PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Parkson Holdings Berhad bagi tahun kewangan berakhir 30 Jun 2007.

LAPORAN KEWANGAN

Kumpulan mencatat prestasi lebih baik dalam segmen operasi utama pada tahun ini. Bahagian keluli kita kembali meraih keuntungan berikutan kenaikan harga keluli, manakala syarikat bersekutu yang tersenarai di Singapura, Lion Asiapac Limited ("LAP") telah menunjukkan prestasi operasi yang lebih baik dan mencatat keuntungan daripada pelupusan perniagaan motorsikal di China. Segmen-segmen ini diklasifikasikan sebagai operasi yang diberhentikan berikutan penjualan Bright Steel Sdn Bhd ("Bright Steel"), anak syarikat yang mempunyai pelaburan dalam operasi keluli dan LAP kepada Lion Corporation Berhad ("LCB").

Susulan kepada tindakan menamatkan perniagaan keluli, Kumpulan telah mengiktiraf sejumlah besar peruntukan rosot nilai mewakili lebihan nilai aset bersih syarikat-syarikat yang dilupuskan daripada pertimbangan pelupusan mereka. Keuntungan operasi Kumpulan menyusut kerana peruntukan yang dikenakan hanya sekali ini dan sehubungan itu, Kumpulan telah mencatat kerugian sebelum cukai sebanyak RM4.5 juta.

PERKEMBANGAN KORPORAT

(1) Pada September 2006, Syarikat telah mengumumkan cadangan untuk mengambil alih keseluruhan ekuiti kepentingan dalam PRG Corporation Limited, Parkson Corporation Sdn Bhd, Parkson Venture Pte Ltd, Serbadagang Holdings Sdn Bhd dan Sea Coral Limited daripada Lion Diversified Holdings Berhad untuk pertimbangan berjumlah RM4,299.73 juta dipenuhi melalui terbitan 3,799.73 juta saham biasa baru bernilai RM1.00 sesaham dan RM500 juta stok pinjaman berjamin boleh ubah boleh tebus dengan kadar kupon 3.5% bertempoh matang 3 tahun ("Cadangan Pengambilan Alih "), dan melupuskan keseluruhan ekuiti kepentingan dalam Bright Steel kepada LCB dengan pertimbangan tunai berjumlah RM53.47 juta ("Cadangan Pelupusan").

Syarikat juga mencadangkan pengurangan modal sebanyak RM0.75 setiap saham biasa bernilai RM1.00 sesaham dalam Syarikat dan seterusnya melaksanakan penggabungan saham pada asas empat saham bernilai RM0.25 sesaham kepada satu saham biasa bernilai RM1.00 di dalam Syarikat. ("Penggabungan Saham")("Cadangan Pembinaan Semula Modal").

Cadangan Pengambilan Alih dan Cadangan Pelupusan telah diselesaikan pada 19 September 2007. Sehubungan dengan itu, nama Syarikat telah ditukar kepada Parkson Holdings Berhad.

Mahkamah Tinggi Kuala Lumpur, pada 24 September 2007, mengesahkan dan membenarkan petisyen Syarikat untuk mendapatkan Perintah Pengurangan Modal mengikut Cadangan Pembinaan Semula Modal, dan Perintah petisyen telah berjaya diperoleh pada 25 September 2007 dan melalui pengemukaan yang juga dilakukan dengan Suruhanjaya Syarikat Malaysia pada tarikh yang sama, Penyusutan Modal dikuatkuasakan.

Syarikat , pada 25 September 2007, telah menetapkan tarikh kelayakan hak bagi Penggabungan Saham adalah pada 9 Oktober 2007. Seterusnya Penggabungan Saham telah disempurnakan pada hari yang sama.

(2) Shanghai Hongqiao Parkson Development Co., Ltd, anak syarikat milik penuh Parkson Retail Group Limited ("Parkson Retail"), telah pada 21 May 2007 memeterai perjanjian dengan Sichuan Fulin Industrial Group Co., Ltd, untuk memperoleh baki 40% ekuiti kepentingan dalam Mianyang Fulin Parkson Plaza Co., Ltd ("Mianyang Fulin") yang belum dimiliki oleh Kumpulan untuk pertimbangan bayaran berjumlah Rmb99,928,800. Mianyang Fulin memiliki dan mengendalikan gedung serbaneka "Parkson" di Mianyang City, Wilayah Sichuan di China.

(3) Pada 27 September 2007, Parkson Retail Development Co., Ltd, anak syarikat milik penuh Parkson Retail, memeterai perjanjian jual beli untuk memperoleh daripada Shaanxi Chang'an Information Property Investment Co., Ltd baki 49% ekuiti kepentingan dalam Xi'an Chang'an Parkson Store Co., Ltd yang belum dimiliki oleh Kumpulan untuk pertimbangan tunai berjumlah Rmb61,000,000.

KAJIAN OPERASI

Bahagian Pusat Perkhidmatan Besi Keluli – Operasi Diberhentikan

Bahagian keluli kita memperoleh keputusan yang memuaskan dalam tahun di bawah kajian. Pemulihan harga keluli antarabangsa dan permintaan telah menyebabkan para pelanggan menerus dan mengekalkan paras inventori yang lebih tinggi. Jumlah jualan dan pengeluaran yang tinggi membolehkan pengurusan kos-kos pengeluaran tetap yang lebih baik, dan seterusnya meningkatkan margin.

Dalam tahun kewangan, besi gulungan panas berpotong dan berkelar yang menyumbang lebih kurang 50% daripada jumlah jualan keseluruhan, mencatat peningkatan 65% di dalam perolehan berbanding tahun lalu. Meskipun terdapat kelewatan dalam pelaksanaan pelbagai projek infrastruktur di bawah Rancangan Malaysia Ke-9, Kumpulan berjaya memperoleh pesanan yang tinggi daripada pelanggan baru di Malaysia Timur. Jualan eksport turut meningkat sebanyak 48% berikutan permintaan yang lebih tinggi dari Singapura dan Sri Lanka.

Penghantaran besi gulungan sejuk berpotong dan 'pickled' dan 'oiled' turut meningkat berikutan pelancaran projek baru Perodua Viva. Perkhidmatan memotong gegelung juga meningkat sebanyak 23% dari segi jumlah dagangan berikutan perpindahan operasi pengeluaran gegelung ke tapak bersebelahan kilang Megasteel di Banting.

Operasi Syarikat Bersekutu – Operasi Diberhentikan

Berikutan penstrukturan semula LAP pada tahun kewangan sebelumnya, Bahagian Elektronik terus menyumbang kepada pertumbuhan perniagaan, melengkapi tahun ini dengan bermulanya operasi baru di dalam pemprosesan batu kapur dan perusahaan komponen automotif.

Di sebalik berdepan dengan pasaran yang kompetitif dan permintaan yang merosot, Bahagian Elektronik yang diterajui oleh Advent Electronics Pte Ltd ("Advent"), berjaya mencatat pertumbuhan perolehan yang baik dan margin keuntungan yang memberangsangkan. Segmen pengurusan projek mendahului pertumbuhan Bahagian itu dengan peningkatan jualan di pasaran Amerika Syarikat dan Eropah. Di India, Advent terus mencapai kemajuan dalam perniagaan produk rangkaian, dengan prestasi yang baik untuk menembusi pasaran tempatan yang mencabar.

Kilang pemprosesan batu kapur di Banting, Malaysia, dikendalikan oleh Compact Energy Sdn Bhd ("Compact"), memulakan pengeluaran pada April 2007 dan kini beroperasi pada kapasiti yang optima. Disebabkan kapur tohor yang dihasilkan berkualiti tinggi, Compact telah berjaya mendapatkan kontrak-kontrak yang penting daripada beberapa kilang besi keluli di Malaysia dan mencatat keuntungan dalam tempoh tiga bulan pertama beroperasi. Perniagaan perdagangan komponen automotif yang melibatkan penjualan chasis automotif dan komponen-komponen kepada pemasang trak ringan, turut menjana keuntungan dalam tempoh beberapa bulan pertama operasi.

PERNIAGAAN BARU

Penyelesaian pengambilan alih aset peruncitan pada 19 September 2007 merupakan peristiwa penting kerana ia mengubah Kumpulan menjadi pengusaha peruncitan tulen yang beroperasi di bawah jenama "Parkson" di China, Malaysia dan Vietnam.

Parkson China

Parkson merupakan rangkaian gedung serbaneka terbesar di PRC dengan 39 buah gedung serbaneka yang dimiliki/diurus di 26 buah bandar utama termasuk Beijing, Shanghai, Chongqing dan Xi'an. Operasi peruncitan di China telah disenaraikan di Bursa Saham Hong Kong melalui Parkson Retail, yang mana East Crest International Limited syarikat pelaburan kita memegang 55% kepentingan ekuiti.

Parkson disokong oleh jenama francais yang kukuh serta lokasi gedung yang baik untuk membolehkannya berada di hadapan para pesaing. Model pendapatan berasaskan pemegang konsesi yang berisiko rendah membolehkan Parkson menyesuaikan gabungan jenama secara lebih efektif berikutan perubahan pantas di dalam populariti jenama di negara yang pesat berkembang di China.

Oleh itu, ekuiti jenama Parkson yang kukuh memastikan Kumpulan meraih faedah daripada perkembangan industri peruncitan di China. Mengikut perancangan, Parkson Retail terus mencari peluang untuk melakukan pengambilan alih strategik di gedung berkepentingan minoriti, gedung yang diurus dan gedung milik pihak ketiga, serta membuka gedung baru di lokasi strategik di China.

Parkson Malaysia

Parkson merupakan sebuah rangkaian gedung serbaneka terkemuka sejak tahun 1987. Pada masa ini, 31 buah gedung yang ada di negara dikategorikan kepada tiga jenis konsep iaitu, (1) gedung U Parkson/Parkson bagi pelanggan yang bercita rasa mewah (2) gedung Parkson Grand disasarkan kepada pelanggan berpendapatan sederhana, dan (3) gedung Parkson Ria ditumpukan kepada pasaran pelanggan berpendapatan rendah.

Pada bulan September 2007, Parkson Pavilion, dengan ruang peruncitan seluas 240,000 kaki persegi telah dilancarkan. Gedung ini memperkenalkan banyak jenama eksklusif busana anggun 'yang pertama kali terdapat di Malaysia' bertujuan menaikkan taraf jenama "Parkson" di Malaysia.

Parkson Vietnam

Parkson merupakan gedung serbaneka milik asing yang pertama diberi lesen untuk beroperasi di Vietnam. Gedung utamanya yang pertama dibuka di Bandar Ho Chi Minh pada bulan Jun 2005 menawarkan produk pertengahan hingga mewah. Pada bulan Disember 2006, gedung kedua telah dibuka di Hai Phong diikuti dengan gedung berikutnya di Bandar Ho Chi Minh pada Jun 2007. Perancangan kini dibuat untuk mengembangkan perniagaan di Vietnam dengan membuka lebih banyak gedung dalam tempoh beberapa tahun akan datang.

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 membantu 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 pada setiap tahun ia memberikan biasiswa dan pinjaman pendidikan kepada pelajar yang melanjutkan pelajaran di universiti-universiti tempatan. Dana Bantuan Perubatan Kumpulan Lion pula menawarkan bantuan kewangan kepada rakyat.

PROSPEK

Berikutan selesainya pengambilan alih aset peruncitan, Kumpulan tidak lagi terlibat dalam perniagaan keluli dan operasi syarikat-syarikat sekutu sebaliknya menumpukan kepada perniagaan peruncitan serantau.

Dalam menuju ke hadapan, sektor peruncitan dijangka mencatat pertumbuhan yang kukuh berikutan perkembangan ekonomi di lokasi-lokasi utama. Peristiwa penting seperti Sukan Olimpik 2008 di Beijing dan Tahun Melawat Malaysia, dijangka akan mendorong pertumbuhan operasi berkenaan.

LEMBAGA PENGARAH

Saya ingin merakamkan rasa terima kasih dan penghargaan Lembaga Pengarah kepada Y. Bhg. Jen (B) Tan Sri Dato' Zain Mahmud Hashim yang bersara daripada Lembaga Pengarah atas kepimpinan dan juga peranan yang dimainkan beliau sepanjang memegang jawatan Pengerusi dan Pengarah Syarikat.

Dalam Mesyuarat Agung Tahunan yang akan datang, Y. Bhg. Dato Murad Mohamed Hashim akan bersara dan beliau tidak akan memohon untuk dilantik semula sebagai Pengarah. Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan yang ikhlas di atas sumbangan beliau sepanjang tempoh perlantikannya sebagai Pengarah.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan kepada semua kakitangan di setiap peringkat di atas dedikasi, komitmen dan sumbangan mereka kepada Kumpulan. Saya juga ingin mengucapkan terima kasih kepada para pelanggan, pembiaya, sekutu perniagaan, pihak berkuasa Kerajaan dan pemegang saham yang dihargai atas sokongan, kerjasama dan keyakinan mereka yang berterusan kepada Kumpulan.

Akhir kata, saya juga merakamkan penghargaan dan terima kasih kepada para Pengarah di atas panduan dan sumbangan mereka di sepanjang tahun.

TAN SRI WILLIAM H.J. CHENG
Pengerusi

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Parkson Holdings Berhad for the financial year ended 30 June 2007.

FINANCIAL RESULTS

The Group achieved better performance in its key operating segments this year. Our steel division regained profitability in the light of the recovery in steel prices whilst Lion Asiapac Limited ("LAP"), our Singapore listed associated company registered improved operating performance and recorded a gain from the disposal of its motorcycle business in China. These segments were classified as discontinued operations due to the disposal of Bright Steel Sdn Bhd ("Bright Steel"), a subsidiary which had investments in the steel operations and LAP, to Lion Corporation Berhad ("LCB").

Following its exit from the steel business, the Group has recognised a substantial impairment allowance representing the excess of the net asset value of the disposed companies over their disposal consideration. The operating profit of the Group was negated by this one-off allowance and accordingly, the Group recorded a loss before taxation of RM4.5 million.

CORPORATE DEVELOPMENTS

(1) In September 2006, the Company announced its proposed acquisition of the entire equity interest in PRG Corporation Limited, Parkson Corporation Sdn Bhd, Parkson Venture Pte Ltd, Serbadagang Holdings Sdn Bhd and Sea Coral Limited from Lion Diversified Holdings Berhad for a total consideration of RM4,299.73 million to be satisfied by the issuance of 3,799.73 million new ordinary shares of RM1.00 each and RM500 million 3-year 3.5% coupon redeemable convertible secured loan stocks ("Proposed Acquisitions"), and to dispose of its entire equity interest in Bright Steel to LCB for a cash consideration of RM53.47 million ("Proposed Disposal").

The Company also proposed a capital reduction of RM0.75 per ordinary share of RM1.00 each in the Company and thereafter a share consolidation on the basis of every four resultant shares of RM0.25 each into one ordinary share of RM1.00 in the Company ("Share Consolidation") ("Proposed Capital Reconstruction").

The Proposed Acquisitions and the Proposed Disposal were completed on 19 September 2007. Consequently, the name of the Company was changed to Parkson Holdings Berhad.

The Kuala Lumpur High Court had on 24 September 2007 confirmed and sanctioned the Company's petition for an Order for the Capital Reduction pursuant to the Proposed Capital Reconstruction, and the sealed Order of the petition for the Capital Reduction was obtained on 25 September 2007 and upon the lodgement of the same with the Companies Commission of Malaysia on the same date, the Capital Reduction took effect.

The Company had on 25 September 2007 fixed the entitlement date for the Share Consolidation to be 9 October 2007. The Share Consolidation was completed on the same date.

(2) Shanghai Hongqiao Parkson Development Co., Ltd, a wholly-owned subsidiary of Parkson Retail Group Limited ("Parkson Retail"), had on 21 May 2007 entered into an agreement with Sichuan Fulin Industrial Group Co., Ltd to acquire the remaining 40% equity interest in Mianyang Fulin Parkson Plaza Co., Ltd ("Mianyang Fulin") not already owned by the Group for a consideration of Rmb99,928,800. Mianyang Fulin owns and operates a "Parkson" department store in Mianyang City, Sichuan Province in China.

(3) On 27 September 2007, Parkson Retail Development Co., Ltd, a wholly-owned subsidiary of Parkson Retail, entered into a sale and purchase agreement to acquire from Shaanxi Chang'an Information Property Investment Co., Ltd the remaining 49% interest in Xi'an Chang'an Parkson Store Co., Ltd not already owned by the Group for a total cash consideration of Rmb61,000,000.

REVIEW OF OPERATIONS

Steel Service Centre Division – Discontinued Operation

Our Steel Division posted favourable results for the year under review. The recovery in international steel prices and demand had prompted customers to resume and maintain higher inventory levels. Higher sales and production volume have led to better utilisation of fixed production costs, and thus improved margins.

During the year, cut and slitted hot rolled coils which contributed approximately 50% of total sales volume, recorded an improvement of 65% in revenue compared to last year. Despite the delay in the implementation of various infrastructure projects under the Ninth Malaysia Plan, the Group managed to secure higher orders from new customers in East Malaysia. Export sales also improved by 48% on account of higher demand from Singapore and Sri Lanka.

Delivery of cut cold rolled coils and pickled and oiled coils have picked up following the launch of the new Perodua Viva project. Coils shearing services also improved by 23% in terms of volume following the relocation of the coils operation to a site adjacent to the Megasteel plant in Banting.

Associate's Operations – Discontinued Operations

Following the restructuring exercise undertaken by LAP in the previous financial year, its Electronics Division continued to contribute to business growth, complemented this year by the commencement of its new operations in limestone processing and automotive component trading.

Despite being faced with a competitive market and declining demand, the Electronics Division headed by Advent Electronics Pte Ltd ("Advent"), did well to achieve good revenue growth and healthy profit margins. The project management segment led the Division's growth with improved sales secured in the American and European markets. In India too, Advent continued to make progress in its network product business, performing well to penetrate the challenging local market.

The limestone processing plant in Banting, Malaysia, undertaken by Compact Energy Sdn Bhd ("Compact"), began production in April 2007 and is currently working at optimum capacity. Due to the high quality quicklime produced, Compact has successfully secured significant contracts from a number of steel mills in Malaysia and managed to break even within its first three months of operation. The automotive component trading business which is involved in the sale of automotive chassis and components to the light trucks assemblers, also generated profits in its first few months of operation.

NEW BUSINESSES

The completion of the acquisition of the retail assets on 19 September 2007 was a significant event as it had transformed the Group into a pure retail player, operating under the "Parkson" banner in China, Malaysia and Vietnam.

Parkson China

Parkson is the largest department store chain in the PRC, with 39 self-owned/managed department stores across 26 major cities including Beijing, Shanghai, Chongqing and Xi'an. The China retail operations are listed on The Stock Exchange of Hong Kong Limited through Parkson Retail, in which East Crest International Limited, our investment arm holds 55% equity interest.

Parkson has strong brand franchise support and good store locations that enable it to stay ahead of the competition. A low-risk concessionaire-based revenue model allows Parkson to adjust its brand mix effectively given the rapid changes in brand popularity in a fast moving country as China.

Thus, the strong brand equity of Parkson enables the Group to benefit from the expansion of China's retail industry. In its plans, Parkson Retail continues to seek opportunities in strategic acquisitions of minority interests, managed and third-party department stores, and the setting up of new stores in strategic locations in China.

Parkson Malaysia

Parkson is an established department store chain since 1987. Currently, the 31 stores in the country are categorised into three main concepts ie, (1) U Parkson/Parkson stores for the high-end customers, (2) Parkson Grand stores for middle-income shoppers and, (3) Parkson Ria stores for the low-income market.

In September 2007, Parkson Pavilion, with a retail space of 240,000 sq ft was launched. The outlet boasts of many exclusive "first-time-in-Malaysia" haute couture brands intended to enhance the "Parkson" brand in Malaysia.

Parkson Vietnam

Parkson was the first foreign-owned department store to be given a licence to operate in Vietnam. Its first flagship store was opened in Ho Chi Minh City in June 2005, offering mid to high-end products. In December 2006, a second store was opened in Hai Phong followed by another store being opened in Ho Chi Minh City in June 2007. Plans are in the pipeline to expand our presence in Vietnam by opening more stores over the next few years.

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

Following the completion of acquisitions of the retail assets, the Group will exit from the steel business and associate's operations and focus on its regional retail business.

Going forward, the retail sector is expected to record strong growth in view of the robust economic expansion in the various geographical locations. Major events such as the 2008 Olympic Games in Beijing and Visit Malaysia Year are expected to provide the impetus for growth in these operations.

BOARD OF DIRECTORS

I would like to record a vote of thanks and appreciation from the Board to Y. Bhg. Jen (B) Tan Sri Dato' Zain Mahmud Hashim who retired from the Board, for his able leadership and prominent role during his tenure as Chairman and Director of the Company.

At the forthcoming Annual General Meeting, Y. Bhg. Dato Murad Mohamed Hashim will be retiring and will not be seeking re-appointment as a Director. On behalf of the Board, I would like to express my sincere appreciation for his contributions during his tenure as Director of the Company.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to record my appreciation to our employees at all levels for their dedication, commitment and contributions to the Group. I also wish to extend my sincere thanks to all our valued customers, financiers, business associates, Government authorities and shareholders for their continued support, co-operation and confidence in the Group.

Last but not least, I would like to convey my sincere appreciation and gratitude to my fellow Directors for their invaluable guidance and contributions throughout the year.

TAN SRI WILLIAM H.J. CHENG
Chairman

主席报告

我谨代表董事部，欣然提呈百盛控股有限公司截至2007年6月30日为止会计年度内的常年报告和经审核财务报告。

财务业绩

本集团的主要营业部门在本年度内取得更佳的表现。钢铁价格的回升使我们的钢铁组再次获得利润。另外，我们在新加坡上市的联号公司，Lion Asiapac Limited （“LAP”）的营运业绩也有所改善，更从出售中国摩多车业务中获得盈利。由于我们脱售拥有钢铁业务投资和持有LAP股权的子公司， Bright Steel Sdn Bhd（“Bright Steel”）给 Lion Corporation Berhad （“LCB”）， 这些部门被列为终止的业务。

随着本集团退出钢铁营业，而且其脱售的公司净资产额超过其脱售价格，本集团做出颇大的资产减值准备。本集团的营业利润被这些一次性的亏损所抵消，因此蒙受450万令吉的税前亏损。

企业发展

(1) 在2006年9月，本公司宣布其建议，以42亿9千973万令吉向 Lion Diversified Holdings Berhad 收购下述公司的全部股权：PRG Corporation Limited, Parkson Corporation Sdn Bhd, Parkson Venture Pte Ltd, Serbadagang Holdings Sdn Bhd 以及 Sea Coral Limited, 分别以发行37亿9千973万新普通股以及价值5亿令吉3年期限3.5%可赎回可转换有担保债券股来完成（“建议收购”）。本公司也建议以现金5千347万令吉脱售其 Bright Steel 的全部股权给 LCB（“建议脱售”）。

    本公司也建议把每股1令吉的普通股削资75仙，随后再将每4股每股25仙的普通股统合为每股1令吉的普通股（“股票统合”）（“建议资本重组”）。

    这两项建议收购和建议脱售已在2007年9月19日完成。本公司也因此易名为百盛控股有限公司。

    吉隆坡高等法庭在2007年9月24日证实和批准本公司的申请，根据建议资本重组，发出削资指令。本公司的削资申请也在2007年9月25日获得经过盖章的指令，并在同一天向马来西亚公司委员会申报，削资因此生效。

    本公司在2007年9月25日规定股票统合应得权利的生效期为2007年10月9日。股票统合也在同一日完成。

(2) Parkson Retail Group Limited （“Parkson Retail”）的独资子公司，Shanghai Hongqiao Parkson Development Co., Ltd 在2007年5月21日和 Sichuan Fulin Industrial Group Co., Ltd 签订协议，以人民币9千992万8千800元收购 Mianyang Fulin Parkson Plaza Co., Ltd（“Mianyang Fulin”）不属于本集团的其余40%股权。Mianyang Fulin 在绵阳市四川省拥有和经营“百盛”百货公司。

(3) Parkson Retail 的独资子公司，Parkson Retail Development Co., Ltd 在2007年9月27日和 Shaanxi Chang'an Information Property Investment Co., Ltd 签订协议，以人民币6千100万元收购 Xi'an Chang'an Parkson Store Co., Ltd 不属于本集团的其余49%股权。

业务检讨

钢铁服务中心组 – 终止的业务

在检讨年度内，本集团的钢铁组业绩良好。国际钢铁价格的回升和需求量的增加使客户恢复并维持高存货水平。较高的销售量和产量，致使本集团更好的利用固定生产成本，从而改进盈利率。

在这一年内，占总销售量约50%的热轧钢板，其营业额比上一年度增加65%。尽管在第九大马计划下各种基层建设工程的推行受到拖延，本集团成功从东马的新客户取得更多定单。随着新加坡和斯里兰卡的需求量增加，本集团出口销售额也相应增加48%。

随着 Perodua Viva 计划的推行，热轧钢板和 Pickled and Oiled Coils 的运交量也相应增加。另外，在轧钢加工运作厂搬迁至毗邻万津的美佳钢铁厂后，轧钢服务运作的销售量也增加了23%。

联号公司的业务 – 终止的业务

继 LAP 上一个会计年度进行重组之后，其电子组继续对业务的成长作出贡献，并从今年新开始营业的石灰岩加工业和汽车零部件贸易的业务获得辅助。

尽管面对竞争的市场以及需求量的减少，以Advent Electronics Pte Ltd（“Advent”）为首的电子组取得良好的营业额增长率和盈利率。计划管理部业务的提高，带领本组在美国和欧洲市场销售量的增加。在印度，Advent 在其网络产品分销业务继续取得成长，其业务已成功扩散至当地充满挑战性的市场。

由 Compact Energy Sdn Bhd（“Compact”）操作，位于马来西亚万津的石灰岩加工厂在2007年4月已展开生产，目前以最佳产能操作。由于 Compact 生产高品质的生石灰，所以成功的从马来西亚好几家钢铁厂获得无数的合同，以致在投入生产的首三个月内达至收支平衡。其汽车零件贸易业务，从事售卖汽车底盘和部件给轻型罗里装配工厂，也在投入营业的首几个月取得盈利。

新业务

在2007年9月19日完成收购零售业的资产对本集团来说具有重大意义，使本集团转变为纯零售业经营者，以“百盛”旗舰在中国、马来西亚及越南营业。

中国百盛

百盛是中华人民共和国最大规模的百货公司连锁店，在全中国26个大城市，包括北京、上海、重庆和西安拥有/管理39家百货公司。本集团中国的零售业务通过Parkson Retail 在香港股票交易所上市。我们的投资公司 East Crest International Limited 在 Parkson Retail 拥有55%的股权。

由于百盛拥有强大品牌特许经销商的支持，而且其百货公司坐落在良好的地点，因此能在竞争中领先。在发展迅速，品牌的知名度改变迅速的中国，百盛以低风险的特许经销权为基础的销售模式，有效的调整其品牌混合。

因此，百盛的强而有力的品牌权益，使到本集团在中国迅速扩展的零售业中受惠。Parkson Retail 在其计划中，继续寻找机会，策略性的收购少数股东权益，受其管理的百货公司和第三方的百货公司，也要在中国的良好地点开设百货公司。

马来西亚百盛

自1987年，百盛是马来西亚基础稳健的百货公司连锁集团。目前在国内的31家百货公司分为三大概念，(1) U Parkson/Parkson百货公司为上层阶级顾客而设，(2) Parkson Grand 百货公司吸引中产阶级顾客，(3) Parkson Ria 百货公司注重低收入阶层市场。

在2007年9月，Parkson Pavilion 开始营业。它有240,000 平方尺的零售面积，拥有许多专有的“马来西亚第一次”的高级女子时装品牌，旨在提高“Parkson”品牌在马来西亚的知名度。

越南百盛

百盛是第一家外国百货公司获得越南发给经营执照。它的第一家旗舰百货公司於2005年6月在胡志明市开业，提供中档至高档产品。在2006年12月，第二家百货公司在海防市开业，随继另一家百货公司在2007年6月在胡志明市开业。本集团计划要扩展在越南的知名度，在未来几年内开设更多家百货公司。

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

在完成收购零售资产之后，本集团将退出钢铁业和其联号公司的业务，专注于区域性的零售业务。

展望未来，由于各区域经济的茁壮扩展，零售业预料会有强劲的成长，其中2008北京奥运会和马来西亚旅游年更会推动零售业的增长。

董事部

我谨代表董事部，感谢荣休的 Y. Bhg. Jen (B) Tan Sri Dato' Zain Mahmud Hashim 在担任董事部主席及董事期间领导有方和卓越的任务。

在行将举行的常年大会中，Y. Bhg. Dato Murad Mohamed Hashim 将荣休并不寻求重新委为董事。我谨代表董事部，真诚感谢他在担任董事期间的贡献。

鸣谢

我谨代表董事部，感谢我们的各级雇员对本集团的尽忠职守和为工作献身的精神。我也要真诚感谢所有尊贵的客户、融家、商业伙伴、政府当局及股东们对本集团的持续支持,合作和信心。

最后，对于董事们这一年来不懈的领导和贡献，我谨表达最深切的谢意。

主席
丹斯里钟廷森

FINANCIAL STATEMENTS

2007

For The Financial Year Ended 30 June 2007

DIRECTORS' REPORT

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and its associate consist of steel services, international trading and distribution of electronic components, automotive component trading, limestone processing and investment holding. Save for East Crest International Limited, whose principal activity is investment holding, the activities of all other subsidiaries and its associate were discontinued upon the completion of the disposals of the said subsidiaries and associate on 19 September 2007. Concurrently, the Company acquired new subsidiaries whose principal activities are in the operations of department stores.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year except for the discontinued operations as disclosed in Note 8 to the financial statements.

CHANGE OF NAME

On 19 September 2007, the Company changed its name from Amalgamated Containers Berhad to Parkson Holdings Berhad.

RESULTS

	Group RM'000	Company RM'000
Loss for the year:		
- from continuing operations	(3,598)	(39,883)
- from discontinued operations	(2,711)	–
	(6,309)	(39,883)
Attributable to:		
Equity holders of the Company	(6,688)	(39,883)
Minority interests	379	–
	(6,309)	(39,883)

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of the new and revised Financial Reporting Standards as disclosed in Note 2.3 to the financial statements.

DIVIDENDS

The amount of dividend paid by the Company since 30 June 2006 was as follows:

	RM'000
In respect of the financial year ended 30 June 2006 as reported in the Directors' report of that year:	
First and final dividend of 0.1 sen per share on 74,711,000 ordinary shares, less income tax of 28% paid on 28 December 2006.	54

The Directors do not recommend any dividend payment in respect of the current financial year.

DIRECTORS

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

Tan Sri William H.J. Cheng	
Tan Sri Dato' Jaffar bin Abdul	
Dato Murad Mohamed Hashim	
Dato' Hassan bin Abdul Mutalip	
Lin Chung Dien	
Cheng Sin Yeng	
Folk Jee Yoong	
Mohamed Hussein bin Nabi Bux	
Lim Poon Thoo	
Yeow Teck Chai	
Jen (B) Tan Sri Dato' Zain Mahmud Hashim	(Retired on 13.11.2006)
Tsai Charng Yi	(Retired on 13.11.2006)

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

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

Y. Bhg. Dato Murad Mohamed Hashim, being over the age of 70 years, retires at the forthcoming Annual General Meeting and will not seek re-appointment as Director.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 6 of the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company during and at the end of the financial year were as follows:

	Number of Ordinary Shares of RM1.00 each			
	1.7.2006	**Acquired**	**Disposed**	**30.6.2007**
Indirect interest in shares				
Tan Sri William H.J. Cheng	42,318,772	–	–	42,318,772

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

In the Holding Company

Lion Corporation Berhad ("LCB")

	Number of Ordinary Shares of RM1.00 each			
	1.7.2006	**Additions**	**Disposals**	**30.6.2007**
Direct interest				
Tan Sri William H.J. Cheng	458,685	–	–	458,685
Lim Poon Thoo	10,490	–	–	10,490
Tan Sri Dato' Jaffar bin Abdul	237,533	–	–	237,533
Lin Chung Dien	1,126,791	–	–	1,126,791
Mohamed Hussein bin Nabi Bux	10,000	–	–	10,000
Indirect interest				
Tan Sri William H.J. Cheng	731,971,605	16,559,848	(500,000)	748,031,453

In addition to the above, Tan Sri William H.J. Cheng is also deemed to have an interest in shares in LCB by virtue of:

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

	Number of Options over Ordinary Shares of RM1.00 each			
	1.7.2006	**Granted**	**Exercised**	**30.6.2007**
Tan Sri William H.J. Cheng	245,000	245,000	–	490,000

(b) Warrants with a right to subscribe for ordinary shares in LCB on the basis of one new ordinary share for every one warrant held

	Number of Warrants			
	1.7.2006	**Additions**	**Disposals**	**30.6.2007**
Tan Sri William H.J. Cheng	42,160,189	–	–	42,160,189

DIRECTORS' INTERESTS (continued)

In Related Companies

	Nominal value per ordinary share	1.7.2006	Number of Ordinary Shares Additions	Disposals	30.6.2007
Indirect interest					
Tan Sri William H.J. Cheng					
Bright Steel Service Centre Sdn Bhd	RM1	11,420,000	–	–	11,420,000
Bright Enterprise (Sdn) Berhad	RM1	816,000	–	–	816,000
B.A.P. Industries Sdn Bhd	RM1	4,650,000	–	–	4,650,000
Bersatu Investments Company Limited	HK$10	42,644	–	–	42,644
Kinabalu Motor Assembly Sendirian Berhad	RM1	26,985,030	–	–	26,985,030
Logic Concepts (M) Sdn Bhd	RM1	71,072	–	–	71,072
Logic Furniture (M) Sdn Bhd	RM1	91,000	–	–	91,000
Lyn (Pte) Ltd	#	1,225,555	–	–	1,225,555
Megasteel Sdn Bhd	RM1	540,000,001	–	–	540,000,001

	Number of Preference "D" Shares of RM0.01 each			
	1.7.2006	Additions	Disposals	30.6.2007
Indirect interest				
Tan Sri William H.J. Cheng				
Megasteel Sdn Bhd	49,000,000	–	–	49,000,000

	Number of Preference "F" Shares of RM0.01 each			
	1.7.2006	Additions	Disposals	30.6.2007
Indirect interest				
Tan Sri William H.J. Cheng				
Megasteel Sdn Bhd	26,670,000	–	–	26,670,000

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

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

OTHER STATUTORY INFORMATION

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

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

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

OTHER STATUTORY INFORMATION (continued)

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

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

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

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(i) 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

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

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

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

SIGNIFICANT EVENTS

(A) On 10 August 2006, Century Container Industries Sdn Bhd ("CCI"), a wholly-owned subsidiary of Bright Steel Sdn Bhd, which is in turn a wholly-owned subsidiary of the Company then, entered into a Sale and Purchase Agreement to dispose of a piece of leasehold industrial land together with the building structures erected thereon for a cash consideration of RM23 million ("Disposal"), as disclosed in Note 22. The Disposal was completed on 12 April 2007. CCI ceased to be a subsidiary of the Company on 19 September 2007 pursuant to the Proposed Disposal as disclosed below.

SIGNIFICANT EVENTS (continued)

(B) On 28 September 2006, the Company announced the following:-

(a) The Company and its wholly-owned subsidiary, East Crest International Limited ("East Crest"), had on 27 September 2006, entered into a conditional Master Sale Agreement with Lion Diversified Holdings Berhad ("LDHB") and Excel Step Investments Limited ("Excel Step"), a wholly-owned subsidiary of LDHB, to acquire the following from LDHB:

(i) 100% of the equity interest in PRG Corporation Limited which owns 55.5% equity interest in Parkson Retail Group Limited ("Parkson Retail") for a consideration of RM4,025.94 million;

(ii) 100% of the equity interest in Parkson Corporation Sdn Bhd for a consideration of RM180.21 million;

(iii) 100% each of the equity interest in Parkson Venture Pte Ltd and Serbadagang Holdings Sdn Bhd for a total consideration of RM93.58 million; and

(iv) 100% of the equity interest in Sea Coral Limited for a consideration of RM1.00;

to be satisfied by the issuance of 3,799.73 million new ordinary shares of RM1.00 each in the Company at an issue price of RM1.00 per share and RM500 million nominal value of 3-year 3.5% coupon redeemable convertible secured loan stocks, to be issued at 100% of the nominal value of RM1.00 each.

(hereinafter collectively referred to as the "Proposed Acquisitions").

(b) The Company had on 27 September 2006, entered into a conditional BSSB Share Sale Agreement with Lion Corporation Berhad ("LCB") and Total Triumph Investments Limited ("Total Triumph"), a wholly-owned subsidiary of LCB, for the proposed disposal by the Company of 32,143,500 ordinary shares of RM1.00 each in Bright Steel Sdn Bhd ("Bright Steel"), representing the entire issued and paid-up share capital of Bright Steel to Total Triumph for a cash consideration of RM53.47 million ("Proposed Disposal").

(c) The Company proposed to increase the authorised share capital of the Company from RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each to RM4,500,000,000 divided into 4,500,000,000 ordinary shares of RM1.00 each ("Proposed Increase in Authorised Share Capital").

(d) The Company proposed a capital reduction of RM0.75 per ordinary share of RM1.00 each in the Company ("Capital Reduction") and thereafter a share consolidation on the basis of every four (4) resultant share of RM0.25 each into one (1) ordinary share of RM1.00 in the Company ("Share Consolidation") ("Proposed Capital Reconstruction").

(e) The Company proposed to change the name of the Company from Amalgamated Containers Berhad to Parkson Holdings Berhad ("Proposed Change of Name").

(The Proposed Acquisitions, the Proposed Disposal, the Proposed Increased in Authorised Share Capital, the Proposed Capital Reconstruction and the Proposed Change of Name shall hereinafter collectively be referred to as the "Proposals").

The shareholders of the Company had on 17 August 2007 approved the Proposals and the authorised share capital of the Company was increased on 17 August 2007.

The Proposed Acquisitions and the Proposed Disposal were completed on 19 September 2007 and the name of the Company was changed to Parkson Holdings Berhad on the same day.

The Kuala Lumpur High Court had on 24 September 2007 confirmed and sanctioned the Company's petition for an Order for the Capital Reduction pursuant to the Proposed Capital Reconstruction, and the sealed Order of the petition for the Capital Reduction was obtained on 25 September 2007 and upon the lodgement of the same with the Companies Commission of Malaysia on the same date, the Capital Reduction took effect.

Subsequent to the Capital Reduction, the Share Consolidation will be undertaken and the Company had on 25 September 2007, fixed the entitlement date for the Share Consolidation on 9 October 2007.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

(A) On 27 September 2007, the Company announced that Shanghai Hongqiao Parkson Development Co., Ltd, a wholly-owned subsidiary of Parkson Retail, which in turn is a subsidiary of the Company and listed on The Stock Exchange of Hong Kong Limited, had extended the period for the fulfilment of the conditions in relation to its proposed acquisition from Sichuan Fulin Industrial Group Co., Ltd, the sole legal and beneficial owner of the 40% equity interest in Mianyang Fulin Parkson Plaza Co., Ltd (the remaining 60% equity interest of which is held indirectly by Parkson Retail) which is the owner and operator of the "Parkson" department store located at Level 1 and Level 2, No. 17, Anchang Road, Mianyang City, Sichuan Province of the People's Republic of China, at a total consideration of Rmb99,928,800.00 for 60 days commencing 18 September 2007.

(B) On 27 September 2007, Parkson Retail Development Co., Ltd, a wholly-owned subsidiary of Parkson Retail, entered into a sale and purchase agreement to acquire from Shaanxi Chang'an Information Property Investment Co., Ltd, the sole legal and beneficial owner of the 49% interest in Xi'an Chang'an Parkson Store Co., Ltd (the remaining 51% equity interest is currently owned by Parkson Retail through its 91% owned subsidiary, Xi'an Lucky King Parkson Plaza Co., Ltd) at a total cash consideration of Rmb61,000,000.00.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 1 October 2007.

TAN SRI WILLIAM H.J. CHENG	**CHENG SIN YENG**
Chairman and Managing Director	Director

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

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

We, **TAN SRI WILLIAM H.J. CHENG** and **CHENG SIN YENG**, being two of the Directors of **PARKSON HOLDINGS BERHAD (formerly known as AMALGAMATED CONTAINERS BERHAD)**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 38 to 92 are drawn up in accordance with the applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 1 October 2007.

TAN SRI WILLIAM H.J. CHENG
Chairman and Managing Director

CHENG SIN YENG
Director

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

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

I, **TAN SRI WILLIAM H.J. CHENG**, being the Director primarily responsible for the financial management of **PARKSON HOLDINGS BERHAD (formerly known as AMALGAMATED CONTAINERS BERHAD)**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 38 to 92 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
TAN SRI WILLIAM H.J. CHENG
at Kuala Lumpur in the Federal Territory
on 1 October 2007.

TAN SRI WILLIAM H.J. CHENG

Before me,

W392
ABAS BIN HASAN
Commissioner for Oaths
Kuala Lumpur

REPORT OF THE AUDITORS

TO THE MEMBERS OF PARKSON HOLDINGS BERHAD

We have audited the accompanying financial statements set out on pages 38 to 92. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the 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 to any other person for the content of this report.

We conducted our audit in accordance with applicable 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 30 June 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and

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

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

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 13 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Seng Huat
No. 2518/12/07(J)
Partner

Kuala Lumpur, Malaysia
1 October 2007

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000
Continuing operations					
Revenue	3	**–**	–	**563**	–
Other income		**1**	–	**1,827**	2,107
Staff costs	4	**(136)**	(134)	**(136)**	(134)
Other expenses		**(1,673)**	(713)	**(1,661)**	(713)
Operating (loss)/profit		**(1,808)**	(847)	**593**	1,260
Finance costs	5	**(1,717)**	(3,039)	**(1,717)**	(3,039)
Impairment of investment in a subsidiary company		**–**	–	**(38,686)**	–
Loss before tax	6	**(3,525)**	(3,886)	**(39,810)**	(1,779)
Taxation	7	**(73)**	–	**(73)**	–
Loss for the year from continuing operations		**(3,598)**	(3,886)	**(39,883)**	(1,779)
Discontinued operations	8				
Revenue	3	**343,876**	239,482	**–**	–
Other income		**13,325**	1,080	**–**	–
Changes in inventories of finished goods and work-in-progress		**20,479**	(18,115)	**–**	–
Raw materials and consumables used		**(332,086)**	(204,542)	**–**	–
Staff costs	4	**(10,904)**	(9,664)	**–**	–
Depreciation and amortisation charges		**(2,668)**	(4,107)	**–**	–
Other expenses		**(16,899)**	(19,851)	**–**	–
Operating profit/(loss)		**15,123**	(15,717)	**–**	–
Finance costs	5	**(5,689)**	(6,583)	**–**	–
Share of result of the associate		**14,651**	7,440	**–**	–
Loss recognised on the remeasurement of assets of disposal group	8	**(25,044)**	–	**–**	–
Loss before tax	6	**(959)**	(14,860)	**–**	–
Taxation	7	**(1,752)**	1,366	**–**	–
Loss for the year from discontinued operations		**(2,711)**	(13,494)	**–**	–
Total loss for the year from continuing and discontinued operations		**(6,309)**	(17,380)	**(39,883)**	(1,779)

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

	Note	Group 2007 RM'000	Group 2006 RM'000 (restated)	Company 2007 RM'000	Company 2006 RM'000
Attributable to:					
Equity holders of the Company		**(6,688)**	(17,827)	**(39,883)**	(1,779)
Minority interests		**379**	447	**–**	–
Loss for the year		**(6,309)**	(17,380)	**(39,883)**	(1,779)
Loss per share attributable to ordinary equity holders of the Company	10				
Basic, for:					
- loss from continuing operations (sen)		**(4.81)**	(5.20)		
- loss from discontinued operations (sen)		**(4.14)**	(18.66)		
Basic, for loss for the year (sen)		**(8.95)**	(23.86)		

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

BALANCE SHEETS

AS AT 30 JUNE 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**–**	32,335	**–**	–
Prepaid land lease payments	12	**–**	7,717	**–**	–
Investments in subsidiaries	13	**–**	–	**–**	38,686
Investment in associate	14	**–**	90,994	**–**	–
Other investments	15	**28**	996	**28**	28
Goodwill	16	**–**	3	**–**	–
Amounts due from subsidiaries	17	**–**	–	**51,030**	77,174
Deferred tax assets	29	**–**	1,383	**–**	–
		28	133,428	**51,058**	115,888
Current assets					
Inventories	18	**–**	105,024	**–**	–
Trade and other receivables	19	**25**	51,337	**25**	17
Tax recoverable		**137**	1,823	**137**	204
Amounts due from related companies	20	**–**	3,303	**–**	–
Cash and bank balances	21	**64**	2,405	**64**	19
		226	163,892	**226**	240
Assets held for sale	22	**–**	13,812	**–**	–
Assets of disposal group classified as held for sale	8	**325,980**	–	**–**	–
		326,206	177,704	**226**	240
TOTAL ASSETS		**326,234**	311,132	**51,284**	116,128
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	23	**74,711**	74,711	**74,711**	74,711
Share premium		**11,856**	11,856	**11,856**	11,856
Other reserves	24	**–**	11,127	**–**	–
(Accumulated losses)/ retained profits		**(43,641)**	(41,458)	**(36,336)**	3,601
Amount recognised directly in equity relating to disposal group classified as held for sale		**6,620**	–	**–**	–
		49,546	56,236	**50,231**	90,168
Minority interests		**–**	15,305	**–**	–
Minority interests relating to disposal group classified as held for sale		**15,499**	–	**–**	–
Total equity		**65,045**	71,541	**50,231**	90,168

BALANCE SHEETS

AS AT 30 JUNE 2007 (continued)

		Group		Company	
	Note	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000
Non-current liabilities					
Post-employment benefit obligations	25	–	1,846	–	–
Borrowings	26	–	6,131	–	–
Hire purchase liabilities	28	–	93	–	–
Deferred tax liabilities	29	–	191	–	–
		–	8,261	–	–
Current liabilities					
Trade and other payables	30	**1,059**	56,815	**1,053**	350
Amounts due to related companies	20	–	70,389	–	–
Borrowings	26	–	104,084	–	25,610
Hire purchase liabilities	28	–	39	–	–
Tax liabilities		–	3	–	–
		1,059	231,330	**1,053**	25,960
Liabilities directly associated with disposal group classified as held for sale	8	**260,130**	–	–	–
		261,189	231,330	**1,053**	25,960
Total liabilities		**261,189**	239,591	**1,053**	25,960
TOTAL EQUITY AND LIABILITIES		**326,234**	311,132	**51,284**	116,128

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

		← Attributable to equity holders of the Company →								
			← Non-distributable →						Minority interests relating to disposal group classified as held for sale	
	Note	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Relating to disposal group classified as held for sale RM'000	Accumulated losses RM'000	Total RM'000	Minority interests RM'000	RM'000	Total equity RM'000
At 1 July 2006										
As previously stated		74,711	11,856	11,127	–	(41,458)	56,236	15,305	–	71,541
Effect of adopting FRS 3	2.3 (a)(ii)	–	–	(3,116)	–	4,559	1,443	–	–	1,443
		74,711	11,856	8,011	–	(36,899)	57,679	15,305	–	72,984
Translation differences:										
- Equity accounting in share of the associate's movement	24	–	–	672	–	–	672	–	–	672
- On net equity of the foreign associate	24	–	–	(2,063)	–	–	(2,063)	–	–	(2,063)
Amount recognised directly in equity relating to disposal group held for sale		–	–	(6,620)	6,620	–	–	(15,499)	15,499	–
Net income and expense recognised directly in equity		–	–	(8,011)	6,620	–	(1,391)	(15,499)	15,499	(1,391)
Profit/(loss) for the year		–	–	–	–	(6,688)	(6,688)	379	–	(6,309)
Total recognised income and expense for the year		–	–	(8,011)	6,620	(6,688)	(8,079)	(15,120)	15,499	(7,700)
Dividends	9	–	–	–	–	(54)	(54)	(185)	–	(239)
At 30 June 2007		74,711	11,856	–	6,620	(43,641)	49,546	–	15,499	65,045

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

		← Attributable to equity holders of the Company →						
			←Non-distributable→					
	Note	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 July 2005		74,711	11,856	25,006	(24,088)	87,485	15,043	102,528
Equity accounting for share of the associate's transfer from income statement to reserves	24	–	–	(995)	995	–	–	–
Translation differences:								
- Equity accounting in share of the associate's movement	24	–	–	(462)	–	(462)	–	(462)
- On net equity of the foreign associate	24	–	–	3,439	–	3,439	–	3,439
Equity accounting in share of the associate's reserves	24	–	–	(15,340)	–	(15,340)	–	(15,340)
Disposal of equity interest in the associate	24	–	–	(521)	–	(521)	–	(521)
Net income and expense recognised directly in equity		–	–	(13,879)	995	(12,884)	–	(12,884)
Profit/(loss) for the year		–	–	–	(17,827)	(17,827)	447	(17,380)
Total recognised income and expense for the year		–	–	(13,879)	(16,832)	(30,711)	447	(30,264)
Dividends	9	–	–	–	(538)	(538)	(185)	(723)
At 30 June 2006		74,711	11,856	11,127	(41,458)	56,236	15,305	71,541

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Share capital RM'000	Non-distributable Share premium RM'000	Distributable (Accumulated losses)/ retained profits RM'000	Total RM'000
At 1 July 2006		**74,711**	**11,856**	**3,601**	**90,168**
Loss for the year, representing total recognised income and expense for the year		**–**	**–**	**(39,883)**	**(39,883)**
Dividends	9	**–**	**–**	**(54)**	**(54)**
At 30 June 2007		**74,711**	**11,856**	**(36,336)**	**50,231**
At 1 July 2005		74,711	11,856	5,918	92,485
Loss for the year, representing total recognised income and expense for the year		–	–	(1,779)	(1,779)
Dividends	9	–	–	(538)	(538)
At 30 June 2006		74,711	11,856	3,601	90,168

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax from:				
Continuing operations	**(3,525)**	(3,886)	**(39,810)**	(1,779)
Discontinued operations	**(959)**	(14,860)	**–**	–
Adjustments for:				
Interest expense	**7,406**	9,622	**1,717**	3,039
Depreciation and amortisation charges	**2,668**	4,107	**–**	–
Goodwill written off	**3**	–	**–**	–
Bad debts:				
- written off	**–**	19	**–**	–
- recovered	**–**	(163)	**–**	–
Loss on disposal of equity interest in the associate	**–**	1,425	**–**	–
Write back of allowance for doubtful debts	**(616)**	–	**–**	–
Impairment of investments in:				
- a subsidiary company	**–**	–	**38,686**	–
- the associate	**7,162**	5,000	**–**	–
- others	**5**	40	**–**	–
Loss recognised on the remeasurement of assets of disposal group	**25,044**	–	**–**	–
Provision for defined benefit plan	**150**	341	**–**	–
Slow moving inventories:				
- allowance	**–**	323	**–**	–
- write back of allowance	**(363)**	–	**–**	–
Unrealised loss on foreign exchange	**–**	6	**–**	–
Share of result of the associate	**(14,651)**	(7,440)	**–**	–
Interest income	**(44)**	(44)	**(1,827)**	(2,107)
Gain on disposal of property, plant and equipment	**(26)**	(185)	**–**	–
Gain on disposal of assets held for sale	**(9,039)**	–	**–**	–
Reversal of provision for interests	**(2,147)**	–	**–**	–
Dividend income (gross)	**(4)**	(9)	**(563)**	–
Operating profit/(loss) before working capital changes	**11,064**	(5,704)	**(1,797)**	(847)
Changes in working capital:				
(Increase)/decrease in inventories	**(18,939)**	32,168	**–**	–
(Increase)/decrease in trade and other receivables	**(27,885)**	12,568	**28,114**	20,712
Increase/(decrease) in trade, other payables and product financing liability	**39,735**	(10,820)	**703**	58
Net cash generated from operations	**3,975**	28,212	**27,020**	19,923
(Tax paid)/refund	**(773)**	(3,256)	**(6)**	194
Interest paid	**(7,359)**	(7,408)	**(1,717)**	(3,039)
Interest received	**44**	44	**1**	–
Defined benefit paid	**–**	(22)	**–**	–
Net cash (used in)/generated from operating activities	**(4,113)**	17,570	**25,298**	17,078

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007 (continued)

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(688)**	(19,707)	**–**	–
Proceeds from disposal of property, plant and equipment	**92**	222	**–**	–
Proceeds from disposal of assets held for sale	**22,851**	–	**–**	–
Proceeds from disposal of equity interest in the associate	**–**	1,015	**–**	–
Dividend received from:				
- a subsidiary company	**–**	–	**411**	–
- the associate	**–**	15,044	**–**	–
- quoted investments	**3**	6	**–**	–
Net cash generated from/(used in) investing activities	**22,258**	(3,420)	**411**	–
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid to:				
- shareholders of the Company	**(54)**	(538)	**(54)**	(538)
- minority shareholders of a subsidiary	**(185)**	(185)	**–**	–
Drawdown of borrowings	**182,559**	118,490	**–**	–
Repayment of borrowings	**(205,313)**	(129,049)	**(25,610)**	(16,800)
Hire purchase principal payments	**(72)**	(27)	**–**	–
Net cash used in financing activities	**(23,065)**	(11,309)	**(25,664)**	(17,338)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(4,920)**	2,841	**45**	(260)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**(2,395)**	(5,236)	**19**	279
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 21)	**(7,315)**	(2,395)	**64**	19

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and its associate consist of steel services, international trading and distribution of electronic components, automotive component trading, limestone processing and investment holding. Save for East Crest International Limited, whose principal activity is investment holding, the activities of all other subsidiaries and its associate were discontinued upon the completion of the disposals of the said subsidiaries and associate on 19 September 2007. Concurrently, the Company acquired new subsidiaries whose principal activities are in the operations of department stores.

The Directors regard Lion Corporation Berhad ("LCB"), a company incorporated in Malaysia and listed on the Main Board of Bursa Securities, as the ultimate holding company during the financial year.

Consequent upon the acquisition by Excel Step Investments Limited ("Excel Step"), a company incorporated in British Virgin Islands, a wholly-owned subsidiary of Lion Diversified Holdings Berhad ("LDHB"), a company incorporated in Malaysia and listed on the Main Board of Bursa Securities of 42,318,772 ordinary shares of RM1.00 each, representing 56.64% of the then issued and paid-up capital in the Company from LCB and Limpahjaya Sdn Bhd on 14 September 2007 and the issuance of 3,799.73 million new ordinary shares of RM1.00 each in the Company at an issue price of RM1.00 per share and RM500 million nominal value of 3-year 3.5% coupon redeemable convertible secured loan stocks to Excel Step on 19 September 2007 as consideration for the acquisition by East Crest International Limited, a wholly-owned subsidiary of the Company, from LDHB of the Retail Assets, the Directors regard Excel Step as the immediate holding company and LDHB as the ultimate holding company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 1 October 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

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

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of Significant Accounting Policies (continued)

(a) Subsidiaries and Basis of Consolidation (continued)

(ii) Basis of Consolidation

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

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

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

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

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

(b) Associate

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of Significant Accounting Policies (continued)

(b) Associate (continued)

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

The most recent available audited financial statements of the associate are used by the Group in applying the equity method. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investment in associate is stated at cost less impairment losses.

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

(c) Intangible Assets - Goodwill

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

(d) Property, Plant and Equipment and Depreciation

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

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

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each of the asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 7.32%
Plant and machinery	10%
Factory equipment	10%
Office equipment and vehicles	10% - 20%
Furniture, fittings and other equipment	10% - 20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of Significant Accounting Policies (continued)

(e) Impairment of Non-Financial Assets

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

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

An impairment loss is recognised in profit or loss in the period in which it arises.

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

(f) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials, finished goods and work-in-progress is determined on a weighted average or first-in-first-out basis, as appropriate, according to the category of inventories concerned. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of Significant Accounting Policies (continued)

(g) Financial Instruments

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

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

(i) Cash and Cash Equivalents

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

(ii) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Marketable Securities

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

(iv) Receivables

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

(v) 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.

(vi) Interest Bearing Loans and Borrowings

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

(vii) 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.

(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. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Finance Leases - the Group as Lessee

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(d).

(iii) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

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

(i) Borrowing Costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of Significant Accounting Policies (continued)

(j) Income Tax

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or 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 tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, 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 is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(k) Provision for Liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(l) Employee Benefits

(i) Short Term Benefits

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

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund. Certain subsidiaries also contribute to the ACB Group Provident Fund Scheme, an approved defined contribution plan.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of Significant Accounting Policies (continued)

(l) Employee Benefits (continued)

(iii) Defined Benefit Plan

The Group operates an unfunded, defined benefit retirement benefit scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, who carries out a full valuation of the plan every three years, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(m) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of Significant Accounting Policies (continued)

(m) Foreign Currencies (continued)

(ii) Foreign Currency Transactions (continued)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

The principal exchange rate used for each respective unit of foreign currency ruling at the balance sheet date is as follow:

	2007 RM	2006 RM
1 US Dollar	**3.45**	3.67
1 Singapore Dollar	**2.25**	2.31
1 Hong Kong Dollar	**0.44**	0.47

(iii) Foreign Operations

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiary 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of Significant Accounting Policies (continued)

(n) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Goods

Revenue on sale of goods is recognised net of sales taxes and discount upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Revenue from Services

Revenue from services rendered is recognised net of service taxes and discounts and when the services are rendered.

(iii) Dividend Income

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

(iv) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(o) Non-Current Assets (or Disposal Group) Held for Sale and Discontinued Operations

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs

On 1 July 2006, the Group and the Company adopted the following applicable 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 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The Group has early adopted the new and revised FRS 117 Leases for the financial period beginning 1 July 2006. Except for the changes in accounting policies and their effects as discussed below, the adoption of the above new and revised standards and the early adoption of FRS 117 do not result in significant changes to the accounting policies and do not have a significant financial impact on the Group.

(a) FRS 3: Business Combinations, 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 in which the goodwill is attached to. 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 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 RM1,000 against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 July 2006 of RM3,000 ceased to be amortised thereafter. Subsequent to this, the Group has fully written off the remaining balance of goodwill.

According to the transitional provisions of FRS 3, the Group has also ceased to include annual amortisation of goodwill included in the carrying amount of investment in associate in the determination of the Group's share of profits or losses of associate. The net carrying amount of goodwill included in investment in associate as at 1 July 2006 was RM7,162,000. Subsequent to this, the Group has fully impaired the remaining balance of goodwill.

Because the revised accounting policy has been applied prospectively, the change 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 year ended 30 June 2007 are set out in Note 2.3(e)(i) and Note 2.3(e)(ii) respectively. This change has no impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (continued)

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

(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 not amortised over the weighted average useful life of the non-monetary assets acquired. 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 profit or loss.

In accordance with transitional provisions of FRS 3, the negative goodwill as at 1 July 2006 of RM3,116,000 was derecognised with a corresponding decrease in opening accumulated losses. The Group has also derecognised the remaining unamortised negative goodwill included in the carrying amount of investment in associate as at 1 July 2006 amounting to RM1,443,000 with a corresponding decrease in opening accumulated losses.

Because the revised accounting policy has been applied prospectively, the change had no impact on amounts reported for 2006 or prior periods. The effect on the consolidated balance sheet as at 30 June 2007 is set out in Note 2.3(e)(i). This change has no impact on the Group's consolidated income statement and the Company's financial statements.

(iii) Accounting for acquisitions

Prior to 1 July 2006, the Group did not recognise separately the acquiree's contingent liabilities at the acquisition date as part of allocating the cost of a business combination. Upon the adoption of FRS 3, contingent liabilities are now separately recognised, provided their fair values can be measured reliably. In addition, the Group was previously allowed to recognise restructuring provisions in connection with an acquisition regardless of whether the acquiree had recognised such provisions. Upon the adoption of FRS 3, the Group is now permitted to recognise such provisions only when the acquiree has, at the acquisition date, an existing liability for restructuring recognised in accordance with FRS 137.

The change did not have any effect to the financial statements of the Group and of the Company.

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

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

Prior to 1 July 2006, the Group would have recognised a discontinued operation at the earlier of the date the Group enters into a binding sale agreement and the date the Board of Directors have approved and announced a formal disposal plan. FRS 5 requires a component of an entity to be classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. The principal impact of this change in accounting policy is that a discontinued operation is recognised by the Group at a later point than it would be under the previous accounting policy due to stricter criteria in FRS 5.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (continued)

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

The Group has applied FRS 5 prospectively in accordance with the transitional provisions. However, as required by FRS 5, certain comparatives of the Group have been re-presented due to the current financial year's discontinued operation. The effects on the income statements for the years ended 30 June 2007 and 30 June 2006 have been presented on the face of the consolidated income statements. The effects on the balance sheet as at 30 June 2007 and the cash flow for the year ended 30 June 2007 of the discontinued operations are set out in Note 8. This change has no impact on the Company's income statement for the year ended 30 June 2007.

(c) FRS 101: Presentation of Financial Statements

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.

Prior to 1 July 2006, the Group's share of taxation of associate 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 associate accounted for using the equity method is now included in the respective share of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have been applied retrospectively and as disclosed in Note 2.3(f), certain comparatives have been restated. The effects on the consolidated balance sheet as at 30 June 2007 and consolidated income statement for the year ended 30 June 2007 are set out in Note 2.3(e)(i) and Note 2.3(e)(ii) respectively. These changes in presentation has no impact on the Company's financial statements.

(d) FRS 117: Leases

Prior to 1 July 2006, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 July 2006, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 2.3(f), certain comparatives have been restated. The effects on the consolidated balance sheet as at 30 June 2007 are set out in Note 2.3(e)(i). There were no effects on the consolidated income statement and the Company's financial statements for the year ended 30 June 2007.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (continued)

(e) 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 as at 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 Sheets As At 30 June 2007

	Increase/(Decrease)				
Description of Change	**FRS 3 Note 2.3(a)(i) RM'000**	**FRS 3 Note 2.3(a)(ii) RM'000**	**FRS 101 Note 2.3(c) RM'000**	**FRS 117 Note 2.3(d) RM'000**	**Total RM'000**
Group					
Disposal group held for sale, major classes:					
- Property, plant and equipment	–	–	–	(7,602)	(7,602)
- Prepaid land lease payments	–	–	–	7,602	7,602
- Goodwill	1	–	–	–	1
- Other reserves	–	(3,116)	–	–	(3,116)
- Investment in associate	743	1,443	–	–	2,186
Accumulated losses	(744)	(4,559)	–	–	(5,303)
Total equity	–	–	15,499	–	15,499

(ii) Effects on Income Statements for the Year Ended 30 June 2007

	Increase/(Decrease)				
Description of Change	**FRS 3 Note 2.3(a)(i) RM'000**	**FRS 3 Note 2.3(a)(ii) RM'000**	**FRS 101 Note 2.3(c) RM'000**	**FRS 117 Note 2.3(d) RM'000**	**Total RM'000**
Group					
Discontinued operations:					
- Depreciation and amortisation charges	(744)	–	–	–	(744)
- Share of result of the associate	–	–	(1,646)	–	(1,646)
- Loss before tax	(744)	–	1,646	–	902
- Taxation	–	–	(1,646)	–	(1,646)
- Loss for the year	(744)	–	–	–	(744)
- Basic loss per share (sen)	(1.00)	–	–	–	(1.00)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (continued)

(f) Restatement of Comparatives

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

	Previously stated RM'000	Increase/ (Decrease) FRS 101 Note 2.3(c) RM'000	FRS 117 Note 2.3(d) RM'000	Restated RM'000
At 30 June 2006				
Group				
Property, plant and equipment	40,052	–	(7,717)	32,335
Prepaid land lease payments	–	–	7,717	7,717
Total equity	56,236	15,305	–	71,541
For the year ended 30 June 2006				
Group				
Discontinued operations:				
Share of result of the associate	9,459	(2,019)	–	7,440
Taxation	(653)	2,019	–	1,366

2.4 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 issued 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 124: Related Party Disclosures	1 October 2006
(ii)	FRS 139: Financial Instruments - Recognition and Measurement	Deferred
(iii)	FRS 6: Exploration for an Evaluation of Mineral Resources	1 January 2007
(iv)	Amendment to FRS 119_{2004}: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
(v)	Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
(vi)	IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
(vii)	IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
(viii)	IC Interpretation 5: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
(ix)	IC Interpretation 6: Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
(x)	IC Interpretation 7: Applying the Restatement Approach under FRS 119_{2004} - Financial Reporting in Hyperinflationary Economies	1 July 2007
(xi)	IC Interpretation 8: Scope of FRS 2	1 July 2007
(xii)	FRS 107: Cash Flow Statements	1 July 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

		Effective for financial periods beginning on or after
(xiii)	FRS 111: Construction Contracts	1 July 2007
(xiv)	FRS 112: Income Taxes	1 July 2007
(xv)	FRS 118: Revenue	1 July 2007
(xvi)	FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
(xvii)	FRS 134: Interim Financial Reporting	1 July 2007
(xviii)	FRS 137: Provision, Contingent Liabilities and Contingent Assets	1 July 2007

The impact of applying 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.

FRS 6 is not relevant to the Group's and the Company's operations and 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 amendment to FRS 119: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures introduces the option of an alternative recognition approach for actuarial gains and losses arising from post-employment defined plans.

2.5 Significant Accounting Estimates and Judgements

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) Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and provisions to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and provisions can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The unrecognised tax losses, capital allowances and other deductible temporary differences of the Group was RM89,424,000 (2006: RM99,055,000).

(ii) Depreciation of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3. REVENUE

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Continuing operations				
Dividend from a subsidiary	**–**	–	**563**	–
Discontinued operations				
Sales of goods	**340,240**	236,921	**–**	–
Rendering of services	**3,636**	2,561	**–**	–
	343,876	239,482	**–**	–

4. STAFF COSTS

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Continuing operations				
Wages, salaries and bonuses	**120**	120	**120**	120
Defined contribution plans				
- Employees Provident Fund	**14**	14	**14**	14
- ACB Group Provident Fund Scheme	**2**	–	**2**	–
	136	134	**136**	134
Discontinued operations				
Wages, salaries and bonuses	**9,046**	7,817	**–**	–
Defined contribution plans				
- Employees Provident Fund	**868**	798	**–**	–
- ACB Group Provident Fund Scheme	**28**	41	**–**	–
Defined benefit plan (Note 25)	**150**	341	**–**	–
Other employee benefits	**812**	667	**–**	–
	10,904	9,664	**–**	–

Included in staff costs is the remuneration of an executive Director of the Group and of the Company but excludes Directors' fees as further disclosed in Note 6(b) to the financial statements.

5. FINANCE COSTS

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Continuing operations				
Interest expenses on:				
- term loans	**1,717**	3,039	**1,717**	3,039
Discontinued operations				
Interest expenses on:				
- amount due to related parties	**386**	2,117	**–**	–
- term loans	**618**	447	**–**	–
- revolving credits, bankers' acceptances, trust receipts and letter of credits	**3,973**	3,247	**–**	–
- bank overdrafts	**674**	767	**–**	**–**
- hire purchase liabilities	**6**	5	**–**	–
- others	**32**	–	**–**	–
	5,689	6,583	**–**	–

6. LOSS BEFORE TAX

(a) The following amounts have been included in arriving at loss before tax:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Continuing operations				
Staff costs (Note 4)	**136**	134	**136**	134
Directors' remuneration:				
- salaries	**120**	120	**120**	120
- fees	**185**	176	**185**	176
Auditors' remuneration:				
- current year	**27**	20	**21**	20
Dividend income (gross)	**–**	–	**(563)**	–
Interest income from:				
- subsidiaries	**–**	–	**(1,826)**	(2,107)
- others	**(1)**	–	**(1)**	–
Discontinued operations				
Staff costs (Note 4)	**10,904**	9,664	**–**	–
Auditors' remuneration:				
- current year	**71**	70	**–**	–
- (over)/under provision in prior year	**(3)**	2	**–**	–
Rental expenses	**986**	1,042	**–**	–
Amortisation of goodwill	**–**	744	**–**	–
Amortisation of prepaid land lease payments	**115**	168	**–**	–
Property, plant and equipment:				
- depreciation charge	**2,553**	3,195	**–**	–
- gain on disposal	**(26)**	(185)	**–**	–
Loss on disposal of equity interest in the associate	**–**	1,425	**–**	–
Goodwill written off	**3**	–	**–**	–
Bad debts:				
- written off	**–**	19	**–**	–
- recovered	**–**	(163)	**–**	–
Impairment of investments in:				
- the associate	**7,162**	5,000	**–**	–
- others	**5**	40	**–**	–
Slow moving inventories:				
- allowance	**–**	323	**–**	–
- write back of allowance	**(363)**	**–**	**–**	–
Gain on disposal of assets held for sale	**(9,039)**	–	**–**	–
Write back of allowance for doubtful debts	**(616)**	–	**–**	–
(Gain)/loss on foreign exchange:				
- realised	**(163)**	(40)	**–**	–
- unrealised	**–**	6	**–**	–
Reversal of provision for interests	**(2,147)**	–	**–**	–
Rental income	**(188)**	–	**–**	–
Interest income	**(43)**	(44)	**–**	–
Dividend income (gross)	**(4)**	(9)	**–**	–

6. LOSS BEFORE TAX (continued)

(b) The Directors' remuneration are categorised as follows:

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Executive Directors:				
- fees	**10**	18	**10**	18
- salaries	**120**	120	**120**	120
Non-executive Directors*:				
- fees	**175**	158	**175**	158
	305	296	**305**	296

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

	Group 2007	Group 2006	Company 2007	Company 2006
Range of remuneration:				
Executive Directors				
- RM25,000 and below	**–**	1	**–**	1
- RM100,001 to RM150,000	**1**	1	**1**	1
Non-executive Directors*				
- RM25,000 and below	**10**	8	**10**	8
- RM25,001 to RM50,000	**1**	1	**1**	1

* Including Directors who retired at the previous Annual General Meeting and a Director who was appointed during the financial year.

7. TAXATION

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Continuing operations				
Malaysian income tax:				
- current	**73**	–	**73**	–
Discontinued operations				
Malaysian income tax:				
- current	**642**	(19)	**–**	–
- prior years	**(3)**	–	**–**	–
	639	(19)	**–**	–

7. **TAXATION** (continued)

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Discontinued operations (continued)				
Deferred tax:				
- relating to origination and reversal of temporary differences	**13**	(988)	**–**	–
- relating to changes in tax rates	**5**	–	**–**	–
- under/(over) provision in prior year	**1,095**	(359)	**–**	–
	1,113	(1,347)	**–**	–
Total income tax from discontinued operations	**1,752**	(1,366)	**–**	–
Total income tax expense/(credit)	**1,825**	(1,366)	**73**	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% effective year of assessment 2008. The computation of deferred tax as at 30 June 2007 has reflected these changes.

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

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Loss before tax from:				
Continuing operations	**(3,525)**	(3,886)	**(39,810)**	(1,779)
Discontinued operations	**(959)**	(14,860)	**–**	–
Share of result of the associate	**(14,651)**	(7,440)	**–**	–
	(19,135)	(26,186)	**(39,810)**	(1,779)
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	**(5,166)**	(7,332)	**(10,749)**	(498)
Effect of changes in tax rates on opening balance of deferred tax	**5**	–	**–**	–
Income subject to tax rate of 20%	**(16)**	247	**–**	–
Expenses not deductible for tax purposes	**9,036**	3,137	**10,822**	498
Utilisation of unabsorbed losses brought forward	**(346)**	(487)	**–**	–
Utilisation of unabsorbed capital allowances brought forward	**(2,852)**	–	**–**	–
Deferred tax assets not recognised	**72**	3,428	**–**	–
Under/(over) provision of deferred tax in prior year	**1,095**	(359)	**–**	–
Overprovision of taxation in prior year	**(3)**	–	**–**	–
Tax expense/(credit)	**1,825**	(1,366)	**73**	–

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 28 September 2006, the Company announced the decision to dispose of its wholly-owned subsidiary, Bright Steel Sdn. Bhd. ("Bright Steel"), comprising the entire issued and paid-up share capital of Bright Steel for a cash consideration of RM53.47 million. The disposal represents the Group's intention to exit from the steel services, international trading and distribution (electronic components), automotive and others (automotive component trading, limestone processing and investment holding) segments which are being carried on by Bright Steel, its subsidiaries and the associate ("Bright Steel Group").

The disposal of Bright Steel was completed on 19 September 2007. As at 30 June 2007, the assets and liabilities of the Bright Steel Group have been presented on the consolidated balance sheet as a disposal group held for sale and its results is presented separately on the consolidated income statement as discontinued operations. The carrying amount of the investment in Bright Steel has also been presented as a non-current asset held for sale on the Company's balance sheet as at 30 June 2007.

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

	Group	
	2007 RM'000	**2006 RM'000**
Operating cash flows	**(29,817)**	492
Investing cash flows	**22,254**	(3,420)
Financing cash flows	**2,599**	6,030
Total cash flows	**(4,964)**	3,102

The major classes of assets and liabilities of the Bright Steel Group classified as held for sale on the consolidated balance sheet as at 30 June 2007 are as follows:

	Carrying amounts immediately before classification RM'000	**Allocation of remeasurement RM'000**	**Carrying amounts as at 30.6.2007 RM'000**
Assets			
Property, plant and equipment	30,404	(2,190)	28,214
Prepaid land lease payments	7,602	(548)	7,054
Investment in associate	98,880	(7,123)	91,757
Other investments	963	(69)	894
Deferred tax assets	256	(18)	238
Inventories	124,326	(8,957)	115,369
Trade and other receivables	79,821	(5,752)	74,069
Tax recoverable	1,835	(132)	1,703
Amounts due from related companies	3,545	(255)	3,290
Cash and bank balances	3,392	–	3,392
Assets of disposal group classified as held for sale	351,024	(25,044)	325,980
Liabilities			
Trade and other payables	58,676	–	58,676
Tax liabilities	337	–	337
Hire purchase liabilities	60	–	60
Borrowings	93,432	–	93,432
Product financing liabilities	5,296	–	5,296
Amounts due to related companies	100,156	–	100,156
Post-employee benefit obligations	1,996	–	1,996
Deferred tax liabilities	177	–	177
Liabilities directly associated with disposal group classified as held for sale	260,130	–	260,130

9. DIVIDENDS

	Year ended 30 June 2007		Year ended 30 June 2006	
	Gross dividend per share	**Amount of dividend, net of tax**	**Gross dividend per share**	**Amount of dividend, net of tax**
	Sen	**RM'000**	**Sen**	**RM'000**
First and final dividend paid in respect of:				
- financial year ended 30 June 2005	**–**	**–**	1.0	538
- financial year ended 30 June 2006	**0.1**	**54**	–	–

The Directors do not recommend any dividend payment in respect of the current financial year.

10. LOSS PER SHARE

The basic loss per share is calculated by dividing loss for the year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial year.

	Group	
	2007	**2006**
	RM'000	**RM'000**
Loss attributable to ordinary equity holders of the Company:		
- from continuing operations	**(3,598)**	(3,886)
- from discontinued operations	**(3,090)**	(13,941)
	(6,688)	(17,827)

	2007	**2006**
	'000	**'000**
Number of ordinary shares in issue	**74,711**	74,711

	2007	**2006**
	sen	**sen**
Basic loss per share:		
- from continuing operations	**(4.81)**	(5.20)
- from discontinued operations	**(4.14)**	(18.66)
Basic, for loss for the year	**(8.95)**	(23.86)

The diluted earnings per share is not shown as it is not applicable to the Group.

11. PROPERTY, PLANT AND EQUIPMENT

Group At 30 June 2007	Buildings RM'000	Plant and machinery RM'000	Factory equipment RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Total RM'000
Cost						
At 1 July 2006	25,161	33,352	5,925	3,975	359	68,772
Additions	69	305	229	85	–	688
Disposals	–	–	–	(144)	–	(144)
Reclassified to disposal group held for sale (Note 8)	(25,230)	(33,657)	(6,154)	(3,916)	(359)	(69,316)
At 30 June 2007	–	–	–	–	–	–
Accumulated depreciation						
At 1 July 2006	2,713	24,594	5,440	3,341	349	36,437
Depreciation charge for the year	505	1,663	237	148	–	2,553
Disposals	–	–	–	(78)	–	(78)
Reclassified to disposal group held for sale (Note 8)	(3,218)	(26,257)	(5,677)	(3,411)	(349)	(38,912)
At 30 June 2007	–	–	–	–	–	–
Net book value						
At 30 June 2007	–	–	–	–	–	–

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Group At 30 June 2006	Long term leasehold lands RM'000	Buildings RM'000	Plant and machinery RM'000	Factory equipment RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Total RM'000
Cost							
At 1 July 2005	13,601	38,478	27,465	5,867	3,770	359	89,540
Additions	–	12,481	7,038	58	205	–	19,782
Disposals	–	–	(1,151)	–	–	–	(1,151)
Transfer to prepaid land lease payments	(8,974)	–	–	–	–	–	(8,974)
Reclassification (Note 22)	(4,627)	(25,798)	–	–	–	–	(30,425)
At 30 June 2006	–	25,161	33,352	5,925	3,975	359	68,772
Accumulated depreciation							
At 1 July 2005	1,829	17,157	24,390	5,076	3,144	342	51,938
Depreciation charge for the year	–	1,309	1,318	364	197	7	3,195
Amortisation of prepaid land lease payments	168	–	–	–	–	–	168
Disposals	–	–	(1,114)	–	–	–	(1,114)
Transfer to prepaid land lease payments	(1,257)	–	–	–	–	–	(1,257)
Reclassification (Note 22)	(740)	(15,753)	–	–	–	–	(16,493)
At 30 June 2006	–	2,713	24,594	5,440	3,341	349	36,437
Accumulated impairment losses							
At 1 July 2005	120	–	–	–	–	–	120
Reclassification (Note 22)	(120)	–	–	–	–	–	(120)
At 30 June 2006	–	–	–	–	–	–	–
Net book value							
At 30 June 2006	–	22,448	8,758	485	634	10	32,335

	Group 2007 RM'000	Group 2006 RM'000
Aggregate costs of purchase of property, plant and equipment	**688**	19,782
Acquisition by means of hire purchase	**–**	(75)
	688	19,707
Net book value of property, plant and equipment held under hire purchase agreement	**78**	176

12. PREPAID LAND LEASE PAYMENTS

	Group 2007 RM'000	Group 2006 RM'000
Long term leasehold land		
At 1 July	**7,717**	7,885
Amortisation for the year	**(115)**	(168)
At 30 June	**7,602**	7,717
Transfer to disposal group held for sale (Note 8)	**(7,602)**	–
	–	7,717

13. INVESTMENTS IN SUBSIDIARIES

	Company 2007 RM'000	Company 2006 RM'000
Unquoted shares, at cost	**38,686**	38,686
Less: Impairment loss recognised during the year	**(38,686)**	–
	–	38,686

Details of the subsidiaries are as follows:

Name	Principal activities	Country of incorporation	Group's effective equity interest 2007 %	Group's effective equity interest 2006 %
Bright Steel Sdn Bhd#	Manufacturing, sale and distribution of steel and iron products	Malaysia	**100.0**	100.0
East Crest International Limited*	Investment holding	British Virgin Islands	**100.0**	–
Subsidiaries of Bright Steel Sdn Bhd				
Bright Steel Service Centre Sdn Bhd#	Processing and selling of steel coils and sheets	Malaysia	**57.1**	57.1
Bright Enterprise (Sdn) Berhad#	Trading in steel and iron products	Malaysia	**51.0**	51.0
B.A.P. Industries Sdn Bhd#	Manufacturing, marketing and distribution of pre-painted steel sheets and related products	Malaysia	**77.5**	77.5
Omali Corporation Sdn Bhd#	Investment holding	Malaysia	**100.0**	100.0

13. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Principal activities	Country of incorporation	Group's effective equity interest 2007 %	2006 %
Subsidiaries of Bright Steel Sdn Bhd				
Century Container Industries Sdn Bhd#	Property investment, letting of building space and plant and machinery facilities	Malaysia	**100.0**	100.0

* Not audited by Ernst & Young, Malaysia.
\# Classified as discontinued operations during the current financial year (Note 8).

The acquisition of East Crest International Limited has no material effect on the financial results of the Group.

The entire issued and paid-up share capital in a subsidiary, Bright Steel Sdn Bhd, amounting to RM32.1 million was previously pledged as security for the Company's term loan as disclosed in Note 26 to the financial statements. During the current financial year, the pledge has been uplifted as the Company has fully repaid the term loan.

14. INVESTMENT IN ASSOCIATE

	Group 2007 RM'000	2006 RM'000
Quoted shares outside Malaysia, at cost	**111,623**	111,623
Share of post-acquisition reserves and profit (less losses)	**(581)**	(15,629)
	111,042	95,994
Less: Accumulated impairment losses	**(12,162)**	(5,000)
	98,880	90,994
Transfer to disposal group held for sale (Note 8)	**(98,880)**	–
	–	90,994
Represented by:		
Group's share of net assets	**98,880**	83,832
Goodwill		
At 1 July	**7,162**	13,181
Amortisation during the year	**–**	(744)
Disposal of equity interests	**–**	(275)
Impairment losses recognised during the year	**(7,162)**	(5,000)
At 30 June	**–**	7,162
	98,880	90,994
Transfer to disposal group held for sale (Note 8)	**(98,880)**	–
	–	90,994

14. INVESTMENT IN ASSOCIATE (continued)

	Group 2007 RM'000	Group 2006 RM'000
Market value of shares quoted outside Malaysia	**84,839**	49,074
Transfer to disposal group held for sale	**(84,839)**	–
	–	49,074

The details of the associate are as follows:

Name	Principal activity	Country of incorporation	Group's effective equity interest 2007 %	Group's effective equity interest 2006 %
Associate of Omali Corporation Sdn Bhd				
Lion Asiapac Limited*	Investment holding	Republic of Singapore	**29.98**	29.98

* Not audited by Ernst & Young, Malaysia.

The financial year end of Lion Asiapac Limited falls on 30 June.

A subsidiary's entire stake in the associate was previously pledged as security for the Company's term loans as disclosed in Note 26 to the financial statements. During the current financial year, the pledge has been uplifted as the Company has fully repaid the term loan.

The summarised financial information of the associate is as follows:

	2007 RM'000	2006 RM'000
Assets and liabilities		
Current assets	**219,655**	277,499
Non-current assets	**383,243**	184,237
Total assets	**602,898**	461,736
Current liabilities	**63,284**	137,513
Non-current liabilities	**24,517**	8,704
Total liabilities	**87,801**	146,217
Results		
Revenue	**210,638**	161,321
Profit for the year	**48,887**	18,521

15. OTHER INVESTMENTS

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Quoted shares, at cost	**906**	906	**–**	–
Less: Accumulated impairment losses	**(48)**	(48)	**–**	–
Transfer to disposal group held for sale (Note 8)	**(858)**	–	**–**	–
	–	858	**–**	–
Unquoted shares, at cost	**430**	430	**135**	135
Less: Accumulated impairment losses	**(297)**	(292)	**(107)**	(107)
Transfer to disposal group held for sale (Note 8)	**(105)**	–	**–**	–
	28	138	**28**	28
	28	996	**28**	28
Market value of quoted shares in Malaysia	**1,562**	858	**–**	–
Transfer to disposal group held for sale	**(1,562)**	–	**–**	–
	–	858	**–**	–

16. GOODWILL

	Group 2007 RM'000	Group 2006 RM'000
Cost		
At 1 July	**4**	4
Effects of adopting FRS 3 (Note 2.3 (a)(i))	**(1)**	–
Less: Written off	**(3)**	–
	–	4
Accumulated amortisation		
At 1 July	**1**	1
Amortisation*	**–**	–
Effects of adopting FRS 3 (Note 2.3 (a)(i))	**(1)**	–
	–	1
	–	3

* Amortisation is less than RM1,000 in prior year.

17. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2007	**2006**
	RM'000	**RM'000**
Amounts due from subsidiaries	**69,156**	95,300
Less: Allowance for doubtful debts	**(18,126)**	(18,126)
	51,030	77,174

The amounts due from subsidiaries are unsecured, not repayable within twelve months from the balance sheet date and bear interest at rates ranging from 1% to 8% (2006: 1% to 8%) per annum. Included in this amount is Nil (2006: RM73.5 million) pledged as security for the Company's term loan as disclosed in Note 26 to the financial statements. During the current financial year, the pledge has been uplifted as the Company has fully repaid the term loan.

18. INVENTORIES

	Group	
	2007	**2006**
	RM'000	**RM'000**
At costs:		
Raw materials	**69,503**	67,967
Finished goods	**50,670**	29,822
Stores and consumables	**462**	130
Goods-in-transit	**3,691**	7,086
	124,326	105,005
At net realisable value:		
Finished goods	**–**	19
	124,326	105,024
Transfer to disposal group held for sale (Note 8)	**(124,326)**	–
	–	105,024

Included in raw materials is an amount of RM5.3 million (2006: Nil) under product financing liabilities of the Group as disclosed in Note 27.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade receivables	**79,088**	47,700	**–**	–
Less: Allowance for doubtful debts	**(2,459)**	(2,490)	**–**	–
Transfer to disposal group held for sale (Note 8)	**(76,629)**	–	**–**	–
	–	45,210	**–**	–
Amounts due from related parties	**2,032**	5,584	**–**	–
Less: Allowance for doubtful debts	**–**	(505)	**–**	–
Transfer to disposal group held for sale (Note 8)	**(2,032)**	–	**–**	–
	–	5,079	**–**	–
Deposits	**461**	173	**3**	3
Prepayments	**646**	724	**–**	–
Other receivables	**78**	151	**22**	14
Transfer to disposal group held for sale (Note 8)	**(1,160)**	–	**–**	–
	25	1,048	**25**	17
	25	51,337	**25**	17

The Group has no concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

Credit terms of trade receivables range from payment in advance to 90 days (2006: payment in advance to 90 days).

The amounts due from related parties are unsecured, interest free and have no fixed terms of repayment.

Other information on financial risks of trade and other receivables are disclosed in Note 33.

20. AMOUNTS DUE FROM/TO RELATED COMPANIES

Related companies are companies within the Lion Corporation Berhad Group. The amounts due from/to related companies are unsecured and have no fixed terms of repayment.

Certain balances of the amounts due to related companies are trade in nature and bear interest chargeable at the rate of 15.6% (2006: 15.6%) per annum.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the followings:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**64**	2,405	**64**	19
Bank overdrafts (Notes 26)	**–**	(4,800)	**–**	–
Classified as disposal group held for sale:				
- Cash and bank balances (Note 8)	**3,392**	–	**–**	–
- Bank overdrafts (Note 26)	**(10,771)**	–	**–**	–
Cash and cash equivalents	**(7,315)**	(2,395)	**64**	19

Bank balances are deposits held at call with licensed banks, which are non-interest bearing. The cash and bank balances are denominated in Ringgit Malaysia.

22. ASSETS HELD FOR SALE

	Group	
	2007	**2006**
	RM'000	**RM'000**
Leasehold land and building		
- As reclassified from property, plant and equipment (Note 11)	**–**	13,812

On 10 August 2006, Century Container Industries Sdn Bhd ("CCI"), a wholly-owned subsidiary of Bright Steel Sdn Bhd, which was in turn a wholly-owned subsidiary of the Company then, entered into a Sale and Purchase Agreement to dispose of a piece of leasehold industrial land together with the building structures erected thereon for a cash consideration of RM23 million ("Disposal"). The land was previously charged to financial institutions as security for term loan granted to the Company. The Disposal was completed on 12 April 2007. With the completion of the Disposal, the term loan has been fully repaid and the charge has been uplifted. CCI ceased to be a subsidiary of the Company on 19 September 2007 pursuant to the Proposed Disposal as disclosed in the Significant Events in the Directors' Report.

23. SHARE CAPITAL

	Number of ordinary share of RM1.00 each		Group/Company	
	2007	**2006**	**2007**	**2006**
	'000	**'000**	**RM'000**	**RM'000**
Authorised				
At 1 July/30 June	**100,000**	100,000	**100,000**	100,000
Issued and fully paid-up				
At 1 July/30 June	**74,711**	74,711	**74,711**	74,711

24. OTHER RESERVES

Other reserves comprise negative goodwill, exchange fluctuation reserve and capital reserves. The movement of other reserves are as follows:

	Group	
	2007 RM'000	**2006 RM'000**
Negative goodwill		
At 1 July	**3,116**	3,116
Less: Derecognition under FRS 3 (Note 2.3 (a)(ii))	**(3,116)**	–
At 30 June	–	3,116
Exchange fluctuation reserve		
At 1 July	**5,032**	5,415
Currency translation differences	**(2,063)**	3,439
Transferred to capital reserves	**–**	(3,757)
Disposal of equity interest in the associate	**–**	(65)
Transfer to disposal group held for sale	**(2,969)**	–
At 30 June	**–**	5,032
Capital reserves		
Capital redemption reserve	**46**	46
Enterprise development and general reserves	**3,105**	9,132
Gain on restructuring of motorcycle business	**–**	9,263
Accretion arising from additional shares issued to minority interests	**579**	579
Reserve on consolidation	**1,524**	1,524
Exchange fluctuation reserve	**(2,275)**	(4,069)
At 1 July	**2,979**	16,475
Share of associate's transfer to income statement	**–**	(995)
Share of associate's reserves movement	**–**	(15,340)
Share of associate's currency translation differences	**672**	(462)
Transferred from exchange fluctuation reserve	**–**	3,757
Disposal of equity interest in the associate	**–**	(456)
At 30 June	**3,651**	2,979
Transfer to disposal group held for sale	**(3,651)**	–
	–	2,979
Total other reserves	**–**	11,127

Capital reserves pertain to the Group's share of the associate's reserves.

The capital redemption reserve pertains to redemption of redeemable preference shares by a subsidiary of the associate and is not available for the payment of cash dividends.

The transfer from income statement to capital reserves are maintained by the Group's associate in accordance with the accounting regulations in the People's Republic of China and are not available for the payment of cash dividends.

25. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Defined benefit plan - unfunded

A subsidiary of the Group operates an unfunded defined benefit plan for all eligible employees. The latest actuarial valuation of the plan was carried out on 23 June 2006 by an independent qualified actuary.

The movements during the financial year in the amounts recognised in the Group's balance sheet are as follows:

	Group	
	2007 RM'000	**2006 RM'000**
Non-current		
At 1 July	**1,846**	1,527
Charged to income statement	**150**	341
Benefit paid	**–**	(22)
Transfer to disposal group held for sale (Note 8)	**(1,996)**	–
At 30 June	**–**	1,846
The amount recognised in the consolidated balance sheet is analysed as follows:		
Present value of unfunded defined benefit obligations	**1,996**	1,846
Transfer to disposal group held for sale (Note 8)	**(1,996)**	–
Net liability	**–**	1,846
The expenses recognised in the consolidated income statement are analysed as follows:		
Current service cost	**85**	176
Interest cost	**91**	165
Actuarial gain	**(26)**	–
Total included in staff costs (Note 4)	**150**	341

The principal actuarial assumptions used in respect of the Group's unfunded defined benefit plan are as follows:

	Group	
	2007 %	**2006 %**
Discount rate	**7**	7
Expected rate of salary increase	**5**	5

26. BORROWINGS

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Current				
Unsecured:				
Bank overdrafts	**10,771**	4,800	**–**	–
Letters of credit	**5,886**	4,997	**–**	–
Bankers' acceptances	**59,862**	43,210	**–**	–
Revolving credits	**10,200**	10,452	**–**	–
Trust receipts	**582**	12,655	**–**	–
Term loans	**2,832**	2,360	**–**	–
	90,133	78,474	**–**	–
Secured:				
Term loans	**–**	25,610	**–**	25,610
	90,133	104,084	**–**	25,610
Transfer to disposal group held for sale (Note 8)	**(90,133)**	–	**–**	–
	–	104,084	**–**	25,610
Non-current				
Unsecured:				
Term loan	**3,299**	6,131	**–**	–
Transfer to disposal group held for sale (Note 8)	**(3,299)**	–	**–**	–
	–	6,131	**–**	–
	–	110,215	**–**	25,610
Total				
Bank overdrafts (Note 21)	**10,771**	4,800	**–**	–
Letters of credit	**5,886**	4,997	**–**	–
Bankers' acceptances	**59,862**	43,210	**–**	–
Revolving credits	**10,200**	10,452	**–**	–
Trust receipts	**582**	12,655	**–**	–
Term loans	**6,131**	34,101	**–**	25,610
	93,432	110,215	**–**	25,610
Transfer to disposal group held for sale (Note 8)	**(93,432)**	–	**–**	–
	–	110,215	**–**	25,610

26. BORROWINGS (continued)

(a) (i) Contractual terms of borrowings are as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	%	**%**	**%**	**%**
Unsecured:				
Bank overdrafts	**6.8 - 7.8**	6.8 - 7.8	**–**	–
Letters of credit	**1.2**	1.2	**–**	–
Bankers' acceptances	**3.6 - 5.5**	3.6 - 5.5	**–**	–
Revolving credits	**5.3 - 10.5**	5.3 - 10.5	**–**	–
Trust receipts	**6.5 - 8.3**	6.5 - 8.3	**–**	–
Term loans	**8.0**	8.0	**–**	–
Secured:				
Term loans	**–**	8.6	**–**	8.6

(ii) The maturity profile of borrowings are as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Not later than 1 year				
Bank overdrafts	**10,771**	4,800	**–**	–
Letters of credit	**5,886**	4,997	**–**	–
Bankers' acceptances	**59,862**	43,210	**–**	–
Revolving credits	**10,200**	10,452	**–**	–
Trust receipts	**582**	12,655	**–**	–
Term loans	**2,832**	27,970	**–**	25,610
	90,133	104,084	**–**	25,610
Transfer to disposal group held for sale (Note 8)	**(90,133)**	–	**–**	–
	–	104,084	**–**	25,610
Later than 1 year and not later than 5 years				
Term loans	**3,299**	6,131	**–**	–
Transfer to disposal group held for sale (Note 8)	**(3,299)**	–	**–**	–
	–	6,131	**–**	–
	–	110,215	**–**	25,610

26. BORROWINGS (continued)

(b) Exposure to interest rate risk

The net exposure of borrowings of the Group and of the Company to interest rate charges are as follows:

The weighted average effective interest rates as at 30 June are as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	%	%	%	%
Bank overdrafts	**8.3**	7.0	**–**	–
Letters of credit	**1.2**	1.2	**–**	–
Bankers' acceptances	**4.9**	4.5	**–**	–
Revolving credits	**5.5**	6.3	**–**	–
Trust receipts	**8.3**	7.1	**–**	–
Term loans	**8.3**	8.7	**8.6**	8.6

The Group's and the Company's borrowings are denominated in Ringgit Malaysia.

The term loan of the Company is secured by way of a pledge of the entire issued and paid-up share capital in a subsidiary, a third party charge created on the Group's entire stake in a public listed associate, a charge on the long term leasehold land of a subsidiary and a charge over amounts due from subsidiaries. During the current financial year, the pledge have been uplifted as the Company has fully repaid the term loan.

Fair values

Fair values of borrowings approximate their carrying values at balance sheet date.

27. PRODUCT FINANCING LIABILITIES

	Group	
	2007	**2006**
	RM'000	**RM'000**
Current	**5,296**	–
Transfer to disposal group held for sale (Note 8)	**(5,296)**	–
	–	–

Product financing arose from trade financing agreement with a third party where the titles of the inventories pertaining to the arrangement is legally with the third party, and of which the Group has the obligation to purchase. The obligation to purchase range within 90 days, with interest rate of 6.85% per annum. The inventories under such arrangements are disclosed in Note 18.

28. HIRE PURCHASE LIABILITIES

	Group 2007 RM'000	Group 2006 RM'000
Minimum lease payments:		
Not later than 1 year	**18**	46
Later than 1 year and not later than 2 years	**53**	46
Later than 2 years and not later than 5 years	**–**	64
	71	156
Less: Future finance charges	**(11)**	(24)
Present value of finance lease liabilities	**60**	132
Transfer to disposal group held for sale (Note 8)	**(60)**	–
	–	132
Present value of finance lease liabilities:		
Not later than 1 year	**15**	39
Later than 1 year and not later than 2 years	**45**	39
Later than 2 years and not later than 5 years	**–**	54
	60	132
Transfer to disposal group held for sale (Note 8)	**(60)**	–
	–	132
Representing:		
Current	**–**	39
Non-current	**–**	93
	–	132

Hire purchase liabilities are effectively secured as the rights to the hired assets revert to the hirers in the event of default.

The contractual interest rates and weighted average effective interest rate as at 30 June of the Group are as follows:

	Group 2007 %	Group 2006 %
Contractual interest rates	**5.0 - 6.6**	5.0 - 6.6
Weighted average effective interest rate	**7.0**	6.6

Fair value of the Group's hire purchase liabilities' non-current portion is estimated at RM0.1 million (2006: RM0.1 million) which is determined by discounting future contracted cash flows at current market interest rates available for similar financial instruments.

29. DEFERRED TAXATION

	Group 2007 RM'000	Group 2006 RM'000
At 1 July	**(1,192)**	155
Recognised in the income statement	**1,113**	(1,347)
	(79)	(1,192)
Transfer to disposal group held for sale (Note 8)	**79**	–
At 30 June	**–**	(1,192)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(256)**	(1,383)
Deferred tax liabilities	**177**	191
	(79)	(1,192)
Transfer to disposal group held for sale (Note 8)	**79**	–
	–	(1,192)

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

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Total RM'000
At 1 July 2006	**191**	**191**
Recognised in the income statement	**(14)**	**(14)**
	177	**177**
Transfer to disposal group held for sale (Note 8)	**(177)**	**(177)**
At 30 June 2007	**–**	**–**
At 1 July 2005	359	359
Recognised in the income statement	(168)	(168)
At 30 June 2006	191	191

29. DEFERRED TAXATION (continued)

Deferred tax assets of the Group:

	Allowance for doubtful debts RM'000	Write down of slow moving inventories RM'000	Provisions for defined benefit plan and others RM'000	Total RM'000
At 1 July 2006	**(764)**	**(602)**	**(17)**	**(1,383)**
Recognised in the income statement	**569**	**602**	**(44)**	**1,127**
	(195)	**–**	**(61)**	**(256)**
Transfer to disposal group held for sale (Note 8)	**195**	**–**	**61**	**256**
At 30 June 2007	**–**	**–**	**–**	**–**
At 1 July 2005	(204)	–	–	(204)
Recognised in the income statement	(560)	(602)	(17)	(1,179)
At 30 June 2006	(764)	(602)	(17)	(1,383)

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

	Group	
	2007 RM'000	2006 RM'000
Unused tax losses	**49,319**	48,584
Unabsorbed capital allowances	**36,326**	42,054
Other deductible temporary differences	**3,779**	8,417

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Company are subject to no substantial changes in shareholdings of the Company under Section 44(5A) & (5B) of Income Tax Act, 1967.

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade payables	**8,341**	884	**50**	50
Amounts due to related parties	**43,850**	48,520	**–**	–
Accruals	**3,331**	4,332	**329**	192
Other payables	**4,213**	3,079	**674**	108
Transfer to disposal group held for sale (Note 8)	**(58,676)**	–	**–**	–
	1,059	56,815	**1,053**	350

30. TRADE AND OTHER PAYABLES (continued)

Credit terms of trade payables granted to the Group vary from cash terms to 90 days (2006: cash terms to 90 days).

Included in the amounts due to related parties of the Group is an amount owing to an associate of the holding company of RM19.3 million (2006: RM19.3 million).

Other information on financial risks of trade and other payables are disclosed in Note 33.

31. SIGNIFICANT RELATED PARTY DISCLOSURES

The Directors regard LCB as the ultimate holding company during the financial year.

Consequent upon the acquisition by Excel Step, a wholly-owned subsidiary of LDHB, of 42,318,772 shares, representing 56.64% of the then issued and paid-up capital in the Company from LCB and Limpahjaya Sdn Bhd on 14 September 2007 and the issuance of 3,799.73 million new ordinary shares of RM1.00 each in the Company at an issue price of RM1.00 per share and RM500 million nominal value of 3-year 3.5% coupon redeemable convertible secured loan stocks to Excel Step on 19 September 2007 as consideration for the acquisition of the Retail Assets by East Crest International Limited, a wholly-owned subsidiary of the Company from LDHB, the Directors regard Excel Step as the immediate holding company and LDHB as the ultimate holding company.

Below are the related party relationships with the Company during and at the end of the financial year:

Related parties	**Relationship**
Amsteel Corporation Berhad ("Amsteel")	A company in which a Director and certain substantial shareholders of the Company have interests
Silverstone Corporation Berhad	A company in which a Director and certain substantial shareholders of the Company have interests
Lion Metal Industries Sdn Bhd	A subsidiary of Amsteel
Lion Tooling Sdn Bhd	A subsidiary of Amsteel
Lion Steelworks Sdn Bhd	A related company
Megasteel Sdn Bhd	A related company
Amsteel Mills Sdn Bhd ("AMSB")	A substantial shareholder of the Company
Amsteel Mills Marketing Sdn Bhd	A subsidiary of AMSB
Secomex Manufacturing (M) Sdn Bhd	A related company
Posim Petroleum Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Mitsui & Co., Ltd	A substantial shareholder of a subsidiary
ISO Metal Industrial Sdn Bhd	A substantial shareholder of a subsidiary
Oriental Steel Industries Sdn Bhd	A substantial shareholder of a subsidiary
New Material (Malaysia) Sdn Bhd	A substantial shareholder of a subsidiary
Otomotif Malaysia Sendirian Berhad	A company in which a Director and certain substantial shareholders of the Company have interests
LDHB	A substantial shareholder of the Company
Likom Caseworks Sdn Bhd	A subsidiary of LDHB

31. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

The significant related party transactions are as follows:

	Group 2007 RM'000	Group 2006 RM'000
(a) Sales of goods and services to:		
- Megasteel Sdn Bhd	**3,364**	4,060
- New Material (Malaysia) Sdn Bhd	**–**	18,888
- Amsteel Mills Sdn Bhd	**965**	1,318
- Otomotif Malaysia Sendirian Berhad	**–**	33
- Lion Steelworks Sdn Bhd	**145**	350
- Lion Tooling Sdn Bhd	**282**	67
- Likom Caseworks Sdn Bhd	**2,383**	148
- Secomex Manufacturing (M) Sdn Bhd	**273**	–
- Mitsui & Co., Ltd	**11,718**	–
- LDHB	**–**	5,334
(b) Purchases of goods and services from:		
- Megasteel Sdn Bhd	**253,418**	120,585
- Mitsui & Co., Ltd	**46,538**	42,466
- Amsteel Mills Marketing Sdn Bhd	**11,891**	8,746
- Posim Petroleum Marketing Sdn Bhd	**412**	389
- Oriental Steel Industries Sdn Bhd	**2,183**	3,536
- Lion Tooling Sdn Bhd	**609**	234
- ISO Metal Industrial Sdn Bhd	**980**	1,145
(c) Rental and utilities payable to:		
- Lion Metal Industries Sdn Bhd	**708**	680
- Amsteel Mills Sdn Bhd	**514**	474
(d) Interest charged by:		
- Amsteel Corporation Berhad	**–**	1,723
- Silverstone Corporation Berhad	**386**	394

There were no transactions carried out between related parties and the Company during the financial year.

The Directors of the Company are of the opinion that the above transactions have been entered into the normal course of business and have been established under terms that are no more favourable to the related parties than those arranged with independent third parties.

32. CONTINGENT LIABILITIES (UNSECURED)

Contingent liabilities of the Company are in respect of guarantees given to financial institutions for credit facilities granted to a subsidiary amounting to RM0.1 million (2006: RM1.5 million).

33. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing borrowings as the Group had no substantial long-term interest bearing assets as at 30 June 2007.

(c) Foreign exchange risk

The Group's exposure to currency risks is very minimal, and are mainly foreign currency transactions in US Dollar and Singapore Dollar, limited to trade receivables and payables which are short term in nature.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Singapore Dollar RM'000	US Dollar RM'000	Others RM'000	Total RM'000
As at 30 June 2007				
Trade and other payables	**–**	**–**	**6**	**6**
As at 30 June 2006				
Investment in associate	90,994	–	–	90,994
Trade and other receivables	801	3,437	–	4,238
Trade and other payables	–	970	–	970

(d) Liquidity risk

The Group actively manages its debt maturity profile and operating cash flows to ensure that its funding needs are met. Where necessary, the Group seeks to divest certain idle non-current assets to meet its long term repayment obligations. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments and adequate banking facilities to meet its working capital requirements.

(e) Credit risks

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

33. FINANCIAL INSTRUMENTS (continued)

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values except for the followings:

(i) Non-current unquoted investments

It is not practicable to estimate the fair value of the Group's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

(ii) Amounts due from/to subsidiaries and related companies

It is not practical to determine the fair values of the amounts due from/to subsidiaries and related companies in view of the uncertainty as to the timing of future cash flows.

(iii) Contingent liabilities

It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

34. SIGNIFICANT EVENTS

Significant events are disclosed in the Directors' Report.

35. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Events subsequent to balance sheet date are disclosed in the Directors' Report.

36. SEGMENTAL INFORMATION

The Group comprises the following main business segments:

- Steel services - manufacturing, sales and distribution of steel and iron products.
- International trading and distribution (electronic components) - design and distribution of semi-conductors and related components.
- Automotive - manufacture of motorcycle components, assembly and sale of motorcycles, and the manufacture and sale of automotive chassis, gearbox components and motor vehicles.
- Investment holding.

Other operations of the Group include automotive component trading, limestone processing and investment holding.

Steel services, international trading and distribution, automotive and other segments (excluding investment holding) were discontinued upon the completion of the disposal of the Bright Steel Group on 19 September 2007. Concurrently, the Company acquired new subsidiaries whose principal activities are mainly in retail, the acquisitions of which is disclosed in the Significant Events in the Directors' Report.

Secondary reporting format - geographical segments

The Group operates in 3 main geographical areas:

Malaysia	-	the main activities are steel services and investment holding.
People's Republic of China	-	the main activities are the manufacture and sale of motorcycles, motor vehicles, motorcycle components, automotive chassis and gearbox components and investment holding.
Republic of Singapore	-	the main activities are electronic component distribution, automotive component trading, limestone processing and investment holding.

36. SEGMENTAL INFORMATION (continued)

Business segments

	Continuing operations	Discontinued operations					
	Investment holding RM'000	Steel services RM'000	International trading and distribution (electronic components) RM'000	Automotive RM'000	Others RM'000	Total RM'000	Total operations RM'000
30 June 2007							
Revenue							
Sales to external customers	–	343,876	–	–	–	343,876	343,876
Results							
Segment results	(1,808)	12,809	–	–	2,314	15,123	13,315
Finance costs	(1,717)					(5,689)	(7,406)
Share of result of the associate	–	–	391	–	14,260	14,651	14,651
Loss recognised on the remeasurement of assets of disposal group	–					(25,044)	(25,044)
Loss before tax	(3,525)					(959)	(4,484)
Taxation	(73)					(1,752)	(1,825)
Loss for the year	(3,598)					(2,711)	(6,309)
Assets							
Segment assets	254	251,722	–	–	422	252,144	252,398
Investment in associate	–	–	7,456	–	91,424	98,880	98,880
Allocation of remeasurement	–					(25,044)	(25,044)
Total assets	254					325,980	326,234
Liabilities							
Segment liabilities	1,059	166,043	–	–	141	166,184	167,243
Unallocated liabilities	–					93,946	93,946
Total liabilities	1,059					260,130	261,189
Other segment information							
Capital expenditure	–	688	–	–	–	688	688
Depreciation	–	2,553	–	–	–	2,553	2,553
Amortisation	–	115	–	–	–	115	115
Impairment of investments	–	5	–	–	7,162	7,167	7,167
Other non-cash items	–	–	–	–	3	3	3

36. SEGMENTAL INFORMATION (continued)

Business segments (continued)

	Continuing operations	Discontinued operations					
	Investment holding RM'000	Steel services RM'000	International trading and distribution (electronic components) RM'000	Automotive RM'000	Others RM'000	Total RM'000	Total operations RM'000
30 June 2006							
Revenue							
Sales to external customers	–	239,482	–	–	–	239,482	239,482
Results							
Segment results	(847)	(8,542)	–	–	(7,175)	(15,717)	(16,564)
Finance costs	(3,039)					(6,583)	(9,622)
Share of result of the associate	–	–	640	5,193	1,607	7,440	7,440
Loss before tax	(3,886)					(14,860)	(18,746)
Taxation	–					1,366	1,366
Loss for the year	(3,886)					(13,494)	(17,380)
Assets							
Segment assets	268	219,851	–	–	19	219,870	220,138
Investment in associate	–	–	6,674	75,606	8,714	90,994	90,994
Total assets	268					310,864	311,132
Liabilities							
Segment liabilities	350	128,828	–	–	4	128,832	129,182
Unallocated liabilities	25,610					84,799	110,409
Total liabilities	25,960					213,631	239,591
Other segment information							
Capital expenditure	–	19,782	–	–	–	19,782	19,782
Depreciation	–	3,195	–	–	–	3,195	3,195
Amortisation	–	168	–	–	744	912	912
Impairment of investments	–	–	–	–	5,000	5,000	5,000
Other non-cash items	–	390	–	–	1,425	1,815	1,815

36. SEGMENTAL INFORMATION (continued)

Geographical Segments

The following table provides an analysis of the Group's revenue by geographical segment:

	Revenue by geographical segments					
	Continuing operations		**Discontinued operations**		**Total**	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Malaysia	**–**	–	**343,876**	239,482	**343,876**	239,482

The following is an analysis of the carrying amount of total assets and capital expenditure, analysed by geographical segment:

	Total assets		**Capital expenditure**	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Malaysia	**239,917**	220,642	**688**	19,782
People's Republic of China	**53,291**	75,606	**–**	–
Republic of Singapore	**33,026**	14,884	**–**	–
	326,234	311,132	**688**	19,782

ANALYSIS OF SHAREHOLDINGS

		Share Capital as at 30 September 2007 (Before Share Consolidation)	Share Capital as at 10 October 2007 (After Share Consolidation)
Authorised Share Capital	:	RM4,500,000,000	RM4,500,000,000
Issued and Paid-up Capital	:	RM968,610,250	RM968,610,250
Class of Shares	:	Ordinary shares of RM0.25 each	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share	One (1) vote per ordinary share

Note:

Share Consolidation - A share consolidation exercise undertaken by the Company on the basis of every four shares of RM0.25 each into one ordinary share of RM1.00 in the Company on 9 October 2007.

Distribution of Shareholdings as at 30 September 2007

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	39	1.42	883	0.00
100 - 1,000	1,098	40.04	1,061,321	0.03
1,001 - 10,000	1,279	46.64	5,434,300	0.14
10,001 - 100,000	285	10.39	8,439,100	0.22
100,001 to less than 5% of issued shares	40	1.46	17,456,624	0.45
5% and above of issued shares	1	0.05	3,842,048,772	99.16
	2,742	100.00	3,874,441,000	100.00

Substantial Shareholders as at 30 September 2007

	Direct Interest		Indirect Interest		
Substantial Shareholders	No. of Shares	% of Shares	No. of Shares	% of Shares	Nominal Value of RCSLS# (RM)
1. Tan Sri William H.J. Cheng	–	–	3,842,048,772	99.16	500,000,000 [a]
2. Datuk Cheng Yong Kim	–	–	3,842,048,772	99.16	500,000,000 [a]
3. Lion Realty Pte Ltd	–	–	3,842,048,772	99.16	500,000,000 [a]
4. Excel Step Investments Limited	3,842,048,772	99.16	–	–	500,000,000 [b]
5. Lion Corporation Berhad	–	–	3,842,048,772	99.16	500,000,000 [a]
6. Lion Industries Corporation Berhad	–	–	3,842,048,772	99.16	500,000,000 [a]
7. LLB Steel Industries Sdn Bhd	–	–	3,842,048,772	99.16	500,000,000 [a]
8. Steelcorp Sdn Bhd	–	–	3,842,048,772	99.16	500,000,000 [a]
9. Amsteel Mills Sdn Bhd	–	–	3,842,048,772	99.16	500,000,000 [a]
10. Lion Diversified Holdings Berhad	–	–	3,842,048,772	99.16	500,000,000 [a]
11. LDH (S) Pte Ltd	–	–	3,842,048,772	99.16	500,000,000 [a]
12. Lion Development (Penang) Sdn Bhd	–	–	3,842,048,772	99.16	500,000,000 [a]
13. Horizon Towers Sdn Bhd	–	–	3,842,048,772	99.16	500,000,000 [a]
14. Narajaya Sdn Bhd	–	–	3,842,048,772	99.16	500,000,000 [a]

Notes:

\# *3-year 3.5% coupon redeemable convertible secured loan stocks ("RCSLS") issued by the Company with a right to convert into new ordinary shares in the Company ("Parkson Shares") at a conversion price of RM1.00 nominal amount of the RCSLS for every one new Parkson Share ("Conversion Price") which Conversion Price shall be adjusted to RM4.00 nominal amount of the RCSLS for every one new Parkson Share upon the share consolidation exercise undertaken by the Company on the basis of every four shares of RM0.25 each into one ordinary share of RM1.00 in the Company*

a Indirect interest

b Direct interest

Thirty Largest Registered Shareholders as at 30 September 2007

Registered Shareholders	No. of Shares	% of Shares
1. Excel Step Investments Limited	3,842,048,772	99.16
2. Cartaban Nominees (Asing) Sdn Bhd State Street Australia Fund UAJB for Unifund (HTSG as Trustee)	2,050,000	0.05
3. SJ SEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loi Hsien Yin (SMT)	1,204,300	0.03
4. HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Fidelity Advisor Series VIII (FID AD EMG Asia)	1,200,000	0.03
5. Universal Trustee (Malaysia) Berhad SBB Emerging Companies Growth Fund	1,054,500	0.03
6. Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Opportunities Fund	1,032,000	0.03
7. Chan Hing	830,000	0.02
8. UOBM Nominees (Tempatan) Sdn Bhd Golden Touch Asset Management Sdn. Bhd. for Ho Long Sun (Trust AC/Client)	775,000	0.02
9. Leaw Hock Seng	733,624	0.02
10. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Hidden Treasures Fund (240218)	689,200	0.02
11. Universal Trustee (Malaysia) Berhad SBB Dana Al-Azam	604,100	0.02
12. SJ SEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Kim San (SMT)	558,000	0.01
13. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	526,000	0.01
14. Sin Ket Hin	515,000	0.01
15. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Morgan Stanley & Co. International Plc	510,000	0.01
16. AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Han Chong	500,000	0.01
17. HLG Nominee (Tempatan) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	425,000	0.01
18. Citigroup Nominees (Asing) Sdn Bhd Citigroup Global Markets Limited	313,900	0.01
19. Leaw Hock Seng	300,000	0.01
20. Cartaban Nominees (Tempatan) Sdn Bhd Exempt AN for KAM Nominees (Tempatan) Sdn Bhd	278,000	0.01
21. Rentak Berkat Sdn Bhd	250,000	0.01
22. Southern Investment Bank Berhad Kumpulan Wang Simpanan Pekerja for Leong Kok Wah Eddy (EP0005)	241,000	0.01
23. SJ SEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Waz Lian Enterprise Sdn Bhd (SMT)	237,900	0.01
24. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Seng Guan (M08)	205,000	0.01
25. Tan Ah Moi	202,000	0.01
26. Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Kon Hing (AY0036)	195,900	0.01
27. TCL Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kua Jing Kea @ Kua Nee Nee	194,800	0.01
28. Chin Kian Fong	168,900	*
29. Wong Yoon Tet	162,000	*
30. Lim Yuk Wai @ Lam Yuk Wai	155,000	*

Note:

* *Negligible*

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	Direct Interest		Indirect Interest	
	Per Ordinary Share	No. of Shares	% of Shares	No. of Shares	% of Shares
The Company					
Tan Sri William H.J. Cheng#	RM0.25	–	–	3,842,048,772	99.16
Related Companies					
Tan Sri William H.J. Cheng					
Aktif-Sunway Sdn Bhd	RM1.00	–	–	8,000,000	80.00
Excel Step Investments Limited	USD1.00	–	–	1	100.00
Hamba Research & Development Co Ltd	NT$10.00	–	–	980,00	98.00
LDH Investment Pte Ltd	*	–	–	4,500,000	100.00
Likom CMS Sdn Bhd	RM1.00	–	–	10,000	100.00
Lion Diversified Holdings Berhad	RM0.50	121,356,607	16.46	321,313,788	43.58
Lion Mahkota Parade Sdn Bhd	RM1.00	–	–	1,000,000	100.00
Parkson Retail Group Limited	HK$0.10	–	–	306,360,000	55.11

	Nominal Value	Direct Interest		Indirect Interest	
	Per Preference Share	No. of Shares	% of Shares	No. of Shares	% of Shares
Lion Mahkota Parade Sdn Bhd	RM0.01	–	–	400,000	100.00

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

Related Companies (continued)

Investments in the People's Republic of China	**Indirect Interest Rmb**	**% Holdings**
Chongqing Wanyou Parkson Plaza Co Ltd	21,000,000	70.00
Dalian Tianhe Parkson Shopping Centre Co Ltd	60,000,000	60.00
Guizhou Shenqi Parkson Retail Development Co Ltd	6,000,000	60.00
Mianyang Fulin Parkson Plaza Co Ltd	30,000,000	100.00
Nanning Brilliant Parkson Commercial Co Ltd	14,000,000	70.00
Qingdao No. 1 Parkson Co Ltd	124,501,580	52.60
Wuxi Sanyang Parkson Plaza Co Ltd	48,000,000	60.00
Xi'an Chang'an Parkson Store Co Ltd	5,100,000	51.00
Xi'an Lucky King Parkson Co Ltd	29,580,000	91.00
Xi'an Shidai Parkson Store Co Ltd	7,650,000	51.00
Xinjiang Youhao Parkson Development Co Ltd	10,200,000	51.00
Yangzhou Parkson Co Ltd	35,553,700	55.00

Notes:

\# *Also deem interested in RM500 million 3-year 3.5% coupon redeemable convertible secured loan stocks ("RCSLS") issued by the Company with a right to convert into new ordinary shares in the Company ("Parkson Shares") at a conversion price of RM1.00 nominal amount of the RCSLS for every one new Parkson Share ("Conversion Price") which Conversion Price shall be adjusted to RM4.00 nominal amount of the RCSLS for every one new Parkson Share upon the share consolidation exercise undertaken by the Company on the basis of every four shares of RM0.25 each into one ordinary share of RM1.00 in the Company.*

* *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.

MATERIAL CONTRACTS
INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

1. Master Sale Agreement dated 27 September 2006 and Supplemental Agreement dated 21 June 2007 entered into between (i) the Company; (ii) East Crest International Limited ("East Crest"), a wholly-owned subsidiary of the Company; (iii) Lion Diversified Holdings Berhad ("LDHB"), a major shareholder of the Company and a company wherein a Director and certain major shareholders of the Company have interests; and (iv) Excel Step Investments Limited ("Excel Step"), a wholly-owned subsidiary of LDHB, for the acquisition by East Crest of the following from LDHB :

   i) 100% of the equity interest in PRG Corporation Limited of 1 ordinary share of HKD0.10 which owns 55.5% equity interest in Parkson Retail Group Limited;

   ii) 100% of the equity interest in Parkson Corporation Sdn Bhd comprising 50,000,002 ordinary shares of RM1.00 each;

   iii) 100% of the equity interest in Parkson Venture Pte Ltd comprising 14,800,000 ordinary shares;

   iv) 100% of the equity interest in Serbadagang Holdings Sdn Bhd comprising 2 ordinary shares of RM1.00 each; and

   v) 100% of the equity interest in Sea Coral Limited of 1 ordinary share of HKD1.00;

   for a total consideration of RM4,299,730,000 to be satisfied by the issuance of 3,799,730,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.00 per share and the issuance of RM500,000,000 nominal value 3-year 3.5% coupon redeemable convertible secured loan stocks at nominal value of RM1.00 each to Excel Step.

2. BSSB Share Sale Agreement dated 27 September 2006 between (i) the Company; (ii) Lion Corporation Berhad ("LCB"), a major shareholder of the Company and a company wherein a Director and certain major shareholders of the Company have interests; and (iii) Total Triumph Investments Limited ("Total Triumph"), a wholly-owned subsidiary of LCB, for the disposal by the Company to Total Triumph of 32,143,500 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Bright Steel Sdn Bhd for a cash consideration of RM53,470,000.

LIST OF GROUP PROPERTIES
AS AT 30 JUNE 2007

Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM million)	Date of Acquisition/ Last Revaluation
Lot 177, Jalan Utas 15/7, Section 15, 40000 Shah Alam, Selangor	Leasehold 10.07.2074	42,131 sq metres	Industrial land and buildings	Factory & office (15)	17.3	7 April 1995
Lot 2323(A), Kawasan Perindustrian Olak Lempit, Banting, Selangor	–*	43,578 sq metres	Industrial building	Factory & office (2)	12.3	January 2006

Note:

* *The factory and office were built on a freehold land owned by a related company*

OTHER INFORMATION

(I) NON-AUDIT FEES

The amount of non-audit fees paid or payable to external auditors for the financial year was RM1,742,000 (2006: RM2,000).

(II) 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
Steel related		
(i) The sale of steel coils, steel sheets, wire rods, hot rolled coils and other related products	Mitsui [b]	11,718
	LCB Group [a]	3,782
	LDHB Group [a]	2,383
	LICB Group [a]	965
	Amsteel Group [a]	282
		19,130
(ii) The purchase of steel coils, steel sheets, wire rods, hot rolled coils and other related products	LCB Group [a]	253,418
	Mitsui [b]	46,538
	LICB Group [a]	11,891
	Oriental Steel [b]	2,183
	ISO Metal [b]	980
		315,010
(iii) The purchase of spare parts, tools and dies and other related products and services	Amsteel Group [a]	**609**
(iv) The purchase of lubricating oil and other petroleum products	LFIB Group [a]	**412**
(v) The rental of storage space and premises	Amsteel Group [a]	708
	LICB Group [a]	514
		1,222

Notes:

Amsteel Corporation Berhad Group ("Amsteel Group")
Lion Corporation Berhad Group ("LCB Group")
Lion Diversified Holdings Berhad Group ("LDHB Group")
Lion Forest Industries Berhad Group ("LFIB Group")
Lion Industries Corporation Berhad Group ("LICB Group")
ISO Metal Industrial Sdn Bhd ("ISO Metal")
Mitsui & Co., Ltd ("Mitsui")
Oriental Steel Industries Sdn Bhd ("Oriental Steel")

"Group" includes subsidiary and associated companies
(a) companies in which a Director and certain major shareholders of the Company have interests
(b) a major shareholder of a subsidiary of the Company

PARKSON HOLDINGS BERHAD
(formerly known as Amalgamated Containers Berhad) (89194-P)
(Incorporated in Malaysia)

FORM OF PROXY

CDS ACCOUNT NUMBER

			–				–									

I/We ....

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

of ....

being a member/members of PARKSON HOLDINGS BERHAD, hereby appoint ....

....

I.C. No. ....

of ....

or failing whom, ...

I.C. No. ....

of ....

as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Fourth 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 9.00 am 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. Tan Sri William H.J. Cheng		
4. To re-elect as Director, Mr Folk Jee Yoong		
5. To re-elect as Director, Mr Cheng Sin Yeng		
6. To re-appoint as Director, Y. Bhg. Tan Sri Dato' Jaffar bin Abdul		
7. To re-appoint Auditors		
8. Authority to Directors to issue shares		
9. Proposed Shareholders' Mandate for Recurrent Related Party Transactions		
10. Proposed Share Buy-Back		
11. Proposed Executive Share Option Scheme		
12. Proposed Grant of Options to Ms Shum Yuen Ming, Rita		
13. Proposed Grant of Options to Ms Cheng Hui Yen, Natalie		

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.