

Company No. 196786 K

**VISIONWELL SDN BHD
(Incorporated in Malaysia)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30 JUNE 2008**

Company No. 196786 K

VISIONWELL SDN BHD
(Incorporated in Malaysia)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

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VISIONWELL SDN BHD
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY

The principal activity of the Company is property development.

There has been no significant change in the principal activity of the Company during the financial year.

FINANCIAL RESULTS

	RM
Net loss for the financial year	<u>(85,275)</u>

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the financial year ended 30 June 2008.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS

The Directors who have held office since the date of the last report are:

Liew Choon Yick
Teoh Ah Baa @ Teoh Beng Suang
Tan Cheng Yong

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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VISIONWELL SDN BHD
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DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, none of the Directors in office at the end of the financial year held any shares in the Company during and at the end of the financial year.

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

	Number of ordinary shares of RM1.00 each			As at 30.6.2008
	As at 1.7.2007	Additions	Disposals	
Direct interest				
Teoh Ah Baa @ Teoh Beng Suang				
Amsteel Corporation Berhad	189,000	-	-	189,000

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

OTHER STATUTORY INFORMATION

Before the balance sheet and income statement of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables and satisfied themselves that all known bad receivables had been written off and that adequate allowance had been made for doubtful receivables; and
- (b) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records had been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad receivables or the amount of the allowance for doubtful receivables in the financial statements of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Company misleading.

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DIRECTORS' REPORT (cont'd)

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

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

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

In the opinion of the Directors:

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

AUDITORS

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

Signed in accordance with a resolution of the Directors dated 18 September 2008.


LIEW CHOON YICK
Director


TAN CHENG YONG
Director

Kuala Lumpur
18 September 2008.


Company No. 196786 K

VISIONWELL SDN BHD
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STATEMENT BY DIRECTORS

We, LIEW CHOON YICK and TAN CHENG YONG, being two of the Directors of VISIONWELL SDN BHD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 7 to 25 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 30 June 2008 and of the results and cash flows of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 18 September 2008.


LIEW CHOON YICK
Director


TAN CHENG YONG
Director

Kuala Lumpur
18 September 2008.


STATUTORY DECLARATION

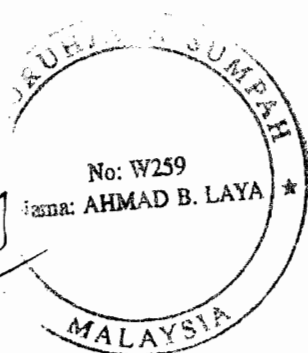
I, GOH GEOK POEY, the officer primarily responsible for the financial management of VISIONWELL SDN BHD, do solemnly and sincerely declare that the financial statements set out on pages 7 to 25 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed GOH GEOK POEY at Kuala Lumpur in the Federal Territory on 18 September 2008.


GOH GEOK POEY

Before me


Commissioner for Oaths
Kuala Lumpur



LOT 5.28-5.30, TINGKAT 5
VISMA CENTRAL
JALAN AMPANG
KUALA LUMPUR

ONG BOON BAH & CO

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISIONWELL SDN BHD

Company No. 196786 K

Report on the Financial Statements

We have audited the accompanying financial statements of VISIONWELL SDN BHD, which comprise the balance sheet as at 30 June 2008 of the Company, and the income statement, statement of changes in equity and cash flow statement of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 25.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

ONG BOON BAH & CO

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VISIONWELL SDN BHD (cont'd)

Company No. 196786 K

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption. As at 30 June 2008, the Company has a deficit in its shareholders' funds of RM29,711,979 and its current liabilities exceeded its current assets by RM28,833,645, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

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



ONG BOON BAH & CO
AF:0320
Chartered Accountants



WONG SOO THIAM
1315/12/08(J)
Partner of the Firm

Kuala Lumpur
18 September 2008

VISIONWELL SDN BHD
(Incorporated in Malaysia)

BALANCE SHEET
AS AT 30 JUNE 2008

	Note	2008 RM	2007 RM
ASSETS			
Non-current asset			
Property, plant and equipment	5	7,636	7,315
Current assets			
Property development costs	6	74,685,842	65,264,412
Trade receivables	7	5,062,418	5,564,496
Other receivables and deposits	8	387,159	33,139
Tax recoverable		-	15,442
Short term deposits with a licensed bank	9	17,865,918	15,065,918
Cash and bank balances		2,009,678	12,801,249
		100,011,015	98,744,656
TOTAL ASSETS		100,018,651	98,751,971
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	10	20,000,000	20,000,000
Accumulated losses		(49,711,979)	(49,626,704)
Deficit in equity		(29,711,979)	(29,626,704)
Non-current liability			
Deferred liabilities	11	885,970	885,970
Current liabilities			
Trade payables	12	14,866,246	3,804,952
Other payables and accruals	13	1,528,325	1,512,415
Amount due to related companies	14	112,359,803	122,175,338
Tax liabilities		90,286	-
		128,844,660	127,492,705
Total liabilities		129,730,630	128,378,675
TOTAL EQUITY AND LIABILITIES		100,018,651	98,751,971

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

VISIONWELL SDN BHD
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INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 RM	2007 RM
Revenue	15	50,817,523	29,718,198
Other operating income		409,594	819,436
Impairment loss on land and development expenditure written back		5,861,944	-
Property and development expenditure	6	(48,951,466)	(28,454,746)
Employee benefits expense	16	(540,360)	(453,499)
Depreciation		(901)	(881)
Impairment loss on land development expenditure		-	(23,139,782)
Operating expenses		(1,578,899)	(1,066,510)
Profit/(Loss) from operations	17	6,017,435	(22,577,784)
Finance costs	18	(6,007,552)	(6,688,517)
Profit/(Loss) before taxation		9,883	(29,266,301)
Taxation	19	(95,158)	-
Net loss for the financial year		(85,275)	(29,266,301)

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

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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

	Share capital RM	Accumulated losses RM	Total RM
Balance at 1 July 2006	20,000,000	(20,360,403)	(360,403)
Net loss for the financial year	-	(29,266,301)	(29,266,301)
Balance at 30 June 2007	20,000,000	(49,626,704)	(29,626,704)
Net loss for the financial year	-	(85,275)	(85,275)
Balance at 30 June 2008	20,000,000	(49,711,979)	(29,711,979)

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

Company No. 196786 K

VISIONWELL SDN BHD
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**CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

	Note	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		9,883	(29,266,301)
Adjustments for:			
Depreciation		901	881
Impairment loss on land and development expenditure		-	23,139,782
Impairment loss on land and development expenditure written back		(5,861,944)	-
Interest income		(405,884)	(818,436)
Interest expense		6,007,552	6,688,517
Operating loss before working capital changes		(249,492)	(255,557)
(Increase)/Decrease in property development costs		(3,559,486)	5,514,127
Decrease/(Increase) in trade and other receivables		148,058	(3,348,119)
Increase in trade and other payables		11,077,204	1,753,254
Cash generated from operations		7,416,284	3,663,705
Income tax refunded		10,570	-
Net cash inflow from operating activities		7,426,854	3,663,705
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,222)	-
Interest received		405,884	818,436
Net cash inflow from investing activities		404,662	818,436
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment to related companies		(15,769,783)	(6,119,079)
Interest paid		(53,304)	(53,158)
Net cash outflow from financing activities		(15,823,087)	(6,172,237)
Net decrease in cash and cash equivalents		(7,991,571)	(1,690,096)
Cash and cash equivalents at beginning of the financial year		27,867,167	29,557,263
Cash and cash equivalents at end of the financial year	20	19,875,596	27,867,167

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

Company No. 196786 K

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008

1. GOING CONCERN

As at 30 June 2008, the Company has a deficit in its shareholders' funds of RM29,711,979 and its current liabilities exceeded its current assets by RM28,833,645. The holding company of the Company has pledged its continuing financial support to the Company for the next twelve months.

Accordingly, the Directors consider it appropriate to prepare the financial statements of the Company on a going concern basis. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. At the beginning of the current financial year, the Company had adopted new and revised FRSs as described in Note 3 to the financial statements.

The financial statements of the Company have also been prepared under the historical basis unless otherwise indicated in this summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM).

(b) Property, plant and equipment

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

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

Depreciation of 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:

Office equipment	10%
Furniture and fittings	10%

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.

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Property, plant and equipment (cont'd)

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(c) Property development costs

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

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

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

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

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

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

(d) Income tax

Income tax on profit or loss for the financial 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, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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.

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) **Income tax (cont'd)**

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 charged or credited directly in equity.

(e) **Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to the present value of estimated future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

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

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

(f) **Financial instruments**

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

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

(i) **Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and at bank and deposits at call which have significant risk of changes in value, net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Financial instruments (cont'd)

(ii) Receivables

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

(iii) Payables

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

(iv) 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 transactions 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.

(g) Revenue recognition

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

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

(h) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social contributions are recognised as expenses in the financial year in which the associated services are rendered by employees of the Company. 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.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Employee benefits (cont'd)

(ii) Defined contribution plans

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

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

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

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

FRS 117: Leases
FRS 124: Related Party Disclosures

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

FRS 6: Exploration for and Evaluation of Mineral Resources
Amendment to FRS 119²⁰⁰⁴: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

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

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

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008 (cont'd)

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (cont'd)

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

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

The adoption of FRS 6, FRS 111, FRS 117, FRS 120, FRS 134, Amendment to FRS 121 and Interpretations No. 1, 2, 5, 6, 7 and 8 are not applicable to the Company's operations. The adoption of revised FRS 124 and Amendment to FRS 119²⁰⁰⁴ gave rise to additional disclosures but did not result in significant changes in accounting policies of the Company.

The adoption of the other new and revised FRSs does not have any significant impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008 (cont'd)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical judgement made in applying accounting policies

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

(b) Key sources of estimation uncertainty

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

(i) Property development

The Company 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 Company evaluates based on past experience and by relying on the work of specialists.

(ii) Depreciation of property, plant and equipment

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

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008 (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings RM	Office equipment RM	Total RM
As at 30 June 2008			
COST			
At 1 July 2007	-	8,810	8,810
Additions	1,222	-	1,222
At 30 June 2008	1,222	8,810	10,032
ACCUMULATED DEPRECIATION			
At 1 July 2007	-	1,495	1,495
Charge for the financial year	20	881	901
At 30 June 2008	20	2,376	2,396
NET BOOK VALUE			
At 30 June 2008	1,202	6,434	7,636
As at 30 June 2007			
COST			
At 1 July 2006		8,810	8,810
At 30 June 2007		8,810	8,810
ACCUMULATED DEPRECIATION			
At 1 July 2006		614	614
Charge for the financial year		881	881
At 30 June 2007		1,495	1,495
NET BOOK VALUE			
At 30 June 2007		7,315	7,315

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008 (cont'd)

6. PROPERTY DEVELOPMENT COSTS

	2008 RM	2007 RM
At beginning of the financial year		
- freehold land at cost	37,000,000	37,000,000
- development costs	116,332,526	93,391,907
- accumulated costs charged to income statement	(64,928,332)	(36,473,586)
- impairment loss	(23,139,782)	-
	<u>65,264,412</u>	<u>93,918,321</u>
Cost incurred during the financial year:		
- development costs	52,510,952	22,940,619
Impairment loss written back/(Impairment loss)	5,861,944	(23,139,782)
Cost charged to income statement	(48,951,466)	(28,454,746)
	<u>(43,089,522)</u>	<u>(51,594,528)</u>
At end of the financial year	<u>74,685,842</u>	<u>65,264,412</u>

The freehold land was pledged as security for the bonds issued by the holding company pursuant to the implementation of the group wide restructuring scheme undertaken, *inter alia*, by the holding company.

7. TRADE RECEIVABLES

	2008 RM	2007 RM
Trade receivables	4,666,518	2,492,105
Accrued billings	395,900	3,072,391
	<u>5,062,418</u>	<u>5,564,496</u>

The Company's normal trade credit term ranges from 14 to 21 days.

8. OTHER RECEIVABLES AND DEPOSITS

	2008 RM	2007 RM
Other receivables	624	604
Deposits	386,535	32,535
	<u>387,159</u>	<u>33,139</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008 (cont'd)

9. SHORT TERM DEPOSITS WITH A LICENSED BANK

The average interest rate as at the end of the financial year was ranged from 3.1% to 3.35% (2007: 3.10%) per annum.

The short term deposits with a licensed bank at the balance sheet date have maturity days ranging from 7 to 32 days (2007: 32 days).

10. SHARE CAPITAL

	2008 RM	2007 RM
Authorised:		
25,000,000 ordinary shares of RM1.00 each	25,000,000	25,000,000
Issued and fully paid:		
20,000,000 ordinary shares of RM1.00each	20,000,000	20,000,000

11. DEFERRED LIABILITIES

	2008 RM	2007 RM
Shareholders' advances	885,970	885,970

Deferred liabilities which arose mainly from advances and payments made on behalf are unsecured, interest bearing at a rate of 6% (2007: 6%) per annum and repayable after twelve months.

12. TRADE PAYABLES

	2008 RM	2007 RM
Trade payables	8,720,996	3,804,952
Progress billings	6,145,250	-
	14,866,246	3,804,952

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

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008 (cont'd)

13. OTHER PAYABLES AND ACCRUALS

	2008	2007
	RM	RM
Other payables	6,364	6,364
Accruals	1,521,961	1,506,051
	<u>1,528,325</u>	<u>1,512,415</u>

14. AMOUNT DUE TO RELATED COMPANIES

The amount due to related companies which arose mainly from inter-company advances and payments made on behalf is unsecured, interest bearing at a rate of 6% (2007: 6%) per annum and is repayable on demand.

15. REVENUE

Revenue of the Company represents proportion of the aggregate sales value of property development projects sold attributable to the percentage of development work performed.

16. EMPLOYEE BENEFITS EXPENSE

	2008	2007
	RM	RM
Salaries, wages and bonuses	450,853	388,247
Defined contribution plans	54,374	47,534
Other staff related expenses	35,133	17,718
	<u>540,360</u>	<u>453,499</u>

17. PROFIT/(LOSS) FROM OPERATIONS

Profit/(Loss) from operations is arrived at:

	2008	2007
	RM	RM
(a) After charging:		
Auditors' remuneration:		
- current year	3,000	2,000
- prior year	1,000	-
Depreciation	901	881
Rental	131,926	43,451
Impairment loss on land and development expenditure	-	23,139,782
	<u>136,827</u>	<u>23,186,114</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008 (cont'd)

17. PROFIT/(LOSS) FROM OPERATIONS (cont'd)

	2008 RM	2007 RM
(b) And crediting:		
Interest income from:		
- short term deposits	403,861	817,487
- others	2,023	949
Impairment loss on land and development expenditure written back	5,861,944	-
	<u>5,861,944</u>	<u>-</u>

18. FINANCE COSTS

	2008 RM	2007 RM
Interest expenses on:		
- related companies	5,954,248	6,635,359
- others	53,304	53,158
	<u>6,007,552</u>	<u>6,688,517</u>

19. TAXATION

	2008 RM	2007 RM
Current year	91,516	-
Prior year	3,642	-
	<u>95,158</u>	<u>-</u>

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows:

	2008 RM	2007 RM
Profit/(Loss) before taxation	9,883	(29,266,301)
	%	%
Applicable tax rate	26	(27)
Income not subject to tax	(16,005)	-
Expenses not deductible for tax purposes	17,131	27
Utilisation of capital allowance and unabsorbed tax losses	(226)	-
Prior years	37	-
Average effective tax rate	<u>963</u>	<u>-</u>

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19. TAXATION (cont'd)

With effect from year of assessment 2008, the corporate tax rate is at 26%. The Malaysian Budget 2008 also announced the reduction of corporate tax rate to 25% with effect from year of assessment 2009.

The Company has estimated unutilised tax losses and unabsorbed capital allowances carried forward amounting to RM1,432,600 (2007: RM1,518,200) and RMNil (2007: RM8,500) respectively for which no credit has been taken in the financial statements.

The amounts are subject to agreement with the tax authority.

20. CASH FLOW STATEMENT

Cash and cash equivalents

Cash and cash equivalents at the end of the financial year

	2008	2007
	RM	RM
Cash and bank balances	2,009,678	12,801,249
Short term deposits with a licensed bank	17,865,918	15,065,918
	<u>19,875,596</u>	<u>27,867,167</u>

21. CORPORATE INFORMATION

- (a) The Company is a private limited liability company incorporated and domiciled in Malaysia.
- (b) The registered office of the Company is located at Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur and the principal place of business of the Company is located at Level 13-14, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur.
- (c) The principal activity of the Company is property development.
- (d) The Company is a subsidiary company of Amsteel Corporation Berhad, a public limited liability company incorporated in Malaysia, which is regarded by the Directors as the holding company.
- (e) The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 September 2008.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008 (cont'd)

22. RELATED PARTY TRANSACTIONS

Related parties are entities in which a Director or a substantial shareholder of the Company or its subsidiary companies or persons connected to such Director or substantial shareholder has an interest.

Related companies represent subsidiary companies of Amsteel Corporation Berhad.

The related party transactions are as follows:

	2008	2007
	RM	RM
Interest expenses taken up on amount outstanding to related companies:		
- Ambang Jaya Sdn Bhd	2,226,506	2,226,506
- Amsteel Equity Realty (M) Sdn Bhd	-	117,000
- Andalas Development Sdn Bhd	576,192	543,578
- Araprop Development Sdn Bhd	38,309	38,309
- Ayer Keroh Resort Sdn Bhd	772,555	728,826
- Amsteel Harta (M) Sdn Bhd	2,340,686	2,981,140

The Directors of the Company are of the opinion that the above transactions have been established on terms that are no more favourable to the related parties than those arranged with independent third parties.

23. FINANCIAL INSTRUMENTS

Financial risk management policies

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

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

(a) Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2008 (cont'd)

23. FINANCIAL INSTRUMENTS (cont'd)

Financial risk management policies (cont'd)

(b) Credit risk

The Company's credit risk is primarily attributable to its trade receivables, which comprise progress billings receivables from house buyers.

The Company mitigates the risk of default by maintaining its name as the registered owner of the development properties until full settlement by the purchaser of the self-financed portion of the purchase consideration and upon undertaking of end-financing by the purchaser's end-financier.

(c) Liquidity and cash flow risks

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

Fair values

The carrying amounts of financial assets and financial liabilities of the Company as at balance sheet date approximated their fair values except for balances with related companies as it is impractical to determine their fair values in view of the uncertainty as to the timing of future cash flows. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the value that would eventually be settled.

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

(a) Deposits, cash and bank balances

The carrying amounts of deposits, cash and bank balances approximate their fair values due to the relatively short term maturity of these instruments.

(b) Trade and other receivables and payables

The carrying amount of trade receivables and payables subject to normal trade credit terms approximate fair values. The carrying amount of other receivables and payables are reasonable estimates of fair value because of their short maturity period.