AMSTEEL CORPORATION BERHAD

A Member of The Lion Group

(20667-M)

Laporan Tahunan 2007 Annual Report

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Second Annual General Meeting of Amsteel Corporation Berhad will be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 30 November 2007 at 3.00 pm for the following purposes:

AGENDA

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2007. **Resolution 1**

2. To approve the payment of Directors' fees amounting to RM139,000 (2006 : RM171,200). **Resolution 2**

3. To re-elect Director:

   In accordance with Article 98 of the Company's Articles of Association, Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim retires by rotation and, being eligible, offers himself for re-election. **Resolution 3**

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

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Jen (B) Tan Sri Dato' Zain Mahmud Hashim be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting of the Company." **Resolution 4**

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 5**

6. Special Business

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

   Authority to Directors to issue shares

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company." **Resolution 6**

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

By Order of the Board

CHAN POH LAN
WONG PHOOI LIN
Secretaries

Kuala Lumpur
7 November 2007

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.*

- *An instrument appointing a proxy executed in Malaysia need not be witnessed. The signature to an instrument appointing a proxy executed outside Malaysia shall be attested by a solicitor, notary public, consul or magistrate.*

- *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. Resolution 6

This authorisation 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.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of the Directors standing for re-election/re-appointment at the Thirty-Second Annual General Meeting of the Company are set out in the Directors' Profile on pages 4 to 6 of the 2007 Annual Report.

CORPORATE INFORMATION

Board of Directors	:	Y. Bhg. Jen (B) Tan Sri Dato' Zain Mahmud Hashim *(Chairman)* Y. Bhg. Tan Sri William H.J. Cheng Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim Mr M. Chareon Sae Tang @ Tan Whye Aun Mr Tan Siak Tee
Secretaries	:	Ms Chan Poh Lan Ms Wong Phooi Lin
Company No.	:	20667-M
Registered Office	:	Level 46, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel Nos : 03-21622155, 03-21613166 Fax No : 03-21623448 Homepage: http://www.lion.com.my
Share Registrar	:	Secretarial Communications Sdn Bhd Level 46, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel Nos : 03-21622155, 03-21648411 Fax No : 03-21623448
Auditors	:	Ong Boon Bah & Co B-10-1 Megan Avenue 1 189 Jalan Tun Razak 50400 Kuala Lumpur
Principal Bankers	:	AmInvestment Bank Berhad EON Bank Berhad Malayan Banking Berhad RHB Bank Berhad

DIRECTORS' PROFILE

Jen (B) Tan Sri Dato' Zain Mahmud Hashim
Non-Independent Non-Executive Chairman

Y. Bhg. Jen (B) Tan Sri Dato' Zain Mahmud Hashim, a Malaysian, aged 77, was appointed to the Board on 17 April 1978 and has been the Chairman of the Company since December 1986.

Tan Sri Dato' Zain is a graduate of the Royal Military Academy Sandhurst, United Kingdom and Harvard Business School's Advanced Management Programme. He is a retired Chief of Army in the Malaysian Armed Forces with 36 years of experience in the military and has more than 25 years of experience in the private sector.

Tan Sri Dato' Zain has an indirect shareholding of 53,321, ordinary shares of RM1.00 each in the Company and is a Director of two public companies, namely Hy-Line Berhad and Silverstone Berhad.

Tan Sri Dato' Zain attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2007.

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

Y. Bhg. Tan Sri William H.J. Cheng, a Malaysian, aged 64, was appointed to the Board on 21 February 1976.

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

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

Save for Silverstone Corporation Berhad and Silverstone Berhad, all the above companies are listed on Bursa Malaysia Securities Berhad.

Tan Sri William Cheng has an indirect shareholding of 629,113,455 ordinary shares of RM1.00 each in the Company. 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 109 and 110 of this Annual Report. He also has interests in certain companies which conduct similar business with the Company in the property development and plantation sectors.

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

Tan Sri William Cheng attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2007.

Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
Independent Non-Executive Director

Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim, a Malaysian, aged 68, was appointed to the Board on 30 March 1994. He is also the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

Datuk Seri Abdul Manap joined the Malaysian Army as an Officer Cadet in 1959. He was a graduate of the Royal Military College at Sungei Besi, the British Army School of Infantry in Netheravon, England, the US Army Command and General Staff College in Fort Leavenworth (Kansas), the US Naval Post Graduate School in Monterey (California) and the US Army War College in Carlyle Barracks (Pennsylvania). He held many important staff and command appointments at the Ministry of Defence, in the field and abroad. He retired in 1994 as Deputy Chief of Army from the Malaysian Armed Forces after having served 34 years in the military.

Datuk Seri Abdul Manap has also served as Chief Operating Officer with SUKOM Ninety Eight Berhad, the Organizing Committee of the highly successful Kuala Lumpur 98, XVI Commonwealth Games. At present, he is a Director of a local company in the Information Communications Technology (ICT) sector.

Datuk Seri Abdul Manap presently also sits on the Board of WTK Holdings Berhad, a public listed company, as an Independent Non-Executive Director.

Datuk Seri Abdul Manap attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2007.

M. Chareon Sae Tang @ Tan Whye Aun
Non-Independent Non-Executive Director

Mr M. Chareon Sae Tang @ Tan Whye Aun, a Malaysian, aged 68, was appointed to the Board on 25 March 1998. He is also the Chairman of the Company's Nomination Committee and Remuneration Committee, and a member of the Executive Share Option Scheme Committee and the Audit Committee.

Mr Tang obtained his Bachelor of Law degree from King's College, the University of London and is a Barrister-at-Law of the Inner Temple London. He has been in the legal practice since 1968, first as a legal assistant in Messrs Shearn & Delamore, and later a Partner at Messrs Chye, Chow Chung & Tang until 1976. Presently, he is a partner of the legal practice, Messrs C.S. Tang & Co.

Mr Tang is also a Director of Lion Corporation Berhad and Tomei Consolidated Berhad, both public listed companies.

Mr Tang attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2007.

Tan Siak Tee
Independent Non-Executive Director

Mr Tan Siak Tee, a Malaysian, aged 67, was appointed to the Board on 14 August 1998 as an Independent Non-Executive Director of the Company. He is also a member of the Audit Committee and Nomination Committee of the Company.

Mr Tan obtained his Bachelor of Commerce degree from the University of New South Wales, Australia. He is an associate of the Institute of Chartered Accountants of Australia and the Institute of Chartered Secretaries and Administrators. He is also a member of the Malaysian Institute of Certified Public Accountants. In 1965, he started his career as an Auditor in Coopers & Lybrand, Sydney and was later seconded to Coopers & Lybrand, Kuala Lumpur. He has extensive experience in the banking industry. He was the Chief Internal Auditor for Malaysian operations in Overseas Chinese Banking Corporation and Chung Khiaw Bank for the period from 1969 to 1971 and 1971 to 1973 respectively. He joined Lee Wah Bank Ltd in 1973 as Manager of Malaysia Central Office and was promoted to Director and Chief Executive Officer for Malaysian operation in 1975. He was a Director and Chief Executive Officer of United Overseas Bank (M) Berhad for the period from 1994 to 1997 after Lee Wah Bank Malaysian operation was incorporated in Malaysia in 1994. He was a Director and Adviser of Asia Commercial Finance Berhad from 1997 to 1999. In 2000, he joined the Bank of China (Malaysia) Berhad, a public company, as an Independent Non-Executive Director.

Mr Tan is also an Independent Non-Executive Director of Sunway City Berhad, a public listed company.

Mr Tan has a direct shareholding of 10,000 ordinary shares of RM1.00 each in the Company.

Mr Tan attended all five (5) Board Meetings of the Company held during the financial year ended 30 June 2007.

Save as disclosed, none of the Directors has (i) any interest in shares in the Company or its subsidiaries; (ii) any family relationship with any Director and/or major shareholder of the Company; (iii) any conflict of interest with the Company; and (iv) any conviction for offences within the past 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. Although the Company's securities had been de-listed from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board is fully committed in striving to achieve a high standard of corporate governance throughout the Group and shall continue to be guided by the Listing Requirements of Bursa Securities and the Malaysian Code on Corporate Governance ("Code") 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 Code. These principles and best practices have been applied consistently throughout the financial year ended 30 June 2007 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 2007, five (5) board meetings were held and each Director attended all the board meetings held during the financial year. A brief profile of each member of the Board is set out in the Directors' Profile section of this Annual Report.

Board Composition and Balance

The Board comprises five (5) Directors, all of whom are non-executive. The current Board composition is in line with the best practices recommended by the Code. The broad range of experience, skills and knowledge of the Directors effectively facilitates the discharge of the Board's stewardship.

Represented on the Board are two (2) 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 where 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 up to 31 August 2007, the date of resignation of the Managing Director.

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 the 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 their behalf whenever required. These committees operate under approved terms of reference or guidelines set out by the Board.

Supply of Information

The Board members, 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 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 Directors also have access to the advice and services of the Company Secretaries, who are responsible for 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. The members and terms of reference of the Nomination Committee are presented on page 15 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

The Directors are 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, an in-house seminar was held for the benefit of the Directors. Certain Directors have also attended other seminars and programmes other than that in relation to the in-house seminar.

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 Board views the attendance of the Directors at the aforementioned seminars and programmes as adequate to enhance their 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 15 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 2007 are categorised as follows:

	Fees RM'000	**Salaries & Other Emoluments RM'000**	**Total RM'000**
Executive Director	15	288	303
Non-executive Directors*	124	94	218
	139	382	521

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

	Number of Directors	
Range of Remuneration (RM)	**Executive**	**Non-executive***
25,000 & below	-	2
25,001 – 50,000	-	3
100,001 – 150,000	-	1
300,001 – 350,000	1	-

* Including a Director who passed away during the financial year.

3. RELATIONS WITH SHAREHOLDERS

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 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 three (3) Directors, majority of whom are independent. The terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 12 to 14 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. The Board is also responsible for 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 2007, 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 11 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. As such, although the Company's securities had been de-listed from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Group shall continue to be guided by the Listing Requirements of Bursa Securities as the underlying principle in discharging its responsibilities. Pursuant thereto, guided by the *Statement on Internal Control: Guidance for Directors of Public Listed Companies*, the Board present the Statement on Internal Control of the Group (excluding associated companies, as the Board does not have control over their operations).

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

The system of internal control was generally satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

AUDIT COMMITTEE REPORT

COMPOSITION

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

- **Members**

  Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
  (Chairman, Independent Non-Executive Director)

  Mr Tan Siak Tee
  (Independent Non-Executive Director)

  Mr M. Chareon Sae Tang @ Tan Whye Aun
  (Non-Independent Non-Executive Director)

  In pursuance of good corporate governance and in the interest of all stakeholders, the Company shall continue to be guided by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") although the securities of the Company had been de-listed. Pursuant thereto, the composition of the Audit Committee is in line with the requirements of the Listing Requirements of Bursa Securities.

- **Secretaries**

  The Secretaries of Amsteel Corporation Berhad, Ms Chan Poh Lan and Ms Wong Phooi Lin, 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, a majority of whom shall be independent Directors. The composition of the Audit Committee shall fulfill the requirements as prescribed in the Listing Requirements of Bursa Securities. 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 Managing Director, the Chief Internal Auditor and the Chief Financial Officer shall normally be invited to attend the meetings. At least once a year, the Audit Committee shall meet with the external auditors without the non-independent Directors being present. A majority of independent Directors present shall form a quorum.

  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.

- **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 external audits, and any matter the external auditors may wish to discuss (in the absence of management, where 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 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 interest 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 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 internal audit staff members and reasons thereof.

  (xi) To perform any other such function as may be agreed to by the Audit Committee and the Board.

ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year under review, five (5) Audit Committee Meetings were held for which full attendance were recorded for all the members of the Audit Committee.

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 their consideration and approval focusing particularly on changes in 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 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 a meeting with the external auditors without 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 for compliance with the Shareholders' Mandate.

NOMINATION COMMITTEE

Chairman : Mr M. Chareon Sae Tang @ Tan Whye Aun
(Non-Independent Non-Executive Director)

Members : Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
(Independent Non-Executive Director)

Mr Tan Siak Tee
(Independent Non-Executive Director)

Terms of Reference :

- To recommend to the Board, candidates for directorships in Amsteel Corporation 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 M. Chareon Sae Tang @ Tan Whye Aun
(Non-Independent Non-Executive Director)

Members : Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
(Independent Non-Executive Director)

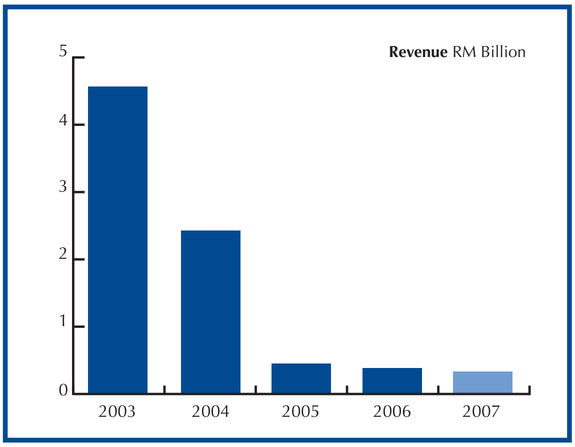
Terms of Reference :

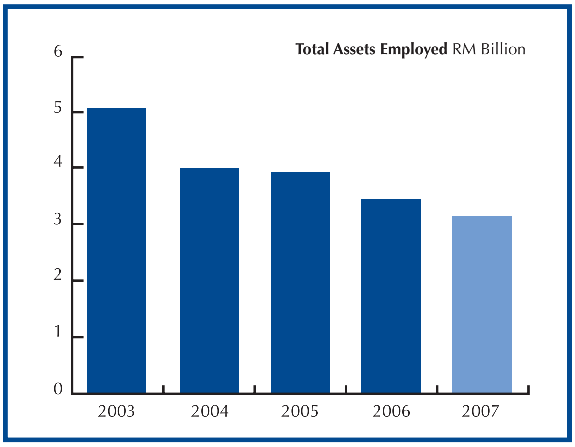
- To recommend to the Board the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary
- To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time

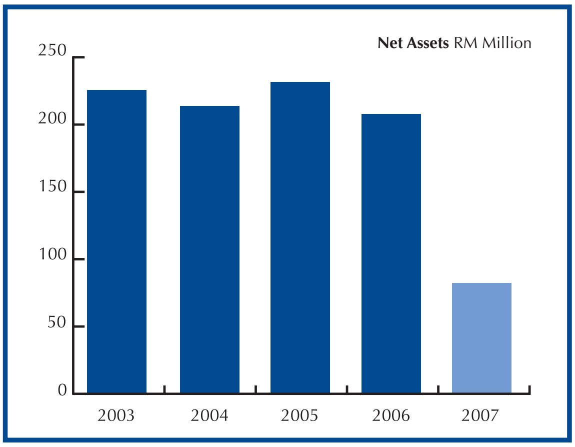
5 YEARS GROUP FINANCIAL HIGHLIGHTS

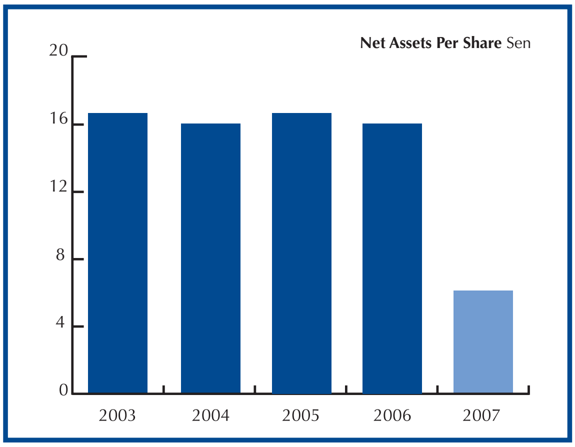
Financial years ended 30 June	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000
Revenue	4,564,239	2,421,041	447,724	383,243	334,039
Profit from operations	392,109	330,991	199,482	220,005	318,594
Profit/(Loss) before taxation	1,139,621	118,316	(201)	37,290	(7,586)
Profit/(Loss) after taxation	1,086,433	67,303	9,800	7,345	(26,415)
Total assets employed	5,043,271	4,004,262	3,933,428	3,458,498	3,158,332
Net assets	225,613	213,449	230,779	207,242	82,195
	Sen	Sen	Sen	Sen	Sen
Net assets per share	17	16	17	16	6
Earnings/(Loss) per share	118	1.8	0.5	0.6	(2.1)
	'000	'000	'000	'000	'000
Number of ordinary shares issued and fully paid	1,331,175	1,331,175	1,331,175	1,331,175	1,331,175

Note: The Group's financial highlights have been adjusted to account for the new or revised Financial Reporting Standards ("FRSs") of which certain FRSs have been adopted retrospectively.









THE GROUP'S BUSINESSES

- The Group's property projects include (clockwise, from left) the One Residency service apartments in Kuala Lumpur; Banyan Close bungalow units in Bandar Bukit Mahkota, Bangi; Mahkota Hotel and Tiara Melaka Golf & Country Club, both in Melaka.
- *Projek hartanah Kumpulan termasuk (arah jam, dari kiri) apartmen servis One Residency di Kuala Lumpur; banglo Banyan Close di Bandar Bukit Mahkota, Bangi; Hotel Mahkota dan Tiara Melaka Golf & Country Club, kedua-duanya terletak di Melaka.*

- The Group also has oil palm (far left) and rubber (left) plantations in Malaysia and Indonesia.
- *Kumpulan juga memiliki ladang kelapa sawit (paling kiri) dan getah (kiri) di Malaysia dan Indonesia.*

- Secom (M) Sdn Bhd provides total integrated 24-hour security services through its computerised centre monitoring system and provision of guards, for both residential and commercial properties.
- *Secom (M) Sdn Bhd menyediakan perkhidmatan keselamatan bersepadu 24-jam melalui sistem pengawalan pusat berkomputer dan membekal pengawal keselamatan untuk hartanah kediaman dan perniagaan.*

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan ini membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Amsteel Corporation Berhad bagi tahun kewangan yang berakhir 30 Jun 2007.

KAJIAN PENCAPAIAN

Bagi tahun kewangan berakhir pada 30 Jun 2007, Kumpulan telah mencatat perolehan yang rendah berjumlah RM334 juta berbanding RM383 juta pada tahun lalu disebabkan penyusutan bayaran pengebilan kemajuan projek daripada segmen pembangunan hartanah kita. Walau bagaimanapun, keuntungan operasi meningkat kepada RM319 juta disumbangkan terutamanya oleh keuntungan tukaran matawang asing yang diraih daripada pengukuhan nilai Ringgit berbanding dolar Amerika Syarikat.

Pada tahun ini, Kumpulan telah membuat peruntukan sekali sahaja berjumlah RM162 juta untuk dimasukkan balik bagi hartanah tetap (landed) berdasarkan nilai pasaran dan ihsan dalam syarikat-syarikat hartanah dan juga pelaburan dalam syarikat sekutu. Selepas mengambil kira kos kewangan berjumlah RM160 juta, Kumpulan mencatat kerugian berjumlah RM7.6 juta.

PERKEMBANGAN KOPORAT

(a) Pacific Agriculture And Development Sdn Bhd, anak syarikat milik penuh Kumpulan, pada 3 Ogos 2007 bersetuju untuk membuat penyelarasan lebih rendah terhadap harga jualan tanah pegangan bebas kepada Jemco Sdn Bhd daripada RM11.1 juta kepada RM8.3 juta selepas ia menerima tawaran daripada Pentadbir Tanah untuk membuat pembelian wajib sebahagian tanah pegangan bebas pada harga RM8.5 juta. Pertimbangan agregat hasil jualan tanah pegangan bebas ini berjumlah RM16.8 juta.

(b) Syarikat pada 8 Mei 2006 telah mengumumkan bahawa ia telah dikelaskan sebagai Penerbit Tersenarai Yang Terjejas di bawah Nota Amalan No.17/2005.

Bursa Malaysia Securities Berhad (“Bursa Securities”) dalam suratnya yang bertarikh 28 September 2007, memaklumkan kepada Syarikat bahawa pihaknya tidak dapat mempertimbangkan permohonan untuk mendapat lanjutan masa tambahan untuk membolehkan Syarikat membuat pengumuman perlu dan mengemukakan Pelan Regularisasi kepada pihak berkuasa. Bursa Securities dalam surat yang seterusnya bertarikh 1 Oktober 2007 memaklumkan kepada Syarikat bahawa ia akan bertindak mengeluarkan sekuriti Syarikat daripada Senarai Rasmi pada 11 Oktober 2007 (“Nyah-Senarai”).

Meskipun dinyah-senarai, Syarikat akan terus berbincang dengan para pemberi pinjaman dan memuktamadkan Pelan Regularisasi untuk menumpukan kedudukan kewangannya.

KAJIAN OPERASI

Bahagian Hartanah

Bagi tahun kewangan dalam kajian, Bahagian Hartanah kita mencatat perolehan yang rendah berjumlah RM130.4 juta berbanding RM181.2 juta pada tahun kewangan sebelumnya disebabkan terutamanya oleh penyusutan dalam bayaran pengebilan kemajuan projek. Sehubungan itu, keuntungan operasi juga menyusut kepada RM8.2 juta berbanding RM35.0 juta sebelumnya.

Bandar Bukit Mahkota, Bangi, Selangor

Bandar Bukit Mahkota merupakan sebuah perbandaran baru yang lengkap seluas 1,288 ekar dan boleh diakses melalui persimpangan khas Putra Mahkota. Ia menawarkan kehidupan desa berkualiti dengan perancangan untuk sebuah pusat komersil, hotel dan pasar raya besar. Ia juga menawarkan kawasan seni taman seluas 61 ekar yang meliputi tasik serta rumah kelab di kawasan seluas 12 ekar yang dijadualkan siap dibina pada awal tahun depan.

Sejak mula diperkenalkan dalam pasaran, lebih 4,500 buah hartanah kediaman mampu milik telah dilancarkan dengan hampir 94% terjual. Sehingga kini, sejumlah 3,841 unit telah disiapkan dan diserahkan kepada para pembeli. Berikutan kejayaan pelancaran rumah berkembar dan banglo, 141 unit rumah banglo khas (signature) telah dilancarkan pada bulan Mac 2006 di mana 60% dari fasa pertama telah dijual.

Bandar Akademia, Lenggeng, Negeri Sembilan

Bandar Akademia merupakan projek campuran kediaman dan komersil di atas tanah pegangan bebas seluas 1,827 ekar. Apabila siap, ia akan mempunyai unit kediaman bercampur dan dalam perancangan sebuah taman perniagaan lengkap dengan kemudahan awam.

Sehingga kini, kira-kira 6,000 buah lot banglo telah diselesaikan dan pakej pembinaan banglo yang diperkenalkan baru-baru ini, telah mendapat sambutan yang menggalakkan. Bagi pembangunan bercampur, rumah setingkat dan rumah teres dua tingkat kos sederhana kini dalam perancangan.

Bandar Mahkota, Banting, Selangor

Bandar Mahkota Banting terletak kira-kira 15 kilometer daripada Lapangan Terbang Antarabangsa Kuala Lumpur ("KLIA"). Dengan kawasan seluas 2,169 ekar tanah pegangan bebas, sehingga kini lebih 488 lot banglo dan rumah teres mampu milik telah terjual.

Permintaan hartanah untuk projek ini dijangka akan terus meningkat dengan pelaksanaan infrastruktur yang lebih baik. Salah satu daripadanya adalah Lebuh Raya Pantai Barat yang menghubungkan Taiping dan Banting. Perkembangan ini akan menguntungkan Bandar Mahkota Banting memandangkan laluan masuk dipertingkatkan dengan pembangunan fasa pertama lebuh raya berakhir di perbandaran ini dengan akses menerusi jalan utama Banting-Dengkil.

Taman Perindustrian Mahkota, Beranang, Selangor

Taman Perindustrian Mahkota terletak di bandar Beranang, yang mudah dikunjungi daripada Lebuhraya Utara-Selatan melalui Kajang, Bangi atau Nilai. Pembangunan taman seluas 277 ekar tanah pegangan bebas ini turut menawarkan lot industri, kilang teres berkos rendah dan kedai pejabat dua tingkat dengan keluasan lot antara 0.79 ekar kepada 6.15 ekar untuk industri bersaiz kecil dan sederhana.

One Residency, Kuala Lumpur

One Residency, Kuala Lumpur, terletak di luar Jalan Raja Chulan, telah dilancarkan pada bulan Disember 2005 dan menandakan pembabitan Kumpulan dalam sektor apartmen mewah di Kawasan Segi Tiga Emas Kuala Lumpur. Projek ini terdiri daripada tiga buah blok menara iaitu pejabat setinggi 15-tingkat dan dua suite servis mewah masing-masing setinggi 16-tingkat dan 30-tingkat yang mengandungi 426 unit.

Pembangunan ini telah mendapat sambutan yang baik daripada pasaran di dalam dan luar negara. Sejak dilancarkan lebih 96% daripada 426 unit telah dijual. Sehingga kini, pembinaannya telah mencapai tahap 55%.

Hotel dan Golf

Di Malaysia, Bahagian perniagaan ini mengendalikan Mahkota Hotel dan Tiara Melaka Golf & Country Club, kedua-duanya terletak di Melaka manakala di China ia mengendalikan Swiss-Belhotel Changchun, yang terletak di Changchun.

Mahkota Hotel Melaka terletak menghadap laut di tengah-tengah Bandaraya Melaka, hanya dalam jarak berjalan kaki untuk ke tempat-tempat lawatan utama dan pelbagai tarikan bersejarah. Hotel ini menawarkan suite apartmen ala pusat peranginan selain kemudahan persidangan dan sepanjang tahun kewangan, ia telah mencatat kadar penginapan purata lebih 50%.

Padang golf 27 lubang bertaraf antarabangsa di Tiara Melaka Golf & Country Club telah dinobatkan sebagai salah satu padang golf terbaik di negara ini, setelah menerima banyak anugerah. Baru-baru ini, ia telah diletakkan pada kedudukan padang golf keempat terbaik di Malaysia bagi tahun 2007 dalam kajian yang dilakukan oleh US Golf Digest. Kelab golf ini mempunyai lebih 1,000 ahli.

Swiss-Belhotel Changchun, terletak berdekatan dengan pusat bandar dan di tengah-tengah First Automobile Works yang terkenal. Changchun kini menjadi pusat pameran antarabangsa dan kegiatan kebudayaan di Timur Laut China. Bagi tahun kewangan dalam kajian, hotel yang mempunyai 206 bilik mencatatkan kadar purata penginapan lebih 60%.

Bahagian Perladangan

Kumpulan memiliki ladang kelapa sawit dan getah di Malaysia dan Indonesia dengan jumlah kawasan yang bertanam seluas kira-kira 7,251 hektar. Bagi tahun kewangan dalam kajian, Bahagian Perladangan telah mencatat perolehan yang tinggi berjumlah RM11.6 juta berbanding RM10.9 juta pada tahun kewangan sebelumnya. Peningkatan perolehan ini disebabkan terutamanya oleh kenaikan harga minyak sawit mentah dan susu getah yang dihasilkan itu.

Bahagian Perladangan juga dijangka akan terus mencatat prestasi yang baik memandangkan harga minyak sawit mentah dan getah, masing-masing kini berada di atas paras RM2,400 satu tan dan RM7.00 satu kilogram.

Operasi-operasi lain

Operasi-operasi lain termasuk perkhidmatan kawalan keselamatan dan peralatan berkaitan keselamatan, perkhidmatan pengangkutan serta pengeluaran dan penjualan barangan berkaitan keluli.

Secom (Malaysia) Sdn Bhd ("Secom"), sebuah usaha sama antara Kumpulan dengan Secom Co. Ltd, Japan dan Koperasi Polis Diraja Malaysia, menyediakan perkhidmatan keselamatan yang bersepadu 24 jam di bawah jenama SECOM. Perkhidmatan dan peralatan keselamatan yang disediakan oleh SECOM termasuk sistem pengawasan berpusat yang berkomputer bagi waktu kecemasan, TV litar tertutup (CCTV), perhubungan audio/video, audit keselamatan dan membekal pengawal bagi kawasan kediaman atau komersil.

TANGGUNGJAWAB SOSIAL KORPORAT

Kita menyedari akan pentingnya tanggungjawab sosial korporat ("CSR") sebagai sebahagian dari pelengkap perniagaan dan telah menerapkan rangka kerja kebertanggungjawaban dan ketelusan CSR dalam rancangan perniagaan untuk meningkatkan keyakinan para pemegang kepentingan. Sehubungan dengan itu, CSR menjadi satu komponen penting dalam amalan perniagaan yang baik yang disasarkan untuk kebaikan bersama masyarakat dan juga alam sekitar.

Dalam melaksanakan aktiviti perniagaannya, Kumpulan sentiasa prihatin akan tanggungjawabnya sebagai warga korporat, untuk menyumbang kembali kepada masyarakat sambil meningkatkan hasil perolehan dan juga nilai para pemegang saham. Kumpulan memberikan tumpuan untuk mambantu masyarakat dalam bidang pendidikan dan penjagaan kesihatan menerusi dua buah yayasan.

Yayasan Lion-ASM menyalurkan dana untuk pelbagai keperluan seperti pendidikan, kebajikan dan penyelidikan saintifik; dan setiap tahun ia memberikan biasiswa dan pinjaman pendidikan kepada pelajar-pelajar yang melanjutkan pelajaran di universiti-universiti tempatan. Dana Bantuan Perubatan Kumpulan Lion pula menawarkan bantuan kewangan kepada rakyat Malaysia yang memerlukan rawatan perubatan.

PROSPEK

Ekonomi Malaysia diramal akan terus kukuh dan mencatat pertumbuhan sebanyak 6% pada tahun 2007. Aktiviti hartanah dalam sektor kecil perdagangan dan kediaman dijangka meningkat berikutan penghapusan cukai keuntungan hartanah dan kelonggaran peraturan pemilikan asing dalam pembelian hartanah kediaman. Selari dengan tinjauan yang positif, Kumpulan akan menyegerakan pelancaran-pelancaran baru untuk memenuhi permintaan di dalam persekitaran pasaran yang berubah.

Bagi usaha untuk merasionalisasi operasinya, Kumpulan akan terus melupuskan baki aset bukan teras dan juga aset penjana pendapatan yang rendah untuk mengurangkan lagi pinjamannya.

LEMBAGA PENGARAH

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan kepada Allahyarham Tuan Haji Munajat bin Idris yang telah meninggal dunia pada 12 April 2007 atas sumbangan Allahyarham kepada Syarikat semasa beliau menjadi Pengarah. Allahyarham Tuan Haji Munajat telah menjadi Pengarah Syarikat semenjak 2001 dan merupakan Pengerusi Jawatankuasa Audit dan ahli Jawatankuasa Pelantikan dan Jawatankuasa Ganjaran Syarikat.

Encik Ong Kek Seng telah meletak jawatan sebagai Pengarah Urusan Syarikat pada 31 Ogos 2007. Lembaga Pengarah ingin merakamkan rasa penghargaan kepada Encik Ong atas sumbangannya kepada Syarikat sebelum ini.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengambil peluang ini untuk merakamkan ucapan terima kasih dan penghargaan kepada para pelanggan, pemegang saham, pembiaya dan sekutu-sekutu perniagaan yang dihormati atas keyakinan dan sokongan berterusan yang diberikan dan kepada Kerajaan serta pihak berkuasa atas pandangan dan kefahaman mereka. Akhir sekali, saya ingin merakamkan penghargaan kepada semua pekerja di atas dedikasi dan komitmen yang diberikan sepanjang tahun kewangan.

JEN (B) TAN SRI DATO' ZAIN MAHMUD HASHIM
Pengerusi

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("Board"), I hereby present the Annual Report and Audited Financial Statements of Amsteel Corporation Berhad for the financial year ended 30 June 2007.

FINANCIAL PERFORMANCE

For the financial year ended 30 June 2007, the Group achieved a lower revenue of RM334 million compared with RM383 million last year mainly due to lower progress billings from our property development segment. However, operating profit was higher at RM319 million mainly due to translation gain arising from the strengthening of the Ringgit against the US Dollar.

During the year, the Group had made a one-off allowance of RM162 million in respect of the write-down of its landed properties to market value as well as goodwill in the property companies and also investment in its associate. After providing for finance costs of RM160 million, the Group recorded a loss of RM7.6 million.

CORPORATE DEVELOPMENTS

(a) Pacific Agriculture And Development Sdn Bhd, a wholly-owned subsidiary of the Group, had on 3 August 2007 agreed to adjust downwards the selling price of its freehold land to Jemco Sdn Bhd from RM11.1 million to RM8.3 million after it had accepted the offer from the Land Administrator to compulsorily acquire part of the freehold land for RM8.5 million. The aggregate consideration in respect of the disposal of the freehold land was RM16.8 million.

(b) The Company had on 8 May 2006 announced that it had been classified as an Affected Listed Issuer under Practice Note No. 17/2005.

    Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 28 September 2007, notified the Company that it was not able to consider the Company's application for further extension of time for the Company to make the requisite announcement and submit its Regularisation Plan to the relevant authorities. Bursa Securities had further in its letter dated 1 October 2007, notified the Company that it will proceed to remove the securities of the Company from its Official List on 11 October 2007 ("De-listing").

    Notwithstanding the De-listing, the Company will continue to work with its advisers to negotiate with its lenders and finalise the Regularisation Plan to address its financial position.

REVIEW OF OPERATION

Property Division

For the financial year under review, our Property Division recorded a lower revenue of RM130.4 million as compared to RM181.2 million for the previous year mainly due to lower progress billings. Accordingly, operating profit was lower at RM8.2 million compared to RM35.0 million previously.

Bandar Bukit Mahkota, Bangi, Selangor

Bandar Bukit Mahkota is a self-contained 1,288 acre township accessible via the dedicated Putra Mahkota Interchange. It offers quality country living with a planned commercial centre, hotel and hypermarket. It also offers 61 acres of landscaped gardens and lakes together with a 12-acre clubhouse scheduled for completion by early next year.

Since its entry into the market, more than 4,500 units of affordable residential properties have been launched with close to 94% sold. Todate, a total of 3,841 units have been completed and delivered to purchasers. Following the successful launch of the semi-detached houses and the bungalows, 141 units of signature bungalow homes were launched in March 2006 of which 60% sales have been achieved under its Phase 1.

Bandar Akademia, Lenggeng, Negeri Sembilan

Bandar Akademia is a mixed residential and commercial project situated on 1,827 acres of freehold land. When completed, it will feature a mix of residential units and a planned business park complete with public amenities.

Todate about 6,000 units of bungalow lots have been completed and the recent introduction of bungalow construction packages has received encouraging response. For the mixed development components, medium cost single storey and double storey terrace houses are in the pipeline.

Bandar Mahkota, Banting, Selangor

Bandar Mahkota Banting is located about 15km from the Kuala Lumpur International Airport ("KLIA"). Sited on 2,169 acres of freehold land, more than 488 units of bungalow lots and affordable terrace houses have been sold todate.

It is envisaged that property demand will continue to escalate with the commencement of infrastructural improvements, one of which is the RM3 billion West Coast Highway which will link Taiping and Banting. This will benefit Bandar Mahkota Banting as its accessibility will be further enhanced with the first phase of the Highway's development ending at the township and exiting through the Banting-Dengkil trunk road.

Mahkota Industrial Park, Beranang, Selangor

Mahkota Industrial Park, located in the vicinity of Beranang town, is easily accessible by the North-South Expressway via Kajang, Bangi or Nilai. Covering 277 acres of freehold land, the development includes industrial lots, low cost terrace factories and double storey shop offices with lot sizes ranging from 0.79 acre to 6.15 acres catering to small and medium size industries.

One Residency, Kuala Lumpur

One Residency, Kuala Lumpur, located off Jalan Raja Chulan, was launched in December 2005 and marked the Group's entry into the upmarket apartment sector in Kuala Lumpur's Golden Triangle. The project comprises three tower blocks, consisting of a 15-storey annexed office tower and two blocks of high-end service suites of 16 storeys and 30 storeys totalling 426 units.

This development has received good response from the market, both local and foreign. Since its launch, more than 96% of the 426 units have been sold. Todate, the stage of construction has reached 55%.

Hotel and Golf

The Division in Malaysia operates the Mahkota Hotel and Tiara Melaka Golf & Country Club, both located in Melaka, while in China, it operates the Swiss-Belhotel Changchun, located at Changchun.

Mahkota Hotel, situated on the seafront in the heart of Melaka town, is within walking distance to major sightseeing and various historical attractions. The hotel offers resort-styled apartment suites and convention facilities and during the year under review, had achieved an average occupancy rate of more than 50%.

The 27-hole international class golf course in Tiara Melaka Golf & Country Club was adjudged one of the best golf courses in the country, having received many accolades and honours. Recently, it was ranked the fourth best golf course in Malaysia for the year 2007 in a survey by US Golf Digest. The golf club has more than 1,000 members.

Swiss-Belhotel Changchun is located in close proximity to the City Centre and in the heart of the renowned First Automobile Works. Changchun is now the hub of international exhibitions and cultural activities in Northeast China. For the financial year under review, the 206-room hotel recorded an average occupancy rate in excess of 60%.

Plantation Division

The Group has oil palm and rubber plantations in Malaysia and Indonesia with a planted area of approximately 7,251 hectares. For the financial year under review, the Plantation Division recorded slightly higher revenue of RM11.6 million compared to RM10.9 million in the previous financial year. The increase in revenue was mainly due to higher crude palm oil ("CPO") prices and higher volume of latex produced.

The Division is expected to continue to perform well as the prices of CPO and rubber are presently above RM2,400 per metric ton and more than RM7.00 per kg respectively.

Other Operations

Other operations are mainly involved in the provision of security services and security related equipment, transportation services, and manufacture and sale of steel related products.

Secom (Malaysia) Sdn Bhd ("Secom"), the Group's joint-venture with Secom Co. Ltd, Japan and the Malaysian Police Co-operative Society, provides total integrated 24-hour security services under the SECOM brand. The security services and equipment provided by Secom include computerised central monitoring system of emergency response, CCTV, audio/video intercom, security audit and the supply of guards for residential and commercial properties.

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. In this regard, CSR is becoming an important component of good business practice aimed at improving society and the environment.

In carrying out its business activities, the Group is mindful of its responsibility as a corporate citizen, in giving back to society while contributing to the bottom-line and shareholders' value. The Group is focused on improving the community through education and medical care through two Foundations.

The Lion-ASM Foundation disburses funds for various needs such as education, charity and scientific research; and every year, gives out scholarships and education loans to undergraduates in the local universities. The Lion Group Medical Assistance Fund provides financial assistance to needy Malaysians who require medical treatment.

PROSPECTS

The Malaysian economy is forecasted to further strengthen and register a growth of 6% in 2007. Property activities in the commercial and residential sub-sectors are expected to rise following the removal of real property gains tax and the relaxation of rules on foreign ownership of residential properties. In line with the positive outlook, the Group will speed up its new launches to meet the demands of the changing market environment.

On its rationalisation exercises, the Group will continue to divest the remaining non-core and low-income generating assets to further reduce its borrowings.

BOARD OF DIRECTORS

On behalf of the Board, I would like to record our appreciation for the late Tuan Haji Munajat bin Idris who passed away on 12 April 2007 for his invaluable contributions to the Company during his tenure of office. The late Tuan Haji Munajat had been a Director of the Company since 2001 and was the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

Mr Ong Kek Seng resigned as the Managing Director of the Company on 31 August 2007. The Board wishes to record its appreciation to Mr Ong for his past contributions to the Company.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude and appreciation to our valued customers, shareholders, financiers and business associates for their continued confidence and support and to the Government and regulatory authorities for their guidance and understanding. Last but not least, I would like to record our appreciation to all our employees for their dedication and commitment throughout the year.

JEN (B) TAN SRI DATO' ZAIN MAHMUD HASHIM
Chairman

主席报告

我谨代表董事部，欣然向您提呈合钢实业有限公司，截至2007年6月30日止财政年度内的常年报告及经审核财务报表。

财务业绩

截至2007年6月30日止，本集团取得3亿3千400万令吉的收入，比之前一个财政年度的3亿8千300万令吉少，主要是因为我们的产业发展业务的收入较低之故。虽然如此，本集团的营运盈利大有改善，增至今年的3亿1千900万令吉，主要来自令吉兑美元的汇率增强所带来的外汇盈馀。

本集团在本年度内做出1亿6千200万令吉一次性的资产减值准备，主要是调整产业帐面价值至市场价值，和其相关产业公司的商誉，以及联号公司的投资。在扣除融资费用1亿6千万令吉后，本集团蒙受760万令吉的亏损。

企业发展

(a) 在2007年8月3日，本集团的独资子公司Pacific Agriculture And Development Sdn Bhd，同意把其转售给Jemco Sdn Bhd的永久地契土地的售价从1千110万令吉调低至830万令吉。这是其在接受土地执行人员以850万令吉的献议价，以强制收购的方式，收购部分永久地契土地所做的决定。脱售此永久地契土地的总计为1千680万令吉。

(b) 本公司在2006年5月8日宣布已被归类为受上市规则第17/2005项条文影响的上市公司。

马来西亚证券交易所有限公司(“证券交易所”)已在2007年9月28日发出函件通知本公司, 证券交易所不会考虑公司申请延长期限以做出必要的宣布及向相关当局提呈正常化计划。证券交易所进一步在2007年10月1日发函通知本公司，证券交易所将在2007年10月11日将本公司的证券从正式上市名单中去除（“除牌”）。

尽管除牌，本公司仍将继续和谘询顾问及借贷人商讨正常化计划，以便解决其财务状况。

业务检讨

产业组

在检讨年度内，我们的产业业务的收入为1亿3千40万令吉，比之前财政年度的1亿8千120万令吉减少，主要是因为较低的产业工程进度收入之故。因此，营运盈利也从之前的3千500万令吉减少至820万令吉。

Bandar Bukit Mahkota - 雪兰莪州万宜

Bandar Bukit Mahkota是个完备并占地1千288依格的城镇，可从Putra Mahkota交通枢纽通达。这个城镇提供优秀的郊区生活，拥有规划良好的商业中心、酒店和霸级市场，还设有占地61依格美丽景观设计的公园和湖泊及面积12依格的俱乐部，料在明年初竣工。

自推介以来，这个城镇共推出逾4千500价格实惠的单位，并售出近94%。至今，已完工及交给购买者的产业达3千841单位。随着之前成功推介的半独立式和独立式洋房，本集团在2006年3月再推介141单位的特征别墅，第一期获得60%的销售。

Bandar Akademia - 森美兰州宁宜

Bandar Akademia 占地面积1千827依格，拥有永久地契，是个结合住宅和商业计划的综合城镇。一旦建竣，它将拥有综合住宅社区和规划良好的商业园并具有设备完善的公共设施。

至今共有约6千单位的别墅地段已完工，而近期推出的别墅兴建配套获得令人鼓舞的反应。综合发展单位方面，中价单层和双层排屋目前正在进行中。

Bandar Mahkota - 雪兰莪州万津

万津的Bandar Mahkota距离吉隆坡国际机场约15公里，占地2千169依格，坐落在永久地契土地上，至今售卖超过488单位的别墅地段和价格实惠的排屋。

随着基本设施的建设不断改善，人们对产业的需求量料将继续扬升，其中包括总值30亿令吉，连接太平和万津的西海岸大道的动工，将使万津的Bandar Mahkota受惠，交通更为四通八达，因为西海岸大道第一期发展工程的终点处于Bandar Mahkota，也通往Banting - Dengkil 干线公路。

Mahkota Industrial Park - 雪兰莪州巴玲珑

Mahkota Industrial Park位於巴玲珑市区附近，可轻易的取道南北大道通往加影、万宜或汝来。这个工业园涵盖277依格的永久地契土地，发展包括工业地段、廉价排屋式工厂及双层店屋办公室，地段面积介于0.79依格到6.15依格，供给中小型工业的需求。

One Residency - 吉隆坡

吉隆坡One Residency位於拉惹朱兰路附近，于2005年12月推介，也象征本集团进军吉隆坡金三角地带的高档公寓领域。这项计划涵盖三栋大楼，包括一栋15层办公楼、两栋分别为16层和30层共计426单位的高档服务公寓。

这项发展计划获得本地和国外市场的良好反应。自推介以来，96%，即426单位已售出，建筑工程至今已达55%完工。

酒店和高尔夫球

本集团在马来西亚的业务包括在马六甲经营的皇冠酒店和Tiara Melaka Golf & Country Club，而中国的业务是在长春经营的吉林车城花园酒店。

皇冠酒店位於马六甲心脏地带的滨海区，主要的景点及不同的历史古迹，都在步行可到的范围内。这间酒店提供度假式的公寓套房及举办大会的设备。检讨年度内，皇冠酒店的住宿率超过50%。

Tiara Melaka & Country Club是符合国际水准，拥有27个洞的高尔夫球场，被认定为国内其中最优秀的高尔夫球场地之一，并赢得许多赞美和荣誉。最近更获

得US Golf Digest选为2007年马来西亚第四佳的高尔夫球场。这个高尔夫球俱乐部目前拥有逾1千名会员。

吉林车城花园酒店毗邻市中心，处於闻名遐迩的中国第一汽车集团公司区域内。长春目前是中国东北部的国际展览和文化活动中心。检讨年度内，这间拥有206间房的酒店，平均取得逾60%的住宿率。

园丘组

本集团在马来西亚和印尼皆涉足油棕和树胶种植业务，种植面积达约7千251公顷。检讨年度内，园丘组取得较高的收入，从之前财政年的1千90万令吉增加至1千160万令吉。收入增加主要是因为原棕油价格走高及乳胶产量提高。

由於原棕油及树胶价格分别处于每公吨2千400令吉及每公斤逾7令吉水平，园丘组料将继续表现良好。

其他业务

本集团的其他业务主要是涉及保安服务及保安相关配备、运输服务及钢铁相关产品的加工和销售。

Secom (Malaysia) Sdn Bhd (“Secom”)是本集团和日本Secom Co. Ltd及马来西亚警察合作社的联营公司，在SECOM品牌下提供全面的24小时保安服务。Secom所提供的保安服务和配备包括紧急事件电脑化中央监视系统、闭路电视、音频/视频对讲机、保安审查及为住宅和商业产业提供保安人员服务。

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。在这方面，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。

本公司在展开商业活动时，深切了解作为企业公民的责任，在对股东在企业的价值作出贡献的同时，也要回馈社会。因此本集团通过两项基金，以教育和医疗服务来回馈社会。

Lion-ASM基金拨款作各种用途，诸如教育、慈善及科学研究；每年提供奖学金和贷学金给在本地大学深造的在籍大学生。金狮集团医药援助基金则为迫切需要医疗的马来西亚人提供财务援助。

展望

马来西亚经济料将继续加强表现，并在2007年取得6%的经济成长。随着政府撤销产业盈利税及放宽外国人对住宅产业拥有权的限制，产业活动的商业和住宅从属领域料将取得更高成长。配合积极乐观的展望，本集团将加速新产业的推介，以迎合需求日益变更的市场环境。

合理化计划方面，本集团将继续脱售馀下的非核心和低收入资产，以进一步减少债务。

董事部

我谨代表董事部，感谢我们于2007年4月12日去世的已故Tuan Haji Munajat bin Idris在担任董事期间的贡献。已故Tuan Haji Munajat自2001年已担任本公司董事，而且也是审核委员会的主席，推荐委员会和薪酬委员会的会员。

王克成先生于2007年8月31日辞去董事经理的职位，董事部借此机会感谢他在任职期间对公司的贡献。

鸣谢

我谨代表董事部，衷心感谢珍贵的客户、股东、银行机构、商业夥伴对本集团的持续支持和信心，及政府和执法当局的指导和谅解。最後，我要感谢全体职员全年尽忠职守和为工作献身的精神。

主席
JEN (B) TAN SRI DATO’ ZAIN MAHMUD HASHIM

FINANCIAL STATEMENTS 2007

For The Financial Year Ended 30 June 2007

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in Note 17 to the financial statements.

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

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Net loss for the financial year	(26,415)	(642,136)
Attributable to:		
Equity holders of the Company	(28,271)	(642,136)
Minority interests	1,856	-
	(26,415)	(642,136)

DIVIDENDS

The Directors do not recommend any dividend payment in respect of the financial year ended 30 June 2007.

RESERVES AND PROVISIONS

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

SHARE CAPITAL

There was no increase in the issued and paid-up capital of the Company during the financial year.

DIRECTORS

The Directors who served since the date of the last report are:

Jen (B) Tan Sri Dato' Zain Mahmud Hashim
Tan Sri William H.J. Cheng
Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
M. Chareon Sae Tang @ Tan Whye Aun
Tan Siak Tee
Ong Kek Seng (Resigned with effect from 31.8.2007)
Munajat bin Idris (Passed away on 12.4.2007)

In accordance with Article 98 of the Company's Articles of Association, Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Pursuant to Section 129 (6) of the Companies Act, 1965, Y. Bhg. Jen (B) Tan Sri Dato' Zain Mahmud Hashim retires and offers himself for re-appointment as Director of the Company to hold office until the next Annual General Meeting.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member or with a company in which a Director has a substantial financial interest save and except for fees for professional services paid to a firm of which Mr M. Chareon Sae Tang is a partner in his capacity as an advocate and solicitor, and except for any benefit which may be deemed to have arisen by virtue of the balances and transactions between the Company and its related companies and certain companies in which certain Directors of the Company and/or its subsidiary companies are substantial shareholders as disclosed in Note 37 to the financial statements.

Except as disclosed below, 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:

i) a multiple call option to purchase RM66.6936 million redeemable convertible unsecured loan stocks ("Option RCULS") in Lion Diversified Holdings Berhad ("LDHB") granted by the Company to Tan Sri William H.J. Cheng for a consideration of RM66.6936 million for the RM66.6936 million Option RCULS at any time between 1 June 2004 and 15 December 2006 including any shares in LDHB as may be converted from the Option RCULS. Tan Sri William H.J. Cheng has fully exercised the Option RCULS under the multiple call option and converted all the Option RCULS into 39,860,372 shares in LDHB; and

ii) a double put option to require Tan Sri William H.J. Cheng to purchase from the Company, (a) RM33.3468 million Option RCULS for a consideration of RM33.3468 million on 15 December 2005 ("1st Option") and (b) RM33.3468 million Option RCULS for a consideration of RM33.3468 million or RM66.6936 Option RCULS for a consideration of RM66.6936 million if the 1st Option is not exercised, on 15 December 2006, including any shares in LDHB as may be converted from the respective Option RCULS. The Company did not exercise the double put option.

DIRECTORS' INTERESTS

The Directors' interests in shares in the Company are as follows:

	Number of ordinary shares			
	As at 1.7.2006	**Additions**	**Disposals**	**As at 30.6.2007**
Direct interest in shares				
Tan Siak Tee	10,000	-	-	10,000
Indirect interest in shares				
Tan Sri William H.J.Cheng	629,038,255	-	-	629,038,255

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

	Nominal value per preference share	As at 1.7.2006	Number of shares Additions	Disposals	As at 30.6.2007
Direct interest in shares					
Ong Kek Seng					
Hy-Line Berhad	RM1,000	1	-	-	1

	Nominal value per ordinary share	As at 1.7.2006	Number of shares Additions	Disposals	As at 30.6.2007
Indirect interest in shares					
Tan Sri William H.J. Cheng					
Ambang Maju Sdn Bhd	RM1.00	70,000	-	-	70,000
Ayer Keroh Resort Sdn Bhd	RM1.00	20,000,000	-	-	20,000,000
Bungawang Sdn Berhad	RM1.00	25,000	-	-	25,000
Crystavel Sdn Bhd (In Liquidation - Voluntary)	RM1.00	998	-	-	998
Davids Warehousing Sdn Bhd (In Liquidation - Voluntary)	RM1.00	4,080,000	-	-	4,080,000
Dwiwater Sdn Bhd	RM1.00	5,252	-	-	5,252
Kobayashi Optical Sdn Bhd	RM1.00	700,000	-	-	700,000
Lion Mutiara Parade Sdn Bhd	RM1.00	6,000,000	-	-	6,000,000
Lion Plantations Sdn Bhd	RM1.00	8,000,000	-	-	8,000,000
Salient Care Sdn Bhd	RM1.00	1,400,000	-	-	1,400,000
Secom (Malaysia) Sdn Bhd	RM1.00	5,100,000	-	-	5,100,000
Visionwell Sdn Bhd	RM1.00	16,000,000	-	-	16,000,000
Masoni Investment Pte Ltd	*	9,500,000	-	-	9,500,000
P T Amsteel Securities Indonesia	Rp1,000	9,350,000	-	-	9,350,000
P T Kebunaria	Rp1,000,000	17,000	-	-	17,000

	Nominal value per preference share	As at 1.7.2006	Number of shares Additions	Disposals	As at 30.6.2007
Lion Mutiara Parade Sdn Bhd	RM0.01	8,400,000	-	-	8,400,000
Hy-Line Berhad	RM1,000	2,483	-	-	2,483

Investment in the People's Republic of China	**Currency**	**As at 1.7.2006**	**Additions**	**Disposals**	**As at 30.6.2007**
Jilin Motor City Park Hotel Co Ltd	Rmb	60,000,000	-	-	60,000,000

* Shares in companies incorporated in Singapore do not have a par value

Other than as disclosed above, the Directors of the Company do not have any other interest in shares in the Company or its related companies during and at the end of the financial year.

EXECUTIVE SHARE OPTION SCHEME

The Executive Share Option Scheme ("ESOS") established for the benefit of eligible executive Directors and executive employees of the Group became effective on 1 June 2006. The salient features and other terms of the ESOS are disclosed in Note 27 to the financial statements.

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

OTHER STATUTORY INFORMATION

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

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

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

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

(a) which would render the amounts written off for bad receivables or the amount of allowance for doubtful receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

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

In the opinion of the Directors:

(a) except as disclosed in the financial statements, the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) except as disclosed in the financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Details of a significant event during the financial year is disclosed in Note 42 to the financial statements.

SUBSEQUENT EVENT

Details of a subsequent event is disclosed in Note 43 to the financial statements.

AUDITORS

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

Signed in accordance with a resolution of the Directors dated 2 October 2007.

JEN (B) TAN SRI DATO' ZAIN MAHMUD HASHIM
Chairman

TAN SRI WILLIAM H.J. CHENG
Director

Kuala Lumpur

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	2007 RM'000	2006 RM'000 Restated	2007 USD'000
Revenue	7	**334,039**	383,243	96,767
Other operating income		**220,649**	146,282	63,919
Changes in inventories		**(697)**	(955)	(202)
Raw materials and consumables used		**(12,082)**	(20,742)	(3,500)
Property development expenditure	21(b)	**(74,031)**	(123,209)	(21,446)
Purchase of trading goods		**(7,930)**	(11,052)	(2,297)
Employee benefits expense	8	**(32,849)**	(28,430)	(9,516)
Depreciation and amortisation expenses		**(11,874)**	(14,419)	(3,440)
Other operating expenses		**(96,631)**	(110,713)	(27,992)
Profit from operations	9	**318,594**	220,005	92,293
Impairment losses	10	**(162,436)**	-	(47,056)
Finance costs	11	**(159,737)**	(169,524)	(46,274)
Share in results of associated companies		**(4,007)**	(13,191)	(1,161)
(Loss)/Profit before taxation		**(7,586)**	37,290	(2,198)
Taxation	12	**(18,829)**	(29,945)	(5,454)
Net (loss)/profit for the financial year		**(26,415)**	7,345	(7,652)
Attributable to:				
Equity holders of the Company		**(28,271)**	8,192	(8,190)
Minority interests		**1,856**	(847)	538
Net (loss)/profit for the financial year		**(26,415)**	7,345	(7,652)
(Loss)/Earnings per share attributable to equity holder of the Company:				
- Basic (sen)	13	**(2.1)**	0.6	(0.6)

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

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2007

	Note	2007 RM'000	2006 RM'000 Restated	2007 USD'000
ASSETS				
Non-current assets				
Property, plant and equipment	14	**412,199**	518,733	119,409
Biological assets	15	**28,550**	30,698	8,271
Associated companies	16	**74,038**	125,639	21,448
Interest in joint-ventures	18	**-**	31	-
Investments	19	**1,267,755**	1,272,472	367,252
Deferred expenditure	20	**-**	134	-
Land held for property development	21(a)	**298,465**	352,531	86,461
Goodwill	22	**-**	49,183	-
Deferred tax assets	33	**5,139**	9,144	1,489
		2,086,146	2,358,565	604,330
Current assets				
Investments	19	**297,591**	221,616	86,208
Property development costs	21(b)	**114,618**	138,586	33,203
Inventories	23	**158,949**	162,032	46,046
Receivables	24	**292,051**	371,589	84,603
Tax recoverables		**32,737**	21,897	9,484
Deposits, cash and bank balances	25	**169,921**	184,213	49,224
		1,065,867	1,099,933	308,768
Non-current assets classified as held for sale	26	**6,319**	-	1,830
		1,072,186	1,099,933	310,598
TOTAL ASSETS		**3,158,332**	3,458,498	914,928
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	27	**1,331,175**	1,331,175	385,624
Share premium		**230,188**	230,188	66,683
Revaluation reserve		**118,384**	204,430	34,294
Other reserves	28	**532,933**	560,971	154,384
Accumulated losses		**(2,130,485)**	(2,119,522)	(617,174)
		82,195	207,242	23,811
Minority interests		**24,597**	23,096	7,125
Total equity		**106,792**	230,338	30,936

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

CONSOLIDATED BALANCE SHEET (continued)

AS AT 30 JUNE 2007

	Note	2007 RM'000	2006 RM'000 Restated	2007 USD'000
Non-current liabilities				
ACB Bonds and USD Debts	30	**1,163,358**	1,656,289	337,010
Long term borrowings	31	**4,024**	5,056	1,166
Finance lease liabilities	32	**214**	267	62
Deferred liabilities		**8,056**	8,110	2,333
Deferred tax liabilities	33	**10,027**	21,887	2,905
		1,185,679	1,691,609	343,476
Current liabilities				
Payables	34	**281,415**	377,246	81,522
Finance lease liabilities	32	**102**	96	30
Provisions	35	**27,060**	19,484	7,839
ACB Bonds and USD Debts	30	**1,503,433**	1,045,269	435,525
Short term borrowings	36	**28,331**	77,043	8,207
Tax liabilities		**25,520**	17,413	7,393
		1,865,861	1,536,551	540,516
Total liabilities		**3,051,540**	3,228,160	883,992
TOTAL EQUITY AND LIABILITIES		**3,158,332**	3,458,498	914,928

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

COMPANY INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	2007 RM'000	2006 RM'000	2007 USD'000
Revenue	7	**176,079**	189,102	51,008
Other operating income		**137,712**	73,382	39,893
Employee benefits expense	8	**(454)**	(624)	(131)
Depreciation		**(94)**	(128)	(27)
Other operating expenses		**(740,505)**	(5,335)	(214,515)
(Loss)/Profit from operations	9	**(427,262)**	256,397	(123,772)
Impairment losses	10	**(55,679)**	(62,350)	(16,129)
Finance costs	11	**(153,295)**	(160,359)	(44,408)
(Loss)/Profit before taxation		**(636,236)**	33,688	(184,309)
Taxation	12	**(5,900)**	(5,228)	(1,709)
Net (loss)/profit for the financial year		**(642,136)**	28,460	(186,018)

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

COMPANY BALANCE SHEET

AS AT 30 JUNE 2007

	Note	2007 RM'000	2006 RM'000	2007 USD'000
ASSETS				
Non-current assets				
Property, plant and equipment	14	**74**	157	21
Associated companies	16	**12,380**	52,059	3,586
Subsidiaries companies	17	**439,120**	455,120	127,208
Investments	19	**1,200,168**	1,233,477	347,673
		1,651,742	1,740,813	478,488
Current assets				
Investments	19	**297,591**	221,616	86,208
Receivables	24	**2,948,129**	3,672,514	854,036
Tax recoverable		**12,128**	9,674	3,513
Deposits, cash and bank balances	25	**13,093**	29,062	3,793
		3,270,941	3,932,866	947,550
TOTAL ASSETS		**4,922,683**	5,673,679	1,426,038
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	27	**1,331,175**	1,331,175	385,624
Share premium		**230,188**	230,188	66,683
Accumulated losses		**(708,644)**	(66,508)	(205,285)
Total equity		**852,719**	1,494,855	247,022
Non-current liability				
ACB Bonds and USD debts	30	**1,189,151**	1,716,022	344,482
Current liabilities				
Payables	34	**1,355,340**	1,423,253	392,624
ACB Bonds and USD Debts	30	**1,525,473**	1,039,549	441,910
		2,880,813	2,462,802	834,534
Total liabilities		**4,069,964**	4,178,824	1,179,016
TOTAL EQUITY AND LIABILITIES		**4,922,683**	5,673,679	1,426,038

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	2007 RM'000	2006 RM'000 Restated	2007 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation		**(7,586)**	37,290	(2,198)
Adjustment for non-cash items, interests and dividends	41(a)	**40,741**	(7,433)	11,802
Operating profit before working capital changes		**33,155**	29,857	9,604
Increase in inventories		**(2,637)**	(12,037)	(764)
Decrease in property development costs		**10,307**	55,777	2,986
Decrease in trade and other receivables		**50,530**	166,310	14,638
Decrease in trade and other payables		**(81,464)**	(23,193)	(23,599)
Cash generated from operations		**9,891**	216,714	2,865
Tax paid		**(24,000)**	(17,696)	(6,952)
Net cash (outflow)/inflow from operating activities		**(14,109)**	199,018	(4,087)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		**(9,859)**	(5,424)	(2,856)
Increase in land held for property development		**-**	(28,161)	-
Repayment from associated companies		**8,167**	2,180	2,366
Deferred expenditure incurred		**-**	(37)	-
Proceeds from disposal of property, plant and equipment		**974**	3,672	282
Proceeds from disposal of investments		**102,736**	80,796	29,761
Proceeds from disposal of property development		**-**	59,040	-
Proceeds from redemption of investments		**5,461**	3,705	1,582
Proceeds from disposal of an associated company		**280**	-	81
Subsidiary company in liquidation, net of cash and bank balances		**-**	16	-
Dividend received		**3,288**	4,423	953
Interest received		**24,254**	33,136	7,026
Net cash inflow from investing activities		**135,301**	153,346	39,195

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

CONSOLIDATED CASH FLOW STATEMENT (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	2007 RM'000	2006 RM'000 Restated	2007 USD'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid to minority interests		**(355)**	(353)	(103)
Net decrease in short term borrowings		**(28,038)**	(1,445)	(8,122)
Repayment of long term borrowings		**(3,493)**	(2,615)	(1,012)
Redemption/repayment of bonds and USD debts		**(73,464)**	(433,470)	(21,281)
Repayment of finance lease liabilities		**(47)**	(107)	(14)
Interest paid		**(25,199)**	(6,222)	(7,300)
Increase in fixed deposits pledged		**(4,716)**	(2,031)	(1,366)
Decrease/(Increase) in fixed deposits earmarked for bonds and USD debts redemption		**10,119**	(19,081)	2,931
Net cash outflow from financing activities		**(125,193)**	(465,324)	(36,267)
Effect of exchange rate changes on cash and cash equivalents		**(4,888)**	(2,712)	(1,416)
Net decrease in cash and cash equivalents		**(8,889)**	(115,672)	(2,575)
Cash and cash equivalents at beginning of the financial year		**157,269**	272,941	45,559
Cash and cash equivalents at end of the financial year	41(b)	**148,380**	157,269	42,984

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

COMPANY CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	2007 RM'000	2006 RM'000	2007 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation		**(636,236)**	33,688	(184,309)
Adjustment for non-cash items, interests and dividends	41(a)	**611,944**	(38,052)	177,272
Operating loss before working capital changes		**(24,292)**	(4,364)	(7,037)
Decrease in other receivables		**35,471**	134,535	10,276
Decrease in other payables		**(75,597)**	(14,951)	(21,900)
Cash (used in)/generated from operations		**(64,418)**	115,220	(18,661)
Tax refund		**90**	1,070	26
Net cash (outflow)/inflow from operating activities		**(64,328)**	116,290	(18,635)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		**(11)**	-	(3)
(Advances to)/Repayment from subsidiary companies		**(34,295)**	57,415	(9,935)
Repayment from associated companies		**8,167**	-	2,366
Proceeds from disposal of investments		**102,449**	79,349	29,678
Proceeds from redemption of investments		**5,461**	3,705	1,582
Proceeds from disposal of property, plant and equipment		**-**	96	-
Interest received		**13,349**	8,604	3,867
Dividend received		**22,831**	24,121	6,614
Net cash inflow from investing activities		**117,951**	173,290	34,169
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of finance lease liabilities		**-**	(104)	-
Repayment to associated companies		**-**	(2)	-
Advances from subsidiary companies		**7,685**	-	2,226
Redemption/Repayment of bonds and USD debts		**(73,464)**	(417,827)	(21,282)
Interest paid		**(3,813)**	(3,598)	(1,104)
Decrease/(Increase) in fixed deposits earmarked for bonds and USD debts redemption		**9,930**	(18,555)	2,877
Net cash outflow from financing activities		**(59,662)**	(440,086)	(17,283)
Net decrease in cash and cash equivalents		**(6,039)**	(150,506)	(1,749)
Cash and cash equivalents at beginning of the financial year		**7,302**	157,808	2,115
Cash and cash equivalents at end of the financial year	41(b)	**1,263**	7,302	366

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

		← Attributable to equity holders of the Company →							
			← Non-distributable →						
	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
Balance at 1 July 2005	28	1,331,175	230,188	198,039	589,173	(2,117,796)	230,779	24,307	255,086
Transfer from/(to) capital reserve	29	-	-	-	5,269	(5,269)	-	-	-
Reversal of revaluation reserve previously realised due to aborted sales		-	-	4,649	-	(4,649)	-	-	-
Net translation loss on equity of foreign subsidiary companies		-	-	-	(8,070)	-	(8,070)	-	(8,070)
Equity accounting for share of net assets of associated companies		-	-	1,742	(24,415)	-	(22,673)	-	(22,673)
Realisation of reserve on liquidation of subsidiary company		-	-	-	(39)	-	(39)	(11)	(50)
Transfer to deferred tax liabilities		-	-	-	(39)	-	(39)	-	(39)
Net profit/(loss) not recognised in consolidated income statement		-	-	6,391	(27,294)	(9,918)	(30,821)	(11)	(30,832)
Negative goodwill		-	-	-	(908)	-	(908)	-	(908)
Net profit for the financial year		-	-	-	-	8,192	8,192	(847)	7,345
Dividend paid		-	-	-	-	-	-	(353)	(353)
Balance at 30 June 2006	28	1,331,175	230,188	204,430	560,971	(2,119,522)	207,242	23,096	230,338
Balance at 1 July 2006									
- As previously reported	28	1,331,175	230,188	204,430	560,971	(2,119,522)	207,242	23,096	230,338
- Effect of adopting FRS 3		-	-	-	(18,017)	18,017	-	-	-
- As restated		1,331,175	230,188	204,430	542,954	(2,101,505)	207,242	23,096	230,338
Net translation loss on equity of foreign subsidiary companies		-	-	-	(10,021)	-	(10,021)	-	(10,021)
Equity accounting for share of net assets of associated companies		-	-	8,064	-	-	8,064	-	8,064
Reversal of revaluation reserve previously realised due to aborted sales		-	-	709	-	(709)	-	-	-
Revaluation deficit on property, plant and equipment and property development activities		-	-	(106,060)	-	-	(106,060)	-	(106,060)
Transfer from deferred tax liabilities		-	-	11,241	-	-	11,241	-	11,241
Net loss not recognised in consolidated income statement		-	-	(86,046)	(10,021)	(709)	(96,776)	-	(96,776)
Net loss for the financial year		-	-	-	-	(28,271)	(28,271)	1,856	(26,415)
Dividend paid		-	-	-	-	-	-	(355)	(355)
Balance at 30 June 2007	28	**1,331,175**	**230,188**	**118,384**	**532,933**	**(2,130,485)**	**82,195**	**24,597**	**106,792**

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

		Non-Distributable		
	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 July 2005	1,331,175	230,188	(94,968)	1,466,395
Net profit for the financial year	-	-	28,460	28,460
Balance at 30 June 2006	1,331,175	230,188	(66,508)	1,494,855
Net loss for the financial year	-	-	(642,136)	(642,136)
Balance at 30 June 2007	**1,331,175**	**230,188**	**(708,644)**	**852,719**

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia. The Company is listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). Bursa Securities had on 1 October 2007 notified the Company that the securities of the Company will be removed from the Official List of Bursa Securities on 11 October 2007. Further details are as dislosed in Note 43 to the financial statements.

The registered office and its principal place of business of the Company are located at Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur.

The Company is an investment holding company. The principal activities of the subsidiary companies are shown in Note 17 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 2 October 2007.

2. GOING CONCERN

As at 30 June 2007, the Group's current liabilities exceeded the current assets by RM793.68 million. In addition, as disclosed in Note 30 to the financial statements, the ACB Bonds and USD Debts of the Group and Company, which had been varied and deferred from its original scheduled repayment dates, that are repayable within the next 12 months amounted to RM1,503 million and RM1,525 million respectively. Under the Proposed Divestment Programme of the Group Wide Restructuring Scheme ("GWRS"), the Group and the Company had identified non-core and peripheral assets for divestment to repay these debts. In compliance with the programme, the Group and the Company are actively seeking potential buyers for these assets, and the Directors are of the view that the assets will be divested to meet its obligations.

Accordingly, the Directors consider it appropriate to prepare the financial statements of the Group and 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 amounts and classification of liabilities that may be necessary should the Group and the Company be unable to continue as a going concern.

3. BASIS OF PREPARATION

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia for entities other than private entities. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for the financial periods beginning on or after 1 January 2006 as described in Note 5.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for freehold land included within property, plant and equipment that have been measured at their fair values.

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Investment in subsidiary companies

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company. Subsidiary companies are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities.

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

The subsidiary companies are consolidated using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair value, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Minority interests represent the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. 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 that date.

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

(ii) Investment in associated companies

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

Investment in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associated company is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the net profit or loss of the associated company is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

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

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

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

When an associated company holds an ownership interest in the Group, any profit or loss and any increment or decrement of net assets of the Group which the associated company has accounted for in its financial statements, would be disregarded when the Group applies the equity method to account for its investment in the associated company.

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

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(iii) Jointly controlled entities

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

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 4(a)(ii).

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

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liability. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. The policy for the recognition and measurement of impairment losses for goodwill is in accordance with Note 4(l) to the financial statements.

(c) 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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Revaluations are performed approximately once every five years to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in the income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Leasehold land and plantations are amortised over the period of the lease ranging from 20 years to 50 years.

Freehold land has unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%	-	10%
Plant and machinery	2%	-	33.3%
Tools and equipment	10%	-	20%
Furniture and office equipment	5%	-	25%
Motor vehicles	13%	-	20%

Capital work-in-progress which represents assets under construction are not depreciated as these assets are not available for use and are stated at cost. Cost comprises cost of plant and equipment and other direct costs incurred for the construction of the assets.

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 and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus is taken directly to retained earnings.

(d) Biological assets

Biological assets comprise cost of planting and development on oil palm and other plantation crops, which were previously classified under property, plant and equipment, and are now reclassified as biological assets in accordance with FRS 101.

Cost of new planting and development of plantation crops are capitalised from the stage of land clearing up to the stage of maturity. The cost of new planting capitalised is not amortised. However, where the cost of new planting is incurred on leasehold land which has unexpired period shorter than the crop's economic life, the cost is amortised over the remaining period of the lease on a straight-line basis.

Replanting expenditure is charged to the income statement in the financial year in which the expenditure is incurred.

(e) Deferred expenditure

Deferred expenditure comprises pre-commercial production expenses, deferred charges and proprietary technology and patents.

Deferred charges are license fees which represents the acquisition cost of the design and manufacture rights and pre-commercial production expenses that represents expenses incurred in the development of new and substantially improved products prior to commencement of commercial production.

Pre-commercial production expenses and deferred charges are amortised over a period not exceeding 10 years upon commencement of operations or commercial production. Proprietary technology and patents are stated at cost and are amortised on a straight-line basis calculated to write off their costs over the expected period of future benefit which is estimated at 10 to 50 years.

Preliminary and pre-operating expenses are written off in the financial year it is incurred.

(f) Property development activities

(i) Land held for property development

Land held for property development consist of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is transferred to property development costs, classified under current assets, when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(ii) Property development costs

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

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

When the outcome of the development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that 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.

(g) Inventories

Marketable securities are stated at lower of cost and net realisable value determined on a portfolio basis by its aggregate cost against its market value. Cost is determined on a first-in first-out basis. Gains or losses on disposal of marketable securities and write down of marketable securities to market values are included in the income statement.

Completed property units for sale are valued at the lower of cost and net realisable value. Cost is determined using the specific identification method.

Other inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average or first-in first-out basis or by specific identification method. The cost of raw materials, comprises the original purchase price plus costs incurred in bringing the inventories to their present locations and conditions. The cost of finished goods comprise the cost of raw materials, direct labour, direct charge and a proportion of production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(h) 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. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Finance lease

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses.

The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the terms of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 4(c).

(iii) Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interest in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the relevant lease term.

(i) 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 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 negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(j) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group is measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Foreign operations

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

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

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

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

Goodwill and fair value adjustments arising from the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose from the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2007 RM	**2006 RM**
Foreign currency		
1 US Dollar	**3.4520**	3.6720
1 Singapore Dollar	**2.2513**	2.3068
1 Hong Kong Dollar	**0.4415**	0.4726
100 Philippine Peso	**7.4000**	6.8100
100 Indonesian Ruppiah	**0.0363**	0.0379
1 Chinese Renminbi	**0.4535**	0.4596

(k) Provision for liabilities

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

(l) Impairment of assets

The carrying amounts of the assets, other than property development costs, inventories, assets arising from construction contracts, deferred tax assets and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. Impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to the present value of estimated future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

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

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

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reversed the effect of that event.

(m) Financial instruments

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

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

(i) Cash and cash equivalents

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

(ii) Other non-current investments

Other non-current investments other than investment in subsidiary companies, associated companies and jointly controlled entities are stated at cost less allowance for diminution in value of investment to recognise any decline, other than a temporary decline in the value of the investments.

The Company's investment in Lion Corporation Berhad Bonds ("LCB Bonds") is stated at net present value plus accreted interest and less any allowance that may be required for diminution in value. The accretion of interest on the bond investment is recognised as interest income on the basis of their underlying yield to maturity.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

(iii) Receivables

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

(iv) **Payables**

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

(v) **Interest bearing borrowings**

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost and any difference between net proceed and redemption value is recognised in the income statement over the period of the borrowing using the effective yield method.

ACB Bonds and USD debts are stated at net present value plus accreted interest and net of amortised issuance expenses. The accretion of interest on the bonds or debts is recognised as interest expenses on the basis of their underlying cash yield to maturity.

(vi) **Equity instruments**

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

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

(n) **Borrowings costs**

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset until the asset is ready for its intended use. Capitalisation of finance cost is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised as an expense in the income statement in which they are incurred.

(o) **Revenue recognition**

(i) **Sale of goods and services**

Revenue are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts, and after eliminating sales within the Group.

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

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

(ii) **Dividend income**

Revenue from dividend income is recognised when the shareholders' right to receive payment is established.

(iii) **Interest income**

Revenue from interest income is recognised on the accrual basis.

(iv) **Rental income**

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(p) Non-current assets classified as held for sale

Non-current assets 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 is available for immediate sale in its present condition subject only to terms that are usual and customary.

On initial classification as held for sale, non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. Any differences are included in the income statement.

(q) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increases their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

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

(iii) Equity compensation benefits

The Group's Executive Share Option Scheme (""ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. 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, taking into account, if any, the market vesting conditons upon which the options were granted but excluding the impact of any non-market vesting conditons. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

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, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to capital reserve.

The proceeds received net of any directly attributable transactions costs are credited to equity when the options are exercised.

(r) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

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

On 1 July 2006, the Group and the Company adopted the following new and revised FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of the above new and revised FRSs does not result in significant changes in accounting policies of the Group, except for the principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

(a) FRS 3: Business Combination, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

(i) Goodwill

Prior to 1 July 2006, goodwill was amortised on a straight-line basis over a period of 25 years and at each balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating unit to which the goodwill is attached. The adoption of FRS 3 and the revised FRS 136 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 July 2006. The transitional provisions of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortisation at 1 July 2006 amounting to RM30.8 million against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 July 2006 of RM49.2 million ceased to be amortised thereafter.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2006 or prior periods. The effects on the consolidated balance sheet as at 30 June 2007 and consolidated income statement for the financial year ended 30 June 2007 are set out in Note 5(d)(i) and Note 5(d)(ii) respectively. This change has no impact on the Company's financial statements.

(ii) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)

Prior to 1 July 2006, negative goodwill was amortised over a period of 25 years. In such cases, it was recognised in the income statement as those expected losses were incurred. Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions, after reassessment, is now recognised immediately in the income statement. In accordance with the transitional provision of FRS 3, the negative goodwill as at 1 July 2006 of RM18 million was derecognised with a corresponding increase in retained earnings.

Because the revised accounting policy has been applied prospectively, the change has no impact on amounts reported for 2006 or prior periods. The effect on the consolidated balance sheet as at 30 June 2007 and consolidated income statement for the financial year ended 30 June 2007 are set out in Note 5(d)(i) and Note 5(d)(ii) respectively. This change has no impact on the Company's financial statements.

(b) FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Prior to 1 July 2006, non-current assets held for sale were neither classified nor presented as current assets or liabilities. There were no differences in the measurement of non-current assets held for sale and those for continuing use. Upon the adoption of FRS 5, non-current assets held for sale are classified as current assets and are stated at the lower of carrying amount and fair value less costs to sell.

The Group has applied FRS 5 prospectively in accordance with the transitional provisions. This change in presentation has no impact on the Group's financial statements.

(c) FRS 101: Presentation of Financial Statements

(i) Minority interests

Prior to 1 July 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

(ii) Share of results in associated companies

Prior to 1 July 2006, the Group's share of taxation of associated companies accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associated companies accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

(iii) Biological assets

Prior to 1 July 2006, planting and development expenditure was classified under property, plant and development. Upon the adoption of the revised FRS 101, planting and development expenditure is now disclosed as a separate item on the consolidated balance sheet as biological assets.

The Group maintains its existing accounting policy on biological assets.

These changes in presentation have been applied retrospectively and as disclosed in Note 5(e), certain comparatives have been restated. The effects on the consolidated balance sheet as at 30 June 2007 and consolidated income statement for the financial year ended 30 June 2007 are set out in Note 5(d)(i) and Note 5(d)(ii) respectively. These changes in presentation has no impact on the Group's financial statements.

(d) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the financial year ended 30 June 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

(i) **Effects on balance sheet as at 30 June 2007**

Description of change	FRS 3 Note 5(a)(i) RM'000	FRS 3 Note 5(a)(ii) RM'000	FRS 5 Note 5(b) RM'000	FRS 101 Note 5(c) RM'000	Total RM'000
	Increase/(Decrease)				
Group					
Property, plant and equipment	-	-	(6,319)	(28,550)	(34,869)
Biological assets	-	-	-	28,550	28,550
Non-current asset classified as held for sale	-	-	6,319	-	6,319
Goodwill	3,277	-	-	-	3,277
Negative goodwill	-	(18,017)	-	-	(18,017)
Accumulated losses	(3,277)	(18,017)	-	-	(21,294)
Total equity	-	-	-	24,597	24,597

(ii) **Effects on income statement as at 30 June 2007**

Description of change	FRS 3 Note 5(a)(i) RM'000	FRS 3 Note 5(a)(ii) RM'000	FRS 5 Note 5(b) RM'000	FRS 101 Note 5(c) RM'000	Total RM'000
	Increase/(Decrease)				
Group					
Depreciation and amortisation expenses	(3,277)	908	-	-	(2,369)
Share in results of associated companies	-	-	-	706	706
Loss before taxation	(3,277)	908	-	706	(1,663)
Taxation	-	-	-	(706)	(706)
Net loss for the financial year	(3,277)	908	-	-	(2,369)
Loss per share attributable to equity holders of the Company:					
- Basic (sen)	(0.2)	0.1	-	-	(0.1)

(e) **Restatement of comparatives**

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

Description of change	Previously stated RM'000	FRS 3 Note 5(a)(i) RM'000	FRS 3 Note 5(a)(ii) RM'000	FRS 5 Note 5(b) RM'000	FRS101 Note 5(c) RM'000	Restated RM'000
		Increase/(Decrease)				
At 30 June 2006						
Group						
Property, plant and equipment	549,431	-	-	-	(30,698)	518,733
Biological assets	-	-	-	-	30,698	30,698
Total equity	207,242	-	-	-	23,096	230,338
For the financial year ended 30 June 2006						
Group						
Share in results of associated companies	(11,633)	-	-	-	(1,558)	(13,191)
Profit before taxation	38,848	-	-	-	(1,558)	37,290
Taxation	(31,503)	-	-	-	1,558	(29,945)

(f) Financial Reporting Standards and Interpretations Issued But Not Yet Effective

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and interpretations were in issue but not yet effective and have not been applied by the Group and the Company:

		Effective for financial periods beginning on or after
(i)	FRS 117: Leases	1 October 2006
(ii)	FRS 124: Related Party Disclosures	1 October 2006
(iii)	FRS 139: Financial Instruments: Recognition and Measurement	Deferred
(iv)	FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
(v)	Amendment to FRS 119_{2004}: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
(vi)	Amendment to FRS 121: The Effect of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
(vii)	IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
(viii)	IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
(ix)	IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
(x)	IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
(xi)	IC Interpretation 7: Applying the Restatement Approach under FRS 119_{2004} - Financial Reporting in Hyperinflationary Economies	1 July 2007
(xii)	IC Interpretation 8: Scope of FRS 2	1 July 2007
(xiii)	FRS 107 - Cash Flow Statements	1 July 2007
(xiv)	FRS 111 - Construction Contracts	1 July 2007
(xv)	FRS 112 - Income Taxes	1 July 2007
(xvi)	FRS 118 - Revenue	1 July 2007
(xvii)	FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
(xviii)	FRS 134 - Interim Financial Reporting	1 July 2007
(xix)	FRS 137 - Provision, Contingent Liabilities and Contingent Assets	1 July 2007

FRS 6 is not relevant to the Group's and Company's operations. The adoption of the above amendments and interpretations will have no material impact on the financial statements of the Group and of the Company.

The impact of applying FRS 117, FRS 124 and FRS 139 on the financial statements upon first adoption of these standards as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions provided in the respective standards.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical judgement made in applying accounting policies

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

(b) Key sources of estimation uncertainty

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

(i) 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.

(ii) Impairment of intangible asset

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 of the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 30 June 2007 was RM Nil (2006: RM49,183,000). Further details are disclosed in Note 22.

(iii) Impairment of tangible assets

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use, will be assessed. The assessment of recoverable amounts involves various methodologies.

Fair value of an asset is estimated by reference to net assets of the investee or base on prevailing market value determined by professional valuers.

In determining the value in use of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group makes estimates and assumptions that required significant judgements and estimates. While the Group believe these estimates and assumptions to be reasonable and appropriate, changes in these estimates and assumptions of value in use could impact on the Group's financial position and results. Further details are disclosed in Note 10.

(iv) Depreciation of property, plant and equipment

The cost of property, plant and equipment except for freehold land and capital work-in-progress, is depreciated on a straight line basis over the assets' useful lives. Management reviews the remaining useful lives of 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.

(v) **Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences 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.

(vi) **Allowance for doubtful receivables**

The Group recognises an allowance for doubtful receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

Significant judgement is required in the assessment of the recoverability of receivables, which have a financial impact on the amount of allowance for doubtful receivables recognised.

7. REVENUE

Revenue of the Group represents sales of goods and services outside of the Group net of returns and allowances, the proportion of the aggregate sales value of property development projects sold attributable to the percentage of development work performed, sales value of land under development, proportion of the total contract values attributable to the percentage of construction work performed, sales value of completed property units, gross rental incomes, dividends and interest income. Revenue of the Company comprises dividends and interest income.

An analysis of revenue is as follows:

	GROUP		COMPANY	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Sales of goods	**39,907**	38,210	**-**	-
Rendering of services	**35,327**	34,578	**-**	-
Property development	**90,377**	142,060	**-**	-
Dividend income	**3,811**	4,713	**31,275**	33,190
Interest income	**132,152**	131,073	**144,804**	155,912
Rental income	**22,591**	24,036	**-**	-
Others	**9,874**	8,573	**-**	-
	334,039	383,243	**176,079**	189,102

8. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Salaries, wages and bonuses	**25,724**	19,074	**252**	417
Defined contribution plans	**2,597**	2,272	**34**	38
Other staff related expenses	**4,528**	7,084	**168**	169
	32,849	28,430	**454**	624

Included in the staff costs of the Group and of the Company is the executive Director remuneration as disclosed in Note 9(b).

9. (LOSS)/PROFIT FROM OPERATIONS

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

	GROUP		COMPANY	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
After charging:				
Depreciation	**10,503**	10,696	**94**	128
Directors' remuneration (Note 9(b))	**521**	544	**427**	508
Auditors' remuneration:				
- current year	**319**	318	**38**	35
- under/(over) provision in prior year	**10**	(44)	**3**	-
Amortisation of:				
- deferred expenditure	**134**	63	**-**	-
- goodwill on consolidation	**-**	3,277	**-**	-
- biological assets	**1,237**	1,291	**-**	-
Rental of land and buildings	**4,619**	6,684	**-**	-
Rental of equipment	**1,164**	1,157	**-**	-
Allowance for doubtful receivables:				
- subsidiary companies	**-**	-	**699,080**	-
- associated companies	**18,594**	2,382	**14,000**	82
- others	**1,985**	9,756	**1,961**	220
Written off:				
- property, plant and equipment	**152**	103	**-**	-
- inventories	**-**	42	**-**	-
- bad receivables	**162**	2	**-**	-
Allowance for diminution in value of investments	**-**	37,707	**-**	-
Allowance for slow moving inventories	**5,720**	-	**-**	-
Provision for liquidated ascertained damages	**98**	4,241	**-**	-
Loss on disposal of:				
- property, plant and equipment	**145**	-	**-**	-
- an associated company	**655**	-	**-**	-
Impairment losses on investment in joint-ventures	**31**	-	**-**	-
Loss on foreign exchange:				
- realised	**-**	520	**-**	-

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
And crediting:				
Rental income	**26,656**	28,178	**-**	-
Interest income from:				
- subsidiary companies	**-**	-	**12,777**	24,983
- unquoted bonds	**131,455**	122,895	**131,455**	122,895
- others	**24,254**	33,136	**572**	8,034
Gross dividend from investments:				
Quoted in Malaysia	**3,956**	5,030	**3,699**	4,713
Unquoted in Malaysia				
- subsidiary companies	**-**	-	**27,176**	27,666
- associated companies	**-**	-	**400**	811
Gain on disposal of:				
- property, plant and equipment	**-**	1,649	**-**	8
- property development	**-**	19,150	**-**	-
- investments	**5,259**	6,986	**5,276**	5,739
Gain on foreign exchange:				
- realised	**1,653**	-	**1,628**	702
- unrealised	**116,762**	65,661	**116,965**	66,169
Gain on liquidation of a subsidiary company	**-**	55	**-**	-
Allowance written back for diminution in value for investments	**43,169**	-	**13,845**	173
Amortisation of negative goodwill	**-**	908	**-**	-
Bad receivables recovered	**179**	3,400	**-**	-
Reversal of impairment losses for land held for property development	**-**	4,238	**-**	-

(b) Directors' remuneration

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Executive Director:				
Fees	**15**	16	**15**	16
Salaries and other emoluments	**286**	279	**286**	279
Benefits-in-kind	**2**	-	**2**	-
	303	295	**303**	295
Non-executive Directors*:				
Fees	**124**	155	**124**	155
Salaries and other emoluments	**71**	71	**-**	35
Benefits-in-kind	**23**	23	**-**	23
	218	249	**124**	213
TOTAL	**521**	544	**427**	508

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

Range of remuneration	Number of Directors 2007	2006
Executive Director:		
RM250,001 - RM300,000	**-**	1
RM300,001 - RM350,000	**1**	-
Non-executive Directors*:		
RM 25,000 and below	**2**	2
RM 25,001 - RM 50,000	**3**	3
RM100,001 - RM150,000	**1**	1

* Including a Director who passed away during the financial year.

10. IMPAIRMENT LOSSES

	GROUP 2007 RM'000	GROUP 2006 RM'000	COMPANY 2007 RM'000	COMPANY 2006 RM'000
Impairment losses on:				
- investment in a subsidiary company	**-**	-	**16,000**	-
- investment in an associated company	**54,325**	-	**39,679**	62,350
- goodwill	**49,183**	-	**-**	-
- property, plant and equipment	**29,041**	-	**-**	-
- property development activities	**29,887**	-	**-**	-
	162,436	-	**55,679**	62,350

11. FINANCE COSTS

	GROUP 2007 RM'000	GROUP 2006 RM'000	COMPANY 2007 RM'000	COMPANY 2006 RM'000
Interest expenses on:				
- subsidiary companies' balances	**-**	-	**74**	1,955
- hire purchase	**594**	29	**-**	9
- term loans	**584**	3,972	**-**	-
- ACB Bonds and USD Debts	**152,424**	157,710	**53,721**	53,363
- ACB Debts	**-**	-	**95,762**	99,595
- others	**6,135**	7,813	**3,738**	5,437
	159,737	169,524	**153,295**	160,359

12. TAXATION

	GROUP 2007 RM'000	GROUP 2006 RM'000 Restated	COMPANY 2007 RM'000	COMPANY 2006 RM'000
Income tax:				
- Malaysian income tax	**12,044**	22,661	**5,900**	5,200
- Foreign tax	**45**	-	**-**	-
- Prior year	**3,354**	13,222	**-**	28
Deferred tax (Note 33):				
- Relating to origination and reversal of temporary differences	**3,928**	(5,938)	**-**	-
- Prior year	**(542)**	-	**-**	-
	18,829	29,945	**5,900**	5,228

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

	GROUP 2007 RM'000	GROUP 2006 RM'000 Restated	COMPANY 2007 RM'000	COMPANY 2006 RM'000
(Loss)/Profit before taxation	**(7,586)**	37,290	**(636,236)**	33,688
	%	%	**%**	%
Taxation at Malaysian statutory tax rate	**(27)**	28	**(27)**	28
Effect of different tax rates in other countries	**7**	-	**-**	-
Income not subject to tax	**(600)**	(106)	**(7)**	(32)
Expenses not deductible for tax purposes	**729**	136	**35**	20
Utilisation of tax losses and capital allowances	**(4)**	(19)	**-**	-
Deferred tax assets not recognised during the financial year	**105**	8	**-**	-
Under provision in prior year	**38**	34	**-**	-
	248	81	**1**	16

The statutory tax rate was reduced from 28% to 27% due to changes in legislation under Budget 2007.

13. (LOSS)/EARNINGS PER SHARE

Basic

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

	GROUP	
	2007 RM'000	2006 RM'000
Net (loss)/profit for the year attributable to ordinary equity holders of the Company	**(28,271)**	8,192
Weighted average number of ordinary shares in issue	**1,331,175**	1,331,175
Basic (loss)/earnings per share (sen)	**(2.1)**	0.6

Diluted

The diluted earnings per share is not disclosed as it is not applicable to the Group as there is no potential dilutive ordinary shares.

14. PROPERTY, PLANT AND EQUIPMENT

	Land, plantations and buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
As at 30 June 2007						
GROUP						
COST OR VALUATION						
At 1 July 2006						
As previously reported	492,199	71,103	14,770	5,697	86,747	670,516
Transfer to biological assets (Note 15)	(34,863)	-	-	-	-	(34,863)
As restated	457,336	71,103	14,770	5,697	86,747	635,653
Additions	993	4,316	1,044	639	2,867	9,859
Disposals	(2,600)	(1,172)	(528)	(278)	-	(4,578)
Exchange difference	(1,380)	(190)	(46)	(55)	(1)	(1,672)
Written off	-	(34)	(1,438)	-	-	(1,472)
Revaluation deficit	(80,492)	-	-	-	-	(80,492)
Transfer to assets held for sale (Note 26)	(2,527)	-	-	-	(3,792)	(6,319)
Reclassification	15	-	-	-	(15)	-
At 30 June 2007	371,345	74,023	13,802	6,003	85,806	550,979

	Land, plantations and buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Representing items at:						
Cost	258,918	74,023	13,802	6,003	85,806	438,552
Valuation	112,427	-	-	-	-	112,427
	371,345	74,023	13,802	6,003	85,806	550,979
ACCUMULATED DEPRECIATION						
At 1 July 2006						
As previously reported	47,293	60,448	10,166	3,178	-	121,085
Transfer to biological assets (Note 15)	(4,165)	-	-	-	-	(4,165)
As restated	43,128	60,448	10,166	3,178	-	116,920
Charge for the financial year	5,053	3,550	1,056	844	-	10,503
Disposals	-	(1,147)	(287)	(209)	-	(1,643)
Exchange difference	(404)	(141)	(71)	(17)	-	(633)
Written off	-	(30)	(1,290)	-	-	(1,320)
At 30 June 2007	47,777	62,680	9,574	3,796	-	123,827
Representing items at:						
Cost	47,777	62,680	9,574	3,796	-	123,827
Valuation	-	-	-	-	-	-
	47,777	62,680	9,574	3,796	-	123,827
ACCUMULATED IMPAIRMENT LOSSES						
At 1 July 2006	-	-	-	-	-	-
Charge for the financial year	16,769	-	-	-	-	16,769
Disposals	(1,816)	-	-	-	-	(1,816)
At 30 June 2007	14,953	-	-	-	-	14,953
Representing items at:						
Cost	14,953	-	-	-	-	14,953
Valuation	-	-	-	-	-	-
	14,953	-	-	-	-	14,953

	Land, plantations and buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
NET BOOK VALUE						
At 30 June 2007						
At cost	196,188	11,343	4,228	2,207	85,806	299,772
At valuation	112,427	-	-	-	-	112,427
	308,615	11,343	4,228	2,207	85,806	412,199
As at 30 June 2006						
COST OR VALUATION						
At 1 July 2005						
As previously reported	493,119	69,836	15,160	5,870	86,678	670,663
Transfer to biological assets (Note 15)	(35,748)	-	-	-	-	(35,748)
As restated	457,371	69,836	15,160	5,870	86,678	634,915
Additions	658	2,989	642	1,239	76	5,604
Disposals	(705)	(1,502)	(558)	(1,255)	(7)	(4,027)
Exchange difference	17	15	(3)	(29)	-	-
Written off	(5)	(235)	(471)	(128)	-	(839)
At 30 June 2006	457,336	71,103	14,770	5,697	86,747	635,653
Representing items at:						
Cost	264,417	71,103	14,770	5,697	86,747	442,734
Valuation	192,919	-	-	-	-	192,919
	457,336	71,103	14,770	5,697	86,747	635,653

	Land, plantations and buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
ACCUMULATED DEPRECIATION						
At 1 July 2005						
As previously reported	41,185	57,318	9,999	3,421	-	111,923
Transfer to biological assets (Note 15)	(2,973)	-	-	-	-	(2,973)
As restated	38,212	57,318	9,999	3,421	-	108,950
Charge for the financial year	4,889	4,115	1,018	674	-	10,696
Disposals	-	(782)	(460)	(762)	-	(2,004)
Exchange difference	28	11	2	(27)	-	14
Written off	(1)	(214)	(393)	(128)	-	(736)
At 30 June 2006	43,128	60,448	10,166	3,178	-	116,920
Representing items at:						
Cost	43,128	60,448	10,166	3,178	-	116,920
Valuation	-	-	-	-	-	-
	43,128	60,448	10,166	3,178	-	116,920
NET BOOK VALUE						
At 30 June 2006						
At cost	221,289	10,655	4,604	2,519	86,747	325,814
At valuation	192,919	-	-	-	-	192,919
	414,208	10,655	4,604	2,519	86,747	518,733

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

At 30 June 2007	-	-	-	453	-	453
At 30 June 2006	-	139	-	401	-	540

	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
As at 30 June 2007			
COMPANY			
COST			
At 1 July 2006	4	736	740
Addition	11	-	11
At 30 June 2007	15	736	751
ACCUMULATED DEPRECIATION			
At 1 July 2006	2	581	583
Charge for the financial year	1	93	94
At 30 June 2007	3	674	677
NET BOOK VALUE			
At 30 June 2007	12	62	74
As at 30 June 2006			
COMPANY			
COST			
At 1 July 2005	4	832	836
Disposal	-	(96)	(96)
At 30 June 2006	4	736	740
ACCUMULATED DEPRECIATION			
At 1 July 2005	1	462	463
Charge for the financial year	1	127	128
Disposal	-	(8)	(8)
At 30 June 2006	2	581	583
NET BOOK VALUE			
At 30 June 2006	2	155	157

(a) Analysis of land, plantations and buildings are as follows:

	Freehold land, plantations and buildings RM'000	Long term leasehold land and buildings RM'000	Short term leasehold land and buildings RM'000	Total RM'000
At 30 June 2007				
GROUP				
COST OR VALUATION				
At 1 July 2006				
As previously stated	240,617	155,226	96,356	492,199
Transfer to biological assets (Note 15)	(34,863)	-	-	(34,863)
As restated	205,754	155,226	96,356	457,336
Additions	74	-	919	993
Disposals	(2,600)	-	-	(2,600)
Exchange difference	(101)	-	(1,279)	(1,380)
Revaluation deficit	(80,492)	-	-	(80,492)
Transfer to assets held for sale (Note 26)	(2,527)	-	-	(2,527)
Reclassification	-	-	15	15
At 30 June 2007	120,108	155,226	96,011	371,345
Representing items at:				
Cost	7,681	155,226	96,011	258,918
Valuation	112,427	-	-	112,427
	120,108	155,226	96,011	371,345
ACCUMULATED DEPRECIATION				
At 1 July 2006				
As previously stated	4,453	12,548	30,292	47,293
Transfer to biological assets (Note 15)	(4,165)	-	-	(4,165)
As restated	288	12,548	30,292	43,128
Charge for the financial year	73	1,849	3,131	5,053
Exchange difference	(1)	-	(403)	(404)
At 30 June 2007	360	14,397	33,020	47,777
Representing items at:				
Cost	360	14,397	33,020	47,777
Valuation	-	-	-	-
	360	14,397	33,020	47,777

	Freehold land, plantations and buildings RM'000	Long term leasehold land and buildings RM'000	Short term leasehold land and buildings RM'000	Total RM'000
ACCUMULATED IMPAIRMENT LOSSES				
At 1 July 2006	-	-	-	-
Charge for the financial year	3,769	13,000	-	16,769
Disposal	(1,816)	-	-	(1,816)
At 30 June 2007	1,953	13,000	-	14,953
Representing items at:				
Cost	1,953	13,000	-	14,953
Valuation	-	-	-	-
	1,953	13,000	-	14,953
NET BOOK VALUE				
At 30 June 2007				
At cost	5,368	127,829	62,991	196,188
At valuation	112,427	-	-	112,427
	117,795	127,829	62,991	308,615

At 30 June 2006

GROUP

COST OR VALUATION

	Freehold land, plantations and buildings RM'000	Long term leasehold land and buildings RM'000	Short term leasehold land and buildings RM'000	Total RM'000
At 1 July 2005				
As previously reported	242,281	155,226	95,612	493,119
Transfer to biological assets (Note 15)	(35,748)	-	-	(35,748)
As restated	206,533	155,226	95,612	457,371
Additions	18	-	640	658
Disposals	(705)	-	-	(705)
Exchange difference	(87)	-	104	17
Written off	(5)	-	-	(5)
At 30 June 2006	205,754	155,226	96,356	457,336
Representing items at:				
Cost	12,835	155,226	96,356	264,417
Valuation	192,919	-	-	192,919
	205,754	155,226	96,356	457,336

	Freehold land, plantations and buildings RM'000	Long term leasehold land and buildings RM'000	Short term leasehold land and buildings RM'000	Total RM'000
GROUP				
ACCUMULATED DEPRECIATION				
At 1 July 2005				
As previously reported	3,211	10,700	27,274	41,185
Transfer to biological assets (Note 15)	(2,973)	-	-	(2,973)
As restated	238	10,700	27,274	38,212
Charge for the financial year	53	1,848	2,988	4,889
Exchange difference	(2)	-	30	28
Written off	(1)	-	-	(1)
At 30 June 2006	288	12,548	30,292	43,128
Representing items at:				
Cost	288	12,548	30,292	43,128
Valuation	-	-	-	-
	288	12,548	30,292	43,128
NET BOOK VALUE				
At 30 June 2006				
At cost	12,547	142,678	66,064	221,289
At valuation	192,919	-	-	192,919
	205,466	142,678	66,064	414,208

(b) The valuations of freehold land and buildings were made by the Directors in the financial year 2007 based on valuation carried out by C H Williams Talhar & Wong, an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis.

(c) The land title of certain freehold lands of the subsidiary companies have yet to be registered in its name.

(d) Property, plant and equipment with carrying values totalling RM0.5 billion (2006: RM0.5 billion) have been pledged as securities for bonds issued pursuant to the implementation of the GWRS.

15. BIOLOGICAL ASSETS

	GROUP	
	2007	**2006**
	RM'000	**RM'000**
COST		
At 1 July 2006, as previously stated	**-**	-
Reclassified from property, plant and equipment (Note 14)	**34,863**	35,748
At 1 July, as restated	**34,863**	35,748
Exchange fluctuation	**(1,090)**	(885)
At 30 June	**33,773**	34,863
ACCUMULATED DEPRECIATION		
At 1 July 2006, as previously stated	**-**	-
Reclassified from property, plant and equipment (Note 14)	**4,165**	2,973
At 1 July, as restated	**4,165**	2,973
Charge for the financial year	**1,237**	1,291
Exchange fluctuation	**(179)**	(99)
	5,223	4,165
NET BOOK VALUE		
30 June	**28,550**	30,698

16. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Quoted shares - at cost	**-**	129,808	**-**	103,059
Unquoted shares - at cost	**246,576**	117,763	**114,409**	11,350
Share in post acquisition reserves	**(100,213)**	(103,932)	**-**	-
	146,363	143,639	**114,409**	114,409
Impairment losses	**(72,325)**	(18,000)	**(102,029)**	(62,350)
	74,038	125,639	**12,380**	52,059
Market value - quoted shares	**-**	24,285	**-**	14,723

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

	GROUP 2007 RM'000	GROUP 2006 RM'000
At beginning of the financial year	**(66,101)**	(46,204)
Share of losses not recognised during the financial year	**(39,007)**	(19,897)
At end of the financial year	**(105,108)**	(66,101)

Certain quoted and unquoted shares of the Group and of the Company amounting to RM246.6 million (2006: RM247.6 million) and RM114.4 million (2006: RM114.4 million) at cost respectively were pledged as securities for the bonds issued pursuant to the implementation of the GWRS.

The associated companies are:

Name of Company	Country of Incorporation	Holding in Equity 2007 %	Holding in Equity 2006 %	Accounting Year End	Principal Activities
Bonuskad Loyalty Sdn Bhd *	Malaysia	**25**	25	31 December	# Providing marketing services by means of "BonusLink Loyalty Programme"
Changchun Changlin Engine Co Ltd *	China	**49**	49	31 December	# Manufacture of engines
Changchun Changlin Motorcycle Co Ltd *	China	**49**	49	31 December	# Manufacture of motorcycles
CMS Steel Berhad *	Malaysia	**20**	20	31 December	Ceased operation
Davids Distribution Sdn Bhd * (under court liquidation)	Malaysia	**49.16**	49.16	30 June	# Ceased operation
Inverfin Sdn Bhd *	Malaysia	**20**	20	31 December	Property investment, office management and food and beverage catering

Name of Company	Country of Incorporation	Holding in Equity 2007 %	2006 %	Accounting Year End	Principal Activities
Lion Asia Investment Pte Ltd *	Singapore	**42.50**	42.50	30 June	# Investment holding
Lion Jianmin Pte Ltd *	Singapore	**30**	30	30 June	# Investment holding
Steel Industries (Sabah) Sdn Bhd *	Malaysia	**20**	20	31 December	Manufacturing and trading of steel bars
Silverstone Corporation Berhad	Malaysia	**28.86** **#18.16**	28.93 #18.79	30 June	Investment holding

\# Holding in equity by subsidiary companies.

* Financial statements of associated companies as at 30 June 2007 not audited by Ong Boon Bah & Co.

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

	GROUP 2007 RM'000	2006 RM'000
Assets and liabilities		
Current assets	**511,193**	493,530
Non-current assets	**1,099,128**	1,167,221
Total assets	**1,610,321**	1,660,751
Current liabilities	**897,725**	693,331
Non-current liabilities	**377,966**	602,126
Total liabilities	**1,275,691**	1,295,457
Results		
Revenue	**792,896**	740,948
Net loss for the financial year	**(75,718)**	(56,596)

17. SUBSIDIARY COMPANIES

	COMPANY	
	2007 RM'000	2006 RM'000
Unquoted shares in Malaysia at cost	**942,773**	942,773
Impairment losses	**(503,653)**	(487,653)
	439,120	455,120
Unquoted shares outside Malaysia at cost	**2,236**	2,236
Impairment losses	**(2,236)**	(2,236)
	-	-
Total	**439,120**	455,120

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding in Equity 2007 %	Holding in Equity 2006 %	Principal Activities
Akurjaya Sdn Bhd	Malaysia	**100**	100	Investment holding, plantation management and property development
Amalgamated Rolling Mill Sdn Bhd	Malaysia	**100**	100	Ceased operation
Ambang Jaya Sdn Bhd	Malaysia	**100**	100	Investment holding
Amsteel Capital Holdings Sdn Bhd	Malaysia	**100**	100	Investment holding and provision of management services to its related companies
Amsteel Harta (L) Limited*	Malaysia	**100**	100	Treasury business
Amsteel Harta (M) Sdn Bhd	Malaysia	**100**	100	Managing of debts novated from the Company and certain of its subsidiary companies pursuant to the GWRS
Angkasa Marketing (Singapore) Pte Ltd*	Singapore	**100**	100	Investment holding
Avenel Sdn Bhd	Malaysia	**100**	100	Investment holding
Ayer Keroh Resort Sdn Bhd	Malaysia	**70**	70	Investment holding, property development and hotel business
Bungawang Sdn Berhad	Malaysia	**70**	70	Investment holding
Crystavel Sdn Bhd (In Liquidation - Voluntary)	Malaysia	**99.8**	99.8	Investment holding
Exuniq Sdn Bhd	Malaysia	**100**	100	Investment holding

Name of Company	Country of Incorporation	Holding in Equity 2007 %	Holding in Equity 2006 %	Principal Activities
Lion Metal Industries Sdn Bhd	Malaysia	**100**	100	Provision of storage facilities
Lion Plantations Sdn Bhd	Malaysia	**70**	70	Investment holding
Lion Tooling Sdn Bhd	Malaysia	**100**	100	Manufacture and sale of tools and dies
Mastrama Sdn Bhd	Malaysia	**100**	100	Investment holding
Megasteel HBI Sdn Bhd	Malaysia	**100**	100	Dormant
Singa Logistics Sdn Bhd	Malaysia	**100**	100	Provision of transportation services
Timuriang Sdn Bhd	Malaysia	**100**	100	Investment holding
Visionwell Sdn Bhd	Malaysia	**80**	80	Property development
Ambang Maju Sdn Bhd	Malaysia	**70**	70	# Investment holding
AMS Securities (S) Pte Ltd*	Singapore	**100**	100	# Ceased operation
Amcap Consultants Ltd*	Hong Kong	**100**	100	# Ceased operation
Amsteel Asset Management (M) Sdn Bhd* (In Liquidation - Voluntary)	Malaysia	**100**	100	# Dormant
Amsteel Equity Realty (M) Sdn Bhd*	Malaysia	**100**	100	# Property investment and management
Amsteel Finance (HK) Limited*	Hong Kong	**100**	100	# Ceased operation
Amsteel Holdings (HK) Limited*	Hong Kong	**100**	100	# Investment holding
Amsteel Holdings Philippines, Inc.*	Philippines	**100**	100	# Investment holding
Amsteel Research (M) Sdn Bhd*	Malaysia	**100**	100	# Dormant
Amsteel Equity Capital Sdn Bhd*	Malaysia	**100**	100	# Ceased operation
Amsteel Securities Philippines, Inc.*	Philippines	**100**	100	# Ceased operation
Amsteel Strategic Investors Alliance, Inc.*	Philippines	**100**	100	# Ceased operation

Name of Company	Country of Incorporation	Holding in Equity 2007 %	Holding in Equity 2006 %	Principal Activities
Andalas Development Sdn Bhd	Malaysia	**100**	100	# Property development
Angkasa Logistic Pte Ltd*	Singapore	**100**	100	# Transportation and logistic services
Anika Developments Sdn Bhd	Malaysia	**100**	100	# Contract management
Aquabio Holdings Sdn Bhd	Malaysia	**100**	100	# Property development, and sand mining and extraction activities
Araprop Development Sdn Bhd	Malaysia	**100**	100	# Property development
Bandar Akademia Sdn Bhd	Malaysia	**100**	100	# Real estate development
Bandar Akademia Corporation (M) Sdn Bhd	Malaysia	**100**	100	# Real estate development
Benecorp Sdn Bhd	Malaysia	**100**	100	# Operations of retail outlets selling clothes, apparels and related accessories
Budmouth Limited*	Hong Kong	**100**	100	# Investment holding
Chembong Malay Rubber Company (1920) Limited	United Kingdom	**100**	100	# Ceased operation
Cibber Limited*	Hong Kong	**100**	100	# Investment holding
Datavest Sdn Bhd	Malaysia	**100**	100	# Investment holding
Davids Warehousing Sdn Bhd* (In Liquidation - Voluntary)	Malaysia	**51**	51	# Ceased operation
Geldart Investment Pte Ltd*	Singapore	**100**	100	# Investment holding
Harbour Home Sdn Bhd	Malaysia	**100**	100	# Cultivation of rubber and oil palm
Henrietta Rubber Estate Limited	United Kingdom	**100**	100	# Ceased operation
Hiap Joo Chong Realty Sdn Bhd	Malaysia	**100**	100	# Investment holding
Hy-Line Berhad	Malaysia	**100**	100	# Operation and management of a golf and country club

Name of Company	Country of Incorporation	Holding in Equity 2007 %	2006 %	Principal Activities
Jilin Motor City Park Hotel Co Ltd*	China	**60**	60	# Ownership and operation of a hotel
Khidmat Kelana (M) Sdn Bhd	Malaysia	**100**	100	# Investment holding
KL Home, Garden & Leisure Centre Sdn Bhd	Malaysia	**100**	100	# Investment holding
Kobayashi Optical Sdn Bhd	Malaysia	**70**	70	# Ceased operation
Kobayashi Optical (S) Pte Ltd*	Singapore	**100**	100	# Dormant
Konming Investments Limited*	Hong Kong	**100**	100	# Investment holding
Kuala Pahi Development Company Limited	United Kingdom	**100**	100	# Ceased operation
Lion Commodities And Futures Trading Sdn Bhd	Malaysia	**100**	100	# Ceased operation
Lion Mutiara Parade Sdn Bhd	Malaysia	**60**	60	# Property development
Lion Plaza Sdn Bhd*	Malaysia	**100**	100	# Property development
Lion Seatings Sdn Bhd	Malaysia	**100**	100	# Cultivation of oil palm and property development
Masbeef Sdn Bhd	Malaysia	**100**	100	# Investment holding
Masoni Investment Pte Ltd*	Singapore	**100**	100	# Investment holding
Natvest Parkson Sdn Bhd	Malaysia	**100**	100	# Investment holding
P T Amsteel Securities Indonesia*	Indonesia	**85**	85	# Ceased operation
P T Kebunaria*	Indonesia	**85**	85	# Cultivation of oil palm
Pacific Agriculture And Development Sdn Bhd	Malaysia	**100**	100	# Cultivation of oil palm and rubber, and property development
Parkson's Holdings (S) Pte Ltd*	Singapore	**100**	100	# Investment holding

Name of Company	Country of Incorporation	Holding in Equity 2007 %	2006 %	Principal Activities
Parkson Retail Consulting And Management Sdn Bhd	Malaysia	**100**	100	# Investment holding
Parkson Superstore (HK) Limited*	Hong Kong	**100**	100	# Dormant
Plantations Management Services (Sabah) Sdn Bhd (In Liquidation – Voluntary)	Malaysia	**100**	100	# Ceased operation
Romiti Limited*	Hong Kong	**100**	100	# Investment holding
Salient Care Sdn Bhd	Malaysia	**70**	70	# Dormant
Sea World Attraction Sdn Bhd	Malaysia	**100**	100	# Investment holding
Secom (Malaysia) Sdn Bhd*	Malaysia	**51**	51	# Provision of security services and sale of security related equipment
Segamat Land Berhad	Malaysia	**100**	100	# Ceased operation
Stowinco Sdn Bhd	Malaysia	**100**	100	# Investment holding
Sukhothai Food Sdn Bhd	Malaysia	**100**	100	# Investment holding
Superior Achievement Sdn Bhd	Malaysia	**100**	100	# Investment holding
Terunaraya Sdn Bhd (In Liquidation - Voluntary) (Dissolved on 31.8.2007)	Malaysia	**100**	100	# Ceased operation
The Brooklands Selangor Rubber Company Limited	United Kingdom	**100**	100	# Cultivation of oil palm and property development
The Lenggeng Rubber Company Limited	United Kingdom	**100**	100	# Landscaping business
Umatrac Enterprises Sdn Bhd	Malaysia	**100**	100	# Investment holding
WGD Retail Consultancy Sdn Bhd	Malaysia	**100**	100	# Provision of retail design consultancy services and sale of shoes

* Financial statements of subsidiary companies as at 30 June 2007 not audited by Ong Boon Bah & Co.

Holding in equity by subsidiary companies.

Certain subsidiary companies' financial statements for the financial year ended 30 June 2007 were commented on by their respective auditors as follows:

(i) P T Amsteel Securities Indonesia - an "unable to express and do not express an opinion" qualification due to the following:

   (a) On 1 December 1997, the company was suspended from capital market activities by the relevant authorities. For commercial reasons, the company had on 1 July 1998 downsized its entire operations and maintain its presence until subsequent economic recovery would enable the company to revive its activities; and

   (b) The company's accumulative deficit due to recurring operating losses up to 30 June 2007 and 2006 amounted to Rp153,297,937,717 and Rp153,275,801,717 respectively. The company has a capital deficiency for the financial year ended 30 June 2007 and 2006 amounting to Rp142,297,937,717 and Rp142,275,801,717 respectively. As a result, there is significant uncertainty whether the company will be able to continue as a going concern.

(ii) Amsteel Holdings Philippines, Inc. - an "unable to express and do not express an opinion" qualification due to a net loss of 0.6 million peso and 0.2 million peso for the financial years ended 30 June 2007 and 30 June 2006 respectively and has a net capital deficiency of 1.9 billion peso for both the financial years. On 14 September 1998, the company adopted a resolution authorizing the management to implement a "de facto" phase out of the company's operations in accordance with the consensus arrived at during the meeting held on 20 August 1998. The activities of the company thereafter are limited to the realization of assets and settlement of liabilities.

(iii) Amsteel Securities Philippines, Inc. - an "unable to express and do not express an opinion" qualification due to recurring losses from operations of 54.2 million peso and 0.1 million peso for the financial years ended 30 June 2007 and 30 June 2006 respectively and has a net capital deficiency of 284.9 million peso and 230.6 million peso for the financial years ended 30 June 2007 and 30 June 2006 respectively. On 14 September 1998, the company adopted a resolution authorizing the management to implement a "de facto" phase out of the company's operations in accordance with the consensus arrived at during the meeting held on 20 August 1998. The company has ceased to carry on the business of stockbroker and dealer upon the sale of its exchange seat in the Philippine Stock Exchange. The activities of the company thereafter are limited to the realization of assets and settlement of liabilities.

(iv) Amsteel Strategic Investors Alliance, Inc. - raised doubt about the company's ability to continue as a going concern in view of the recurring losses suffered from operations of 33,000 peso and 5,000 peso for the financial years ended 30 June 2007 and 30 June 2006. On 1 July 1998, the management decided to wind down its operations and maintain its presence until subsequent economic recovery will enable the company to revive its activities.

18. INTEREST IN JOINT-VENTURES

	GROUP	
	2007	**2006**
	RM'000	**RM'000**
Capital contribution	**160**	160
Share of profit from joint-ventures	**187**	187
Impairment losses	**(31)**	-
	316	347
Less: Cash received	**(316)**	(316)
	-	31

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

	GROUP 2007 RM'000	GROUP 2006 RM'000
Current Assets		
Deposits, cash and bank balances	**475**	475
Current Liabilities		
Payables	**(475)**	(444)
Net Assets Employed	**-**	31

The Group's share of revenue and expenses of the joint-ventures is as follows:

	GROUP 2007 RM'000	GROUP 2006 RM'000
Revenue	**-**	-
Expenses	**-**	-
Profit from ordinary activities	**-**	-

There were no capital commitments and contingent liabilities in the joint-ventures as at 30 June 2007.

The joint-venture companies are:

Name of Joint-Venture	Holding in Equity by Subsidiary Companies 2007 %	2006 %	Accounting Year End	Principal Activities
Dwiwater Sdn Bhd	**52.52**	52.52	31 December	Ceased operation
Triwater Sdn Bhd	**43.07**	43.07	31 December	Ceased operation

19. INVESTMENTS

	GROUP 2007 RM'000	GROUP 2006 RM'000	COMPANY 2007 RM'000	COMPANY 2006 RM'000
Non-current				
Convertible unsecured loan stock at cost	**-**	-	**4,590**	4,590
Allowance for diminution in value	**-**	-	**(4,590)**	(4,590)
	-	-	**-**	-
Shares quoted in Malaysia at cost	**25,808**	25,808	**1,008**	1,008
Allowance for diminution in value	**(46)**	(5,801)	**(442)**	(598)
	25,762	20,007	**566**	410

	GROUP 2007 RM'000	GROUP 2006 RM'000	COMPANY 2007 RM'000	COMPANY 2006 RM'000
Shares quoted outside Malaysia at cost	**54,563**	55,114	**-**	-
Allowance for diminution in value	**(19,434)**	(39,455)	**-**	-
	35,129	15,659	**-**	-
Quoted warrants at cost	**49,374**	49,384	**-**	-
Allowance for diminution in value	**(42,121)**	(45,654)	**-**	-
	7,253	3,730	**-**	-
Redeemable Cumulative Unsecured Loan Stocks at cost	**-**	34,280	**-**	34,280
Unquoted shares at cost	**137**	137	**128**	128
LCB Bonds				
Redeemable bonds	**996,649**	1,002,110	**996,649**	1,002,110
Accreted interest	**202,825**	196,549	**202,825**	196,549
	1,199,611	1,233,076	**1,199,602**	1,233,067
Total	**1,267,755**	1,272,472	**1,200,168**	1,233,477
Current				
Shares quoted in Malaysia at cost	**-**	66,589	**-**	66,589
Allowance for diminution in value	**-**	(17,387)	**-**	(17,387)
	-	49,202	**-**	49,202
LCB Bonds - accreted interest	**297,591**	172,414	**297,591**	172,414
Total	**297,591**	221,616	**297,591**	221,616
Total				
Convertible unsecured loan stock at cost	**-**	-	**4,590**	4,590
Allowance for diminution in value	**-**	-	**(4,590)**	(4,590)
	-	-	**-**	-
Shares quoted in Malaysia at cost	**25,808**	92,397	**1,008**	67,597
Allowance for diminution in value	**(46)**	(23,188)	**(442)**	(17,985)
	25,762	69,209	**566**	49,612
Shares quoted outside Malaysia at cost	**54,563**	55,114	**-**	-
Allowance for diminution in value	**(19,434)**	(39,455)	**-**	-
	35,129	15,659	**-**	-

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Warrants quoted in Malaysia at cost	**49,374**	49,384	**-**	-
Allowance for diminution in value	**(42,121)**	(45,654)	**-**	-
	7,253	3,730	**-**	-
Redeemable Cumulative Unsecured Loan Stocks at cost	**-**	34,280	**-**	34,280
Unquoted shares at cost	**137**	137	**128**	128
LCB Bonds				
Redeemable bonds	**996,649**	1,002,110	**996,649**	1,002,110
Accreted interest	**500,416**	368,963	**500,416**	368,963
	1,497,202	1,405,490	**1,497,193**	1,405,481
Total	**1,565,346**	1,494,088	**1,497,759**	1,455,093

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Market value of:				
Shares quoted in Malaysia	**27,618**	69,224	**566**	49,612
Shares quoted outside Malaysia	**35,129**	15,659	**-**	-
Warrants quoted in Malaysia	**7,253**	3,730	**-**	-
	70,000	88,613	**566**	49,612

Certain investments of the Group and of the Company amounting to RM1.56 billion and RM1.50 billion (2006: RM1.49 billion and RM1.45 billion) respectively were pledged as securities for bonds issued pursuant to the GWRS and as security for an amount due to a main contractor as a result of debts assumed from a subsidiary company disposed of in the previous financial years.

20. DEFERRED EXPENDITURE

	GROUP	
	2007	2006
	RM'000	RM'000
Deferred charges		
At beginning of the financial year	**134**	160
Additions during the financial year	**-**	37
	134	197
Amortisation	**(134)**	(63)
At end of the financial year	**-**	134

21. PROPERTY DEVELOPMENT ACTIVITIES

(a) Land held for property development

	GROUP 2007 RM'000	GROUP 2006 RM'000
Land, at cost	**177,318**	179,793
Development expenditure	**159,707**	172,738
Impairment losses	**(38,560)**	-
	298,465	352,531

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

	GROUP 2007 RM'000	GROUP 2006 RM'000
At beginning of the financial year	**352,531**	360,510
Additions	**3,842**	6,855
Disposals	**-**	(36,140)
Transfer (to)/from property development costs (Note (b))	**(19,348)**	21,306
Impairment losses	**(38,560)**	-
At end of the financial year	**298,465**	352,531

(b) Property development costs

	GROUP 2007 RM'000	GROUP 2006 RM'000
At beginning of the financial year		
- land, at cost	**68,476**	105,010
- development costs	**170,001**	165,140
- accumulated costs charged to income statement	**(90,821)**	(62,475)
- impairment losses	**(9,070)**	(9,557)
	138,586	198,118
Costs incurred during the financial year:		
- transfer from/(to) land held for property development (Note (a))	**19,348**	(21,306)
- development costs	**64,840**	88,479
- impairment losses	**(29,167)**	-
	55,021	67,173
Cost charged to income statement	**(74,031)**	(123,209)
Transfer to inventories	**(4,958)**	(3,496)
	(78,989)	(126,705)
At end of the financial year	**114,618**	138,586

The titles of certain subsidiary companies' land held for development have yet to be registered in the name of the subsidiary companies.

Certain land at cost totalling RM245.8 million (2006: RM284.8 million) have been pledged as securities for bonds issued pursuant to the implementation of the GWRS.

22. GOODWILL

	GROUP	
	2007	**2006**
	RM'000	**RM'000**
Cost:		
At beginning of the financial year	**80,021**	80,021
Effects of adopting FRS 3 (Note 5 (a) (i))	**(30,838)**	-
Impairment losses	**(49,183)**	-
At end of the financial year	**-**	80,021
Accumulated amortisation:		
At beginning of the financial year	**30,838**	27,561
Amortisation during the financial year	**-**	3,277
Effects of adopting FRS 3 (Note 5 (a) (i))	**(30,838)**	-
At end of the financial year	**-**	30,838
Net carrying amount	**-**	49,183

23. INVENTORIES

	GROUP	
	2007	**2006**
	RM'000	**RM'000**
At cost:		
Raw materials	**86**	59
Finished goods	**974**	2,376
General and consumable stores	**1,874**	2,043
Work-in-progress	**1,310**	978
Completed property units for sale	**145,798**	146,076
	150,042	151,532
At net realisable value:		
Marketable securities	**8,907**	10,500
Total	**158,949**	162,032

24. RECEIVABLES

	GROUP		COMPANY	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Trade receivables	**281,636**	310,915	**-**	-
Allowance for doubtful receivables	**(185,938)**	(215,801)	**-**	-
	95,698	95,114	**-**	-
Accrued billings	**73,700**	90,218	**-**	-
Other receivables, deposits and prepayments	**135,116**	174,087	**20,456**	56,148
Allowance for doubtful receivables	**(79,838)**	(82,065)	**(1,961)**	(220)
	128,978	182,240	**18,495**	55,928
Amount due from subsidiary companies	**-**	-	**3,590,882**	3,556,587
Allowance for doubtful receivables	**-**	-	**(713,069)**	(13,989)
	-	-	**2,877,813**	3,542,598
Amount due from associated companies	**88,018**	96,682	**65,903**	74,070
Allowance for doubtful receivables	**(20,643)**	(2,447)	**(14,082)**	(82)
	67,375	94,235	**51,821**	73,988
Total	**292,051**	371,589	**2,948,129**	3,672,514

The Group's normal trade credit term ranges from 21 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single customer or to groups of customers.

The amounts due from subsidiary companies which arose mainly from inter-company advances are unsecured, interest bearing at rates ranging from 0.2% to 8% (2006: 0.2% to 8%) per annum and are repayable on demand.

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

The currency exposure profile of receivables is as follows:

	GROUP		COMPANY	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Ringgit Malaysia	**268,480**	336,369	**2,262,569**	2,841,791
Chinese Renminbi	**5,280**	6,588	**194**	1,511
Singapore Dollar	**16,559**	25,815	**160,899**	210,338
Hong Kong Dollar	**1,419**	135	**287,851**	361,139
Others	**313**	2,682	**236,616**	257,735
	292,051	371,589	**2,948,129**	3,672,514

25. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposits with licensed financial institutions	**95,041**	97,593	**11,891**	26,552
Housing Development Accounts	**38,448**	26,455	**-**	-
Cash and bank balances	**36,432**	60,165	**1,202**	2,510
	169,921	184,213	**13,093**	29,062

The Housing Development Accounts are maintained in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the subsidiary companies upon the completion of the property development projects and after all property development expenditure has been fully settled.

Certain deposits included in deposits with licensed financial institutions are:

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Pledged as security for credit facilities granted to the Group	**6,914**	2,198	**-**	-
Earmarked for bond redemption under the GWRS	**14,627**	24,746	**11,830**	21,760
	21,541	26,944	**11,830**	21,760

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

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Ringgit Malaysia	**167,439**	180,179	**13,093**	29,062
Others	**2,482**	4,034	**-**	-
	169,921	184,213	**13,093**	29,062

The average interest rates of deposits at the balance sheet date is 3.0% (2006: 2.9%) per annum.

The average maturities of deposits as at the end of the financial year is 18 days (2006: 18 days).

26. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	GROUP	
	2007 RM'000	2006 RM'000
As transfer from property, plant and equipment (Note14):		
Leasehold land (Note a)	**3,792**	-
Freehold land (Note b)	**2,527**	-
	6,319	-

(a) On 12 September 2006, Ayer Keroh Resort Sdn Bhd, a subsidiary of the Company, had entered into a conditional sale and purchase agreement to dispose of the leasehold land for a cash consideration of RM10.8 million.

(b) Pacific Agriculture And Development Sdn Bhd, a wholly-owned subsidiary of the Group, had agreed to dispose of a piece of freehold land for an aggregate disposal amount of RM16.8 million as mentioned in Note 42.

27. SHARE CAPITAL

	GROUP AND COMPANY	
	2007	**2006**
	RM'000	**RM'000**
Authorised:		
2,000,000,000 Ordinary Shares of RM1.00 each	**2,000,000**	2,000,000
Issued and fully paid:		
1,331,174,812 Ordinary Shares of RM1.00 each	**1,331,175**	1,331,175

The Executive Share Option Scheme ("ESOS") established for the benefit of eligible executive Directors and executive employees of the Group became effective on 1 June 2006. The salient features and other terms 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 scheme shall be allocated, in aggregate, to executive Directors and senior management; and

   (ii) not more than 10% of the shares available under the scheme 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 Listing Requirements of Bursa Malaysia Securities Berhad), holds 20% or more of the issued and paid-up capital of the Company.

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

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

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

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

28. OTHER RESERVES

	← Non-distributable		→	
	Translation RM'000	**Negative goodwill RM'000**	**Capital reserve RM'000**	**Total RM'000**
GROUP				
Balance at 1 July 2005	60,629	18,964	509,580	589,173
Transfer to capital reserve	-	-	5,269	5,269
Net translation loss on equity of foreign subsidiary companies	(8,086)	-	16	(8,070)
Equity accounting for share of net assets of associated companies	-	-	(24,415)	(24,415)
Negative goodwill	-	(908)	-	(908)
Realisation of reserve on liquidation of subsidiary company	-	(39)	-	(39)
Transfer to deferred tax liabilities	-	-	(39)	(39)
Balance at 30 June 2006	52,543	18,017	490,411	560,971
Balance at 1 July 2006				
- As previously reported	52,543	18,017	490,411	560,971
- Effect of adopting FRS 3	-	(18,017)	-	(18,017)
- As restated	52,543	-	490,411	542,954
Net translation loss on equity of foreign subsidiary companies	(10,019)	-	(2)	(10,021)
Balance at 30 June 2007	**42,524**	**-**	**490,409**	**532,933**

Capital reserve comprises profits recognised by a subsidiary company set up to manage the Ringgit Malaysia debts under the GWRS amounting to RM437.9 million.

29. TRANSFERS FROM/(TO) CAPITAL RESERVE

	GROUP	
	2007 RM'000	**2006 RM'000**
Appropriation of profits to capital reserve in respect of a subsidiary company incorporated for the purpose of debts management pursuant to the GWRS	**-**	(5,269)

30. ACB BONDS AND USD DEBTS - SECURED

	GROUP		COMPANY	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
- ACB Bonds	**399,584**	265,373	**399,584**	265,373
- ACB Debts	**-**	-	**1,125,889**	774,176
- ACB Consolidated and Rescheduled Debts	**1,103,849**	779,896	**-**	-
	1,503,433	1,045,269	**1,525,473**	1,039,549
Non-current				
- ACB Bonds	**383,990**	492,342	**383,990**	492,342
- ACB Debts	**-**	-	**805,161**	1,223,680
- ACB Consolidated and Rescheduled Debts	**779,368**	1,163,947	**-**	-
	1,163,358	1,656,289	**1,189,151**	1,716,022
Total				
- ACB Bonds	**783,574**	757,715	**783,574**	757,715
- ACB Debts	**-**	-	**1,931,050**	1,997,856
- ACB Consolidated and Rescheduled Debts	**1,883,217**	1,943,843	**-**	-
	2,666,791	2,701,558	**2,714,624**	2,755,571

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

	GROUP		COMPANY	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Within one year	**1,503,433**	1,045,269	**1,525,473**	1,039,549
More than one year and less than two years	**133,875**	367,472	**195,889**	521,178
More than two years and less than five years	**1,029,483**	436,419	**993,262**	679,378
More than five years	**-**	852,398	**-**	515,466
	2,666,791	2,701,558	**2,714,624**	2,755,571

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

	GROUP		COMPANY	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**783,574**	757,715	**783,574**	757,715
United States Dollar	**1,883,217**	1,943,843	**1,931,050**	1,997,856
	2,666,791	2,701,558	**2,714,624**	2,755,571

On 14 March 2003, the Group and the Company issued RM denominated zero coupon redeemable secured bonds and USD Debts in settlement of the indebtedness owing to lenders and inter-company balances with Lion Industries Corporation Berhad ("LICB"), Lion Diversified Holdings Berhad ("LDHB") and Silverstone Corporation Berhad.

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

(a) RM153.54 million (in present value as at date of issue) Class A1 secured ACB Bonds, with a maturity date of 29 December 2006, a nominal value of RM194.65 million and a cash yield to maturity at 7.00% per annum;

(b) RM345.12 million (in present value as at date of issue) Class A2 secured ACB Bonds, with a maturity date of 29 December 2006, a nominal value of RM420.60 million and a cash yield to maturity at 6.00% per annum;

(c) RM368.10 million (in present value as at date of issue) Class B secured ACB Bonds, with a maturity date of 31 December 2010, a nominal value of RM477.76 million and a cash yield to maturity at 4.75% and 7.75% per annum; and

(d) RM217.69 million (in present value as at date of issue) Class C secured ACB Bonds, with a maturity date of 31 December 2011, a nominal value of RM340.05 million and a cash yield to maturity at 4.75% per annum.

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

(a) USD215.67 million (equivalent to RM819.56 million) (in present value as at date of issue) Class A1 secured ACB Debts, with a maturity date of 29 December 2006, a nominal value of USD270.78 million (equivalent to RM1,028.95 million) and a cash yield to maturity at 6.75% per annum;

(b) USD2.70 million (equivalent to RM10.25 million) (in present value as at date of issue) Class A2 secured ACB Debts, with a maturity date of 29 December 2006, a nominal value of USD3.23 million (equivalent to RM12.27 million) and a cash yield to maturity at 5.50% per annum;

(c) USD238.13 million (equivalent to RM904.88 million) (in present value as at date of issue) Class B secured ACB Debts, with a maturity date of 31 December 2010, a nominal value of USD293.96 million (equivalent to RM1,117.06 million) and a cash yield to maturity at 4.25% per annum; and

(d) USD133.44 million (equivalent to RM507.08 million) (in present value as at date of issue) Class C secured ACB Debts, with a maturity date of 31 December 2011, a nominal value of USD198.85 million (equivalent to RM755.63 million) and a cash yield to maturity at 4.25% per annum.

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

(a) USD215.67 million (equivalent to RM819.56 million) (in present value as at date of issue) Class A1 secured ACB Consolidated and Rescheduled Debts, with a maturity date of 29 December 2006, a nominal value of USD268.61 million (equivalent to RM1,020.71 million) and a cash yield to maturity at 6.50% per annum;

(b) USD2.70 million (equivalent to RM10.25 million) (in present value as at date of issue) Class A2 secured ACB Consolidated and Rescheduled Debts, with a maturity date of 29 December 2006, a nominal value of USD3.20 million (equivalent to RM12.18 million) and a cash yield to maturity at 5.25% per annum;

(c) USD238.13 million (equivalent to RM904.88 million) (in present value as at date of issue) Class B secured ACB Consolidated and Rescheduled Debts, with a maturity date of 31 December 2010, a nominal value of USD290.46 million (equivalent to RM1,103.74 million) and a cash yield to maturity at 4.00% per annum; and

(d) USD133.44 million (equivalent to RM507.08 million) (in present value as at date of issue) Class C secured ACB Consolidated and Rescheduled Debts, with a maturity date of 31 December 2011, a nominal value of USD194.33 million (equivalent to RM738.45 million) and a cash yield to maturity at 4.00% per annum.

Securities and covenants for the ACB Bonds and ACB Consolidated and Rescheduled Debts

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

(a) the assets included in the Proposed Divestment Programme for the Group;

(b) Class B LCB Bonds received by the Company pursuant to the GWRS;

(c) The Redemption Account held by the Company where it will capture the "Dedicated Cash Flows" pursuant to the GWRS. Dedicated Cash Flows mean cash flows from the following sources:

- net surplus proceeds from the disposal of any assets in the Proposed Divestment Programme for the Group over which there is presently a security, if applicable;

- net proceeds from the disposal of any assets in the Proposed Divestment Programme for the Group over which there is presently no security;

- any Back-End Amount and Loyalty Payment received by the Company as a holder of LCB Bonds;

- net proceeds of the redemption of LCB Bonds received by the Company;

- net proceeds from the disposal of any residual assets (other than the assets in the Proposed Divestment Programme) of the Group.

Classes A(1) and A(2) ACB Bonds and ACB Consolidated and Rescheduled Debts and Class B ACB Bonds and ACB Consolidated and Rescheduled Debts rank pari passu amongst each other over the Securities under items (a) to (c) above held by the Security Trustee.

Class C ACB Bonds and ACB Consolidated and Rescheduled Debts rank pari passu amongst each other over the Securities under items (a) to (c) above held by the Security Trustee.

The Classes A(1), A(2) and B ACB Bonds and ACB Consolidated and Rescheduled Debts will rank in priority over Class C ACB Bonds and ACB Consolidated and Rescheduled Debts over the Securities under items (a) to (c) above held by the Security Trustee.

In addition, the following will be securities provided in respect of the ACB Consolidated and Rescheduled Debts ("SPV Securities"):

(a) Assignment of all the rights attaching to the ACB Debts including the rights to receive payments from the Company and rights to other entitlements;

(b) A debenture over the assets (namely ACB Debts) of a subsidiary company;

(c) A charge over a subsidiary company's Redemption Account which will capture the proceeds from the repayment of the ACB Debts by the Company; and

(d) Corporate guarantee by the Company to the Facility Agent for the benefit of holders of the ACB Consolidated and Rescheduled Debts.

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

The Classes A(1), A(2) and B ACB Consolidated and Rescheduled Debts will rank pari passu amongst each other in respect of the SPV Securities listed under items (a) to (d) and rank ahead of the Class C ACB Consolidated and Rescheduled Debts in respect of the SPV Securities. Meanwhile, the Class C ACB Consolidated and Rescheduled Debts will rank pari passu amongst each other in respect of the SPV Securities.

Classes A(1), A(2), B and C ACB Bonds and ACB Consolidated and Rescheduled Debts shall rank pari passu with all other unsecured and unsubordinated creditors of the Group in respect of the Group's assets which are not part of the Securities.

The main covenants of the ACB Bonds and ACB Consolidated and Rescheduled Debts are as follows:

(a) Permitted indebtedness

At any time, any indebtedness for borrowed moneys incurred or assumed by the Group and any scheme companies in respect of which the aggregate principal amount committed or provided by the lenders together with the aggregate amount of all indebtedness of the Group and any scheme companies at the time of incurrence does not exceed the following limits:

(i) where the total amounts for the redemption or purchase of the ACB Bonds and the total amounts for the repayment or purchase of the ACB Consolidated and Rescheduled Debts paid by the Company and/or the subsidiary company up to that time when the indebtedness is incurred or proposed to be incurred (which amount shall exclude amounts paid in respect of the Class B(b) Bonds) and the up-front cash payment made on 31 January 2003 ("Repaid Amount") is less than 50% of the aggregate outstanding nominal values of all ACB Bond and all ACB Consolidated and Rescheduled Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 20% of that Repaid Amounts;

(ii) where the total Repaid Amounts is equal to or exceeding 50% but less than 75% of the aggregate outstanding for nominal values of all ACB Bonds and all ACB Consolidated and Rescheduled Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 35% of that Repaid Amounts; and

(iii) where the total Repaid Amounts is equal to or more than 75% of the aggregate outstanding nominal values of all ACB Bonds and all ACB Consolidated and Rescheduled Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 50% of that Repaid Amounts.

(b) Disposal of assets/shares

The disposal of assets/shares shall require prior consent from the Security Trustee where:

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

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

(iii) the sale of such asset/share is to a related party.

(c) Disposal of residual assets/shares

The disposal of residual assets/shares shall require prior consent from the Security Trustee where:

(i) the disposal price is more than RM25.0 million or 20% or more than the audited consolidated net tangible assets of the Group, whichever is lower; and

(ii) the disposal price is at a discount rate of 20% or more of the market value of the said asset/share.

(d) Capital expenditure

Prior written consent from the Security Trustee/Facility Agent before the Group (other than the excluded companies) incurs any capital expenditure:

(i) for any new investment which is not within the core business(es) of the Group as set out in the Trust Deed; and

(ii) exceeding 25% of the consolidated net tangible assets of the Group.

As reported in the previous financial statements:

(a) in consideration of the holders of ACB Bonds and USD Debts granting the indulgence and approval to vary the redemption date and the repayment date of ACB Bonds and USD Debts, additional securities were charged in favour of the Security Trustee on shares in certain subsidiary companies of the Company with an adjusted net tangible assets of RM5 million or more, provided such shares are not encumbered;

(b) the redemption date and repayment date for the ACB Bonds and the USD Debts, both of 31 December 2004 were varied to 31 March 2005 and 31 December 2007 respectively; and

(c) commencing 1 January 2005, interest payable as penalty for late redemption/repayment of any redemption amount/repayment amount shall be calculated on a simple interest basis instead of on a compound basis.

On 20 November 2006, the Company announced the proposed variation to the redemption date and repayment date for the ACB Bonds and USD Debts, both of 31 December 2006 to the proposed redemption date and repayment date of 31 October 2007 ("Variation").

The Company had on 15 December 2006, 24 January 2007 and 20 March 2007 announced the approval from the relevant authorities for the Variation.

31. LONG TERM BORROWINGS

	GROUP	
	2007	**2006**
	RM'000	**RM'000**
Term loans - secured	**7,874**	10,906
Less: Portion repayable within one year and included under short term borrowings (Note 36)	**(3,850)**	(5,850)
	4,024	5,056

The long term borrowings are repayable over the following periods:

	GROUP	
	2007	**2006**
	RM'000	**RM'000**
Within one year	**3,850**	5,850
From one to two years	**1,020**	1,020
From two to five years	**2,040**	3,060
More than five years	**964**	976
	7,874	10,906

The term loans of certain subsidiary companies are secured by way of charges over their respective assets and certain property, plant and equipment, where applicable. The long term borrowings bear interest at 6.0% (2006: 6.0%) per annum.

32. FINANCE LEASE LIABILITIES

	GROUP	
	2007	**2006**
	RM'000	**RM'000**
Minimum lease payments		
- not later than one year	**111**	114
- later than one year and not later than five years	**239**	313
	350	427
Less: Future finance charges	**(34)**	(64)
Present value of finance lease liabilities	**316**	363

Present value of finance lease liabilities are as follows:

	GROUP 2007 RM'000	GROUP 2006 RM'000
- not later than one year	**102**	96
- later than one year and not later than five years	**214**	267
	316	363

The finance lease liabilities bear interest at rates ranging from 2.3% to 10% (2006: 2.3% to 10%) per annum.

33. DEFERRED TAX

	GROUP 2007 RM'000	GROUP 2006 RM'000
At beginning of the financial year	**12,743**	18,642
Recognised in income statement (Note 12)	**3,386**	(5,938)
Recognised in equity statement	**(11,241)**	39
At end of the financial year	**4,888**	12,743

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

Deferred tax liabilities

	GROUP 2007 RM'000	GROUP 2006 RM'000
At beginning of the financial year	**21,887**	21,404
Recognised in income statement (Note 12)	**(619)**	444
Recognised in equity statement	**(11,241)**	39
At end of the financial year	**10,027**	21,887

Deferred tax liabilities provided for in the financial statements:

	GROUP 2007 RM'000	GROUP 2006 RM'000
- excess of capital allowances over depreciation	**1,998**	2,164
- tax effects of revaluation of plantation lands	**8,391**	19,656
- other temporary differences	**(362)**	67
	10,027	21,887

Deferred tax assets

	GROUP	
	2007	**2006**
	RM'000	**RM'000**
At beginning of the financial year	**9,144**	2,762
Recognised in income statement (Note 12)	**(4,005)**	6,382
At end of the financial year	**5,139**	9,144

Deferred tax assets provided for in the financial statements:

	GROUP	
	2007	**2006**
	RM'000	**RM'000**
- unused tax losses	**5,139**	9,144

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

	GROUP	
	2007	**2006**
	RM'000	**RM'000**
- unabsorbed capital allowances	**48,282**	36,823
- unutilised tax losses	**325,578**	352,416
	373,860	389,239

The unutilised tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiary companies in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiary companies in the Group and they have arisen in subsidiary companies that have a recent history of losses.

The unutilised tax losses and unabsorbed capital allowances carried forward are subject to agreement by the tax authorities.

34. PAYABLES

	GROUP		COMPANY	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	**44,820**	50,337	**-**	-
Progress billings	**20,214**	20,089	**-**	-
Other payables	**213,532**	303,916	**2,974**	78,569
Amount due to associated companies	**2,849**	2,904	**688**	688
Amount due to subsidiary companies	**-**	-	**1,351,678**	1,343,996
	281,415	377,246	**1,355,340**	1,423,253

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

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

The amounts due to subsidiary companies which arose mainly from inter-company advances are unsecured, interest bearing at rates ranging from 0.2% to 1.0% (2006: 0.2% to 1.0%) per annum and are repayable on demand.

The currency exposure profile of payables is as follows:

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Ringgit Malaysia	**261,553**	357,441	**1,349,089**	1,417,002
Chinese Renminbi	**14,420**	14,378	**6,251**	1,057
Others	**5,442**	5,427	**-**	5,194
	281,415	377,246	**1,355,340**	1,423,253

35. PROVISIONS

	Liquidated ascertained damages 2007 RM'000	2006 RM'000
GROUP		
At beginning of the financial year	**19,484**	16,739
Additions during the financial year	**98**	4,241
Utilised during the financial year	**(417)**	(1,496)
Transfer from other payables	**7,895**	-
At end of the financial year	**27,060**	19,484

The liquidated ascertained damages relate to damages payable by certain subsidiaries of the Group to purchasers of property units in the event the subsidiaries are unable to deliver vacant possession within the time stipulated in the agreements. The damages are calculated from day to day at the rate stipulated in the agreement on the portion of the purchase price paid by the purchasers from the expected basic infrastructure completion date under the agreement to the actual date of completion.

36. SHORT TERM BORROWINGS

	GROUP	
	2007 RM'000	2006 RM'000
Short term loans - secured	**-**	44,338
- unsecured	**24,481**	26,855
Long term borrowings - portion repayable within one year (Note 31)	**3,850**	5,850
	28,331	77,043

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

	GROUP	
	2007 RM'000	2006 RM'000
Ringgit Malaysia	**1,020**	45,358
Chinese Renminbi	**24,481**	26,855
Others	**2,830**	4,830
	28,331	77,043

The short term loans of certain subsidiary companies are secured by way of fixed and floating charges over their respective assets, quoted shares and certain property, plant and equipment. The short term borrowings bear interest at rates ranging from 3.0% to 8.3% (2006: 3.0% to 8.3%) per annum.

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

(a) Sales of goods and services

	GROUP	
	2007 RM'000	**2006 RM'000**
Sales of goods and services to:		
- Megasteel Sdn Bhd	**15,688**	18,631
- Amsteel Mills Sdn Bhd	**7,153**	6,565
- Narajaya Sdn Bhd	**248**	1,634

Megasteel Sdn Bhd is a subsidiary company of Lion Corporation Berhad ("LCB"), a substantial shareholder of the Company.

Amsteel Mills Sdn Bhd is a substantial shareholder of the Company.

Narajaya Sdn Bhd is a subsidiary company of Lion Development (Penang) Sdn Bhd, a substantial shareholder of the Company.

(b) Purchases of goods

	GROUP	
	2007 RM'000	**2006 RM'000**
Purchases of goods from:		
- Secom Co Ltd	**907**	989
- Secom Nohmi Co Ltd	**245**	277
- Silverstone Marketing Sdn Bhd	**675**	580

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

Secom Nohmi Co Ltd is a subsidiary company of Secom Co Ltd.

Silverstone Marketing Sdn Bhd is a subsidiary company of Silverstone Corporation Berhad, a company in which a Director and certain substantial shareholders of the Company have interests.

(c) Sales commissions

	GROUP	
	2007 RM'000	**2006 RM'000**
Sales commissions payable to:		
- Parkson Corporation Sdn Bhd	**151**	2,044

Parkson Corporation Sdn Bhd is a subsidiary company of Lion Diversified Holdings Berhad, a substantial shareholder of the Company.

(d) Rental expenses

	GROUP 2007 RM'000	2006 RM'000
Rental charges payable to:		
- Parkson Corporation Sdn Bhd	**129**	126

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.

38. CONTINGENT LIABILITIES

	GROUP 2007 RM'000	2006 RM'000
Unsecured:		
Legal claims in respect of the termination of contracts for the extraction and sale of timber	**313,300**	313,300

The contingent liability arises out of indemnity contract whereby a subsidiary company of the Group, agrees to indemnify in full, litigation suits and any other claims brought by third parties against Sabah Forest Industries Sdn Bhd, a former subsidiary company of Lion Forest Industries Berhad ("LFIB"). LFIB ceased to be a subsidiary company upon the implementation of the GWRS.

39. COMMITMENTS

The Group has the following commitments:

	GROUP 2007 RM'000	2006 RM'000
Capital expenditure for property, plant and equipment		
- approved and contracted for	**-**	160
- approved but not contracted for	**80,564**	80,564
Total	**80,564**	80,724

40. SEGMENT INFORMATION

(a) Business Segments:

The Group is organised into three major business segments:

(i) Property - property development and management, and operation of hotels;

(ii) Plantation - cultivation of oil palm and rubber;

(iii) Investment holding and others - investment holding, manufacture and sale of steel related products, provision of security services and security related equipment, provision of transportation services, retail and others.

The Directors of the Company are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are no more favourable to the related parties than those arranged with unrelated parties.

30 JUNE 2007

	Property RM'000	Plantation RM'000	Investment holding and others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	130,389	10,792	192,858	-	334,039
Inter-segment sales	-	789	31,711	(32,500)	-
	130,389	11,581	224,569	(32,500)	334,039
Results					
Segment results	8,249	3,184	283,604	-	295,037
Interest income					23,557
Profit from operations					318,594
Impairment losses	(55,159)	-	(107,277)	-	(162,436)
Finance costs					(159,737)
Share in results of associated companies	3,560	-	(7,567)	-	(4,007)
Taxation					(18,829)
Net loss for the financial year					(26,415)
Assets					
Segment assets	1,046,160	165,450	1,834,808	-	3,046,418
Investment in associated companies	53,032	-	21,006	-	74,038
Unallocated assets					37,876
Consolidated total assets					3,158,332
Liabilities					
Segment liabilities	230,607	59,517	2,725,869	-	3,015,993
Unallocated liabilities					35,547
Consolidated total liabilities					3,051,540
Other information					
Capital expenditure	5,347	305	4,207	-	9,859
Depreciation	6,543	298	3,662	-	10,503
Amortisation	-	1,237	134	-	1,371
Impairment losses	55,159	-	107,277	-	162,436
Non-cash expenses other than depreciation, amortisation and impairment losses	5,934	-	21,608	-	27,542

30 JUNE 2006

	Property RM'000	Plantation RM'000	Investment holding and others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	181,232	9,826	192,185	-	383,243
Inter-segment sales	-	1,039	19,472	(20,511)	-
	181,232	10,865	211,657	(20,511)	383,243
Results					
Segment results	35,024	2,973	159,419	-	197,416
Interest income					24,958
Unallocated expenses					(2,369)
Profit from operations					220,005
Finance costs					(169,524)
Share in results of associated companies	3,738	-	(16,929)	-	(13,191)
Taxation					(29,945)
Net profit for the financial year					7,345
Assets					
Segment assets	1,116,526	480,619	1,704,642	-	3,301,787
Investment in associated companies	40,592	-	85,047	-	125,639
Investment in joint-ventures	31	-	-	-	31
Unallocated assets					31,041
Consolidated total assets					3,458,498
Liabilities					
Segment liabilities	255,247	58,009	2,875,604	-	3,188,860
Unallocated liabilities					39,300
Consolidated total liabilities					3,228,160

30 JUNE 2006

	Property RM'000	Plantation RM'000	Investment holding and others RM'000	Eliminations RM'000	Consolidated RM'000
Other information					
Capital expenditure	1,533	428	3,680	-	5,641
Depreciation	7,118	123	3,455	-	10,696
Amortisation	116	2,482	1,125	-	3,723
Allowance for diminution in value	-	-	37,707	-	37,707
Non-cash expenses other than depreciation, amortisation, impairment losses and allowance for diminution in value	5,230	6	11,290	-	16,526

(b) Geographical Segments:

The Group operates in the following main geographical areas:

Malaysia - mainly in the property development and management, operation of hotel, cultivation of oil palm and rubber, manufacture and sale of steel related products, provision of security services and security related equipment, provision of transportation services, retail and investment holding;

China - mainly involved in operation of hotel; and

Other countries - investment holding and others.

	Revenue		Segment assets		Capital expenditure	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Malaysia	**319,841**	369,064	**2,914,289**	3,173,118	**8,669**	4,237
China	**13,478**	13,463	**70,144**	72,726	**1,130**	1,102
Other countries	**720**	716	**61,985**	55,943	**60**	302
	334,039	383,243	**3,046,418**	3,301,787	**9,859**	5,641

41. CASH FLOW STATEMENTS

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

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000
Depreciation	**10,503**	10,696	**94**	128
Share in losses of associated companies	**4,007**	13,191	**-**	-
Amortisation of:				
- deferred expenditure	**134**	63	**-**	-
- goodwill on consolidation	**-**	3,277	**-**	-
- negative goodwill	**-**	(908)	**-**	-
- biological assets	**1,237**	1,291	**-**	-
Interest expenses	**159,737**	169,524	**153,295**	160,359
Interest income	**(155,709)**	(156,031)	**(144,804)**	(155,912)
Written off:				
- property, plant and equipment	**152**	103	**-**	-
- inventories	**-**	42	**-**	-
- bad receivables	**162**	2	**-**	-
Gain on disposal of:				
- property, plant and equipment	**-**	(1,649)	**-**	(8)
- property development	**-**	(19,150)	**-**	-
- investments	**(5,259)**	(6,986)	**(5,276)**	(5,739)
Allowance for doubtful receivables	**20,579**	12,138	**715,041**	302
Dividend income	**(3,956)**	(5,030)	**(31,275)**	(33,190)
Gain on foreign exchange				
- unrealised	**(116,762)**	(65,661)	**(116,965)**	(66,169)
Provision for liquidated ascertained damages	**98**	4,241	**-**	-
Loss on disposal of:				
- associated companies	**655**	-	**-**	-
- property, plant and equipment	**145**	-	**-**	-
Gain on liquidation of a subsidiary company	**-**	(55)	**-**	-
Impairment losses	**162,436**	-	**55,679**	62,350
Impairment losses on investment in joint-ventures	**31**	-	**-**	-
Reversal of impairment losses for land held for property development	**-**	(4,238)	**-**	-
Allowance written back for diminution in value of investments	**(43,169)**	-	**(13,845)**	(173)
Allowance for diminution in value of investments	**-**	37,707	**-**	-
Allowance for slow moving inventories	**5,720**	-	**-**	-
	40,741	(7,433)	**611,944**	(38,052)

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

	GROUP		COMPANY	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Cash and bank balances	**36,432**	60,165	**1,202**	2,510
Deposit with licensed financial institutions	**95,041**	97,593	**11,891**	26,552
Housing Development Accounts	**38,448**	26,455	**-**	-
	169,921	184,213	**13,093**	29,062
Less: Fixed deposits pledged	**(6,914)**	(2,198)	**-**	-
Fixed deposits earmarked for bond redemption	**(14,627)**	(24,746)	**(11,830)**	(21,760)
	148,380	157,269	**1,263**	7,302

42. SIGNIFICANT EVENT

Pacific Agriculture And Development Sdn Bhd, a wholly-owned subsidiary of the Company, had on 23 March 2006 entered into a conditional sale and purchase agreement to dispose of a piece of freehold land measuring approximately 276,869 square feet in area ("Land") to Jemco Sdn Bhd for RM11,074,680 and following the acceptance of the Notice of Award and Offer for Compensation from the Land Administrator on 31 July 2006 for which the compensation sum awarded was RM8,492,924, the aggregate disposal amount of the Land was adjusted to RM16,788,467.

43. SUBSEQUENT EVENT

Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 28 September 2007, notified the Company that Bursa Securities was not able to consider the Company's application for a further extension of time for the Company to make the requisite announcement on its regularisation plan and to submit the regularisation plan to the relevant authorities. Bursa Securities had further in its letter dated 1 October 2007, notified the Company that the securities of the Company will be removed from the Official List of Bursa Securities on 11 October 2007.

44. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

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

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

Foreign currency risk

The Group's exposure to currency risks are mainly in US Dollar. The Group attempts to limit its exposure in foreign currency by entering into forward contracts wherever possible.

Interest rate risk

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

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's associations to mainly business partners with high creditworthiness. Receivables are monitored on an on-going basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Market risk

The Group has in place policies to manage its exposure to fluctuation in the prices of the key raw materials used in the operations through close monitoring and buying ahead in anticipation of significant price increase, where possible. For market risk arising from changes in equity prices, the Group manages the disposal of its investments to optimise returns on realisation.

Liquidity and cash flow risks

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

Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company as at 30 June 2007 approximated their fair values.

	GROUP		COMPANY	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Investments - quoted	**68,144**	**70,000***	**566**	**566***

* Market values as at financial year end

No disclosure is made for:

(a) Unquoted shares as it is not practical to estimate the fair value because of the lack of market information and the assumptions used in valuation models to value these investments cannot be reasonably determined; and

(b) Balances with subsidiary and associated companies as it is impractical to determine their fair values in view of the uncertainty as to the timing of future cash flows. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

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

(a) Cash and cash equivalents and trade and other receivables/payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(b) Investment in quoted shares

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(c) Borrowings

The carrying amount of short term borrowings approximates fair value because of the short maturity period. The fair value of long term borrowings is estimated based on the current rates available for borrowings with the same maturity profile.

STATEMENT BY DIRECTORS

We, **JEN (B) TAN SRI DATO' ZAIN MAHMUD HASHIM** and **TAN SRI WILLIAM H.J. CHENG**, being two of the Directors of **AMSTEEL CORPORATION BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 31 to 103 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards in Malaysia for entities other than private entities so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2007 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 2 October 2007.

JEN (B) TAN SRI DATO' ZAIN MAHMUD HASHIM
Chairman

TAN SRI WILLIAM H.J. CHENG
Director

Kuala Lumpur

STATUTORY DECLARATION

I, **CHENG SIN YENG**, the officer primarily responsible for the financial management of **AMSTEEL CORPORATION BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 31 to 103 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **CHENG SIN YENG** at Kuala Lumpur in the Federal Territory on 2 October 2007.

CHENG SIN YENG

Before me

W259
AHMAD B. LAYA
Commissioner for Oaths
Kuala Lumpur

REPORT OF THE AUDITORS TO THE MEMBERS OF AMSTEEL CORPORATION BERHAD

We have audited the financial statements set out on pages 31 to 103. These financial statements are the responsibility of the Company's Directors. Our responsibility is to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards in Malaysia for entities other than private entities so as to give a true and fair view of:

  (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

  (ii) the state of affairs of the Group and of the Company as at 30 June 2007 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of subsidiary companies of which we have not acted as auditors are shown in Note 17 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements 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 these purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification other than as disclosed in Note 17 to the financial statements and did not include any comment made under subsection (3) of Section 174 of the Companies Act, 1965.

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which indicates that as at 30 June 2007, the Group's current liabilities exceeded current assets by RM793.68 million, and the Group and Company's repayment obligations as disclosed in Note 30 to the financial statements. The Directors' plans to address these conditions are disclosed in Note 2 to the financial statements. At the date of this report, there is no reason for the Directors to believe that there is any significant uncertainty that the Group and Company would not be able to continue as a going concern. This assumption is premised on future events, the outcome of which is inherently uncertain.

ONG BOON BAH & CO
AF: 0320
Chartered Accountants

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

Kuala Lumpur

LIST OF GROUP MATERIAL PROPERTIES

AS AT 30 JUNE 2007

No.	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.	Lot 22, 607, 776, 618-634 Mukim of Beranang Daerah Hulu Langat Selangor	Freehold	259.8 hectares	Mixed development land	Property under development	119.0	7.6.1993
2.	PT 3252-3255, 3677, 4606 Lot 1840-1859 Mukim Bukit Katil Daerah Melaka Tengah Melaka	Leasehold 13.6.2090, 5.12.2090 and 25.5.2093	150.9 hectares	Land and buildings	Golf course and country club 11	92.2	14.6.1991, 6.12.1991 and 26.5.1994
3.	Brooklands 3 Estate HS (D) 5377 Lot PT 6339 Mukim Tanjong Duabelas Daerah Kuala Langat Selangor	Freehold	503.4 hectares	Land	Vacant	80.9	31.7.2001
4.	Brooklands 2 Estate Bandar Baru Brooklands Grant 5106 Lot 707 Grant 10886 Lot 1644 & 1647 Grant 10885 Lot 1645 & 1648 Mukim Tanjong Duabelas Kuala Langat, Selangor	Freehold	307.4 hectares	Mixed development land	Property under development	73.9	7.10.1993 and 28.9.1999
5.	CT 13782 Lot 692 Section 57, Jalan Nagasari Kuala Lumpur	Freehold	8,624.6 sq metres	Land and buildings	Property under development	65.2	15.12.1995
6.	39, Changchun Chuang Ye Street, Changchun Chaoyang, China	Leasehold 14.7.2027	21,234.0 sq metres	Commercial land and building	Office and hotel 13	63.0	6.9.1994
7.	Bagan Sena Estate Mukim of Bagan Sena District of Kulim , Kedah	Freehold	1,162.4 hectares	Agriculture land and building	Oil palm and rubber plantation	57.5	31.3.2007
8.	HS (D) 10, PT 6 Bandar Georgetown Section 17 Daerah Timur Laut Penang	Leasehold 8.8.2092	1.0 hectares	Land	Carpark	53.6	5.3.2001
9.	PT 488-490 Kawasan Bandar Hilir Daerah Melaka Tengah Melaka	Leasehold 19.10.2091 and 18.7.2089	7.0 hectares	Land and buildings	Hotel, carpark and property under development 11	41.8	26.7.1991 and 20.10.1992
10.	Lenggeng Estate Mukim of Lenggeng District of Seremban Negeri Sembilan	Freehold	741.9 hectares	Mixed development land	Oil palm plantation and property under development	39.9	31.3.2007

ANALYSIS OF SHAREHOLDINGS

Share Capital as at 30 September 2007

Authorised Share Capital	:	RM2,000,000,000
Issued and Paid-up Capital	:	RM1,331,174,812
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

Distribution of Shareholdings as at 30 September 2007

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	2,585	7.58	107,391	0.01
100 to 1,000	16,008	46.91	8,301,050	0.62
1,001 to 10,000	11,080	32.47	43,283,184	3.25
10,001 to 100,000	3,617	10.60	132,957,344	9.99
100,001 to less than 5% of issued shares	829	2.43	648,814,625	48.74
5% and above of issued shares	3	0.01	497,711,218	37.39
	34,122	100.00	1,331,174,812	100.00

Thirty Largest Registered Shareholders as at 30 September 2007

	Registered Shareholders	No. of Shares	% of Shares
1.	RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Corporation Berhad	235,098,987	17.66
2.	Lion Corporation Berhad	179,712,231	13.50
3.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad SMS Demag AG for Lion Corporation Berhad	82,900,000	6.23
4.	EB Nominees (Tempatan) Sendirian Berhad EON Bank Berhad	45,877,176	3.45
5.	RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad	38,781,283	2.91
6.	RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Silverstone Corporation Berhad	34,012,605	2.56
7.	Alliancegroup Nominees (Asing) Sdn Bhd Bayerische Landesbank (Hong Kong Branch)	20,059,383	1.51
8.	AMMB Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Amsteel Mills Sdn Bhd (7/974-1)	19,211,931	1.44
9.	Affin Nominees (Asing) Sdn Bhd Wide Fidelity Limited for Limpahjaya Sdn Bhd	14,995,653	1.13
10.	Kumpulan Perangsang Selangor Berhad	14,738,956	1.11
11.	Lim Seng Chee	14,137,800	1.06

Registered Shareholders		No. of Shares	% of Shares
12.	HSBC Nominees (Asing) Sdn Bhd Bank of America, National Association, Labuan Branch	14,010,350	1.05
13.	RC Nominees (Asing) Sdn Bhd BNP Paribas (Labuan Branch)	11,670,772	0.88
14.	RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Corporation Berhad (LCB-B1)	10,436,759	0.78
15.	Tee Yeow	10,000,000	0.75
16.	Ng Teng Song	9,254,800	0.70
17.	HSBC Nominees (Asing) Sdn Bhd Clear for Erste Bank Der Oesterreichischen Sparkassen AG	8,847,164	0.66
18.	Tee Yeow	7,750,720	0.58
19.	Mayban Nominees (Asing) Sdn Bhd DBS Bank for Agricultural Bank of China (S'pore Branch)	7,743,602	0.58
20.	Citigroup Nominees (Asing) Sdn Bhd Citigroup GM Inc for Avenue Asia Investment, LP	7,647,369	0.57
21.	Citigroup Nominees (Asing) Sdn Bhd CBHK for Standard Merchant Bank (Asia) Limited (STD BK Asia LTD)	6,294,361	0.47
22.	RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Limpahjaya Sdn Bhd (LCB-B3)	5,804,320	0.44
23.	Heng Nam Import & Export (M) Sdn Bhd	5,299,000	0.40
24.	Projek Lebuhraya Utara-Selatan Berhad	5,052,784	0.38
25.	Chin Chin Seong	5,000,000	0.38
26.	Cartaban Nominees (Asing) Sdn Bhd Credit Suisse Securities (Europe) Limited	4,646,161	0.35
27.	CIMSEC Nominees (Asing) Sdn Bhd Exempt AN for CIMB-GK Securities Pte Ltd (Retail Clients)	4,193,152	0.31
28.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Gim Leong (M12)	3,931,600	0.30
29.	Jacob LDC	3,871,801	0.29
30.	Cartaban Nominees (Asing) Sdn Bhd Asean Finance Corporation Limited	3,775,164	0.28

Substantial Shareholders as at 30 September 2007

Substantial Shareholders	Direct Interest No. of Shares	Direct Interest % of Shares	Indirect Interest No. of Shares	Indirect Interest % of Shares
1. Tan Sri Cheng Heng Jem	–	–	629,038,255	47.25
2. Datuk Cheng Yong Kim	87,000	0.01	595,025,650	44.70
3. Lion Realty Pte Ltd	–	–	594,686,450	44.67
4. Lion Development (Penang) Sdn Bhd	–	–	594,686,450	44.67
5. Horizon Towers Sdn Bhd	–	–	594,686,450	44.67
6. Lion Corporation Berhad	508,147,977	38.17	86,538,473	6.50
7. Lion Industries Corporation Berhad	38,781,283	2.91	555,905,167	41.76
8. Amsteel Mills Sdn Bhd	19,211,931	1.44	575,474,519	43.23
9. LLB Steel Industries Sdn Bhd	–	–	594,686,450	44.67
10. Steelcorp Sdn Bhd	–	–	594,686,450	44.67
11. Lion Diversified Holdings Berhad	3,318,501	0.25	591,367,949	44.42
12. LDH (S) Pte Ltd	–	–	594,686,450	44.67
13. Narajaya Sdn Bhd	–	–	594,686,450	44.67

Directors' Interests in Shares in the Company and its Related Companies as at 30 September 2007

The Directors' interests in shares in the Company and its related companies as at 30 September 2007 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					
Jen (B) Tan Sri Dato' Zain Mahmud Hashim	RM1.00	-	-	53,321	0.004
Tan Sri William H.J. Cheng	RM1.00	-	-	629,113,455	47.26
Tan Siak Tee	RM1.00	10,000	*	-	-
Related Companies					
Tan Sri William H.J. Cheng					
Ambang Maju Sdn Bhd	RM1.00	-	-	70,000	70.00
Ayer Keroh Resort Sdn Bhd	RM1.00	-	-	20,000,000	100.00
Bungawang Sdn Berhad	RM1.00	-	-	25,000	100.00
Crystavel Sdn Bhd (In Liquidation – Voluntary)	RM1.00	-	-	998	99.8
Davids Warehousing Sdn Bhd (In Liquidation – Voluntary)	RM1.00	-	-	4,080,000	51.00
Dwiwater Sdn Bhd	RM1.00	-	-	5,252	52.52
Kobayashi Optical Sdn Bhd	RM1.00	-	-	700,000	70.00
Lion Mutiara Parade Sdn Bhd	RM1.00	-	-	6,000,000	60.00
Lion Plantations Sdn Bhd	RM1.00	-	-	8,000,000	100.00
Salient Care Sdn Bhd	RM1.00	-	-	1,400,000	70.00

Directors' Interests in Shares in the Company and its Related Companies as at 30 September 2007 (continued)

	Nominal Value Per Ordinary Share	Direct Interest No. of Shares	Direct Interest % of Shares	Indirect Interest No. of Shares	Indirect Interest % of Shares
Related Companies					
Tan Sri Willian H. J. Cheng					
Secom (Malaysia) Sdn Bhd	RM1.00	-	-	5,100,000	51.00
Visionwell Sdn Bhd	RM1.00	-	-	16,000,000	80.00
Masoni Investment Pte Ltd	**	-	-	9,500,000	100.00
P T Amsteel Securities Indonesia	Rp1,000	-	-	9,350,000	85.00
P T Kebunaria	Rp1,000,000	-	-	17,000	85.00

Investments in the People's Republic of China	Indirect Interest Investment (Rmb)	Indirect Interest % Holding
Jilin Motor City Park Hotel Co Ltd	60,000,000	60.00

	Nominal Value Per Preference Share	Direct Interest No. of Shares	Direct Interest % of Shares	Indirect Interest No. of Shares	Indirect Interest % of Shares
Related Companies					
Tan Sri William H.J. Cheng					
Lion Mutiara Parade Sdn Bhd	RM0.01	-	-	8,400,000	60.00
Hy-Line Berhad	RM1,000	-	-	2,483	70.94

Notes:

* *Negligible*

** *Shares in companies incorporated in Singapore do not have a par value*

Other than as disclosed above, the Directors of the Company do not have any other interest in shares in the Company or its related companies.

LEVEL 1 SPONSORED AMERICAN DEPOSITARY RECEIPT PROGRAMME

The Company has registered with the Securities and Exchange Commission of the United States of America a Level 1 Sponsored American Depositary Receipt ("ADR") Programme on 30 December 1992.

Under the ADR Programme, a maximum of 5% of the total issued and paid-up share capital of the Company will be traded in the US OTC Market in the United States of America in the ratio of one ADR for every one ordinary share of RM1.00 each fully paid in the Company. The Company's trading symbol on the US OTC Market is AMSBY and its CUSIP number is 032182206.

The depositary bank for the ADR Programme is The Bank of New York and the sole custodian of the Company's shares for the ADR Program is Malayan Banking Berhad ("MBB"), Kuala Lumpur.

As at 30 September 2007, 60,196 shares representing 0.005% of the total issued and paid-up share capital of the Company were deposited with MBB for the ADR Programme.

As the Company's securities was de-listed from the Official List of Bursa Malaysia Securities Berhad on 11 October 2007, the Company will be terminating the ADR Programme.

OTHER INFORMATION

(I) Recurrent Related Party Transactions

The aggregate value of transactions conducted during the financial year ended 30 June 2007 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(1) Property		
Provision and obtaining of rental of premises	Lion Industries Corporation Berhad Group ("LICB Group") (1)	755
	Lion Diversified Holdings Berhad Group ("LDHB Group") (1)	129
	Amalgamated Containers Berhad (now known as Parkson Holdings Berhad) Group ("Parkson Group") (1)	620
(2) Plantation and agricultural products		
Provision of landscaping projects or services	Lion Development (Penang) Sdn Bhd Group (1)	248
	LICB Group (1)	26

(I) Recurrent Related Party Transactions (continued)

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(3) Other general transactions		
(i) Sale of tools, dies and spare parts	LICB Group (1)	4,292
	Lion Corporation Berhad Group ("LCB Group") (1)	6,586
	Parkson Group (1)	747
(ii) Provision of transportation and forwarding services	LICB Group (1)	3,207
	LCB Group (1)	8,810
(iii) Provision of security services and security communication equipment	LDHB Group (1)	379
	LCB Group (1)	535
	LICB Group (1)	184
	Silverstone Corporation Berhad Group ("SCB Group") (1)	193
(iv) Purchase of SECOM sensors and security alarm control panel	Secom Co Ltd Group (2)	1,152
(v) Purchase of tyres	SCB Group (1)	682
(vi) Obtaining of legal services	C.S. Tang & Co (3)	152
(vii) Commission payable on consignment sales	LDHB Group (1)	151

Notes:

"Group" includes subsidiary and associated companies.

(1) Companies in which a Director and certain major shareholders of the Company have interests.

(2) Major shareholder of a subsidiary of the Company.

(3) A law firm in which a Director of the Company is a partner.

(II) Material Contracts Involving Directors' And Major Shareholders' Interests

There was no material contract entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests since the end of the previous financial year or which are still subsisting at the end of the financial year.

(III) Status of Utilisation of Proceeds from Corporate Proposals as at 30 September 2007

	Proposed Utilisation	Utilisation Status	
		Actual	Unutilised/ Outstanding
	RM'mil	RM'mil	RM'mil
1. Disposal of 100% equity interest in Optima Jaya Sdn Bhd ("OJSB") to Boustead Properties Berhad ("Boustead"), comprising 150,000 ordinary shares of RM1.00 each for a consideration of RM150,000 and settlement of debts owing by OJSB to the Company and novation and assumption by the Company of certain liabilities of OJSB amounting to RM201.0 million for an amount of RM113.85 million, satisfied in the following manner: a) RM10.0 million in cash; and b) the balance paid in the form of 23.11 million ordinary shares of RM1.00 each in Boustead valued at RM4.50 each. Settlement of outstanding amounts owing to Itochu Corporation, Pancaran Abadi Sdn Bhd and Takenaka (Malaysia) Sdn Bhd.	114.00	114.00	–
2. Disposal of approximately 1,512 million new ordinary shares of HKD0.01 each in CIL Holdings Limited ("CIL") received pursuant to a scheme of arrangement proposed by CIL to Ambang Jaya Sdn Bhd and Angkasa Marketing (Singapore) Pte Ltd in settlement of debts owing by CIL.			
a) Estimated expenses	0.02	0.02	–
b) Redemption/repayment of ACB Bonds and USD Debts	5.30	1.51	[1] 3.79
	5.32	1.53	3.79

Note:

[1] *The outstanding portion is pending settlement from CIL. The Group has taken legal action to recover the outstanding portion.*

(IV) Status of Conditions Imposed by the Securities Commission ("SC")

The status of the various conditions imposed by the SC in its approval of the Group Wide Restructuring Scheme ("GWRS") are as follows:

(a) Status of Compliance on Restructuring of Organisational and Financial Management System

As mentioned in the previous years' Annual Report, the Group had strengthened its Organisational and Financial Management System through the recruitment of experienced and capable personnel to head the Group's operations and the streamlining of the management reporting system. Whilst the identification and recruitment of further specialised and skilled human resources is an ongoing process, the Group, as reported previously, had complied with all material recommendations by PricewaterhouseCoopers Consulting Sdn Bhd ("PwC") as set out in the Circular to Shareholders dated 9 January 2003. Summarised below are the current organisational and financial management structure.

1. Organisation Structure

As proposed by PwC, the Lion Group organisation structure is currently segregated into three (3) distinct levels covering the structure at the overall Group Management level, Public Companies both listed and unlisted ("PLC") Management level and also the structure at the various key operating companies ("KOCs") level.

1.1 Group Management Structure

The Group Executive Chairman heads and oversees the Group's functions and his primary duties include, amongst others, the setting of overall strategic and business directions for the Lion Group to ensure shareholders' values are achieved and also to ensure that the objectives of the GWRS are met. In the discharge of his duties, he is supported by the various high level committees including the Group Investment Committee and the Group Management Committee. Members of these committees comprise Group Directors, Group Executive Directors and Managing Directors/ Executive Directors of the PLCs. The post of Group Finance Director is currently overseen by the Group Executive Director.

1.2 Amsteel Corporation Berhad ("Amsteel") Management Structure

The Amsteel management structure is headed by a well-balanced and experienced Board of Directors, who is responsible for the financial performance and profitability of Amsteel as well as the implementation of various strategic business plans and objectives of the Amsteel Group, including overseeing the divestment plans of the Amsteel Group. The Board is supported by the Audit Committee which comprises a majority of independent Directors. The Audit Committee is assisted by the internal audit function.

1.3 KOC Organisation Structure

Each KOC is headed by a CEO who is responsible for the operational and financial performance and profitability of the KOC. His team includes the Financial Controller and the heads of department of manufacturing, sales and marketing, management information system and human resource.

2. Financial Management

The recommendations from PwC to streamline the reporting processes for our China operations as well as to meet the stringent reporting requirements of the GWRS have largely been put in place via the enhancement in the reporting packages in terms of consistency and completeness. The management is also working closely with the Monitoring Accountants to ensure Amsteel's financial performance is reported to its lenders in a timely and comprehensive manner.

The Amsteel Group's financial management system has been further strengthened following the establishment of the Corporate Risk Management framework which seeks to identify, evaluate, control and monitor various risk profiles faced by the Group.

(b) **Status of the Proposed Divestment Programme ("PDP")**

(i) **Status of the assets to be divested**

			Subsequent to December 2006			
				Proceeds received / to be received (Jan - Dec 07)		
Stages of assets to be divested	**PDP (Per GWRS)**	**Completed before Dec 2006**	**Concluded Sales Total**	**Actual Jan - June 2007**	**Projected Jul - Dec 2007**	**Total Jan - Dec 2007**
	RM' mil	**RM' mil**	**RM' mil**	**RM' mil (a)**	**RM' mil (b)**	**RM' mil (a) + (b)**
By December 2002						
Steel manufacturing assets	10.00	10.00	–	–	–	–
Warehouse	3.14	3.14	–	–	–	–
Equity interest in property holding company	38.73	38.73	–	–	–	–
Listed shares in financial services company	70.00	70.00	–	–	–	–
Listed shares in industrial products company	25.86	25.86	–	–	–	–
Listed shares	3.22	4.57	–	–	–	–
By December 2003						
Equity interest/assets in financial services company	74.32	42.25	–	–	–	–
Equity interest in retailing companies	127.47	127.47	–	–	–	–
Shares in unlisted/listed companies, freehold land, factory and shoplots in Parade	158.63	58.21	–	–	–	–
By December 2004						
Leasehold land	4.86	11.83	–	–	–	–
Equity interest in retailing companies	315.45	315.45	–	–	–	–
Freehold land, property holding and shoplots in Parade	348.29	63.91	–	–	–	–
By December 2005						
Equity interest in retailing companies	12.87	12.87	–	–	–	–
Hotel and freehold land	240.71	–	–	–	–	–
By December 2006						
Equity interest in retailing companies	93.23	12.52	–	–	–	–
Freehold land, unlisted shares in companies, shopping centres, golf club and medical centre	1,063.76	220.70	–	–	–	–
Total	2,590.54	1,017.51	–	–	–	–

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

(ii) Transactions completed in the previous financial years and utilisation of the divestment proceeds received

	Proposed Utilisation	Utilisation Status	
		Actual	Unutilised/ Outstanding
	RM'mil	RM'mil	RM'mil
(a) Disposal of 226,716,252 ordinary shares of RM1.00 each in Lion Corporation Berhad, at a cash consideration of RM1.00 per share.			
(b) The entire equity interest in the Parkson Retail Group for an aggregate consideration of RM364.23 million and the settlement of inter-company balances of RM104.08 million to be satisfied by cash payment of RM144.82 million, deferred cash payment of RM230.86 million and issuance of RM92.63 million nominal value of redeemable convertible unsecured loan stocks.			
i) Estimated expenses	1.62	1.62	–
ii) Redemption/repayment of ACB Bonds and USD Debts	693.41	693.41	–
	695.03	695.03	–

(iii) Plans to overcome any projected shortfall

The Group will continue to actively seek potential buyers for the assets/companies under its PDP.

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AMSTEEL CORPORATION BERHAD
(Incorporated in Malaysia) (20667-M)

FORM OF PROXY

CDS ACCOUNT NUMBER

			–				–									

I/We ....

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

of ....

being a member/members of AMSTEEL CORPORATION BERHAD, hereby appoint ....

....

I.C. No. ....

of ....

or failing whom, ...

I.C. No. ....

of ....

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Second Annual General Meeting of the Company to be held at the Meeting Hall, Level 48, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on 30 November 2007 at 3.00 pm and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Directors' Report and Audited Financial Statements		
2. To approve Directors' fees		
3. To re-elect as Director, Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim		
4. To re-appoint as Director, Y. Bhg. Jen (B) Tan Sri Dato' Zain Mahmud Hashim		
5. To re-appoint Auditors		
6. Authority to Directors to issue shares		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this .... day of 2007

Signed: ....

No. of shares: .... In the presence of: ....

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.

- An instrument appointing a proxy executed in Malaysia need not be witnessed. The signature to an instrument appointing a proxy executed outside Malaysia shall be attested by a solicitor, notary public, consul or magistrate.

- 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.