the Company at a conversion price of RM0.50 for one (1) new ordinary share of RM0.50 in the Company as follows:

	Number of RM1.00 Nominal Value of ICULS			
	17.12.2008(1)	**Acquired**	**Converted**	**30.6.2009**
Direct Interest				
Tan Sri William H.J. Cheng	121,615,000	–	–	121,615,000
Datuk Cheng Yong Kim	1,000,000	–	–	1,000,000
Indirect Interest				
Tan Sri William H.J. Cheng	203,961,522	–	–	203,961,522
Datuk Cheng Yong Kim	30,014,916	–	–	30,014,916

DIRECTORS' INTERESTS (Continued)

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

Indirect Interest
Tan Sri William H.J. Cheng
Datuk Cheng Yong Kim

	Nominal Value Per Share	1.7.2008	Number of Ordinary Shares Acquired	Disposed	30.6.2009
Hamba Research & Development Co Ltd (In liquidation - voluntary)	NT$10.00	980,000	–	–	980,000
LDH Investment Pte Ltd	*	4,500,000	–	–	4,500,000

	Number of Ordinary Shares of RM1.00 Each 27.2.2009[2]	Acquired	Disposed	30.6.2009
Lion Corporation Berhad ("LCB")				
Direct Interest				
Tan Sri William H.J. Cheng	458,685	–	–	458,685
Datuk Cheng Yong Kim	10,209,517	–	(7,500,000)	2,709,517
Indirect Interest				
Tan Sri William H.J. Cheng	1,646,585,309	–	(71,544,329)	1,575,040,980
Datuk Cheng Yong Kim	1,579,405,324	–	(1,166,556,229)	412,849,095

Indirect Interest
Tan Sri William H.J. Cheng
Datuk Cheng Yong Kim

	Nominal Value Per Share	27.2.2009[2]	Number of Ordinary Shares Acquired	Disposed	30.6.2009
Bersatu Investments Company Limited	HK$10.00	42,644	–	–	42,644
Kinabalu Motor Assembly Sendirian Berhad	RM1.00	26,985,030	–	–	26,985,030
Logic Concepts (M) Sdn Bhd	RM1.00	71,072	–	–	71,072
Logic Furniture (M) Sdn Bhd	RM1.00	91,000	–	–	91,000
Lyn (Pte) Ltd	*	1,225,555	–	–	1,225,555
Megasteel Sdn Bhd	RM1.00	540,000,001	–	–	540,000,001
Bright Steel Service Centre Sdn Bhd	RM1.00	11,420,000	–	–	11,420,000

DIRECTORS' INTERESTS (Continued)

Indirect Interest (Continued)
Tan Sri William H.J. Cheng
Datuk Cheng Yong Kim

	Number of Preference "D" Shares of RM0.01 Each			
	As at 27.2.2009[(2)]	**Acquired**	**Disposed**	**As at 30.6.2009**
Megasteel Sdn Bhd	49,000,000	–	–	49,000,000

	Number of Preference "F" Shares of RM0.01 Each			
	As at 27.2.2009[(2)]	**Acquired**	**Disposed**	**As at 30.6.2009**
Megasteel Sdn Bhd	26,670,000	–	–	26,670,000

	Number of Preference "G" Shares of RM0.01 Each			
	As at 27.2.2009[(2)]	**Acquired**	**Disposed**	**As at 30.6.2009**
Megasteel Sdn Bhd	100,000,000	–	–	100,000,000

In addition to the above, the following Directors are also deemed to have an interest in shares in LCB by virtue of:

a) Options granted pursuant to the LCB Executive Share Option Scheme

	Number of Options			
	As at 27.2.2009[(2)]	**Granted**	**Exercised**	**As at 30.6.2009**
Tan Sri William H.J. Cheng	490,000	–	–	490,000

b) Redeemable convertible secured loan stocks ("RCSLS") of nominal value of RM1.00 each convertible into new ordinary shares of RM1.00 each in LCB at a conversion price of RM1.00 for one (1) new ordinary share of RM1.00 in LCB

	Number of RM1.00 Nominal Value of RCSLS			
	As at 27.2.2009[(2)]	**Acquired**	**Converted**	**As at 30.6.2009**
Tan Sri William H.J. Cheng	103,615,401	171,599,123	–	275,214,524

c) Warrants with a right to subscribe for one (1) new ordinary share in LCB for every one (1) warrant held

	Number of Warrants			
	As at 21.4.2009[(3)]	**Acquired**	**Disposed**	**As at 30.6.2009**
Tan Sri William H.J. Cheng	9,573,871	–	–	9,573,871
Datuk Cheng Yong Kim	374,514	–	(331,850)	42,664

Notes:

* Shares in companies incorporated in Singapore do not have a par value.
(1) ICULS issued on 17 December 2008.
(2) Became related corporations on 27 February 2009.
(3) Warrants issued on 21 April 2009.

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

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company became effective on 1 September 2005 and the main features of the ESOS are as follows:

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

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

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

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

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

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

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

The persons to whom the options have been granted have no right to participate, by virtue of the options, in any share issue of any other company.

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

The movements in the number of options granted, exercised and lapsed pursuant to the ESOS during the financial year are as follows:

		Number of Options				
Granted on	**Subscription price per share**	**1 July 2008**	**Granted**	**Exercised**	**Lapsed**	**30 June 2009**
29 May 2008	RM1.23	2,645,900	–	–	(434,200)	2,211,700

The exercise period for the above options will expire on 31 August 2010.

ICULS

During the financial year, the Company issued RM327,462,064 nominal value of ICULS at 100% of its nominal value convertible into new ordinary shares of RM0.50 each in the Company at a conversion price of RM0.50 for one (1) new ordinary share of RM0.50 in the Company.

The salient terms of the ICULS are disclosed in Note 28 to the financial statements.

OTHER STATUTORY INFORMATION

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

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

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

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances 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.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the Directors:

(i) 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 will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Significant events are disclosed in Note 41 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 42 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 September 2009.

TAN SRI WILLIAM H.J. CHENG
Chairman

DATUK CHENG YONG KIM
Managing Director

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **TAN SRI WILLIAM H.J. CHENG** and **DATUK CHENG YONG KIM**, being two of the Directors of **LION DIVERSIFIED HOLDINGS BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 39 to 128 are drawn up in accordance with applicable Financial Reporting Standards and the provisions of 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 at 30 June 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 September 2009.

TAN SRI WILLIAM H.J. CHENG
Chairman

DATUK CHENG YONG KIM
Managing Director

Kuala Lumpur, Malaysia

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

I, **DATUK CHENG YONG KIM**, being the Director primarily responsible for the financial management of **LION DIVERSIFIED HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 39 to 128 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **DATUK CHENG YONG KIM**
at Kuala Lumpur in the Federal Territory
on 29 September 2009.

DATUK CHENG YONG KIM

Before me,

W259
AHMAD B. LAYA
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LION DIVERSIFIED HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Lion Diversified Holdings Berhad, which comprise the balance sheets as at 30 June 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 128.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the 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 applicable 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 at 30 June 2009 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report 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 subsidiaries 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 auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been 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 auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Malaysia, 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.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Seng Huat
No. 2518/12/09(J)
Chartered Accountant

Kuala Lumpur, Malaysia
29 September 2009

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

		Group				Company	
		2009	2008			2009	2008
	Note	Continuing operations RM'000	Continuing operations RM'000	Discontinued operations RM'000 (Note 15(c))	Total RM'000	RM'000	RM'000
Revenue	3	**1,248,815**	327,217	1,289,619	1,616,836	**1,202**	74,317
Other income	4	**141,363**	65,808	104,762	170,570	**1,489**	2,454
Changes in inventories		**(7,200)**	(13,550)	(8,193)	(21,743)	**–**	–
Raw materials and consumables used		**(996,299)**	(172,523)	–	(172,523)	**–**	–
Purchase of trading merchandise		**–**	–	(1,007,065)	(1,007,065)	**–**	–
Property development expenditure		**(24,912)**	(28,617)	–	(28,617)	**–**	–
Employee benefits expense	5	**(39,551)**	(36,867)	(46,421)	(83,288)	**(1,452)**	(2,280)
Depreciation and amortisation		**(38,772)**	(8,598)	(20,937)	(29,535)	**(245)**	(242)
Promotional and advertising expenses		**(6,913)**	(6,466)	(44,584)	(51,050)	**–**	–
Rental expenses		**(9,167)**	(4,289)	(75,341)	(79,630)	**–**	–
Other expenses		**(89,067)**	(70,881)	(48,349)	(119,230)	**(267,314)**	(96,061)
Profit/(Loss) from operations	6	**178,297**	51,234	143,491	194,725	**(266,320)**	(21,812)
Finance costs	7	**(91,073)**	(30,700)	(41,011)	(71,711)	**(29,676)**	(7,966)
Property development project and property held for sale:							
- impairment loss	14(a)	**–**	(16,193)	–	(16,193)	**–**	–
- write down of inventories		**–**	(6,726)	–	(6,726)	**–**	–
- provision for loss	25	**–**	(37,189)	–	(37,189)	**–**	–
Gain/(Loss) on disposal of subsidiaries	15	**305**	–	27,344	27,344	**(32,245)**	7,255,064
Share of results of associates		**(662,831)**	26,478	–	26,478	**–**	–
Share of results of jointly controlled entities		**(1,404)**	(806)	2,012	1,206	**–**	–
(Loss)/Profit before taxation		**(576,706)**	(13,902)	131,836	117,934	**(328,241)**	7,225,286
Income tax expense	8	**(47,025)**	(6,006)	(22,339)	(28,345)	**(2,410)**	(3,321)
(Loss)/Profit for the year		**(623,731)**	(19,908)	109,497	89,589	**(330,651)**	7,221,965
Attributable to:							
Equity holders of the Company		**(623,508)**	(19,908)	72,663	52,755	**(330,651)**	7,221,965
Minority interests		**(223)**	–	36,834	36,834	**–**	–
		(623,731)	(19,908)	109,497	89,589	**(330,651)**	7,221,965
(Loss)/Earnings per share (sen):							
Basic	9(a)	**(44.8)**	(2.7)	9.9	7.2		
Diluted	9(b)	**(44.8)**	(2.7)	9.9	7.2		

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

BALANCE SHEETS

AS AT 30 JUNE 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**1,415,180**	1,180,331	**858**	1,103
Investment properties	12	**33,014**	33,971	**–**	–
Prepaid land lease payments	13	**3,370**	3,226	**–**	–
Land held for property development	14	**78,351**	95,428	**–**	–
Investments in subsidiaries	15	**–**	–	**347,341**	370,503
Investments in associates	16	**376,396**	182,163	**395,849**	–
Investments in jointly controlled entities	17	**5,561**	7,988	**–**	–
Other investments	18	**291,530**	743,176	**56,447**	321,440
Intangible assets	19	**33,476**	33,476	**–**	–
Deferred tax assets	20	**13,307**	1,155	**12,301**	–
		2,250,185	2,280,914	**812,796**	693,046
Current assets					
Property development costs	14	**27,035**	–	**–**	–
Inventories	21	**74,048**	232,045	**–**	–
Other investments	18	**208,657**	1,064	**113,667**	1,064
Trade receivables	22	**477,552**	390,977	**–**	–
Other receivables	23	**227,559**	103,001	**1,389,677**	1,349,688
Tax recoverable		**10,327**	12,028	**2,305**	2,983
Deposits, cash and bank balances	24	**167,820**	207,313	**10,962**	80,873
		1,192,998	946,428	**1,516,611**	1,434,608
Assets classified as held for sale	25	**–**	165,222	**–**	–
		1,192,998	1,111,650	**1,516,611**	1,434,608
TOTAL ASSETS		**3,443,183**	3,392,564	**2,329,407**	2,127,654

BALANCE SHEETS

AS AT 30 JUNE 2009 (Continued)

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	34	**368,612**	368,612	**368,612**	368,612
Share premium		**330,967**	330,967	**330,967**	330,967
Other reserves	35	**290,512**	1,693	**288,282**	1,231
Retained profits	37	**651,841**	1,282,621	**322,753**	660,676
		1,641,932	1,983,893	**1,310,614**	1,361,486
Minority interests		**–**	293	**–**	–
Total equity		**1,641,932**	1,984,186	**1,310,614**	1,361,486
Non-current liabilities					
Borrowings	26	**652,717**	567,987	**36,388**	458
Long term payables	29	**154,077**	34,500	**154,077**	34,500
Deferred tax liabilities	20	**41,372**	1,668	**–**	–
		848,166	604,155	**190,465**	34,958
Current liabilities					
Trade payables	30	**179,786**	27,655	**–**	–
Other payables	31	**462,218**	306,586	**703,069**	543,272
Provisions	32	**24,695**	17,695	**17,695**	17,695
Product financing liabilities	33	**–**	77,784	**–**	–
Borrowings	26	**281,565**	295,972	**107,564**	170,243
Tax payable		**4,821**	3,257	**–**	–
		953,085	728,949	**828,328**	731,210
Liabilities associated with assets classified as held for sale	25	**–**	75,274	**–**	–
		953,085	804,223	**828,328**	731,210
Total liabilities		**1,801,251**	1,408,378	**1,018,793**	766,168
TOTAL EQUITY AND LIABILITIES		**3,443,183**	3,392,564	**2,329,407**	2,127,654

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

		← Attributable to Equity Holders of the Company						
			← Non-Distributable →					
	Note	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000 (Note 35)	Retained Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 July 2007		368,612	330,967	74,117	1,803,554	2,577,250	558,140	3,135,390
Foreign currency translation difference		–	–	1,506	–	1,506	–	1,506
Capital distribution:								
- Bonus issue		3,826,378	–	–	(3,826,378)	–	–	–
- Effect arising from reorganisation	15(c)	–	–	(75,161)	6,683,380	6,608,219	–	6,608,219
- Capital Distribution	15(c)	(3,826,378)	–	–	(3,412,259)	(7,238,637)	(628,961)	(7,867,598)
		–	–	(75,161)	(555,257)	(630,418)	(628,961)	(1,259,379)
Net profit for the year, representing total recognised income and expense for the year		–	–	–	52,755	52,755	36,834	89,589
Equity-settled share option arrangements		–	–	1,231	–	1,231	–	1,231
Acquisition and dilution of retail operation		–	–	–	–	–	47,289	47,289
Dividends	10	–	–	–	(18,431)	(18,431)	(13,009)	(31,440)
At 30 June 2008		368,612	330,967	1,693	1,282,621	1,983,893	293	1,984,186
At 1 July 2008		**368,612**	**330,967**	**1,693**	**1,282,621**	**1,983,893**	**293**	**1,984,186**
Foreign currency translation difference		**–**	**–**	**1,768**	**–**	**1,768**	**–**	**1,768**
Net loss for the year, representing total recognised income and expense for the year		**–**	**–**	**–**	**(623,508)**	**(623,508)**	**(223)**	**(623,731)**
Issuance of irredeemable convertible unsecured loan stocks 2008/2013 ("ICULS")		**–**	**–**	**287,182**	**–**	**287,182**	**–**	**287,182**
Equity-settled share option arrangements		**–**	**–**	**(131)**	**100**	**(31)**	**–**	**(31)**
Disposal of a subsidiary		**–**	**–**	**–**	**–**	**–**	**(70)**	**(70)**
Dividends	10	**–**	**–**	**–**	**(7,372)**	**(7,372)**	**–**	**(7,372)**
At 30 June 2009		**368,612**	**330,967**	**290,512**	**651,841**	**1,641,932**	**–**	**1,641,932**

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Share Capital RM'000	← Non-Distributable → Share Premium RM'000	Other Reserves RM'000 (Note 35)	Retained Profits RM'000	Total RM'000
At 1 July 2007		368,612	330,967	–	695,779	1,395,358
Bonus issue		3,826,378	–	–	(3,826,378)	–
Capital Distribution	15(c)	(3,826,378)	–	–	(3,412,259)	(7,238,637)
Net profit for the year, representing total recognised income and expense for the year		–	–	–	7,221,965	7,221,965
Equity-settled share option arrangements		–	–	1,231	–	1,231
Dividends	10	–	–	–	(18,431)	(18,431)
At 30 June 2008		368,612	330,967	1,231	660,676	1,361,486
At 1 July 2008		**368,612**	**330,967**	**1,231**	**660,676**	**1,361,486**
Net loss for the year, representing total recognised income and expense for the year		**–**	**–**	**–**	**(330,651)**	**(330,651)**
Issuance of ICULS		**–**	**–**	**287,182**	**–**	**287,182**
Equity-settled share option arrangements		**–**	**–**	**(131)**	**100**	**(31)**
Dividends	10	**–**	**–**	**–**	**(7,372)**	**(7,372)**
At 30 June 2009		**368,612**	**330,967**	**288,282**	**322,753**	**1,310,614**

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Cash flows from operating activities				
(Loss)/Profit before taxation from:				
Continuing operations	**(576,706)**	(13,902)	**(328,241)**	7,225,286
Discontinued operations	**–**	131,836	**–**	–
	(576,706)	117,934	**(328,241)**	7,225,286
Adjustments for:				
Depreciation and amortisation	**38,772**	29,535	**245**	242
Employee share-based payment	**(31)**	3,576	**(31)**	1,231
Property, plant and equipment written off	**509**	299	**–**	–
(Gain)/Loss on disposal of subsidiaries	**(305)**	(27,344)	**32,245**	(7,255,064)
Loss on disposal of property, plant and equipment	**–**	2	**–**	9
Gain on disposal of quoted investments	**(11,890)**	–	**–**	–
Gain on conversion of Exchangeable Bonds	**(23)**	–	**–**	–
Impairment loss and provision for loss	**–**	53,382	**259,607**	1,898
Impairment loss in value of investments	**1,749**	10,000	**13,449**	10,000
Impairment loss for property, plant and equipment	**251**	–	**–**	–
Provision for/(Reversal of) doubtful debts	**568**	(32)	**171**	76,741
Bad debts recovered	**(6)**	(21)	**–**	–
(Reversal)/Write down of inventories	**(23)**	6,832	**–**	–
Unrealised exchange loss/(gain)	**17,346**	(3,730)	**(17,044)**	–
Interest expense	**91,073**	71,711	**29,676**	7,966
Interest income	**(43,580)**	(64,250)	**(1,489)**	(1,563)
Dividend income	**(3,863)**	(7,359)	**(1,202)**	(74,317)
Share of results of associates	**662,831**	(26,478)	**–**	–
Share of results of jointly controlled entities	**1,404**	(1,206)	**–**	–
Operating profit/(loss) before working capital changes	**178,076**	162,851	**(12,614)**	(7,571)
Changes in working capital:				
Inventories	**170,214**	(203,126)	**–**	–
Receivables	**(309,029)**	(214,384)	**3,250**	(2,091)
Payables	**123,593**	397,252	**1,624**	17,796
Property development costs	**(9,958)**	(82,407)	**–**	–
Cash generated from/(used in) operations	**152,896**	60,186	**(7,740)**	8,134
Interest received	**35,304**	52,185	**1,221**	1,266
Interest paid	**(73,909)**	(71,711)	**(21,060)**	(7,966)
Taxes (paid)/refund	**(3,851)**	(28,626)	**(607)**	3,745
Net cash generated from/(used in) operating activities	**110,440**	12,034	**(28,186)**	5,179

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from investing activities				
Proceeds from disposal of subsidiaries	**(393)**	–	**–**	–
Proceeds from disposal of property, plant and equipment	**–**	1,221	**–**	55
Proceeds from disposal of other investments	**100,355**	11,975	**1,154**	11,975
Purchase of property, plant and equipment	**(302,676)**	(499,301)	**–**	(216)
Purchase of investment properties	**–**	(29,400)	**–**	–
Purchase of prepaid land lease	**(181)**	–	**–**	–
Advances to subsidiaries	**–**	–	**(209,125)**	(197,515)
Acquisition of subsidiaries (net cash acquired) (Note i)	**–**	(96,845)	**–**	–
Acquisition of associates	**(250,000)**	–	**(50,000)**	–
Purchase of other investments	**(4,539)**	(55,135)	**(29,094)**	(153,355)
Dividends received	**3,863**	7,359	**1,202**	67,685
Net cash used in investing activities	**(453,571)**	(660,126)	**(285,863)**	(271,371)
Cash flows from financing activities				
Dividends paid	**(7,372)**	(18,431)	**(7,372)**	(18,431)
Contribution from minority interests	**–**	40,096	**–**	–
Capital distribution	**–**	(1,687,833)	**–**	–
Proceeds from issuance of ICULS	**327,462**	–	**327,462**	–
Repayment of bank borrowings	**(186,145)**	(10,475)	**(100,340)**	–
Proceeds from bank borrowings and notes	**155,978**	769,132	**24,631**	170,000
Repayment of hire purchase	**(1,219)**	(1,114)	**(243)**	(211)
Net cash generated from/(used in) financing activities	**288,704**	(908,625)	**244,138**	151,358
Net decrease in cash and cash equivalents	**(54,427)**	(1,556,717)	**(69,911)**	(114,834)
Effects of changes in foreign exchange rates	**2,111**	2,280	**–**	–
Cash and cash equivalents at beginning of year	**220,136**	1,774,573	**80,873**	195,707
Cash and cash equivalents at end of year (Note 24)	**167,820**	220,136	**10,962**	80,873

Note (i)	Group	
	2009	**2008**
	RM'000	**RM'000**
Purchase consideration paid in cash	**–**	(99,527)
Cash and cash equivalents of subsidiaries acquired	**–**	2,682
Net cash outflow of the Group	**–**	(96,845)

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

1. CORPORATE INFORMATION

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 15. There have been no significant changes in the nature of the principal activities during the financial year other than the cessation of property development activities by a Malaysian subsidiary pursuant to the disposal as disclosed in Note 41(a)(iv).

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and principal place of business of the Company is located at Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 September 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia.

The financial statements of the Group and of the Company have been prepared on a historical basis.

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

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their 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.

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

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

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

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair 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.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

2.2 **Summary of significant accounting policies** (Continued)

(a) **Subsidiaries and basis of consolidation** (Continued)

(ii) **Basis of consolidation** (Continued)

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 profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) **Associates**

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

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

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

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

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

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

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies (Continued)

(c) Jointly controlled entities

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

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(b).

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

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(d) Intangible assets

(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.

(ii) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible asset.

(e) Property, plant and equipment, and depreciation

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 other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies (Continued)

(e) Property, plant and equipment, and depreciation (Continued)

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

Freehold land is stated at cost less any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. Construction in progress is not depreciated as it is 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% - 8%
Land improvements and infrastructure	3% - 4%
Plant and machinery	2% - 15%
Motor vehicles	13% - 20%
Office equipment, furniture and fittings	10% - 20%
Renovation	10% - 20%

If the items of depreciable property, plant and equipment comprise significant identifiable components each with a different useful life, these components are treated as separate accounting units and depreciated over their respective useful lives.

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. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(f) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

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.

Investment properties are 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.

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

(i) Land held for property development

Land held for property 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.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

2.2 **Summary of significant accounting policies** (Continued)

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

(ii) **Property development costs**

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, 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 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 income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

(h) **Impairment of assets**

The carrying amounts of assets, other than property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

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 costs 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies (Continued)

(h) Impairment of assets (Continued)

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 asset revaluation 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.

(i) Inventories

Industrial land and properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

Other inventories are stated at the lower of cost (determined on the weighted average basis) and net realisable value. The cost of raw materials comprises the original purchase price plus cost incurred in bringing the inventories to their present location and conditions. The cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in selling and distribution.

(j) Financial instruments

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

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

(i) Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies (Continued)

(j) Financial instruments (Continued)

(ii) Other non-current investments

Long term investments, both quoted and unquoted, include investments in subsidiaries, jointly controlled entities, associates and other non-current investments.

Investments which carry fixed or determinable payments and fixed maturities and which the Group has intention and ability to hold to maturity are carried at cost. After initial measurement, these fixed term investments are measured at amortised cost less impairment losses.

Investments in other long term investments are stated at cost less impairment losses. An allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Such a decline is recognised as an expense in the period in which it is identified.

Short term quoted investments are stated at the lower of cost and market value, determined on portfolio basis by comparing aggregate cost against aggregate market value. Market value is calculated by reference to quoted selling prices at the close of business on the balance sheet date. Money market instruments are stated at the lower of cost and net realisable value.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(iii) Marketable securities

Marketable securities are carried at the lower of cost and market value. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(iv) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(v) Payables

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

(vi) Interest-bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies (Continued)

(j) Financial instruments (Continued)

(vii) ICULS

The convertible loan stocks are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bond. The difference between the proceeds of issue of the convertible loan stocks and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible bond to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan stocks.

(viii) Equity instruments

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

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

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(k) 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 (Note 2.2(f)); 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies (Continued)

(k) Leases (Continued)

(ii) Finance leases – The Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used.

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 as an expense in the income statement over the term 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 2.2(e).

(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 expense 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 interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) Operating leases – The Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2 (p)(iv)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(l) Income tax

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

2.2 **Summary of significant accounting policies** (Continued)

(m) **Provisions, Contingent liabilities and Contingent assets**

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

The Group does not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent asset but discloses its existence when inflows of economic benefits are probable, but not virtually certain.

(n) **Employee benefits**

(i) **Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) **Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(iii) **Equity compensation benefits**

The Company has in place its employee share option scheme. The employee share option scheme of an equity-settled, share-based compensation plan, allows the employees of the Group to acquire ordinary shares in the respective companies. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

2.2 **Summary of significant accounting policies** (Continued)

(n) **Employee benefits** (Continued)

(iii) **Equity compensation benefits** (Continued)

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised or expired. When the share option of the Company is exercised, it will be transferred to share premium, or when the option expires, it will be transferred directly to retained profits.

When a share option of the Company is awarded to an employee of a subsidiary, the Company's separate financial statements would record an increase in its investment in the subsidiary equivalent to the employee share option charge in the subsidiary, with a corresponding credit to equity. When the share option of the Company is exercised, it will be transferred to share premium, or when the option expires, it will be transferred directly to retained profits.

(o) **Government grants**

Government grants are recognised initially at their fair value in the balance sheet as deferred income where there is reasonable assurance that the grants will be received and all attached conditions will be complied with. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grants on a systematic basis to the costs that they are intended to compensate. Grants that compensate for the costs of assets are recognised as income on a systematic basis over the useful life of the assets.

(p) **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) **Sale of goods and revenue from department stores operations**

Revenue is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) **Sale of industrial land and completed properties**

Revenue from sale of industrial land and completed properties is recognised upon the signing of the sale and purchase agreements.

(iii) **Interest income**

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(iv) **Rental income and sales commission**

Rental and sales commission are recognised on the accrual basis.

(v) **Dividend income**

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

(vi) **Development properties**

Revenue from sale of development properties is accounted for by the stage of completion method. The stage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies (Continued)

(q) 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 ("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 dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss 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, regardless of the currency of the monetary items, 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 profit or loss. 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 profit or loss 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 profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies (Continued)

(q) Foreign currencies (Continued)

(iii) Foreign operations (Continued)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 July 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 July 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 exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

		2009 RM	2008 RM
United States Dollar	("US$")	**3.53**	3.26
Singapore Dollar	("SGD")	**2.43**	2.40
Chinese Renminbi	("Rmb")	**0.51**	0.48
Hong Kong Dollar	("HK$")	**0.45**	0.42

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

(i) Applicable FRSs, amendments to FRSs and interpretations that are not yet effective and not adopted

			Effective for financial periods beginning on or after
FRSs			
FRS 7	:	Financial Instruments: Disclosures	1 January 2010
FRS 8	:	Operating Segments	1 July 2009
FRS 101	:	Presentation of Financial Statements	1 January 2010
FRS 123	:	Borrowing Costs	1 January 2010
FRS 139	:	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRSs			
FRS 1	:	First-Time Adoption of Financial Reporting Standards	1 January 2010
FRS 2	:	Share-based Payments - Vesting Conditions and Cancellations	1 January 2010
FRS 127	:	Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 132	:	Financial Instruments : Presentation	1 January 2010
FRS 139	:	Financial Instruments : Recognition and Measurement,	
FRS 7	:	Financial Instrument : Disclosure and	
IC Interpretation 9	:	Reassessment of Embedded Derivatives	1 January 2010
FRSs contained in the document entitled "Improvements to FRS (2009)"			1 January 2010
Interpretations			
IC Interpretation 10	:	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	:	Group and Treasury Share Transactions	1 January 2010

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

The adoption of the above new FRSs, amendments to FRSs and interpretations other than FRS 7 and FRS 139 are expected to have no significant impact on the financial statements of the Group and of the Company.

(ii) FRS and interpretations that are not applicable and not adopted

			Effective for financial periods beginning on or after
FRS			
FRS 4	:	Insurance Contracts	1 January 2010
Interpretations			
IC Interpretation 9	:	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 13	:	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	:	The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

The above FRS and interpretations that are not yet effective are not applicable to the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

(i) Allowances for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group is based on management's judgement and the evaluation of collectability and ageing analysis of the receivables inclusive of trade receivables and other receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit-worthiness and the past collection history of each customer. If the financial conditions of debtors of the Group are to deteriorate, additional allowances may be required.

(ii) ICULS

The Group issued 5-year 4% ICULS during the financial year. The financial statements are prepared on a conversion basis where the Group expects that the ICULS holders will exercise their rights to convert the ICULS into Company's ordinary shares at the end of the tenure of 5 years. The carrying amount of the liability component of the ICULS is computed by discounting the coupon interest during the tenure to the present value based on the prevailing interest rate of similar instruments on the date of issue.

(iii) Recoverability of trade receivables from an associate

Included in amounts due from related parties is an amount due from Megasteel Sdn Bhd ("Megasteel"), an associate, which represents approximately 90% (2008: 86%) of the total trade receivables balances as at balance sheet date. The Directors are of the opinion that this amount is fully recoverable as Megasteel forecasted and projected improved financial results and cash flows in the near future, after taking into account of reasonable possible changes in trading performance, strategies and a few corporate proposals that have been proposed to its lenders and creditors.

Management exercised significant judgement in the assessment of the recoverability of the amount outstanding from the said related party, which have significant financial impact if the amount is not recoverable.

(b) Key sources of estimation uncertainty

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

(i) Property development

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

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

Details of property development cost are disclosed in Note 14.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant accounting estimates and judgements (Continued)

(b) Key sources of estimation uncertainty (Continued)

(ii) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 8.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of unrecognised tax losses and capital allowances of the Group and of the Company is disclosed in Note 20.

(iv) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of goodwill are disclosed in Note 19.

(v) Share-based payment

The Group measures the cost of equity-settled transactions with employees by reference to fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of option, volatility and dividend yield and making assumptions about them. The assumptions and valuation model used are disclosed in Note 36.

(vi) Due from subsidiaries

The Company determines the recoverability of the amounts due from certain subsidiaries when these debts exceeded their capital investments. The Directors are of the opinion that adequate provision for doubtful debts has been made for the debts due from these subsidiaries to the extent the Company is able to realise these debts through internal group restructuring including possible offsets against debts owed by the Company to certain other subsidiaries, should such need arises.

(vii) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant accounting estimates and judgements (Continued)

(b) Key sources of estimation uncertainty (Continued)

(vii) Impairment of assets (Continued)

During the previous financial year, the Group recognised impairment losses resulting from the write down of the value of various parcels of land to the value based on future cash flow projections after taking into consideration of the significant decline in sales over the years.

(viii) Useful lives and residual value of plant and machinery

The cost of plant and machinery for the manufacture of direct reduced iron products is depreciated on straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 10 to 25 years. The estimation of the useful lives of plant and machinery has been based on historical experience and judgement with respect to technical obsolescence, physical deterioration, maintenance programmes and usage capacity of the assets in addition to any legal restriction on usage. Residual values of the plant and machinery are estimated by the management based on the assets commercial value at end of their useful lives. These are common life expectancies applied in the steel industry until there is technological development which could impact the economic useful lives and the residual values of these assets. The management will review the estimated useful lives and residual values of plant and machinery at each financial year-end and adjustments to useful lives are made when considered necessary. Therefore, future depreciation charges could be revised.

(ix) Impairment assessment for investments in associates

Management determines whether the carrying amounts of its investments are impaired at balance sheet date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, are based on current market indicators and estimates that provide reasonable approximations to the detailed computation.

Management determined the recoverable amount of these investments based on the individual asset's value-in-use. The present value of the future cash flows to be generated by these assets is the asset's value-in-use. An impairment loss is recognised immediately in the income statement if the recoverable amount is less than the carrying amount.

It is the opinion of the Directors that adequate impairment losses have been recognised in the income statement and the management's assumptions are reasonable.

(x) Provision for potential claims

The Group determines whether a present obligation from potential claims arising from the arrangement entered with contractors in relation to the construction of property, plant and equipment that exist at the balance sheet date by taking into account all available evidence. On the basis of such evidence, the Directors considered if provisions are required to be recognised in the financial statements and if required, the estimated amounts are provided. Adequate provisions have been made in respect of financial obligations arising from the potential claims from the arrangement entered with certain contractors of the Group.

3. REVENUE

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Continuing operations				
Sale of goods	**1,208,452**	269,125	**–**	–
Property development	**30,817**	38,936	**–**	–
Sale of industrial land and completed properties	**–**	3,301	**–**	–
Sales commission	**3,802**	7,632	**–**	–
Rental income	**1,881**	864	**–**	–
Gross dividend from other investments - quoted	**3,863**	7,359	**1,202**	2,037
Gross dividend from subsidiaries	**–**	–	**–**	72,280
	1,248,815	327,217	**1,202**	74,317
Discontinued operations				
Department stores operations	**–**	1,285,571	**–**	–
Sale of industrial land and completed properties	**–**	4,048	**–**	–
	–	1,289,619	**–**	–
Total	**1,248,815**	1,616,836	**1,202**	74,317

4. OTHER INCOME

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Continuing operations				
Interest income from:				
Unquoted investment in bonds	**8,276**	12,065	**268**	297
Short term deposits and others	**35,304**	22,231	**1,221**	1,266
	43,580	34,296	**1,489**	1,563
Rental income	**106**	116	**–**	–
Compensation income (Note i)	**64,786**	–	**–**	–
Gain on disposal of quoted investments	**11,890**	–	**–**	–
Other income	**21,001**	31,396	**–**	891
	141,363	65,808	**1,489**	2,454

4. OTHER INCOME (Continued)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Discontinued operations				
Interest income from:				
Credit linked notes	–	16,618	–	–
Short term deposits and others	–	13,336	–	-
	–	29,954	–	–
Rental income	–	21,093	–	–
Promotion income	–	9,093	–	–
Credit card handling fees	–	12,961	–	–
Other income	–	31,661	–	–
	–	104,762	–	–
Total	**141,363**	170,570	**1,489**	2,454

Note:

(i) This amount arose from the expenses incurred and claimed from Megasteel as disclosed in Note 40(i)(a).

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Continuing operations				
Wages, salaries and bonuses	**29,861**	29,213	**1,190**	871
Pension costs - defined contribution plans	**3,261**	2,592	**141**	121
Employee share-based payment	**40**	1,231	**40**	1,231
Other staff related expenses	**6,389**	3,831	**81**	57
	39,551	36,867	**1,452**	2,280
Discontinued operations				
Wages, salaries and bonuses	–	34,080	–	–
Pension costs - defined contribution plans	–	2,436	–	–
Employee share-based payment	–	2,345	–	–
Other staff related expenses	–	7,560	–	–
	–	46,421	–	–
Total	**39,551**	83,288	**1,452**	2,280

Included in employee benefits expense of the Group and of the Company is an executive Director's remuneration as further disclosed in Note 6(a).

6. PROFIT/(LOSS) FROM OPERATIONS

Profit/(Loss) from operations is stated after charging/(crediting):

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Auditors' remuneration:				
- Company	**25**	25	**25**	25
- Subsidiaries	**469**	407	**–**	–
Directors' remuneration (Note a)	**595**	580	**595**	580
Depreciation and amortisation:				
- Property, plant and equipment	**37,778**	8,462	**245**	242
- Investment properties	**957**	136	**–**	–
- Prepaid land lease payments	**37**	–	**–**	–
Property, plant and equipment:				
- Impairment loss	**251**	–	**–**	–
- Written off	**509**	36	**–**	–
Provision for/(Reversal of) doubtful debts:				
- Subsidiaries	**–**	–	**171**	76,741
- Others	**568**	(61)	**–**	–
Impairment loss in value of quoted investments	**1,550**	–	**13,250**	–
Impairment loss in value of unquoted investments	**199**	10,000	**199**	10,000
Impairment loss in investment in				
- Subsidiaries	**–**	–	**88,307**	1,898
- Associates	**–**	–	**171,300**	–
Bad debts recovered	**(6)**	(21)	**–**	–
(Reversal)/Write down of inventories	**(23)**	94	**–**	–
Exchange loss/(gain):				
- Realised	**2,639**	(990)	**–**	–
- Unrealised	**17,346**	(3,486)	**(17,044)**	–
Gain on conversion of Exchangeable Bonds	**(23)**	–	**–**	–
Loss on disposal of property, plant and equipment	**–**	19	**–**	9
Discontinued operations				
Auditors' remuneration	**–**	15	**–**	–
Directors' remuneration (Note a)	**–**	83	**–**	–
Depreciation and amortisation:				
- Property, plant and equipment	**–**	18,589	**–**	–
- Investment properties	**–**	620	**–**	–
- Prepaid land lease payments	**–**	1,632	**–**	–
- Intangible assets	**–**	96	**–**	–
Property, plant and equipment written off	**–**	263	**–**	–
Provision for doubtful debts:				
- Others	**–**	29	**–**	–
Write down of inventories	**–**	12	**–**	–
Exchange (gain)/loss:				
- Realised	**–**	302	**–**	–
- Unrealised	**–**	(244)	**–**	–
Gain on disposal of property, plant and equipment	**–**	(17)	**–**	–

6. PROFIT/(LOSS) FROM OPERATIONS (Continued)

(a) Directors' remuneration

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Continuing operations				
Executive Director:				
Fees	**20**	20	**20**	20
Salary and other emoluments	**338**	320	**338**	320
Pension costs - defined contribution plans	**44**	44	**44**	44
	402	384	**402**	384
Non-executive Directors * :				
Fees	**193**	196	**193**	196
	595	580	**595**	580
Discontinued operations				
Non-executive Director:				
Fees	**–**	16	**–**	–
Salary and other emoluments	**–**	60	**–**	–
Pension costs - defined contribution plans	**–**	7	**–**	–
	–	83	**–**	–
Total	**595**	663	**595**	580

The number of Directors of the Company whose remuneration during the year fell within the following ranges are analysed below:

	Number of Directors	
	2009	**2008**
Executive Director:		
RM350,001 - RM400,000	**–**	1
RM400,001 - RM450,000	**1**	–
Non-executive Directors * :		
RM50,000 and below	**6**	6
RM100,001 - RM150,000	**–**	1

* 2009 : Including a Director who has retired at the previous Annual General Meeting.

2008 : Including a Director who has retired at the previous Annual General Meeting and a Director who was appointed during the financial year.

7. FINANCE COSTS

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Continuing operations				
Interest expense on:				
Exchangeable Bonds	**28,840**	16,134	**–**	–
Product financing liabilities	**6,797**	2,941	**–**	–
Borrowings and others	**47,883**	11,518	**22,173**	7,922
Amounts owing to related parties	**23**	23	**19**	18
ICULS (Note 28)	**2,019**	–	**2,019**	–
Deferred payments (Note 29)	**5,436**	–	**5,436**	–
Hire purchase	**75**	84	**29**	26
	91,073	30,700	**29,676**	7,966
Discontinued operations				
Interest expense on:				
Borrowings and notes	**–**	40,976	**–**	–
Hire purchase	**–**	35	**–**	–
	–	41,011	**–**	–
Total	**91,073**	71,711	**29,676**	7,966

8. INCOME TAX EXPENSE

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Continuing operations				
Income tax:				
Malaysian tax	**5,651**	7,508	**–**	2,963
Foreign tax	**612**	–	**–**	–
	6,263	7,508	**–**	2,963
(Over)/Under provision in prior years:				
Malaysian income tax	**(941)**	(1,502)	**1,284**	358
	5,322	6,006	**1,284**	3,321
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	**36,866**	–	**1,126**	–
Under provision in prior years	**4,837**	–	**–**	–
	41,703	–	**1,126**	–
Total income tax expense from continuing operations	**47,025**	6,006	**2,410**	3,321

8. INCOME TAX EXPENSE (Continued)

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Discontinued operations				
Income tax:				
Malaysian tax	–	3,163	–	–
Foreign tax	–	19,271	–	–
	–	22,434	–	–
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	–	(95)	–	–
Total income tax expense from discontinued operations	–	22,339	–	–
Total income tax expense	**47,025**	28,345	**2,410**	3,321

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operates.

Domestic current income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year.

In the previous year, under the relevant People's Republic of China ("PRC") income tax law, the PRC companies of the Group were subject to corporate income tax at a rate of 25% on their respective taxable income.

On 9 September 2005, Lion DRI Sdn Bhd ("Lion DRI"), a wholly-owned subsidiary of the Company, was granted the Investment Tax Allowance ("ITA") tax incentive by Malaysian Industrial Development Authority ("MIDA") under the Promotion of Investments Act, 1986.

On 20 February 2009, Lion DRI received the approval from MIDA in relation to the application to change the special incentive from the ITA to Pioneer Status incentive with full tax exemption for 10 years. As of the balance sheet date, the effective date of Pioneer Status is still pending confirmation from MIDA.

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

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
(Loss)/Profit before taxation from:				
Continuing operations	**(576,706)**	(13,902)	**(328,241)**	7,225,286
Discontinued operations	–	131,836	–	–
Less: Share of results of associates	**662,831**	(26,478)	–	–
Less: Share of results of jointly controlled entities	**1,404**	(1,206)	–	–
	87,529	90,250	**(328,241)**	7,225,286

8. INCOME TAX EXPENSE (Continued)

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

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Tax calculated at a tax rate of 25% (2008: 26%)	**21,882**	23,465	**(82,060)**	1,878,574
The effects of:				
Different tax rates in other countries	**37**	(563)	**–**	–
Tax assessed at a lower tax rate of 20%	**–**	(118)	**–**	–
Expenses not deductible for tax purposes	**27,462**	12,307	**78,957**	24,846
Income not subject to tax	**(14,258)**	(20,229)	**(166)**	(1,900,457)
Utilisation of previously unrecognised tax losses	**(2,695)**	(653)	**–**	–
(Over)/Under provision of tax expense in prior years	**(941)**	(1,502)	**1,284**	358
Under provision of deferred tax in prior years	**4,837**	–	**–**	–
Deferred tax assets not recognised in current/prior year	**10,701**	15,638	**4,395**	–
Tax expense for the year	**47,025**	28,345	**2,410**	3,321

Tax savings during the financial year arising from:

	Group	
	2009 RM'000	**2008 RM'000**
Utilisation of previously unrecognised tax losses	**2,695**	653

9. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	Group	
	2009	**2008**
(Loss)/Profit attributable to ordinary equity holders of the Company (RM'000):		
- from continuing operations	**(623,508)**	(19,908)
- from discontinued operations	**–**	72,663
	(623,508)	52,755
Weighted average number of ordinary shares in issue ('000)	**737,223**	737,223
Adjustment for conversion of ICULS ('000)	**654,924**	–
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	**1,392,147**	737,223
Basic EPS (sen):		
- from continuing operations	**(44.8)**	(2.7)
- from discontinued operations	**–**	9.9
	(44.8)	7.2

9. (LOSS)/EARNINGS PER SHARE (Continued)

(b) Diluted

There is no dilutive event other than the conversion of ICULS which has already been taken into account in the basic EPS calculation. Therefore, the diluted EPS is the same as basic EPS.

10. DIVIDENDS

		Dividends in respect of year		Dividends recognised in year	
	2009 RM'000	2008 RM'000	2007 RM'000	2009 RM'000	2008 RM'000
Recognised during the year:					
First and final dividend for 2007, tax exempt (2.5 sen per ordinary share)	–	–	18,431	–	18,431
First and final dividend for 2008, tax exempt (1.0 sen per ordinary share)	–	7,372	–	**7,372**	–
Proposed for approval at Annual General Meeting (not recognised as at 30 June):					
First and final dividend for 2009, tax exempt (1.0 sen per ordinary share)	**7,372**	–	–	–	–
	7,372	7,372	18,431	**7,372**	18,431

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 June 2009, of 2% (1.0 sen per share), tax exempt amounting to a dividend payable of RM7.4 million will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2010.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM'000	Buildings RM'000	Land Improvements and Infrastructure RM'000	Plant and Machinery RM'000	Motor Vehicles RM'000	Office Equipment, Furniture and Fittings RM'000	Renovation RM'000	Construction In Progress RM'000	Total RM'000
At 30 June 2009									
Cost									
At 1 July 2008	115,566	126,430	–	748,105	3,469	4,735	1,560	233,751	1,233,616
Additions	–	–	12,399	15,041	239	730	1	274,266	302,676
Disposal/Write off	–	–	–	(8,763)	(240)	(140)	–	–	(9,143)
Disposals of subsidiaries	–	–	–	–	(57)	(583)	–	–	(640)
Reclassification	–	(123,158)	118,257	(26,475)	–	(135)	(306)	441	(31,376)
Exchange differences	–	–	–	3,055	63	140	103	–	3,361
At 30 June 2009	115,566	3,272	130,656	730,963	3,474	4,747	1,358	508,458	1,498,494

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Freehold Land RM'000	Buildings RM'000	Land Improvements and Infrastructure RM'000	Plant and Machinery RM'000	Motor Vehicles RM'000	Office Equipment, Furniture and Fittings RM'000	Renovation RM'000	Construction In Progress RM'000	Total RM'000
At 30 June 2009									
Accumulated depreciation and impairment									
At 1 July 2008	–	822	–	45,909	1,797	3,541	1,216	–	53,285
Charge for the year	–	65	3,744	32,916	523	427	103	–	37,778
Disposal/Write off	–	–	–	(8,326)	(202)	(106)	–	–	(8,634)
Impairment loss	–	251	–	–	–	–	–	–	251
Disposals of subsidiaries	–	–	–	–	(56)	(561)	–	–	(617)
Reclassification	–	(295)	155	(1,033)	–	–	–	–	(1,173)
Exchange differences	–	–	–	2,164	42	185	33	–	2,424
At 30 June 2009	–	843	3,899	71,630	2,104	3,486	1,352	–	83,314
Net carrying amount									
At 30 June 2009	115,566	2,429	126,757	659,333	1,370	1,261	6	508,458	1,415,180
At 30 June 2008									
Cost									
At 1 July 2007	–	347,680	–	86,873	11,696	261,909	246,341	585,262	1,539,761
Additions	15,100	9,306	–	44,180	843	555	301	431,119	501,404
Disposals	–	(892)	–	(532)	(153)	(383)	(10)	–	(1,970)
Write off	–	–	–	(1,376)	–	(1,037)	–	–	(2,413)
Acquisition of subsidiaries (Note 15(a))	100,466	–	–	–	–	–	–	–	100,466
Capital Distribution (Note 15(c))	–	(343,780)	–	(19,616)	(8,895)	(256,327)	(245,186)	(28,026)	(901,830)
Reclassified as held for sale (Note 25)	–	–	–	–	–	(156)	–	–	(156)
Reclassification	–	113,852	–	640,719	–	–	–	(754,571)	–
Exchange differences	–	264	–	(2,143)	(22)	174	114	(33)	(1,646)
At 30 June 2008	115,566	126,430	–	748,105	3,469	4,735	1,560	233,751	1,233,616
Accumulated depreciation									
At 1 July 2007	–	100,582	–	56,070	6,148	144,958	114,975	–	422,733
Charge for the year	–	4,348	–	7,274	740	7,081	7,608	–	27,051
Disposals	–	(88)	–	(419)	(75)	(161)	(4)	–	(747)
Write off	–	–	–	(1,268)	–	(846)	–	–	(2,114)
Capital Distribution (Note 15(c))	–	(104,107)	–	(14,407)	(5,097)	(147,342)	(121,497)	–	(392,450)
Reclassified as held for sale (Note 25)	–	–	–	–	–	(79)	–	–	(79)
Reclassification	–	–	–	–	–	(89)	89	–	–
Exchange differences	–	87	–	(1,341)	81	19	45	–	(1,109)
At 30 June 2008	–	822	–	45,909	1,797	3,541	1,216	–	53,285
Net carrying amount									
At 30 June 2008	115,566	125,608	–	702,196	1,672	1,194	344	233,751	1,180,331

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Motor Vehicles RM'000	Office Equipment, Furniture and Fittings RM'000	Construction In Progress RM'000	Total RM'000
At 30 June 2009				
Cost				
At 1 July 2008/30 June 2009	**1,621**	**7**	**–**	**1,628**
Accumulated depreciation				
At 1 July 2008	**523**	**2**	**–**	**525**
Charge for the year	**244**	**1**	**–**	**245**
At 30 June 2009	**767**	**3**	**–**	**770**
Net carrying amount				
At 30 June 2009	**854**	**4**	**–**	**858**
At 30 June 2008				
Cost				
At 1 July 2007	917	4	367,672	368,593
Additions	843	3	–	846
Disposals	(139)	–	–	(139)
Transfer to a subsidiary (Note a)	–	–	(367,672)	(367,672)
At 30 June 2008	1,621	7	–	1,628
Accumulated depreciation				
At 1 July 2007	358	–	–	358
Charge for the year	240	2	–	242
Disposals	(75)	–	–	(75)
At 30 June 2008	523	2	–	525
Net carrying amount				
At 30 June 2008	1,098	5	–	1,103

(a) In 2005, the Company embarked on the setting-up of a hot direct reduced iron plant ("DRI Project") by nominating Lion DRI Sdn Bhd ("Lion DRI"), a wholly-owned subsidiary of the Company, to undertake the DRI Project.

For the purpose of the DRI Project, the Company had entered into several contracts ("Contracts") and incurred expenditures on behalf of Lion DRI. During the previous financial year, the Company and Lion DRI entered into a Deed of Novation cum Assignment to assign all rights, titles, benefits and interests under the Contracts.

The DRI plant is constructed on a piece of land leased from a related party for an initial term of thirty (30) years commencing 1 June 2008 and expiring on 31 May 2038, with an option for renewal for a further period of thirty (30) years.

(b) As at 30 June 2009, the property, plant and equipment of the Group with a net book value of RM839.1 million (2008: RM876.0 million) was pledged for bank borrowings, as disclosed in Note 26(ii)(a) and (b).

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM302,676,000 (2008: RM501,404,000) and RM Nil (2008: RM846,000) respectively of which RM Nil (2008: RM2,103,000) and RM Nil (2008: RM630,000) respectively were acquired by means of finance lease arrangements. Net book values of property, plant and equipment held under hire purchase and finance lease arrangements as at the balance sheet date are as follows:

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Plant and machinery	**–**	1,434	**–**	–
Motor vehicles	**782**	1,010	**782**	1,010
	782	2,444	**782**	1,010

12. INVESTMENT PROPERTIES

	Group	
	2009 RM'000	**2008 RM'000**
Cost		
At 1 July	**36,223**	120,140
Additions	**–**	29,400
Capital Distribution (Note 15(c))	**–**	(113,417)
Exchange differences	**–**	100
At 30 June	**36,223**	36,223
Accumulated depreciation		
At 1 July	**2,252**	7,241
Charge for the year	**957**	756
Capital Distribution (Note 15(c))	**–**	(5,750)
Exchange differences	**–**	5
At 30 June	**3,209**	2,252
Net carrying amount		
At 30 June	**33,014**	33,971
Fair value of investment properties at 30 June		
Office premises and factory	**37,000**	35,421

Fair value for office premises and factory were arrived at by reference to market evidence of transaction prices for similar properties.

As at balance sheet date, the Group is the beneficial owner of the office premises with carrying value of RM4.5 million (2008: RM4.6 million) pending issuance of the strata titles.

13. PREPAID LAND LEASE PAYMENTS

	Group 2009 RM'000	Group 2008 RM'000
At 1 July	**3,226**	218,895
Additions/Business combination	**181**	3,226
Charge for the year	**(37)**	(1,632)
Capital Distribution (Note 15(c))	**–**	(217,456)
Exchange differences	**–**	193
At 30 June	**3,370**	3,226

The prepaid land lease payments represented long term leasehold land payments and are amortised on the straight-line basis over their respective lease periods.

As at 30 June 2009, the prepaid land lease payments of the Group with a net book value of RM3.4 million (2008: RM3.2 million) was pledged for bank borrowings, as disclosed in Note 26(ii)(b).

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Group 2009 RM'000	Group 2008 RM'000
At cost		
At 1 July	**95,428**	106,721
Transfer to property development costs	**(24,626)**	(2,140)
Additions	**352**	96,888
Impairment loss	**–**	(16,193)
Reclassified as held for sale (Note 25)	**–**	(89,848)
Exchange differences	**7,197**	–
At 30 June	**78,351**	95,428

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (Continued)

(b) Property development costs

	Group	
	2009	**2008**
	RM'000	**RM'000**
Property development costs at 1 July:		
Freehold land	–	22,873
Development costs	–	98,969
	–	121,842
Costs incurred during the year:		
Development costs	**4,910**	30,093
	4,910	30,093
Reversal of completed projects	–	(106,791)
Costs recognised in income statement:		
At 1 July	**(15,660)**	(93,834)
Recognised during the year	**(2,501)**	(28,617)
Reversal of completed projects	**15,660**	106,791
At 30 June	**(2,501)**	(15,660)
Transferred from land held for property development	**24,626**	2,140
Transferred to inventories	–	(15,956)
Reclassified as held for sale (Note 25)	–	(15,668)
Property development costs at 30 June	**27,035**	–

As at 30 June 2009, the land held for property development of the Group with a carrying value of RM85.6 million (2008: RM Nil) was pledged for bank borrowings, as disclosed in Note 26(ii)(c).

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009	**2008**
	RM'000	**RM'000**
Unquoted shares, at cost	**514,988**	391,923
Less: Accumulated impairment losses	**(167,647)**	(21,420)
	347,341	370,503

As at 30 June 2009, the unquoted shares of subsidiaries with a carrying value of RM181.98 million (2008: RM181.98 million) was pledged for bank borrowings, as disclosed in Note 26.

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Equity interest 2009 %	Equity interest 2008 %
LDH Manufacturing Sdn Bhd	Malaysia	Investment holding	**100**	100
Graimpi Sdn Bhd	Malaysia	Investment holding and trading in steel products and related services	**100**	100
LDH Trading Sdn Bhd	Malaysia	Property holding	**100**	100
Lion Subang Parade Sdn Bhd	Malaysia	Investment holding	**100**	100
Urban Resources Sdn Bhd	Malaysia	Property development	**100**	100
Megavest Sdn Bhd	Malaysia	Property development and management	**100**	100
Lion Mahkota Parade Sdn Bhd	Malaysia	Ceased operations	**100**	99.99
Likom CMS Sdn Bhd *	Malaysia	Provision of electronic manufacturing services especially original equipment manufacturing for the assembly of computer peripherals and electronic box build products	**100**	99.98
Likom Caseworks Sdn Bhd *	Malaysia	Manufacturing of metal stamping parts and assembly of parts and services	**100**	100
Parkson Pacific Pte Ltd *	Singapore	Investment holding	**100**	100
Parkson Glomart Pte Ltd *	Singapore	Investment holding	**100**	100
Parkson Management Pte Ltd *	Singapore	Investment holding	**100**	100
CP Properties Sdn Bhd	Malaysia	Investment holding	**–**	100
LDH (S) Pte Ltd *	Singapore	Investment holding	**100**	100
LDH Investment Pte Ltd *	Singapore	Investment holding	#2 **60**	#1 60
Hamba Research & Development Co Ltd * (Dissolved on 10.8.2009)	Taiwan	Ceased operations	**98**	98
Lion DRI Sdn Bhd	Malaysia	Manufacturing and sale of direct reduced iron products	**100**	100

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	**Country of incorporation**	**Principal activities**		**Equity interest 2009 %**	**2008 %**
Well Morning Limited *	Hong Kong SAR	Investment holding		**100**	100
Excel Step Investments Limited	British Virgin Islands	Investment holding		**100**	100
Fusion Energy Sdn Bhd	Malaysia	Dormant		**100**	100
Lion Blast Furnace Sdn Bhd	Malaysia	Manufacturing and trading in steel products		**100**	100
Lion Corporation Berhad *@#	Malaysia	Investment holding	#3	**59**	–
Subsidiaries of LDH Manufacturing Sdn Bhd					
CPB Enterprise Sdn Bhd	Malaysia	Property management		**100**	100
CPB Investment AG * (In liquidation - voluntary)	Switzerland	Investment holding		**100**	100
Subsidiaries of Graimpi Sdn Bhd					
Pavlova Investment Pte Ltd *	Singapore	Dormant		**100**	100
Gemmo Pte Ltd *	Singapore	Investment holding		**100**	100
Subsidiary of Gemmo Pte Ltd					
Gesto Pte Ltd *	Singapore	Dormant		**100**	100
Subsidiary of LDH Trading Sdn Bhd					
Banting Resources Sdn Bhd	Malaysia	Property investment		**100**	100
Subsidiary of Lion Subang Parade Sdn Bhd					
LDH Management Sdn Bhd	Malaysia	Investment holding and property development		**100**	100
Subsidiaries of LDH Management Sdn Bhd					
Viroy Management Services Sdn Bhd	Malaysia	Investment holding and property management		**100**	100
Shanghai DEbier Management Consulting Co Ltd *	People's Republic of China	Management consulting services		**100**	100
Atlantic Dimension Sdn Bhd	Malaysia	Investment holding		**100**	100

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Country of incorporation	Principal activities	Equity interest 2009 %	2008 %
Subsidiary of Likom Caseworks Sdn Bhd				
Likom Caseworks USA Inc *	United States of America	Sale of enclosure for set top and security/alarm systems, metal stamping and plastic assemblies for flat televisions, and other related metal stamping and plastic components	**100**	100
Subsidiary of Likom Caseworks USA Inc				
Likom de Mexico S.A. de C.V *	Mexico	Manufacturing and assembly for set top and security/alarm systems metal stamping and plastic assemblies for flat televisions, and other related metal stamping and plastic components	**100**	100
Subsidiary of Parkson Management Pte Ltd				
Sichuan Parkson Retail Development Co Ltd *	People's Republic of China	Ceased operations	**100**	100
Subsidiary of CP Properties Sdn Bhd				
Aktif Lifestyle Stores Sdn Bhd	Malaysia	Ceased operations	**–**	100
Subsidiaries of Aktif Lifestyle Stores Sdn Bhd				
Aktif-Sunway Sdn Bhd	Malaysia	Ceased operations	**–**	80
Octon Electronics Sdn Bhd	Malaysia	Ceased operations	**–**	100
Sunbeam Bakeries Sdn Bhd * (In liquidation - voluntary)	Malaysia	Ceased operations	**–**	100
Subsidiary of Lion DRI Sdn Bhd				
Limbungan Makmur Sdn Bhd	Malaysia	Provision of chartering services	**100**	100
Subsidiary of Well Morning Limited				
Changshu Lion Enterprise Co Ltd *	People's Republic of China	Property development	**100**	100

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Country of incorporation	Principal activities	Equity interest 2009 %	2008 %
Subsidiary of Excel Step Investments Limited				
Teraju Varia Sdn Bhd	Malaysia	Investment holding	**100**	100
Subsidiary of Lion Blast Furnace Sdn Bhd				
Pioneer Ambition Sdn Bhd	Malaysia	Dormant	**100**	–
Subsidiaries of Lion Corporation Berhad				
Kinabalu Motor Assembly Sendirian Berhad *#	Malaysia	Assembly and sale of commercial vehicles	**50.01**	–
LCB Harta (M) Sdn Bhd *#	Malaysia	Managing of debts novated from Lion Corporation Berhad ("LCB") and certain of its subsidiaries pursuant to a debt restructuring exercise undertaken by LCB and certain of its subsidiaries	**100**	–
LCB Venture Pte Ltd *# (Dissolved on 7.8.2009)	Singapore	Ceased operations	**100**	–
Limpahjaya Sdn Bhd *#	Malaysia	Investment holding	**100**	–
Lion Construction & Engineering Sdn Bhd *#	Malaysia	Construction and civil engineering work	**100**	–
Lion Excellent Sdn Bhd *# (Dissolved on 1.9.2009)	Malaysia	Ceased operations	**100**	–
Lion General Trading & Marketing (S) Pte Ltd *#	Singapore	General merchant	**100**	–
Lion Rubber Works Sdn Bhd *#	Malaysia	Ceased operations	**100**	–
Lion Steelworks Sdn Bhd *#	Malaysia	Manufacture and distribution of office equipment, security equipment and steel related products	**100**	–
Lion Trading & Marketing Sdn Bhd *#	Malaysia	Trading and marketing of security equipment, office equipment and steel related products	**100**	–
Total Triumph Investments Limited *#	British Virgin Islands	Investment holding	**100**	–

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Country of incorporation	Principal activities		Equity interest 2009 %	2008 %
Subsidiaries of Lion Corporation Berhad (Continued)					
LCB Harta (L) Limited *#	Malaysia	Acquisition and management of USD denominated consolidated and rescheduled debts		**100**	–
Subsidiary of Kinabalu Motor Assembly Sendirian Berhad					
KMA Marketing Sdn Bhd *#	Malaysia	Trading and distribution of commercial vehicles, vehicle parts and provision of related services		**100**	–
Subsidiary of KMA Marketing Sdn Bhd					
Kinabalu Car Distributions Sdn Bhd *#	Malaysia	Dormant		**100**	–
Subsidiaries of Limpahjaya Sdn Bhd					
Bersatu Investments Company Limited *#	Hong Kong SAR	Ceased operations		**71**	–
Lion Com Sdn Bhd *#	Malaysia	Investment holding		**100**	–
Lyn (Pte) Ltd *#	Singapore	Investment holding		**79**	–
Megasteel Sdn Bhd #	Malaysia	Manufacturing of hot rolled coils, cold rolled coils, bands, plates and sheets	#4	**100**	–
Umevest Sdn Bhd *#	Malaysia	Investment holding		**100**	–
Subsidiary of Bersatu Investments Company Limited					
Glit Investments Company Limited *#	Hong Kong SAR	Dormant		**100**	–
Subsidiary of Lion Com Sdn Bhd					
Secretarial Communications Sdn Bhd *#	Malaysia	Share registration and secretarial services		**100**	–
Subsidiary of Lyn (Pte) Ltd					
Logic Furniture (S) Pte Ltd *#	Singapore	Ceased operations		**100**	–

15. **INVESTMENTS IN SUBSIDIARIES** (Continued)

Name of subsidiaries	Country of incorporation	Principal activities	Equity interest 2009 %	2008 %
Subsidiaries of Megasteel Sdn Bhd				
Megasteel Harta (L) Limited *#	Malaysia	Dormant	**100**	–
Secomex Manufacturing (M) Sdn Bhd *#	Malaysia	Manufacturing and marketing of industrial gases	**100**	–
Subsidiaries of Umevest Sdn Bhd				
Logic Concepts (M) Sdn Bhd *#	Malaysia	Ceased operations	**71**	–
Logic Furniture (M) Sdn Bhd *#	Malaysia	Ceased operations	**91**	–
Subsidiary of Lion Construction & Engineering Sdn Bhd				
PMB Building System Sdn Bhd *#	Malaysia	Investment holding	**100**	–
Subsidiary of PMB Building System Sdn Bhd				
PMB Jaya Sdn Bhd *#	Malaysia	Ceased operations	**100**	–
Subsidiary of Lion General Trading & Marketing (S) Pte Ltd				
Lion Plate Mills Sdn Bhd *#	Malaysia	Manufacturing and marketing of hot rolled steel plates	**100**	–
Subsidiary of Lion Steelworks Sdn Bhd				
Lion Fichet Sdn Bhd *#	Malaysia	Ceased operations	**100**	–
Subsidiary of Total Triumph Investments Limited				
Bright Steel Sdn Bhd *#	Malaysia	Manufacturing, sale and distribution of steel and iron products	**100**	–
Subsidiaries of Bright Steel Sdn Bhd				
B.A.P. Industries Sdn Bhd *#	Malaysia	Manufacturing, marketing and distribution of pre-painted steel sheets and related products	**100**	–
Bright Steel Service Centre Sdn Bhd *#	Malaysia	Processing and selling of steel coils and sheets	**57.1**	–

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Country of incorporation	Principal activities	Equity interest 2009 %	2008 %
Subsidiaries of Bright Steel Sdn Bhd (Continued)				
Bright Enterprise (Sdn) Bhd *#	Malaysia	Trading in steel and iron products	**100**	–
Century Container Industries Sdn Bhd *#	Malaysia	Property investment, letting of building space and plant and machinery facilities	**100**	–
Omali Corporation Sdn Bhd *#	Malaysia	Investment holding	**100**	–
Subsidiary of LCB Harta (L) Limited				
Pancar Tulin Sdn Bhd *#	Malaysia	Property development	**100**	–

All the companies are audited by Ernst & Young Malaysia except for those marked (*) which are audited by other firms.

#1 30% held by the Company and 30% held by CPB Investment AG.

#2 30% held by the Company and 30% held by LDH Manufacturing Sdn Bhd.

#3 The Group holds in total 59% equity interest in Lion Corporation Berhad ("LCB") via the Company (21.2%), Teraju Varia Sdn Bhd (21.2%), LDH (S) Pte Ltd (11.9%) and LDH Management Sdn Bhd (4.7%).

#4 78.9% held by Limpahjaya Sdn Bhd and 21.1% held by the Company as disclosed in Note 16.

@ Listed on the Main Market of Bursa Malaysia Securities Berhad.

Despite the 59% shareholding, the Group does not have the power to control LCB due to the existence of potential voting rights that are currently exercisable or convertible, issued by LCB to other parties. Upon conversion of the said potential voting rights, the Group's interest in LCB will be diluted to below 50%. Consequently, LCB is not regarded as a subsidiary of the Company pursuant to FRS 127: Consolidated and Separate Financial Statements.

15. INVESTMENTS IN SUBSIDIARIES (Continued)

(a) Acquisition of subsidiaries

In the previous financial year, the Group completed the following acquisitions:

(i) the acquisition of 56.64% equity interest in Parkson Holdings Berhad ("Parkson") for a total cash consideration of RM35.12 million. The Group's interest in Parkson was subsequently distributed to the Company's shareholders pursuant to the Capital Distribution exercise as disclosed in Note 15(c);

(ii) the acquisition of 100% equity interest in Banting Resources Sdn Bhd for a total cash consideration of RM64.4 million; and

(iii) the acquisitions of 100% equity interest each in Lion Blast Furnace Sdn Bhd, Limbungan Makmur Sdn Bhd and Teraju Varia Sdn Bhd for a total consideration of RM6.

The fair values of the identifiable assets and liabilities at the date of acquisitions were:

	Fair value recognised on acquisition RM'000	Carrying value RM'000
Property, plant and equipment	100,466	69,450
Prepaid land lease payments	3,226	3,226
Other investments	28	28
Deferred tax assets	137	137
Other receivables	51,993	51,993
Cash and cash equivalents	2,682	2,682
	158,532	127,516
Other payables	(1,039)	(1,039)
Borrowings	(43,430)	(43,430)
Tax payable	(7)	(7)
Minority interests	(21,528)	(21,528)
	(66,004)	(66,004)
Fair value of net assets	92,528	61,512
Goodwill arising from the acquisitions	6,999	
Consideration	99,527	

The cash outflow on the acquisitions were as follows:	
Net cash acquired	2,682
Cash paid	(99,527)
Net cash outflow	(96,845)

The effects of the above acquisitions on the financial results have not been disclosed as they were not material to the Group.

15. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Disposal of subsidiaries

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Gain/(Loss) on disposal of subsidiaries (Note (i))	**305**	–	**(32,245)**	–
Gain on disposal of retail assets (Note 15(c))	**–**	–	**–**	7,255,064
Gain on disposal/dilution of retail operations (Note (ii))	**–**	27,344	**–**	–
	305	27,344	**(32,245)**	7,255,064

(i) During the financial year, the Company disposed of its entire equity interest in CP Properties Sdn Bhd ("CP Properties"), a wholly-owned subsidiary of the Company, for a cash consideration of RM1.00. Accordingly, Aktif Lifestyle Stores Sdn Bhd ("ALS"), a wholly-owned subsidiary of CP Properties, together with ALS's wholly-owned subsidiaries namely, Octon Electronics Sdn Bhd and Sunbeam Bakeries Sdn Bhd (In-liquidation), and an 80% subsidiary, Aktif-Sunway Sdn Bhd also ceased to be subsidiaries of the Company on the same date.

The disposal had the following effects on the Group's financial results and position for the financial year:

	Group	
	Up to the date of disposal RM'000	**30 June 2008 RM'000**
Revenue	–	7,511
Expenses	(917)	(6,461)
(Loss)/Profit before tax	(917)	1,050
Taxation	(621)	–
Net (loss)/profit for the period/year	(1,538)	1,050

	Group	
	As at date of disposal RM'000	**30 June 2008 RM'000**
Property, plant and equipment	23	46
Receivables	52	2,724
Deposit, cash and bank balances	393	165
Payables	(73)	(2,965)
Deferred tax liabilities	(630)	–
Minority interest	(70)	(293)
	(305)	(323)
Disposal proceeds	*	
Gain on disposal	305	
Cash consideration, representing cash inflow of the Group	*	
Cash and cash equivalents of subsidiary disposed	(393)	
Net cash outflow of the Group	(393)	

* Represent RM1.00

(ii) The gain in 2008 was in relation to the effects of share options exercised in a subsidiary.

15. INVESTMENTS IN SUBSIDIARIES (Continued)

(c) Capital Distribution

In the previous financial year, the Company and its wholly-owned subsidiary, Excel Step Investments Limited ("Excel Step") had on 19 September 2007 completed the disposal of its retail assets to Parkson and East Crest International Limited, a wholly-owned subsidiary of Parkson.

The disposals were satisfied by the issuance of 3,799.73 million new ordinary shares of RM1.00 each in Parkson. Together with the acquisition of 56.64% of the issued and paid-up share capital of Parkson, Parkson became a 99% owned subsidiary of the Company.

Subsequent thereto, the Company undertook a capital distribution exercise of up to its entire equity interest in Parkson held by Excel Step to the shareholders of the Company ("Capital Distribution") which resulted in the deconsolidation of Parkson from the Group.

For the previous financial year ended 30 June 2008, the results from the retail division were presented separately on the consolidated income statements as discontinued operations. The analysis of the results of the discontinued operations were shown in the income statements and respective notes to the financial statements.

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

	Group 2008 RM'000
Operating cash flows	192,522
Investing cash flows	(10,043)
Financing cash flows	7,798
Total cash flows	190,277

The Capital Distribution had the following effects on the Group's financial position for the previous financial year:

	Group 2008 RM'000
Property, plant and equipment	509,380
Investment properties	107,667
Prepaid land lease payments	217,456
Investments in associates	855
Investments in jointly controlled entities	31,995
Other investments	682,131
Intangible assets	912,894
Deferred tax assets	34,387
Inventories	217,651
Receivables	420,573
Deposits, cash and bank balances	1,687,833
Asset classified as held for sale	2,249
	4,825,071
Payables	(1,122,427)
Borrowings	(1,801,924)
Tax payable	(32,856)
Deferred tax liabilities	(92,457)
	(3,049,664)

15. INVESTMENTS IN SUBSIDIARIES (Continued)

(c) Capital Distribution (Continued)

The Capital Distribution had the following effects on the Group's financial position for the previous financial year: (Continued)

	Group 2008 RM'000
Net assets	1,775,407
Minority interests	(628,961)
Other reserves	(75,161)
Transfer to other investments:	
- Loan stocks	(500,000)
- Quoted shares	(16,028)
	555,257
Effect arising from reorganisation	6,683,380
Capital Distribution	7,238,637

16. INVESTMENTS IN ASSOCIATES

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Quoted shares, at cost				
In Malaysia	**717,238**	226,858	**200,465**	–
Outside Malaysia	**42,221**	–	**42,221**	–
Unquoted shares, at cost				
In Malaysia	**324,463**	–	**324,463**	–
Outside Malaysia	**5,078**	5,078	**–**	–
Impairment losses	**–**	–	**(171,300)**	–
Share of post acquisition reserves	**(712,604)**	(49,773)	**–**	–
	376,396	182,163	**395,849**	–
Market value of quoted shares:				
In Malaysia	**499,093**	127,203	**179,185**	–
Outside Malaysia	**30,692**	–	**30,692**	–

16. INVESTMENTS IN ASSOCIATES (Continued)

Name of associates	Country of incorporation	Principal activities	Equity interest 2009 %	2008 %
Held by the Company:				
Lion Corporation Berhad @*^	Malaysia	Investment holding	**21.2**	–
Megasteel Sdn Bhd μ	Malaysia	Manufacturing of hot roll coils, cold roll coils, bands, plates and sheets	**21.1**	–
Polaris Metals NL* ("Polaris")	Australia	Exploration and evaluation of mineral interests	**25.5**	–
Held through subsidiaries:				
Lion Corporation Berhad @*^	Malaysia	Investment holding	**37.8**	22.6
Inner Mongolia Leadar Parkson Plaza Co Ltd *	People's Republic of China	Ceased operations	**25**	25

@ Listed on the Main Market of Bursa Malaysia Securities Berhad.

^ As at 30 June 2009, the Group holds in total 59% equity interest in Lion Corporation Berhad ("LCB") via the Company (21.2%), Teraju Varia Sdn Bhd (21.2%), LDH (S) Pte Ltd (11.9%) and LDH Management Sdn Bhd (4.7%).

Despite the 59% shareholding, the Group does not have the power to control LCB due to the existence of potential voting rights that are currently exercisable or convertible, issued by LCB to other parties. Upon conversion of the said potential voting rights, the Group's interest in LCB will be diluted to below 50%. Consequently, LCB is not regarded as a subsidiary of the Company pursuant to FRS 127: Consolidated and Separate Financial Statements.

μ As at 30 June 2009, in accordance with the terms of sale and purchase agreement, the share titles of 10% equity interest in Megasteel will only be transferred to the Company upon full settlement of the outstanding balances as disclosed in Note 31(i).

* Audited by other firms.

16. INVESTMENTS IN ASSOCIATES (Continued)

The summarised financial information of the associates are as follows:

	2009 RM'000	2008 RM'000
Assets and liabilities		
Current assets	**1,271,284**	2,375,162
Non-current assets	**5,180,719**	5,411,498
Total assets	**6,452,003**	7,786,660
Current liabilities	**(3,711,196)**	(5,706,623)
Non-current liabilities	**(1,859,894)**	(1,179,780)
Total liabilities	**(5,571,090)**	(6,886,403)
Results		
Revenue	**3,100,512**	5,220,106
(Loss)/Profit for the year	**(1,255,618)**	15,633

Included in investments in associates are:

(a) investment in quoted shares of LCB amounting to RM200 million (2008: RM Nil) which were acquired under deferred payment terms as disclosed in Note 29(i)(a); and

(b) investment in unquoted shares of Megasteel amounting to RM50 million (2008: RM Nil) which were acquired under deferred payment terms as disclosed in Note 29(i)(b).

Pursuant to the completion of the respective sale and purchase agreements, the Group became the registered and beneficial owner of additional equity interests in the following companies:

(a) 42% equity interest in LCB as disclosed in Note 29(i)(a); and

(b) 11.1% equity interest in Megasteel as disclosed in Note 29(i)(b).

The Company has deposited the LCB shares and a portion of the Megasteel shares with the security trustee of the respective vendors' lenders to secure the settlement of the deferred payments.

17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2009 RM'000	2008 RM'000
Unquoted ordinary shares, at cost	**180**	180
Unquoted preference shares, at cost	**11,947**	11,947
Share of post-acquisition reserves	**(6,566)**	(4,139)
	5,561	7,988

17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (Continued)

The Group's aggregate share of income, expenses, assets and liabilities of the jointly controlled entities are as follows:

	2009 RM'000	2008 RM'000
Assets and liabilities		
Current assets	**27,464**	37,943
Non-current assets	**61,279**	51,732
Total assets	**88,743**	89,675
Current liabilities	**(46,402)**	(46,939)
Non-current liabilities	**(33,169)**	(34,748)
Total liabilities	**(79,571)**	(81,687)
Results		
Revenue	**19,945**	62,261
Expenses, including finance costs and income tax	**(21,349)**	(61,055)

Details of the jointly controlled entities are as follows:

Name of jointly controlled entities	Country of incorporation	Principal activities	Equity interest 2009 %	Equity interest 2008 %
Panareno Sdn Bhd	Malaysia	Property development and property investment	**35**	35
Kairong Developments (S) Pte Ltd	Singapore	Investment holding	**40**	40
North Plaza Sdn Bhd	Malaysia	Property development	**42.5**	42.5

Investment in a jointly controlled entity amounting to RM92,240 has been pledged to a foreign bank for the term loan facilities granted to the jointly controlled entity.

18. OTHER INVESTMENTS

		Group		Company	
		2009	**2008**	**2009**	**2008**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Long Term Investments					
Unquoted					
Loan stocks	(a)	**235,031**	235,053	**–**	–
Bonds	(b)	**8,770**	9,133	**8,770**	9,133
Shares in Malaysia	(c)	**52**	124,515	**–**	124,463
Quoted					
Shares, at cost:					
In Malaysia		**46,846**	334,412	**46,846**	147,781
Outside Malaysia		**831**	40,063	**831**	40,063
	(d)	**47,677**	374,475	**47,677**	187,844
		291,530	743,176	**56,447**	321,440
Short Term Investments					
Unquoted					
Bonds	(b)	**309**	832	**309**	832
Shares in Malaysia	(e)	**–**	232	**–**	232
Quoted, representing marketable securities					
Shares in Malaysia	(f)	**208,348**	–	**113,358**	–
		208,657	1,064	**113,667**	1,064
Total Investments					
Unquoted					
Loan stocks		**235,031**	235,053	**–**	–
Bonds		**9,079**	9,965	**9,079**	9,965
Shares in Malaysia		**52**	124,747	**–**	124,695
Quoted					
Shares:					
In Malaysia		**255,194**	334,412	**160,204**	147,781
Outside Malaysia		**831**	40,063	**831**	40,063
		256,025	374,475	**161,035**	187,844
		500,187	744,240	**170,114**	322,504
Market value of quoted shares:					
In Malaysia		**304,027**	451,013	**160,365**	182,484
Outside Malaysia		**833**	43,378	**833**	43,378

18. OTHER INVESTMENTS (Continued)

(a) Loan stocks

The loan stocks represent the 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") issued by Parkson as part settlement of the disposal of retail assets as disclosed in Note 15(c).

The salient terms and conditions of the RCSLS are as follows:

(i) Conversion rights and price

The RCSLS are convertible into new ordinary shares of RM1.00 each in Parkson during the conversion period at the conversion price of RM4.00 nominal amount of the RCSLS for every new ordinary share of RM1.00 in Parkson.

(ii) Conversion period

The RCSLS are convertible for a period of 3 years maturing on 17 September 2010.

(iii) Coupon rate

The RCSLS shall bear interest at the rate of 3.5% (less any income tax payable), payable on the nominal amount of the RCSLS outstanding as at the end of each annual anniversary of the issue date during the 3-year period that they remain outstanding and the last interest payment date shall be the maturity date of the RCSLS.

(iv) Redeemability

The redemption of the RCSLS at RM1.00 for every RM1.00 nominal value of RCSLS is as follows:

(i) Optional Redemption - Parkson has an option to redeem at any time.

(ii) Redemption Upon Maturity - any unconverted RCSLS on the expiry of the conversion period will be redeemed for cash at RM1.00 per RCSLS.

(iii) Mandatory Redemption - upon the occurrence of a shareholders' or creditors' winding-up of Parkson.

(v) Security

Secured against 124,200,000 ordinary shares of HK$0.02 each in Parkson Retail Group Limited ("Parkson Retail") (after the subdivision of every one ordinary share of HK$0.10 into five ordinary shares of HK$0.02 each in Parkson Retail) and 50,000,002 ordinary shares of RM1.00 each in Parkson Corporation Sdn Bhd.

(vi) Ranking of new Parkson shares to be issued

The new ordinary shares of RM1.00 each fully paid in Parkson issued pursuant to the conversion of the RCSLS shall rank *pari passu* in all respects with the then existing issued and paid-up shares of Parkson, except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the crediting of the new shares into the securities account of the holder maintained with Bursa Malaysia Depository Sdn Bhd.

In the previous financial year, the Group converted RM271.2 million nominal value of RCSLS into 67.8 million new ordinary shares of RM1.00 each in Parkson.

As at 30 June 2009, RM228.8 million (2008: RM228.8 million) nominal value of the RCSLS, which have been pledged to secure against the Exchangeable Bonds as disclosed in Note 26(i) remained outstanding.

18. OTHER INVESTMENTS (Continued)

(b) Unquoted bonds

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted bonds, at cost	**36,451**	36,451	**36,451**	36,451
Accrued interests	**10,337**	10,069	**10,337**	10,069
	46,788	46,520	**46,788**	46,520
Less: Redeemed	**(27,709)**	(26,555)	**(27,709)**	(26,555)
Less: Impairment losses	**(10,000)**	(10,000)	**(10,000)**	(10,000)
	9,079	9,965	**9,079**	9,965
Less: Bonds redeemable within one year	**(309)**	(832)	**(309)**	(832)
	8,770	9,133	**8,770**	9,133

The unquoted bonds, issued by the former holding companies of the Company, bear a yield to maturity which ranges from 4.75% to 5.75% (2008: 4.75% to 5.75%) per annum.

(c) Unquoted shares - long term

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted shares in Malaysia, at cost	**52**	124,515	**–**	124,463
Less: Amortisation of premium	*****	*	**–**	–
	52	124,515	**–**	124,463

* Negligible. Represent the amortisation of premium for two units of preference shares of RM1,000 each. The preference shares are redeemable at least six months before 5 December 2090 at a redemption price of RM1,000 per share.

In the previous financial year, the unquoted shares of the Company represented 10% equity interest in Megasteel. During the financial year, the Company acquired an additional 11.1% equity interest in Megasteel pursuant to the corporate exercise disclosed in Note 41(a)(iii). Accordingly, the investment in Megasteel has been reclassified as Investments in Associates as disclosed in Note 16.

18. OTHER INVESTMENTS (Continued)

(d) Quoted shares - long term

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Quoted shares, at cost:				
In Malaysia	**46,846**	334,412	**46,846**	147,781
Outside Malaysia (Note i)	**2,381**	40,063	**2,381**	40,063
	49,227	374,475	**49,227**	187,844
Less: Accumulated impairment losses	**(1,550)**	–	**(1,550)**	–
	47,677	374,475	**47,677**	187,844
(i) Quoted shares outside Malaysia:				
At 1 July	**40,063**	17,579	**40,063**	17,058
Addition during the year	**4,539**	23,005	**4,539**	23,005
Disposal during the year	**–**	(521)	**–**	–
	44,602	40,063	**44,602**	40,063
Reclassified as investments in associates	**(42,221)**	–	**(42,221)**	–
	2,381	40,063	**2,381**	40,063

During the financial year, the Company acquired an additional 5.8% equity interest in Polaris Metals NL ("Polaris") thereby increased the shareholding in Polaris to 25.5%. Accordingly, the investment in Polaris amounting to RM42,221,000 has been reclassified as Investments in Associates as disclosed in Note 16.

The Group's investment in long term quoted shares in Malaysia with carrying value amounting to RM46.8 million (2008: RM298.2 million) have been pledged as security for banking facilities extended to the Group, as disclosed in Note 26(ii) and (iii).

(e) Unquoted shares - short term

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Unquoted shares, at cost:				
In Malaysia	**–**	2,549	**–**	2,549
Less: Accumulated impairment losses	**–**	(2,317)	**–**	(2,317)
	–	232	**–**	232

18. OTHER INVESTMENTS (Continued)

(f) Quoted shares, representing marketable securities - short term

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Shares quoted in Malaysia:				
At cost	**208,348**	–	**–**	–
At net realisable value	**–**	–	**113,358**	–
Market value	**257,137**	–	**113,475**	–

Investment in short term quoted shares with carrying value amounting to RM188.1 million (2008: RM Nil) and RM113.4 million (2008: RM Nil) have been pledged as security for banking facilities extended to the Group and to the Company respectively, as disclosed in Note 26(ii).

19. INTANGIBLE ASSETS

	Computer Software * RM'000	Goodwill on Consolidation RM'000	Purchased Goodwill RM'000	Total RM'000
Group				
Cost				
At 1 July 2007	1,962	945,259	32,736	979,957
Acquisition of subsidiaries	–	6,999	–	6,999
Capital Distribution (Note 15(c))	(1,962)	(938,199)	(13,931)	(954,092)
Exchange differences	–	603	9	612
At 30 June 2008/2009	**–**	**14,662**	**18,814**	**33,476**
Accumulated amortisation and impairment				
At 1 July 2007	(1,024)	(37,534)	(2,544)	(41,102)
Amortisation (Note 6)	(96)	–	-	(96)
Capital Distribution (Note 15(c))	1,120	37,534	2,544	41,198
At 30 June 2008/2009	**–**	**–**	**–**	**–**
Net carrying amount				
At 30 June 2008/2009	**–**	**14,662**	**18,814**	**33,476**

* Computer software is amortised on the straight-line basis over 5 years.

19. INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill

Goodwill has been allocated to the Group's CGUs identified according to the country of operation and business segment as follows:

	Malaysia RM'000	Total RM'000
At 30 June 2009		
Computer manufacturing and trading	**33,476**	**33,476**
At 30 June 2008		
Computer manufacturing and trading	33,476	33,476

Key assumptions used in value-in-use calculations

The following describes the key assumptions of the cash flow projections:

Revenue	:	the bases used to determine the future earnings potential are historical sales and expected growth rates of the relevant industry.
Gross margins	:	gross margins are based on the average gross margin achieved in the past two years.
Operating expenses	:	the bases used to determine the values assigned are the cost of inventories purchased for resale, staff costs, depreciation and amortisation, rental expenses and other operating expenses. The value assigned to the key assumption reflect past experience and management's commitment to maintain the operating expenses to an acceptable level.
Discount rates	:	discount rates reflect management's estimate of the risks specific to these entities. In determining appropriate discount rates for each unit, consideration has been given to the applicable borrowing rates for each unit.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the respective CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the unit to materially exceed its recoverable amount.

20. DEFERRED TAX

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
At 1 July	**(513)**	(58,695)	**–**	–
Acquisition of subsidiaries	**–**	137	**–**	–
Recognised in income statements	**(41,703)**	95	**(1,126)**	–
Transferred from equity	**13,427**	–	**13,427**	–
Capital Distribution (Note 15(c))	**–**	58,070	**–**	–
Disposal of subsidiaries (Note 15(b)(i))	**630**	–	**–**	–
Exchange differences	**94**	(120)	**–**	–
At 30 June	**(28,065)**	(513)	**12,301**	–

Presented after appropriate offsetting as follows:

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Deferred tax assets	**13,307**	1,155	**12,301**	–
Deferred tax liabilities	**(41,372)**	(1,668)	**–**	–
	(28,065)	(513)	**12,301**	–

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

Deferred tax assets of the Group:

	Provisions RM'000	Unabsorbed capital allowance RM'000	ICULS RM'000	Total RM'000
At 1 July 2008	**1,155**	**–**	**–**	**1,155**
Recognised in income statement	**(243)**	**–**	**(1,126)**	**(1,369)**
Transferred from equity	**–**	**–**	**13,427**	**13,427**
Exchange differences	**94**	**–**	**–**	**94**
At 30 June 2009	**1,006**	**–**	**12,301**	**13,307**
At 1 July 2007	32,494	2,337	–	34,831
Recognised in income statement	615	–	–	615
Acquisition of subsidiaries	137	–	–	137
Capital Distribution (Note 15(c))	(32,048)	(2,339)	–	(34,387)
Exchange differences	(43)	2	–	(41)
At 30 June 2008	1,155	–	–	1,155

20. DEFERRED TAX (Continued)

Deferred tax liabilities of the Group:

	Property, Plant and Equipment RM'000	Asset Revaluation RM'000	Total RM'000
At 1 July 2008	**(1,668)**	**–**	**(1,668)**
Recognised in income statement	**(40,334)**	**–**	**(40,334)**
Disposal of subsidiaries	**630**	**–**	**630**
At 30 June 2009	**(41,372)**	**–**	**(41,372)**
At 1 July 2007	(55,024)	(38,502)	(93,526)
Recognised in income statement	(520)	–	(520)
Capital Distribution (Note 15(c))	53,921	38,536	92,457
Exchange differences	(45)	(34)	(79)
At 30 June 2008	(1,668)	–	(1,668)

Deferred tax assets of the Company:

	ICULS RM'000
At 1 July 2007 and 2008	**–**
Recognised in income statement	**(1,126)**
Transferred from equity	**13,427**
At 30 June 2009	**12,301**

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unabsorbed capital allowances	**6,900**	15,400	**29**	–
Unused tax losses	**108,800**	142,800	**17,550**	–

The unabsorbed capital allowances and unused tax losses of the Group are available indefinitely for offsetting against future taxable profits of the respective subsidiaries, subject to no substantial changes in shareholdings of the respective subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

21. INVENTORIES

	Group 2009 RM'000	2008 RM'000
Cost		
Industrial land	**1,782**	1,782
Raw materials	**13,875**	160,905
Raw materials in-transit	**24,308**	44,898
Work-in-progress	**54**	294
Finished goods	**7,844**	11,107
Consumables	**16,221**	36
	64,084	219,022
Net realisable value		
Properties held for sale	**–**	21,441
Work-in-progress	**1,151**	2,342
Raw materials	**8,813**	10,681
Reclassified as held for sale (Note 25)	**–**	(21,441)
	9,964	13,023
Total	**74,048**	232,045

The cost of inventories carried at net realisable value at end of the financial year are as follows:

	Group 2009 RM'000	2008 RM'000
Properties held for sale	**–**	28,167
Work-in-progress	**1,228**	2,384
Raw materials	**10,442**	12,316

Included in raw materials of the Group are amounts of RM Nil (2008: RM84.1 million) which was related to the product financing liabilities as disclosed in Note 33.

A subsidiary is the beneficial owner of the industrial land of which the land title is pending transfer to the subsidiary as at 30 June 2009.

As disclosed in Note 26(ii)(a), inventories of a subsidiary of RM58.0 million (2008: RM205.0 million) were pledged for bank borrowings.

22. TRADE RECEIVABLES

	Group 2009 RM'000	Group 2008 RM'000
Trade receivables:		
- Third parties	**23,942**	39,705
- Related parties	**455,491**	353,665
	479,433	393,370
Less: Provision for doubtful debts	**(1,881)**	(2,393)
	477,552	390,977

The Group's normal trade credit term ranges from 7 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has a significant concentration of credit risk as trade receivables due from Megasteel constituted approximately 90% (2008: 86%) of the total trade receivables balances. The amount due from Megasteel bears late payment interest at rates between 3.9% to 9.0% (2008: Nil) per annum.

The trade receivables comprised an amount owing by Megasteel of RM Nil (2008: RM242.3 million) which are secured against certain inventories of Megasteel.

Other than the amount owing by Megasteel, the Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

As disclosed in Note 26(ii)(a) and (b), trade receivables of subsidiaries of RM371.4 million (2008: RM38.3 million) were pledged for bank borrowings.

Further details on related party transactions are disclosed in Note 40.

23. OTHER RECEIVABLES

		Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Amounts owing by subsidiaries	(a)	**–**	–	**1,388,999**	1,345,760
Sundry receivables		**40,083**	41,171	**–**	1,670
Deposit for property acquisition	(b)	**48,505**	–	**–**	–
Deposits		**1,292**	6,545	**603**	2,103
Prepayment	(c)	**87,265**	18,327	**29**	22
Amounts owing by related parties	(d)	**5,573**	823	**46**	133
Amounts owing by jointly controlled entities	(e)	**44,841**	36,135	**–**	–
		227,559	103,001	**1,389,677**	1,349,688

23. OTHER RECEIVABLES (Continued)

(a) Amounts owing by subsidiaries

	Company	
	2009	**2008**
	RM'000	**RM'000**
Amounts outstanding	**1,464,644**	1,538,653
Less: Provision for doubtful debts	**(75,645)**	(192,893)
	1,388,999	1,345,760

The amounts owing by subsidiaries are unsecured, interest free and have no fixed terms of repayment.

(b) Deposit for property acquisition of the Group was paid by Changshu Lion Enterprise Co Ltd, a wholly-owned subsidiary of Well Morning Limited which is in turn a wholly-owned subsidiary of the Company, to the Land Department of Changshu City, Jiangsu Province in relation to the proposed acquisition of land, located in Changshu City, Jiangsu Province, the People's Republic of China.

(c) Included in the prepayment is an amount of RM60.74 million (2008: RM Nil) paid to a shipping service provider for future freight services to a subsidiary. The amount will be amortised based on the use of shipment contracts.

(d) Amounts owing by related parties

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amounts outstanding	**5,918**	1,168	**391**	478
Less: Provision for doubtful debts	**(345)**	(345)	**(345)**	(345)
	5,573	823	**46**	133

Related parties refer to companies in which certain Directors and certain substantial shareholders of the Company are directors and/or substantial shareholders.

The amounts owing by related parties are unsecured, have no fixed terms of repayment and certain amounts bear interest at the rate of 8.0% (2008: 8.0%) per annum.

(e) The amounts owing by jointly controlled entities are unsecured, interest free and have no fixed terms of repayment.

As disclosed in Note 26(ii)(a) and (b), other receivables of subsidiaries of RM88.3 million (2008: RM12.4 million) were pledged for bank borrowings.

Further details on related party transactions are disclosed in Note 40.

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits, cash and bank balances:				
Cash on hand and at banks	**27,607**	59,546	**2,389**	12,325
Deposits with:				
Licensed banks	**139,125**	159,531	**8,573**	68,548
Licensed finance companies	**1,088**	1,059	**–**	–
Cash and cash equivalents	**167,820**	220,136	**10,962**	80,873
Reclassified as held for sale (Note 25)	**–**	(12,823)	**–**	–
	167,820	207,313	**10,962**	80,873

The deposits, cash and bank balances of the subsidiaries in the People's Republic of China which amounted to RM35.8 million (2008: RM8.3 million) at balance sheet date are subject to the exchange control restrictions of that country. The deposits, cash and bank balances are available for use by the subsidiaries in the country and the exchange control restrictions will only apply if the monies are to be remitted to another country outside the People's Republic of China.

Included in cash at banks is an Escrow Account of RM532,039 (2008: RM230,720) maintained by a subsidiary which is pledged to the Murabahah Islamic Instrument as detailed in Note 26(iii).

Deposits, cash and bank balances amounting to RM60.8 million (2008: RM76.5 million) are pledged with financial institutions for banking facilities extended to the Group.

Included in deposits with licensed banks of the Group is deposit in a sinking fund accounts amounting to RM60.3 million (2008: RM25.0 million) maintained by a wholly-owned subsidiary, for the purpose of borrowings granted to the subsidiary as disclosed in Note 26(ii)(a)(VI).

The following deposits and bank balances, which arose from a property development project, are registered under the vendor's name:

	Group	
	2009 RM'000	2008 RM'000
Deposits with licensed banks	**–**	20,232
Bank balances	**–**	11,025
	–	31,257

In the previous financial year, included in bank balances of a subsidiary is an amount of RM9.9 million held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and was therefore restricted from use for other operations.

24. CASH AND CASH EQUIVALENTS (Continued)

The average effective interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	%	**%**	**%**	**%**
Licensed banks	**2.0**	3.5	**2.8**	3.2
Licensed finance companies	**1.8**	3.0	**–**	–

Deposits of the Group and of the Company have an average maturity of 60 days (2008: 60 days). Bank balances are deposits held at call with licensed banks.

25. ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2009	**2008**
	RM'000	**RM'000**
Reclassified from:		
Property, plant and equipment (Note 11)	**–**	77
Land held for property development (Note 14(a))	**–**	89,848
Property development costs (Note 14(b))	**–**	15,668
Inventories (Note 21)	**–**	21,441
Receivables	**–**	25,365
Cash and cash equivalents (Note 24)	**–**	12,823
	–	165,222
Payables	**–**	(38,085)
	–	127,137
Provision for loss on proposed disposal	**–**	(37,189)
	–	89,948

In the previous financial year, the assets held for sale represented a property development project known as Bandar Mahkota Cheras together with four parcels of undeveloped land in the Mukim of Cheras, District of Hulu Langat, Selangor held by LDH Management Sdn Bhd, a wholly-owned subsidiary of the Company, which were subject to disposal for a consideration of approximately RM89.95 million.

The disposal was completed on 27 February 2009.

26. BORROWINGS

		Group		Company	
		2009	**2008**	**2009**	**2008**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Short term borrowings					
Secured:					
Hire purchase payables (Note 27)		**175**	772	**175**	243
Exchangeable Bonds	(i)	**11,655**	10,773	**–**	–
Short term loans	(ii)	**242,358**	240,312	**94,291**	170,000
Letter of Credit-i Facility	(iii)	**13,840**	34,999	**–**	–
		268,028	286,856	**94,466**	170,243
Unsecured:					
Bankers' acceptances		**439**	200	**–**	–
Revolving credit	(iv)	**–**	8,916	**–**	–
ICULS (Note 28)		**13,098**	–	**13,098**	–
		13,537	9,116	**13,098**	–
		281,565	295,972	**107,564**	170,243
Long term borrowings					
Secured:					
Hire purchase payables (Note 27)		**283**	905	**283**	458
Exchangeable Bonds	(i)	**483,429**	431,000	**–**	–
Term loans	(ii)	**132,900**	136,082	**–**	–
		616,612	567,987	**283**	458
Unsecured:					
ICULS (Note 28)		**36,105**	–	**36,105**	–
		652,717	567,987	**36,388**	458
Total borrowings					
Hire purchase payables (Note 27)		**458**	1,677	**458**	701
Exchangeable Bonds	(i)	**495,084**	441,773	**–**	–
Term loans	(ii)	**375,258**	376,394	**94,291**	170,000
Letter of Credit-i Facility	(iii)	**13,840**	34,999	**–**	–
Bankers' acceptances		**439**	200	**–**	–
Revolving credit	(iv)	**–**	8,916	**–**	–
ICULS (Note 28)		**49,203**	–	**49,203**	–
		934,282	863,959	**143,952**	170,701

26. BORROWINGS (Continued)

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Maturity of other borrowings (excluding hire purchase payables):				
Within one year	**281,390**	295,200	**107,389**	170,000
More than one year and less than two years	**547,571**	48,884	**13,098**	–
More than two years and less than five years	**104,863**	518,198	**23,007**	–
	933,824	862,282	**143,494**	170,000

The ranges of effective interest rates at the balance sheet date for other borrowings were as follows:

		Group 2009 %	Group 2008 %	Company 2009 %	Company 2008 %
Exchangeable Bonds	(i)	**6.0**	6.0	**–**	–
Short term loans	(ii)	**4.9 to 11.0**	4.6 to 11.0	**8.0 to 11.0**	8.0 to 11.0
Letter of Credit-i Facility	(iii)	**5.5 to 6.5**	6.4 to 6.7	**–**	–
Bankers' acceptances		**5.4 to 5.7**	4.0 to 6.0	**–**	–
Revolving credit	(iv)	**–**	8.5	**–**	–
Term loans	(ii)	**4.9 to 8.5**	5.8 to 8.5	**–**	–

(i) Exchangeable Bonds

In the previous financial year, Excel Step Investments Limited ("Excel Step"), a wholly-owned subsidiary of the Company, issued USD132,110,000 nominal value 5-year 2.5% secured guaranteed exchangeable bonds ("Exchangeable Bonds").

The principal terms, *inter alia*, of the Exchangeable Bonds are as follows:

(a) Exchange rights

The Exchangeable Bonds are exchangeable into approximately 40 million new ordinary shares of RM1.00 each in Parkson ("Parkson Shares") to be issued by way of conversion of RM160 million nominal value of the RCSLS held by Excel Step, at an initial exchange price of RM11.0361 per Parkson Share, at any time during the Exchange Period referred to below.

In accordance with the terms and conditions of the Trust Deed constituting the Exchangeable Bonds dated 16 November 2007, the exchange price had been adjusted to RM8.28 per Parkson Share on 16 May 2009.

(b) Exchange period

The Exchangeable Bonds are exchangeable, at the option of the holders, at any time on and after 27 December 2007 up to the close of business on 9 November 2012 with the holders' option to redeem on 15 November 2010. The Exchangeable Bonds shall mature on 15 November 2012.

26. BORROWINGS (Continued)

(i) Exchangeable Bonds (Continued)

(c) Interest rate

The Exchangeable Bonds bear interest from and including the issue date at a rate of 2.5% per annum, on the principal amount of the Exchangeable Bonds, payable semi-annually in arrear on 16 November and 16 May in each year.

(d) Security

The Exchangeable Bonds are secured by, among others:

(i) a first priority fixed charge on an equivalent of 57.2 million Parkson Shares, including any future dividends and any other cash receivables attributable to these shares;

(ii) negative pledge over certain assets of Excel Step and of the Company; and

(iii) guarantee from the Company.

The yield to maturity for the Exchangeable Bonds was 6% (2008: 6%) per annum.

(ii) Term Loans

		Group		Company	
		2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
(a)	Term Loan I	**207,170**	164,859	**–**	–
(b)	Term Loan II	**42,915**	41,535	**–**	–
(c)	Term Loan III	**30,882**	–	**–**	–
(d)	Term Loan IV	**94,291**	170,000	**94,291**	170,000
		375,258	376,394	**94,291**	170,000

(a) Term Loan I

The following securities are specifically pledged to a financial institution to secure the Term Loan I of a wholly-owned subsidiary of the Company:

(I) debenture incorporating a fixed and floating charge over all present and future assets and undertaking of the subsidiary as follows:

	Group	
	2009 RM'000	**2008 RM'000**
Property, plant and equipment	**769,601**	806,560
Trade receivables	**371,291**	38,300
Other receivables	**88,177**	12,300
Deposits, cash and bank balances	**60,583**	29,181
Inventories	**58,036**	205,000
Total	**1,347,688**	1,091,341

26. BORROWINGS (Continued)

(ii) Term Loans (Continued)

(a) Term Loan I

(II) irrevocable and unconditional corporate guarantee from the Company;

(III) first legal charge over the Company's 100% shareholding in the subsidiary;

(IV) irrevocable and unconditional letter of undertaking from the Company to support the operations of the subsidiary;

(V) legal assignment on all present and future rights, title, interests and benefits of the subsidiary in and under the Offtake Agreement dated 16 July 2007 entered into between the subsidiary and a related party ("related party"), and of the lease between the subsidiary and the related party of all those pieces and parcels of land ("lease land");

(VI) legal assignment of all present and future rights, title, interests and benefits of a cash deposit in the sinking fund account (minimum RM45 million to be maintained) with the lenders;

(VII) irrevocable and unconditional letter of undertaking from the related party addressed to the lenders and to the subsidiary which the related party has right of way to enable the subsidiary to carry on its operations and business of manufacturing direct reduced iron and hot briquetted iron in the vicinity of the lease land; and

(VIII) quoted shares in Malaysia with carrying value of RM16.3 million owned by a subsidiary.

(b) Term Loan II

The following securities are specifically pledged to secure the Term Loan II of a wholly-owned subsidiary of the Company:

(I) first legal charge over 6 parcels of lands of the subsidiary;

(II) debenture over fixed and floating assets of the subsidiary:

	Group	
	2009	**2008**
	RM'000	**RM'000**
Property, plant and equipment	**69,451**	69,451
Prepaid land lease payments	**3,370**	3,226
Trade receivables	**67**	–
Other receivables	**113**	113
Deposits, cash and bank balances	**168**	2,144
Total	**73,169**	74,934

(III) corporate guarantee from the Company; and

(IV) memorandum of deposits over shares of the subsidiary.

26. BORROWINGS (Continued)

(ii) Term Loans (Continued)

(c) Term Loan III

Term Loan III is secured against a leasehold land of the subsidiary at a carrying value of RM85.6 million.

(d) Term Loan IV

Term Loan IV is secured against quoted shares in Malaysia of the Group and of the Company with carrying value of RM192.0 million (2008: RM271.5 million) and RM133.5 million (2008: RM100.5 million) respectively.

(iii) Letter of Credit-i Facility

In May 2006, a subsidiary of the Company, entered into a facility agreement with Kuwait Finance House (Malaysia) Berhad ("Kuwait Finance House") for an Islamic letter of credit facility, namely Letter of Credit-i Facility, for a maximum aggregate sum of up to RM35 million. The Letter of Credit-i Facility is a type of Murabahah Islamic Instrument ("Murabahah").

The Letter of Credit-i Facility bears Murabahah profit margin of 5.5% to 6.5% per annum and has a tenure of 180 days.

The Letter of Credit-i Facility is secured by the following:

(a) All issued and paid-up shares of the subsidiary;

(b) 20.8 million quoted shares owned by the Company;

(c) Corporate guarantee by the Company; and

(d) Assignment over a designated escrow account identified to the Kuwait Finance House with a power of attorney in relation thereto.

(iv) Revolving Credit

In the previous financial year, a subsidiary entered into revolving credit agreements with a financial institution for a credit line of RM20.71 million, at 8.5% interest rate per annum and was guaranteed by the Company.

27. HIRE PURCHASE PAYABLES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Minimum lease payments:				
Not later than one year	**194**	865	**194**	278
Later than one year and not later than five years	**314**	995	**314**	502
	508	1,860	**508**	780
Less: Future finance charges	**(50)**	(183)	**(50)**	(79)
Present value of finance lease liabilities	**458**	1,677	**458**	701
Present value of finance lease liabilities:				
Not later than one year	**175**	772	**175**	243
Later than one year and not later than five years	**283**	905	**283**	458
	458	1,677	**458**	701
Analysed as:				
Due within one year (Note 26)	**175**	772	**175**	243
Due after one year (Note 26)	**283**	905	**283**	458
	458	1,677	**458**	701

The hire purchase and lease liabilities bore interest at the balance sheet date at rates between 3.1% to 7.7% (2008: 3.1% to 7.7%) per annum.

28. ICULS

During the financial year, the Company issued RM327,462,064 nominal value of 5-year 4% irredeemable convertible unsecured loan stocks 2008/2013 ("ICULS") at 100% of its nominal value.

The salient terms of the ICULS are as follows:

(a) Conversion rights and rate

The ICULS are convertible into new ordinary shares of RM0.50 each in the Company ("LDHB Share") during the conversion period at a conversion price of RM0.50 for one new LDHB Share ("Conversion Price").

(b) Conversion period

The ICULS are convertible at any time during the period of 5 years maturing on the date which is the fifth (5th) anniversary of the date of issue of the ICULS.

(c) Coupon rate

The ICULS bear a coupon rate of 4% per annum based on the nominal value of the ICULS payable semi-annually in arrears on every 6 months from the date of issue up to the maturity date.

28. ICULS (Continued)

The salient terms of the ICULS are as follows: (Continued)

(d) Redeemability

There will not be any redemption of the ICULS. All remaining ICULS on the maturity date shall be mandatorily converted into new LDHB Shares at the Conversion Price.

(e) Ranking

The new LDHB Shares to be issued upon conversion of the ICULS shall rank *pari passu* in all respects with the then existing LDHB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date on which the new LDHB Shares issued pursuant to the conversion of the ICULS are credited into the securities account of the holder of ICULS maintained with Bursa Malaysia Depository Sdn Bhd.

The ICULS are listed on the Main Market of Bursa Malaysia Securities Berhad.

As at 30 June 2009, RM327,462,064 nominal value of ICULS remained outstanding.

The value of the ICULS has been split into the liability component and the equity component, representing the fair value of the conversion option. The ICULS are accounted for in the balance sheets as follows:

	Group/Company 2009 RM'000
Nominal value	327,462
Less: Unamortised discount	(278,259)
Net amount	49,203
Amount due within one year (Note 26)	(13,098)
Amount due after one year (Note 26)	36,105

The amount recognised in the balance sheets may be analysed as follows:

	Group/Company 2009 RM'000
Nominal value of ICULS	327,462
Equity component, net of deferred tax assets	(287,182)
Deferred tax assets (Note 20)	13,427
	53,707
Interest expenses recognised during the year (Note 7)	2,019
Interest paid during the year	(6,523)
Liability component at 30 June	49,203

Interest expense on the ICULS is calculated on the effective yield basis by applying the interest rate of 7% per annum.

29. LONG TERM PAYABLES

	Group/Company 2009 RM'000	Group/Company 2008 RM'000
Deferred payments	**250,000**	–
Long term payables	**–**	34,500
Interest expenses recognised during the year (Note 7)	**5,436**	–
	255,436	34,500
Amount due within one year (Note 31)	**(101,359)**	–
Amount due after one year	**154,077**	34,500

(i) Deferred payments represent the balance of the purchase consideration for:

(a) the acquisition of RM denominated bonds issued by LCB, which was subsequently converted to LCB shares during the financial year, as disclosed in Note 41(a)(i); and

(b) the acquisition of 11.1% equity interest in Megasteel, as disclosed in Note 41(a)(iii).

(ii) As at 30 June 2008, the RM34.5 million long term payables represented the long term portion of amount payable in relation to the acquisition of 10% equity interest of Megasteel as further disclosed in Note 31(i).

(iii) The RM200 million deferred payment bears interest at the rate of 8% (2008: Nil) per annum.

	Group/Company 2009 RM'000	Group/Company 2008 RM'000
Maturity of deferred payments:		
Within one year	**101,359**	–
More than one year and less than two years	**154,077**	34,500
	255,436	34,500

30. TRADE PAYABLES

	Group 2009 RM'000	Group 2008 RM'000
Trade payables	**179,786**	27,655

The normal trade credit terms granted to the Group ranges from 30 to 60 days.

31. OTHER PAYABLES

		Group		Company	
		2009	**2008**	**2009**	**2008**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Sundry payables	(Note i)	**186,766**	108,899	**69,000**	25,616
Deposit		**359**	412	**–**	–
Accruals		**50,544**	77,346	**23,480**	1,650
Project payables	(Note ii)	**32,006**	73,255	**–**	–
Amounts owing to subsidiaries	(Note iii)	**–**	–	**508,488**	515,610
Amounts owing to related parties	(Note iv)	**91,184**	46,674	**742**	396
Deferred payments (Note 29)		**101,359**	–	**101,359**	–
		462,218	306,586	**703,069**	543,272

(i) Included in sundry payables of the Group and of the Company is an amount of RM69.0 million (2008: RM25.6 million) representing the current portion of the outstanding balance of the purchase consideration in relation to the Company's acquisition of 10% equity interest in Megasteel from a third party under a deferred payment terms pursuant to a Sale and Purchase Agreement ("SPA") entered into in the prior year. All conditions precedent to the SPA had been fulfilled in the prior year.

(ii) Project payables represent construction costs for plant and machinery, are unsecured and interest free.

(iii) The amounts owing to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

(iv) The amounts owing to related parties are unsecured, have no fixed terms of repayment and certain amounts bear interest at the rate of 8.0% (2008: 8.0%) per annum.

The normal credit terms granted to the Group range from 30 days to 120 days (2008: 30 days to 120 days). Other credit terms are assessed on a case-by-case basis.

32. PROVISIONS

	Provision for potential claims RM'000	Provision for liabilities RM'000	Total RM'000
Group			
At 1 July 2008	**–**	**17,695**	**17,695**
Additional provisions	**7,000**	**–**	**7,000**
At 30 June 2009	**7,000**	**17,695**	**24,695**
At 1 July 2007	–	–	–
Additional provisions	–	17,695	17,695
At 30 June 2008	–	17,695	17,695

32. PROVISIONS (Continued)

	Provision for liabilities RM'000
Company	
At 1 July 2008/30 June 2009	**17,695**
At 1 July 2007	–
Additional provisions	17,695
At 30 June 2008	17,695

(a) Provision for liabilities

This relates to the estimated quantum of the potential liabilities that may arise from the closure of an operation currently under liquidation process which is subject to the Company's indemnity.

(b) Provision for potential claims

This relates to the estimated quantum of potential claims arising from the service arrangement entered with certain contractors of the Group.

33. PRODUCT FINANCING LIABILITIES

	Group 2009 RM'000	Group 2008 RM'000
Payable within 1 year		
- with external parties	–	77,784

In the previous financial year, the liabilities represented trade financing arrangements contracted by a subsidiary with third parties to purchase raw materials. The terms of trade financing arrangements ranges from 60 to 120 days, bearing interest rates ranging from 4.11% to 4.45% per annum. The amount of inventories under such arrangements are disclosed in Note 21.

34. SHARE CAPITAL

	Number of ordinary shares of RM0.50 each		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
Authorised:				
At 1 July	**9,000,000**	1,000,000	**4,500,000**	500,000
Increased during the year	–	8,000,000	–	4,000,000
At 30 June	**9,000,000**	9,000,000	**4,500,000**	4,500,000
Issued and fully paid:				
At 1 July	**737,223**	737,223	**368,612**	368,612
Movements during the year pursuant to:				
Bonus issue	–	7,652,756	–	3,826,378
Capital Distribution	–	(7,652,756)	–	(3,826,378)
At 30 June	**737,223**	737,223	**368,612**	368,612

34. SHARE CAPITAL (Continued)

(a) Issue of ordinary shares

During the previous financial year, the Company implemented the Capital Distribution exercise in accordance with Section 64 of the Companies Act, 1965 to cancel the 7,652,755,824 new ordinary shares of RM0.50 each issued pursuant to the bonus issue undertaken by the Company. After the capital reduction, the issued and paid-up share capital of the Company remained at RM368,611,613.50.

35. OTHER RESERVES

Group	Exchange Fluctuation Reserves RM'000	Share Option Reserve RM'000 (a)	Asset Revaluation Reserve RM'000 (b)	Capital Reserves RM'000 (c)	ICULS Equity Components RM'000 (d)	Total RM'000
At 1 July 2007	(10,185)	2,851	63,373	18,078	–	74,117
Foreign currency translation difference	1,506	–	–	–	–	1,506
Effect arising from reorganisation	9,141	(2,851)	(63,373)	(18,078)	–	(75,161)
Equity-settled share option arrangements	–	1,231	–	–	–	1,231
At 30 June 2008	462	1,231	–	–	–	1,693
At 1 July 2008	**462**	**1,231**	**–**	**–**	**–**	**1,693**
Foreign currency translation difference	**1,768**	**–**	**–**	**–**	**–**	**1,768**
Issuance of ICULS	**–**	**–**	**–**	**–**	**287,182**	**287,182**
Equity-settled share option arrangements	**–**	**(131)**	**–**	**–**	**–**	**(131)**
At 30 June 2009	**2,230**	**1,100**	**–**	**–**	**287,182**	**290,512**

Company	Exchange Fluctuation Reserves RM'000	Share Option Reserve RM'000 (a)	Asset Revaluation Reserve RM'000 (b)	Capital Reserves RM'000 (c)	ICULS Equity Components RM'000 (d)	Total RM'000
At 1 July 2007	–	–	–	–	–	–
Equity-settled share option arrangements	–	1,231	–	–	–	1,231
At 30 June 2008	–	1,231	–	–	–	1,231
At 1 July 2008	**–**	**1,231**	**–**	**–**	**–**	**1,231**
Issuance of ICULS	**–**	**–**	**–**	**–**	**287,182**	**287,182**
Equity-settled share option arrangements	**–**	**(131)**	**–**	**–**	**–**	**(131)**
At 30 June 2009	**–**	**1,100**	**–**	**–**	**287,182**	**288,282**

35. OTHER RESERVES (Continued)

(a) Share option reserve

The share option reserve represents the fair value of equity-settled share options granted to employees by the Company as set out in Note 36.

(b) Asset revaluation reserve

Asset revaluation reserve represents the fair value adjustments to the property, plant and equipment, investment properties and lease prepayments of Parkson Retail Development Co Ltd before the Group's acquisition of the remaining 44% equity interest in Parkson Retail Development Co Ltd.

(c) Capital reserves

The capital reserves are maintained by the Group's subsidiaries in the People's Republic of China in accordance with the accounting regulations in that country and are not available for payment of dividend.

(d) Equity component of ICULS

The reserve represents the fair value of the equity component of ICULS, net of deferred tax, as determined on the date of issue. Further details of ICULS are disclosed in Note 28.

36. EMPLOYEE SHARE-BASED PAYMENT

The main features of the Executive Share Option Scheme ("ESOS"), which became effective on 1 September 2005, are as follows:

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

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

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

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

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

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

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

The persons to whom the options have been granted have no right to participate, by virtue of the options, in any share issue of any other company.

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

36. EMPLOYEE SHARE-BASED PAYMENT (Continued)

The following tables illustrate the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the years:

2009

	Number of Options					
Grant date	**Balance as at 1 July 2008**	**Granted**	**Exercised**	**Lapsed**	**Balance as at 30 June 2009**	**Exercisable as at 30 June 2009**
29.5.2008	**2,645,900**	**–**	**–**	**(434,200)**	**2,211,700**	**2,002,700**
WAEP (RM)	**1.23**	**–**	**–**	**–**	**1.23**	**1.23**

2008

	Number of Options					
Grant date	**Balance as at 1 July 2007**	**Granted**	**Exercised**	**Lapsed**	**Balance as at 30 June 2008**	**Exercisable as at 30 June 2008**
29.5.2008	–	2,645,900	–	–	2,645,900	2,159,000
WAEP (RM)	–	1.23	–	–	1.23	1.23

The exercise period for the options will expire on 31 August 2010.

The fair value of the options granted is estimated at the date of grant using a Binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

The fair value of options granted during the previous year was estimated on the date of grant using the following assumptions:

Fair value at grant date 29 May 2008 (RM)	1.26
Dividend yield (%)	1.0
Expected volatility (%)	50.0
Risk-free interest rate (%)	3.0
Expected life (years)	2.2

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

37. RETAINED PROFITS

Presently, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

37. RETAINED PROFITS (Continued)

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 June 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 June 2009, the Company has sufficient tax credit in the 108 balance to frank the payment of dividends amounting to RM27,056,000 (2008: RM27,056,000) out of its retained profits. Tax exempt profits available for distribution as at balance sheet date is approximately RM804,571,000 (2008: RM811,108,000), subject to the agreement of the Inland Revenue Board.

38. COMMITMENTS

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
(a) Capital commitments				
Capital expenditure for property, plant and equipment:				
Approved and contracted for	**1,475,068**	1,374,963	**–**	–
Approved but not contracted for	**211,103**	163,788	**–**	–
	1,686,171	1,538,751	**–**	–
(b) Non-cancellable operating lease commitments				
Future minimum rentals payable:				
Not later than one year	**3,742**	4,162	**–**	–
Later than one year and not later than five years	**14,750**	8,082	**–**	–
Later than five years	**26,168**	27,310	**–**	–
	44,660	39,554	**–**	–

Operating lease payments represent rentals payable by the Group for use of land, buildings, plant and machineries.

(c) Acquisition commitments

The Group had the following acquisition commitments:

	2009 RM'000	**2008 RM'000**
Acquisition of investments	**–**	600,000

In May 2008, the Group entered into several agreements to acquire and subscribe for RM denominated bonds issued by LCB and investments in Megasteel for a total consideration of RM600 million as disclosed in Note 41(a).

The transactions were completed in February 2009. As at 30 June 2009, the balance purchase consideration of RM250 million outstanding has been recognised as a liability as disclosed in Note 29.

39. CONTINGENT LIABILITIES

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Secured				
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	**–**	–	**759,449**	641,831

On 16 January 2004, Graimpi Sdn Bhd and LDH Management Sdn Bhd (collectively referred to as "Brewery Vendors") and Horsinvest Holding Co Ltd entered into a supplemental agreement ("Supplemental Agreement"), pursuant to which they agreed to the following:

(a) the Brewery Vendors agreed to jointly and severally indemnify Horsinvest Holding Co Ltd and each of their respective successors, assigns, and directors and officers and the directors of the brewery companies (namely Consitrade (M) Sdn Bhd, DEbier Sdn Bhd or their subsidiaries or associates except for Shanghai DEbier Management Consulting Co Ltd, Pavlova Investment Pte Ltd, Gemmo Pte Ltd and Gesto Pte Ltd) ("Brewery Companies") designated by Horsinvest Holding Co Ltd (collectively, the "Indemnified Persons") and shall reimburse the Indemnified Persons for any and all liabilities incurred directly or indirectly by any of the Indemnified Persons or any of the Brewery Companies arising out of, resulting from, relating to or in connection with the Brewery Companies' employee benefits liabilities and any taxation liabilities arising on or before the completion date, i.e. 16 January 2004; provided that:

   (i) the obligation of the Brewery Vendors to indemnify the Indemnified Persons shall be limited in amount to the percentage of the liabilities that is equivalent to the aggregate percentage interest held directly or indirectly by Consitrade (M) Sdn Bhd or DEbier Sdn Bhd in such Brewery Companies immediately prior to the completion date, i.e. 16 January 2004; and

   (ii) claims for indemnification shall be brought by the Indemnified Persons with notice in writing to the Brewery Vendors no later than 7 years from 16 January 2004 with respect to a claim or claims in connection with any taxation liabilities.

40. SIGNIFICANT RELATED PARTY TRANSACTIONS

(i) Transactions with other related parties

Related Parties	Nature	Group 2009 RM'000	Group 2008 RM'000
Amsteel Mills Sdn Bhd	Sale of steel products	**254,907**	11,786
Amsteel Mills Sdn Bhd	Purchase of steel products	**52,644**	13,086
Antara Steel Mills Sdn Bhd	Purchase of steel products	**70,123**	77,752
Megasteel	Sale of steel products (a)	**786,022**	49,407
Megasteel	Purchase of consumables	**37,964**	–
Megasteel	Commission, management and finance income from trading of steel products (b)	**18,898**	26,228
Secomex Manufacturing (M) Sdn Bhd	Purchase of consumables	**9,247**	–
Likom Plastic Industries Sdn Bhd	Purchase of raw materials	**8,678**	11,572

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(i) Transactions with other related parties (Continued)

(a) On 16 July 2007, a wholly-owned subsidiary of the Company, Lion DRI Sdn Bhd ("Lion DRI") entered into an agreement with Megasteel, to supply to Megasteel its entire production of 1.54 million metric tonnes per annum of the hot direct reduced iron and/or hot briquetted iron ("steel products") upon the terms and conditions of the agreement ("Offtake Agreement") as follows:

(I) The selling price of the steel products for the 10 years term shall be based on the formula of a cost plus certain margin ("selling price");

(II) In the event the average scrap price for 3 months period is higher than the selling price, Lion DRI shall invoice Megasteel the selling price together with 50% of the price difference;

(III) Megasteel shall settle the invoice within 30 days of the invoice failing which, interest at the rate of 2.25% above Maybank's base lending rate per annum shall be payable on the outstanding sum from the due date to date of settlement; and

(IV) Lion DRI shall be free to dispose of the steel products not taken up by Megasteel at the open market and if Lion DRI shall suffer a loss on such sale, Megasteel shall indemnify Lion DRI for such losses. In the event Lion DRI fails to deliver the steel products, Megasteel shall be at liberty to source for alternative equivalent and Lion DRI shall indemnify Megasteel for losses suffered.

During the financial year:

(i) the credit terms under the above mentioned Offtake Agreement was amended to a 7-day term pursuant to a Supplemental Offtake Agreement; and

(ii) Lion DRI and Megasteel agreed to a variation to the Offtake Agreement whereby Megasteel agreed to compensate Lion DRI RM64,786,000 (2008: RM Nil) for the losses Lion DRI incurred during the financial year ended 30 June 2009. The losses arose from the temporary shut down of Lion DRI's manufacturing plant and loss of sales of steel products which resulted from Megasteel's non-performance of certain obligations under the Offtake Agreement.

(b) Graimpi Sdn Bhd ("Graimpi"), a wholly-owned subsidiary of the Company, had the following arrangements with Megasteel:

(i) Graimpi agreed to supply to Megasteel scrap iron, direct reduced iron, hot briquetted iron, pig iron and/or such other steel materials. Megasteel shall pay Graimpi at cost of purchase, plus 0.9% commission on materials, and interest at the rate of 1.25% per annum over and above the prevailing Maybank base lending rate.

(ii) Graimpi agreed to purchase prime hot rolled coils ("HRC") from Megasteel at the prevailing market price. In turn, Megasteel agreed to participate in the trading of the HRC by Graimpi by purchasing from Graimpi the HRC. The purchase price to be paid by Megasteel shall be at HRC price, plus 0.9% commission on HRC price, and interest at the rate of 1.25% per annum over and above the prevailing Maybank base lending rate.

Amsteel Mills Sdn Bhd and Antara Steel Mills Sdn Bhd are subsidiaries of Lion Industries Corporation Berhad, a substantial shareholder of the Company.

Megasteel and Secomex Manufacturing (M) Sdn Bhd are subsidiaries of Lion Corporation Berhad, an associate of the Company.

Likom Plastic Industries Sdn Bhd is a company in which certain Directors of the Company are also substantial shareholders of its holding company.

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 on terms that are no more favourable to the related parties than those arranged with independent third parties.

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(ii) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year was as follows:

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Wages, salaries and bonuses	**641**	1,578	**358**	340
Pension costs - defined contribution plans	**44**	98	**44**	44
	685	1,676	**402**	384

41. SIGNIFICANT EVENTS

(a) On 21 May 2008, the Company announced the following:

(i) proposed acquisition by the Company and Teraju Varia Sdn Bhd ("Teraju Varia"), a wholly-owned subsidiary of Excel Step Investments Limited which is in turn a wholly-owned subsidiary of the Company, of RM900 million nominal value of zero-coupon redeemable secured Class B(b) RM denominated bonds issued by Lion Corporation Berhad ("LCB") ("LCB Class B(b) Bonds") with a present value as at 31 October 2008 of approximately RM787.1 million from Amsteel Corporation Berhad for a cash consideration of RM400 million ("Proposed LCB Class B(b) Bonds Acquisition");

(ii) proposed subscription by the Company of 100 million 5-year redeemable cumulative convertible preference shares of RM0.01 each to be issued at a premium of RM0.99 each by Megasteel for cash of RM100 million ("Proposed 100 million RCCPS Subscription");

(iii) proposed acquisition by the Company of 66,666,667 ordinary shares of RM1.00 each in Megasteel, representing approximately 11.1% of the existing issued and paid-up capital of Megasteel from Limpahjaya Sdn Bhd, a wholly-owned subsidiary of LCB, for a cash consideration of RM100 million ("Proposed 11.1% Megasteel Acquisition"); and

(iv) proposed disposal by LDH Management Sdn Bhd, a wholly-owned subsidiary of Lion Subang Parade Sdn Bhd which is in turn a wholly-owned subsidiary of the Company, of part of an on-going property development project known as Bandar Mahkota Cheras together with four (4) parcels of undeveloped land in the Mukim of Cheras, District of Hulu Langat, Selangor to Pancar Tulin Sdn Bhd, a wholly-owned subsidiary of LCB Harta (L) Limited which is in turn a wholly-owned subsidiary of LCB, for a disposal consideration of approximately RM89.95 million which was satisfied by the issuance of 89,948,000 new ordinary shares of RM1.00 each in LCB ("LCB Shares") at an issue price of RM1.00 per LCB Share ("Proposed Mahkota Cheras Project Disposal").

The Proposed 100 million RCCPS Subscription and the Proposed 11.1% Megasteel Acquisition have been completed on 5 February 2009 and 25 February 2009 respectively. The Proposed LCB Class B(b) Bonds Acquisition and the Proposed Mahkota Cheras Project Disposal have been completed on 27 February 2009 and on the same date, the Company and Teraju Varia converted the LCB Class B(b) Bonds into 804,460,000 ordinary shares of RM1.00 each in LCB, representing 42% of the enlarged issued and paid-up capital of LCB.

(b) On 30 July 2008, the Company announced the proposed renounceable rights issue of up to RM591,895,302 nominal value of 5-year 4% ICULS at 100% of its nominal value on the basis of four (4) RM1.00 nominal value of ICULS for every five (5) existing ordinary shares of RM0.50 each held in the Company ("Proposed Rights Issue of ICULS").

The Proposed Rights Issue of ICULS has been completed on 19 December 2008 and had raised gross proceeds of RM327,462,064.

42. SUBSEQUENT EVENTS

On 29 July 2009, Well Morning Limited ("Well Morning"), a wholly-owned subsidiary of the Company, entered into the following agreements with Lion Asiapac Management Consultancy (Shanghai) Co Ltd ("LAPS"), a wholly-owned subsidiary of Lion Asiapac Limited ("LAP"):

(i) a conditional sale and purchase agreement for the disposal of right to invest in the remaining 30% registered capital of Changshu Lion Enterprise Co Ltd ("Changshu Lion") by Well Morning to LAPS for a nominal cash consideration of Rmb1.00 (equivalent to approximately RM0.51) ("Proposed Disposal of Right"); and

(ii) a joint-venture contract to form a joint-venture with LAPS in Changshu Lion following the Proposed Disposal of Right

(collectively referred to as the "Proposals").

The Proposals were terminated due to the non-fulfilment of conditions precedent.

43. FINANCIAL INSTRUMENTS

(a) 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 interest rate, foreign exchange, liquidity and credit risks. It is the Group's policy not to engage in speculative transactions.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rates debts. The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

	Note	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Total RM'000
Group							
At 30 June 2009							
Fixed rate							
Term loans	26	**(242,358)**	**(51,044)**	**(51,044)**	**(30,812)**	–	**(375,258)**
Letter of Credit-i Facility	26	**(13,840)**	–	–	–	–	**(13,840)**
Hire purchase	27	**(175)**	**(175)**	**(108)**	–	–	**(458)**
Exchangeable Bonds	26	**(11,655)**	**(483,429)**	–	–	–	**(495,084)**
Floating rate							
Cash assets	24	**167,820**	–	–	–	–	**167,820**
Bankers' acceptances	26	**(439)**	–	–	–	–	**(439)**

43. FINANCIAL INSTRUMENTS (Continued)

(b) Interest rate risk (Continued)

	Note	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	Total RM'000
Group							
At 30 June 2008							
Fixed rate							
Term loans	26	(240,312)	(38,111)	(38,111)	(38,111)	(21,749)	(376,394)
Letter of Credit-i Facility	26	(34,999)	–	–	–	–	(34,999)
Revolving credit	26	(8,916)	–	–	–	–	(8,916)
Hire purchase	27	(772)	(621)	(126)	(126)	(32)	(1,677)
Exchangeable Bonds	26	(10,773)	(10,773)	(10,773)	(10,773)	(398,681)	(441,773)
Floating rate							
Cash assets	24	220,136	–	–	–	–	220,136
Bankers' acceptances	26	(200)	–	–	–	–	(200)
Company							
At 30 June 2009							
Fixed rate							
Term loans	26	**(94,291)**	**–**	**–**	**–**	**–**	**(94,291)**
Hire purchase	27	**(175)**	**(175)**	**(108)**	**–**	**–**	**(458)**
Floating rate							
Cash assets	24	**10,962**	**–**	**–**	**–**	**–**	**10,962**
At 30 June 2008							
Fixed rate							
Term loans	26	(170,000)	–	–	–	–	(170,000)
Hire purchase	27	(243)	(174)	(126)	(126)	(32)	(701)
Floating rate							
Cash assets	24	80,873	–	–	–	–	80,873

43. FINANCIAL INSTRUMENTS (Continued)

(c) Foreign exchange risk

The Group is exposed to foreign currency exchange risk as a result of the foreign currency transactions entered into by the Group in currencies other than its functional currency. As these transactions are mainly denominated in US Dollars, the Group's foreign currency exchange risk is primarily due to US Dollars. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The net unhedged financial assets and financial liabilities of the Group, that are not denominated in their functional currencies are as follows:

At 30 June 2009

	Net Financial Assets/Liabilities Held Non-Functional Currencies		
Functional Currency	**United States Dollar RM'000**	**Others RM'000**	**Total RM'000**
Receivables			
Ringgit Malaysia	**8,948**	**51**	**8,999**
Deposits, cash and bank balances			
Chinese Renminbi	**3,525**	**–**	**3,525**
Hong Kong Dollar	**222**	**–**	**222**
	3,747	**–**	**3,747**
Payables			
Ringgit Malaysia	**4,780**	**164**	**4,944**

At 30 June 2008

	Net Financial Assets/Liabilities Held Non-Functional Currencies			
Functional Currency	**United States Dollar RM'000**	**Hong Kong Dollar RM'000**	**Others RM'000**	**Total RM'000**
Receivables				
Ringgit Malaysia	26,392	–	268	26,660
Deposits, cash and bank balances				
Chinese Renminbi	22	–	–	22
Hong Kong Dollar	4,449	–	–	4,449
Others	2,041	733	–	2,774
	6,512	733	–	7,245
Payables				
Ringgit Malaysia	6,082	–	452	6,534
Others	–	8	–	8
	6,082	8	452	6,542

43. FINANCIAL INSTRUMENTS (Continued)

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(e) Credit risk

Credit risk arises when sales made were on deferred credit terms. The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history.

As at the balance sheet date, the Group is subject to significant concentration of credit risk as disclosed in Note 22.

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

		Group		Company	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial Assets					
At 30 June 2009					
Quoted investments	18	**256,025**	**304,860**	**161,035**	**161,198**
Unquoted investments	18	**244,162**	**+**	**9,079**	**+**
Amounts owing by subsidiaries	23	**–**	**–**	**1,388,999**	**#**
Amounts owing by related parties	23	**5,573**	**#**	**46**	**#**
At 30 June 2008					
Quoted investments	18	374,475	494,391	187,844	225,862
Unquoted investments	18	369,765	+	134,660	+
Amounts owing by subsidiaries	23	–	–	1,345,760	#
Amounts owing by related parties	23	823	#	133	#

43. FINANCIAL INSTRUMENTS (Continued)

(f) Fair values (Continued)

	Note	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
Financial Liabilities					
At 30 June 2009					
Hire purchase payables	27	**458**	**447**	**458**	**447**
Exchangeable Bonds	26	**495,084**	**485,975**	**–**	**–**
Term loans	26	**375,258**	**376,229**	**–**	**–**
Long term payables	29	**255,436**	**257,383**	**255,436**	**257,383**
Amounts owing to subsidiaries	31	**–**	**–**	**508,488**	**#**
Amounts owing to related parties	31	**91,184**	**#**	**742**	**#**
At 30 June 2008					
Hire purchase payables	27	1,677	1,635	701	681
Exchangeable Bonds	26	441,773	422,385	–	–
Term loans	26	376,394	377,510	–	–
Long term payables	29	34,500	35,643	34,500	35,643
Amounts owing to subsidiaries	31	–	–	515,610	#
Amounts owing to related parties	31	46,674	#	396	#

+ It is not practical to estimate the fair value of the unquoted investments due to the lack of quoted market prices.

It is not practicable to estimate the fair values of the amounts owing by/to subsidiaries and related parties due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

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

(i) Cash and cash equivalents, trade and other receivables/payables and short term borrowings

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

(ii) Quoted investments

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

(iii) Long term borrowings

The fair value of long term borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

44. SEGMENT INFORMATION

(a) Reporting format

The primary segment format is determined to be business segment as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically.

(b) Business segments

The Group is organised on a worldwide basis into five major business segments:

(i)	Steel	- Manufacturing and sale of steel products
(ii)	Property	- Property development and management
(iii)	Computer	- Manufacturing and sale of computer and related products
(iv)	Others	- Investment holding, trading and others
(v)	Retailing	- Department stores operations (Divested in 2008) (Note 15(c))

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 not materially different from those obtainable in transactions with unrelated parties.

2009

	Continuing operations					
	Steel RM'000	**Property RM'000**	**Computer RM'000**	**Others RM'000**	**Elimination RM'000**	**Total RM'000**
Revenue						
External sales	**1,042,522**	**32,698**	**165,930**	**7,665**	**–**	**1,248,815**
Inter-segment sales	**–**	**1,114**	**–**	**–**	**(1,114)**	**–**
Total revenue	**1,042,522**	**33,812**	**165,930**	**7,665**	**(1,114)**	**1,248,815**
Results						
Segment results	**160,729**	**1,152**	**11,972**	**4,444**	**–**	**178,297**
Unallocated corporate expenses						**–**
Profit from operations						**178,297**
Finance costs						**(91,073)**
Gain on disposal of subsidiaries						**305**
Share of results of associates						**(662,831)**
Share of results of jointly controlled entities						**(1,404)**
Income tax expense						**(47,025)**
Loss for the year						**(623,731)**
Minority interests						**223**
Net loss after minority interests						**(623,508)**

44. SEGMENT INFORMATION (Continued)

(b) Business segments (Continued)

2009

	Continuing operations					
	Steel RM'000	Property RM'000	Computer RM'000	Others RM'000	Elimination RM'000	Total RM'000
Assets						
Segment assets	1,856,570	350,136	135,496	695,390	–	3,037,592
Investments in associates						376,396
Investments in jointly controlled entities						5,561
Unallocated corporate assets						23,634
Consolidated total assets						3,443,183
Liabilities						
Segment liabilities	616,229	89,078	22,059	1,027,692	–	1,755,058
Unallocated corporate liabilities						46,193
Consolidated total liabilities						1,801,251
Other Information						
Capital expenditure	301,791	219	665	1	–	302,676
Depreciation and amortisation	31,549	957	5,819	447	–	38,772
Impairment losses	–	–	251	1,749	–	2,000
Non-cash items other than depreciation, amortisation and impairment losses	–	–	309	6,141	–	6,450

44. SEGMENT INFORMATION (Continued)

(b) Business segments (Continued)

2008

	Continuing operations						Discontinued operations	
	Steel RM'000	Property RM'000	Computer RM'000	Others RM'000	Elimination RM'000	Total RM'000	Retailing RM'000	Total RM'000
Revenue								
External sales	61,193	43,101	207,928	14,995	–	327,217	1,289,619	1,616,836
Inter-segment sales	–	557	–	–	(557)	–	–	–
Total revenue	61,193	43,658	207,928	14,995	(557)	327,217	1,289,619	1,616,836
Results								
Segment results	16,272	12,323	5,345	17,294	–	51,234	143,491	194,725
Unallocated corporate expenses						–	–	–
Profit from operations						51,234	143,491	194,725
Finance costs						(30,700)	(41,011)	(71,711)
Impairment loss, write down and provision for loss						(60,108)	–	(60,108)
Gain on disposal of subsidiaries						–	27,344	27,344
Share of results of associates						26,478	–	26,478
Share of results of jointly controlled entities						(806)	2,012	1,206
Income tax expense						(6,006)	(22,339)	(28,345)
(Loss)/Profit for the year						(19,908)	109,497	89,589
Minority interests						–	(36,834)	(36,834)
Net (loss)/profit after minority interests						(19,908)	72,663	52,755
Assets								
Segment assets	1,327,646	266,260	160,820	1,269,282	–	3,024,008	–	3,024,008
Investments in associates						182,163	–	182,163
Investments in jointly controlled entities						7,988	–	7,988
Assets classified as assets held for sale						165,222	–	165,222
Unallocated corporate assets						13,183	–	13,183
Consolidated total assets						3,392,564	–	3,392,564
Liabilities								
Segment liabilities	459,291	45,684	37,168	786,036	–	1,328,179	–	1,328,179
Liabilities associated with assets held for sale						75,274	–	75,274
Unallocated corporate liabilities						4,925	–	4,925
Consolidated total liabilities						1,408,378	–	1,408,378
Other Information								
Capital expenditure	473,900	54	1,548	15,109	–	490,611	10,793	501,404
Depreciation and amortisation	2,296	159	5,748	395	–	8,598	20,937	29,535
Impairment losses	–	60,108	–	10,000	–	70,108	–	70,108
Non-cash items other than depreciation, amortisation and impairment losses	–	–	31	84	–	115	85	200

44. SEGMENT INFORMATION (Continued)

(c) Geographical segments

The Group's five business segments are operated in three main geographical areas:

(i)	Malaysia	- Steel, property, computer, retailing and others
(ii)	People's Republic of China	- Property, retailing and others
(iii)	Others	- Computer, retailing and others

An analysis of the Group's revenue by geographical segment is as follows:

	Revenue by Geographical Segments					
	Continuing operations		Discontinued operations		Total	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysia	**1,083,637**	126,093	**–**	274,301	**1,083,637**	400,394
People's Republic of China	**268**	291	**–**	972,706	**268**	972,997
Others	**164,910**	200,833	**–**	42,612	**164,910**	243,445
Total	**1,248,815**	327,217	**–**	1,289,619	**1,248,815**	1,616,836

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysis by geographical segment:

	Segment Assets		Capital Expenditure	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysia	**2,431,367**	2,348,636	**302,462**	490,284
People's Republic of China	**210,501**	137,863	**–**	10,824
Others	**395,724**	537,509	**214**	296
Total	**3,037,592**	3,024,008	**302,676**	501,404

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2009

Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM million)	Date of Acquisition/ Last Revaluation
1. Menara Jubili Kota Kinabalu Sabah	Leasehold 31.12.2088	1,698.0 sq metres (Ground floor to 2nd floor)	Commercial building	Office (17)	4.4	1992
2. Blok Bunga Raya 3 Jalan Abadi 1 Taman Malim Jaya 75250 Melaka	Leasehold 13.4.2081	3,885.5 sq metres	Buildings	Apartment (11)	2.4	June 2004
3. Melaka Technology Park PN 20575 Mukim of Cheng District of Melaka Tengah Melaka	Leasehold 14.8.2096	19.8 acres	Buildings	Factory (17)	28.6	December 2007
4. Geran 64183, Lot 32889 Mukim Tanjung 12 Kuala Langat Selangor Darul Ehsan	Freehold	63.4 hectares	Land	Vacant	15.1	December 2007
5. GRN 39954, Lot 2324 HS(D) 5379, PT 6341 GRN 41084, Lot 8379 GRN 55361, Lot 12164 Mukim Tanjung 12 Kuala Langat Selangor Darul Ehsan	Freehold	763.7 acres	Land	Vacant	100.5	June 2008
6. PN 22648, Lot 2697 PN 22678, Lot 2699 Mukim Tanjung 12 Kuala Langat Selangor Darul Ehsan	Leasehold 14.10.2095	36.2 acres	Land	Vacant	3.4	June 2008

ANALYSIS OF SHAREHOLDINGS AND CONVERTIBLE SECURITIES

Share Capital as at 30 September 2009

Authorised Capital	:	RM4,500,000,000
Issued and Paid-up Capital	:	RM368,611,613.50
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One (1) vote per ordinary share

Distribution of Shareholdings as at 30 September 2009

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	135	1.06	4,307	0.00
100 to 1,000	2,840	22.24	2,508,943	0.34
1,001 to 10,000	6,478	50.74	34,388,538	4.66
10,001 to 100,000	2,914	22.82	93,022,635	12.62
100,001 to less than 5% of issued shares	395	3.09	240,563,513	32.63
5% and above of issued shares	5	0.05	366,735,291	49.75
	12,767	100.00	737,223,227	100.00

Substantial Shareholders as at 30 September 2009

Substantial Shareholders	Direct Interest		Indirect Interest		
	No. of Shares	% of Shares	No. of Shares	% of Shares	Nominal Value of ICULS# (RM)
1. Tan Sri William H.J. Cheng	121,356,607	16.46	289,794,688	39.31	325,401,322 [a]
2. Datuk Cheng Yong Kim	7,841,337	1.06	248,343,935	33.69	31,014,916 [b]
3. Lion Realty Pte Ltd	–	–	248,259,135	33.67	30,014,916 [c]
4. Lion Development (Penang) Sdn Bhd	1,061,889	0.14	247,197,246	33.53	30,014,916 [c]
5. Narajaya Sdn Bhd	93,497,801	12.68	–	–	–
6. Horizon Towers Sdn Bhd	–	–	153,699,445	20.85	30,014,916 [c]
7. Lion Corporation Berhad	–	–	153,699,445	20.85	30,014,916 [c]
8. Amsteel Mills Sdn Bhd	116,180,800	15.76	–	–	30,014,916 [c]
9. Lion Industries Corporation Berhad	37,518,645	5.09	116,180,800	15.76	30,014,916 [c]
10. LLB Steel Industries Sdn Bhd	–	–	116,180,800	15.76	30,014,916 [c]
11. Steelcorp Sdn Bhd	–	–	116,180,800	15.76	30,014,916 [c]
12. Deluxe Venture International Limited	17,400,000	2.36	–	–	170,000,000 [d]

Notes:

\# *5-year 4% irredeemable convertible unsecured loan stocks 2008/2013 of the Company ("ICULS") convertible into new ordinary shares of RM0.50 each in the Company ("LDHB Share") at a conversion price of RM0.50 for one new LDHB Share.*

[a] *Direct interest in RM121,615,000 nominal value of ICULS and indirect interest in RM203,786,322 nominal value of ICULS.*

[b] *Direct interest in RM1,000,000 nominal value of ICULS and indirect interest in RM30,014,916 nominal value of ICULS.*

[c] *Indirect interest.*

[d] *Direct interest.*

Thirty Largest Registered Shareholders as at 30 September 2009

	Registered Shareholders	No. of Shares	% of Shares
1.	Cheng Heng Jem	121,356,607	16.46
2.	AMSEC Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Amsteel Mills Sdn Bhd (CS-Amsteel0)	116,180,800	15.76
3.	Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Narajaya Sdn Bhd	52,000,000	7.05
4.	Narajaya Sdn Bhd	39,679,239	5.38
5.	RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad	37,518,645	5.09
6.	Deluxe Venture International Limited	17,400,000	2.36
7.	Scotia Nominees (Tempatan) Sdn Bhd Custodial Account for Ributasi Holdings Sdn Bhd	9,570,000	1.30
8.	Cheng Yong Kim	7,841,337	1.06
9.	Employees Provident Fund Board	6,467,900	0.88
10.	Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ributasi Holdings Sdn Bhd	5,789,474	0.79
11.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	5,448,100	0.74
12.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Chee Hiung	5,390,000	0.73
13.	HSBC Nominees (Asing) Sdn Bhd TNTC for APS Growth Fund	5,300,000	0.72
14.	Lion Holdings Private Limited	4,714,258	0.64
15.	Mayban Nominees (Asing) Sdn Bhd G.K. Goh Strategic Holdings Pte Ltd (260551)	4,000,000	0.54
16.	Tan Yu Wei	3,660,100	0.50
17.	CIMSEC Nominees (Asing) Sdn Bhd Exempt AN for CIMB-GK Securities Pte Ltd (Retail Clients)	3,194,300	0.43
18.	Malaysian Assurance Alliance Berhad Equity Investments Dept	2,900,000	0.39
19.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for GMO Emerging Markets Fund	2,879,406	0.39
20.	HSBC Nominees (Asing) Sdn Bhd HPBS SG for Tenacious Hold Limited	2,772,300	0.38
21.	Ributasi Holdings Sdn Bhd	2,623,953	0.36
22.	Mayban Nominees (Asing) Sdn Bhd Alpha Securities Pte Ltd (260550)	2,500,000	0.34
23.	Cheng Yong Kwang	2,272,173	0.31
24.	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Wong Siew Kim (Margin)	2,220,000	0.30
25.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Prudential Dana Al-Ilham (4173)	2,145,000	0.29
26.	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	2,127,200	0.29
27.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Prudential Dynamic Fund (4496)	2,107,300	0.29
28.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ayamkuat Maju (Kuala Lumpur) Sdn Bhd (Securitized)	2,000,000	0.27
29.	Pang Chong Yong	2,000,000	0.27
30.	Yong Swee Hing	2,000,000	0.27

5-Year 4% Irredeemable Convertible Unsecured Loan Stocks 2008/2013 ("ICULS")

No. of ICULS as at 30 September 2009	:	327,462,064
Nominal Value	:	RM1.00 each
Coupon Rate	:	4% per annum payable semi-annually
Conversion Period	:	17 December 2008 to 16 December 2013
Conversion Price	:	RM0.50 per new ordinary share of RM0.50 each
Conversion Right	:	ICULS holders will have the right to convert the ICULS at the Conversion Price into new ordinary shares of RM0.50 each in the Company during the Conversion Period

Distribution of ICULS Holdings as at 30 September 2009

Size of ICULS Holdings	No. of ICULS Holders	% of ICULS Holders	No. of ICULS	% of ICULS
Less than 100	2	1.19	100	0.00
100 to 1,000	121	72.02	32,500	0.01
1,001 to 10,000	33	19.64	105,531	0.03
10,001 to 100,000	3	1.79	63,200	0.02
100,001 to less than 5% of issued ICULS	4	2.38	5,630,817	1.72
5% and above of issued ICULS	5	2.98	321,629,916	98.22
	168	100.00	327,462,064	100.00

Thirty Largest ICULS Holders as at 30 September 2009

Registered ICULS Holders	No. of ICULS	% of ICULS
1. HSBC Nominees (Asing) Sdn Bhd HSBC HK CTLA for Deluxe Venture International Limited (TA)	170,000,000	51.91
2. Cheng Heng Jem	60,000,000	18.32
3. Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	35,000,000	10.69
4. Antara Steel Mills Sdn Bhd	30,014,916	9.17
5. HSBC Nominees (Tempatan) Sdn Bhd HSBC HK CTLA for Cheng Heng Jem (TA)	26,615,000	8.13
6. Lion Holdings Private Limited	3,771,406	1.15
7. Cheng Yong Kim	1,000,000	0.31
8. Cheng Chai Hai	699,411	0.21
9. HDM Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian (Hong Kong) Limited (Clients)	160,000	0.05
10. Lee Hau Hian	32,000	0.01
11. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Kim Chye @ Teoh Kim Chai (E-KLC)	16,000	Negligible
12. Chan Chau Ha @ Chan Chow Har	15,200	Negligible
13. Lim Sang Sen	10,000	Negligible
14. Chan Yee Sang	8,000	Negligible
15. Lee Siew Nong	8,000	Negligible

Thirty Largest ICULS Holders as at 30 September 2009 (Continued)

Registered ICULS Holders		No. of ICULS	% of ICULS
16.	Mayban Securities Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	8,000	Negligible
17.	Pan Yok Eng	5,600	Negligible
18.	Chan Pheng Hock	5,000	Negligible
19.	Chuah Boon Kiang	4,800	Negligible
20.	Nor Hafizah binti Ahmad Marzuki	4,000	Negligible
21.	Ooi Kean Hin	4,000	Negligible
22.	Tan Gee Siew	4,000	Negligible
23.	Chok Kwee Wah	3,200	Negligible
24.	Teu Liak Chey	3,200	Negligible
25.	Ng Say Kong @ Ng Seah Yew	3,000	Negligible
26.	Cheong Seng Tin	2,400	Negligible
27.	Grace Enterprise Sdn Bhd	2,400	Negligible
28.	Tang Wei Chum	2,400	Negligible
29.	Aw May Fah	2,000	Negligible
30.	Ee Tee Gin	2,000	Negligible

Directors' Interests in Shares in the Company and its Related Corporations as at 30 September 2009

The Directors' interests in shares in the Company and its related corporations as at 30 September 2009 are as follows:

	Nominal Value per Ordinary Share	Direct Interest No. of Shares	Direct Interest % of Shares	Indirect Interest No. of Shares	Indirect Interest % of Shares
The Company	RM0.50				
Tan Sri William H.J. Cheng[(1)]		121,356,607	16.46	290,013,688	39.34
Datuk Cheng Yong Kim[(2)]		7,841,337	1.06	251,843,935	34.16

Related Corporations

	Nominal Value per Ordinary Share	Direct Interest No. of Shares	Direct Interest % of Shares	Indirect Interest No. of Shares	Indirect Interest % of Shares
Lion Corporation Berhad ("LCB")	RM1.00				
Tan Sri William H.J. Cheng[(3)]		458,685	0.02	1,575,040,980	82.86
Datuk Cheng Yong Kim[(4)]		2,709,517	0.14	412,849,095	21.72

Directors' Interests in Shares in the Company and its Related Corporations as at 30 September 2009 (Continued)

Related Corporations (Continued)

Tan Sri William H.J. Cheng
Datuk Cheng Yong Kim

	Nominal Value per Ordinary Share	Indirect Interest No. of Shares	Indirect Interest % of Shares
LDH Investment Pte Ltd	*	4,500,000	100.00
Bersatu Investments Company Limited	HK$10.00	42,644	71.07
Bright Steel Service Centre Sdn Bhd	RM1.00	11,420,000	57.10
Kinabalu Motor Assembly Sendirian Berhad	RM1.00	26,985,030	70.01
Logic Concepts (M) Sdn Bhd	RM1.00	71,072	71.07
Logic Furniture (M) Sdn Bhd	RM1.00	91,000	91.00
Lyn (Pte) Ltd	*	1,225,555	78.79
Megasteel Sdn Bhd	RM1.00	540,000,001	90.00

	Nominal Value per Preference "D" Share	Indirect Interest No. of Shares	Indirect Interest % of Shares
Megasteel Sdn Bhd	RM0.01	49,000,000	100.00

	Nominal Value per Preference "F" Share	Indirect Interest No. of Shares	Indirect Interest % of Shares
Megasteel Sdn Bhd	RM0.01	26,670,000	100.00

	Nominal Value per Preference "G" Share	Indirect Interest No. of Shares	Indirect Interest % of Shares
Megasteel Sdn Bhd	RM0.01	100,000,000	100.00

Notes:

(1) *Also deem interested in the following:*

- (i) *a direct interest in RM121,615,000 nominal value of 5-year 4% irredeemable convertible unsecured loan stocks 2008/2013 of the Company ("ICULS") convertible into 243,230,000 new ordinary shares of RM0.50 each in the Company ("LDHB Share") at a conversion price of RM0.50 for one new LDHB Share ("Conversion Price"); and*
- (ii) *an indirect interest in RM203,961,522 nominal value of ICULS convertible into 407,923,044 new LDHB Shares at the Conversion Price.*

(2) *Also deem interested in the following:*

- (i) *a direct interest in RM1,000,000 nominal value of ICULS convertible into 2,000,000 new LDHB Shares at the Conversion Price; and*
- (ii) *an indirect interest in RM30,014,916 nominal value of ICULS convertible into 60,029,832 new LDHB Shares at the Conversion Price.*

(3) *Also deem interested in 490,000 options granted pursuant to the LCB Executive Share Option Scheme to subscribe for ordinary shares of RM1.00 each in LCB ("LCB Share"), 9,573,871 warrants with a right to subscribe for one new LCB Share for every warrant held ("Warrants") and RM275,214,524 redeemable convertible secured loan stocks convertible into new LCB Shares at a conversion price of RM1.00 for one new LCB Share.*

(4) *Also deem interested in 42,664 Warrants.*

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

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related corporations as at 30 September 2009.

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

1. Conditional Share Sale Agreement dated 26 February 2007 entered into between Khazanah Nasional Berhad and the Company for the acquisition of 60,000,000 ordinary shares of RM1.00 each in Megasteel Sdn Bhd ("Megasteel"), a subsidiary of Lion Corporation Berhad, a major shareholder of the Company and a company wherein certain Directors and certain major shareholders of the Company have interests, representing 10% of the existing issued and paid-up capital of Megasteel for a cash consideration of RM138 million.

2. Loan Agreement dated 18 August 2008 entered into between the Company and Tan Sri William H.J. Cheng ("TSWC"), the Chairman and a major shareholder of the Company, in relation to advances of RM95 million extended by TSWC to the Company for payment due in respect of the setting-up of the blast furnace iron-making facility and/or working capital requirements, repayment of bank borrowings and related investments of the Company and its subsidiaries ("Advances by TSWC") prior to the completion of the proposed renounceable rights issue of up to RM591,895,302 nominal value of 5-year 4% irredeemable convertible unsecured loan stocks ("ICULS") at 100% of its nominal value on the basis of four (4) RM1.00 nominal value of ICULS for every five (5) existing ordinary shares of RM0.50 each held in the Company ("Proposed Rights Issue of ICULS").

   The principal terms of the Advances by TSWC are as follows:

   (i) An upfront fee equivalent to 2.0% of the Advances by TSWC shall be payable to a designated account at the direction of TSWC.

   (ii) The Advances by TSWC will be on an interest-free basis for a period of four (4) months from the date of the drawdown of the Advances by TSWC.

   (iii) The Advances by TSWC shall be repaid upon the earlier of:

      (a) the completion of the Proposed Rights Issue of ICULS, where the Advances by TSWC shall be used to set off against part of the consideration payable by TSWC for the subscription of TSWC's entitlement under the Proposed Rights Issue of ICULS;

      (b) in the event the Proposed Rights Issue of ICULS is aborted or otherwise not proceeding for any reason whatsoever, the Company shall repay the Advances by TSWC in full to TSWC within one (1) month from the date of announcement by the Company of the Proposed Rights Issue of ICULS being aborted; or

      (c) four (4) months from the date of the drawdown of the Advances by TSWC or such other date as the parties might mutually agree upon.

   The Proposed Rights Issue of ICULS has been completed on 19 December 2008 and in relation thereto, the Advances by TSWC has been set off against part of the consideration payable by TSWC for the ICULS issued by the Company to TSWC.

3. Conditional Sale and Purchase Agreement dated 29 July 2009 ("Disposal SPA") entered into between Lion Asiapac Management Consultancy (Shanghai) Co Ltd ("LAPS"), a wholly-owned subsidiary of Lion Asiapac Limited, a company wherein a Director and a major shareholder of the Company have interests, and Well Morning Limited ("Well Morning"), a wholly-owned subsidiary of the Company, for the disposal of the right to invest in the remaining 30% registered capital of Changshu Lion Enterprise Co Ltd ("Changshu Lion"), a property development company in Changshu City, Jiangshu Province in the People's Republic of China, to LAPS for a nominal cash consideration of Rmb1.00 (equivalent to approximately RM0.51). The Disposal SPA lapsed on 25 September 2009 following the non-fulfilment of conditions precedent.

4. Simultaneously with the execution of the Disposal SPA, a conditional Joint Venture Contract dated 29 July 2009 ("JV Contract") was entered into between LAPS and Well Morning to govern the joint venture relationship between LAPS and Well Morning in Changshu Lion following the investment by LAPS in the remaining 30% registered capital of Changshu Lion upon conversion of Changshu Lion into sino-foreign joint-venture company at the ratio of 70 : 30. The JV Contract lapsed on 25 September 2009 following the non-fulfilment of conditions precedent.

OTHER INFORMATION

(I) NON-AUDIT FEES

The amount of non-audit fees paid or payable to external auditors for the financial year was RM151,000 (2008: RM65,000).

(II) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 30 June 2009 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(a) Steel related		
(i) Sale of direct reduced iron, scrap iron and other steel related products and services	Lion Corporation Berhad Group ("LCB Group") [1]	1,004,605
	Lion Industries Corporation Berhad Group ("LICB Group") [1]	256,658
(ii) Purchase of steel products, scrap iron and other steel related products and services	LCB Group [1]	185,756
	LICB Group [1]	124,315
	Amsteel Corporation Berhad Group [1]	2,280
(iii) Rental of industrial land and buildings	LCB Group [1]	1,332
(b) Computer related		
(i) Sale of computer, component parts and other related products and services including provision of factory and storage space	Ributasi Holdings Sdn Bhd Group ("Ributasi Group")[2]	1,818
(ii) Purchase of computer, component parts and other related products and services	Ributasi Group [2]	8,678
(iii) Rental of storage space, factory and warehouse for manufacturing of computer and related products	LICB Group [1]	1,284

Notes:

"Group" includes subsidiary and associated companies

[1] Companies in which certain Directors and certain major shareholders of the Company have interests.

[2] Companies in which a Director and certain major shareholders of the Company have interests.

(III) STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL AS AT 30 SEPTEMBER 2009

	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation		Explanations
				Amount	%	
	RM million	RM million		RM million		
Renounceable rights issue of RM327,462,064 nominal value of 5-year 4% irredeemable convertible unsecured loan stocks 2008/2013 ("ICULS") at 100% of its nominal value undertaken by the Company ("Rights Issue of ICULS") which was completed on 19 December 2008.						
(i) Proposed setting-up of the blast furnace iron-making facility	123.60	**123.60**	–	–	–	–
(ii) Working capital, repayment of bank borrowings and related investments	80.36	**80.36**	–	–	–	–
(iii) Acquisition of investments	122.00	**122.00**	–	–	–	–
(iv) Estimated expenses in relation to the Rights Issue of ICULS	1.50	**1.01**	No fixed timeframe	0.49	33%	Not utilised
	327.46	**326.97**		0.49		

(IV) SHARE BUY-BACK

There was no share buy-back during the financial year.

(V) CONVERTIBLE SECURITIES

There was no conversion of ICULS into shares during the financial year.

LION DIVERSIFIED HOLDINGS BERHAD
(Incorporated in Malaysia)
(9428-T)

FORM OF PROXY

CDS ACCOUNT NUMBER

			–				–									

I/We ....

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

of ....

being a member/members of LION DIVERSIFIED HOLDINGS 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-Ninth Annual General Meeting of the Company to be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 17 November 2009 at 2.00 pm and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To receive the Directors' Report and Audited Financial Statements		
2. To approve a first and final dividend		
3. To approve Directors' fees		
4. To re-elect as Director, Y. Bhg. Tan Sri William H.J. Cheng		
5. To re-elect as Director, Mr Heah Sieu Lay		
6. To re-appoint Auditors		
7. Authority to Directors to issue shares		
8. Proposed Shareholders' Mandate for Recurrent Related Party Transactions		
9. Proposed Renewal of Authority for Share Buy-Back		

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

As witness my/our hand this .... day of 2009

No. of shares: ....

Signed: ....

Representation at Meeting:

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