



AMSTEEL CORPORATION BERHAD (20667-M)

A Member of The Lion Group

23 February 2006

Securities & Exchange Commission
Division of Corporate Finance
Room 3094 (3-G)
450 Fifth Street, N.W.
Washington, D.C. 20549



06011866

SUPPL

Dear Sirs

Re : Exemption No. 82-3318
Issuer : Amsteel Corporation Berhad

We enclose herewith a copy of the Financial Results Announcement dated 22 February 2006, Re: Second Quarterly Report for the financial period ended 31 December 2005 for filing pursuant to exemption No. 82-3318 granted to Amsteel Corporation Berhad under rule 12g3-2(b) of the Securities Exchange Act of 1934.

Please contact the undersigned for any query.

Yours faithfully
AMSTEEL CORPORATION BERHAD

WONG PHOOI LIN
Secretary

PROCESSED

MAR 23 2006

THOMSON
FINANCIAL

c.c. Ms Andres Estay - The Bank of New York
ADR Department
101 Barclay St., 22nd Floor
New York
NY 10286



Form Version 2.0

Financial Results

Ownership transfer to AMSTEEL on 22/02/2006 05:08:38 PM

Submitted by AMSTEEL on 22/02/2006 05:12:38 PM

Reference No AA-060222-2360E

Submitting Merchant Bank :
 (if applicable)
 Submitting Secretarial Firm Name :
 (if applicable)
 * Company name : AMSTEEL CORPORATION BERHAD
 * Stock name : AMSTEEL
 * Stock code : 2712
 * Contact person : CHAN POH LAN
 * Designation : SECRETARY

Part A1 : QUARTERLY REPORT

* Quarterly report for the financial period ended : 31/12/2005 16
 * Quarter : 1 Qtr 2 Qtr 3 Qtr 4 Qtr Other
 * Financial Year End : 30/06/2006 16
 * The figures : have been audited have not been audited

Please attach the full Quarterly Report here:

AMSTEEL2q06.xls

Remarks:

Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Key Financial Information for the financial period ended
 * 31/12/2005

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER *	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE *	PRECEDING YEAR CORRESPONDING PERIOD
		31/12/2005 <input type="checkbox"/> 16	31/12/2004 <input type="checkbox"/> 16	31/12/2005 <input type="checkbox"/> 16	31/12/2004 <input type="checkbox"/> 16
		[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000
1	Revenue	86,543	87,260	175,733	179,746
2	Profit/(loss) before tax	990	-966	5,658	-9,772

AMSTEEL CORPORATION BERHAD (20667-M)

Secretary

22 FEB 2006

3	Profit/(loss) after tax and minority interest	-4,472	-5,293	-3,634	-20,276
4	Net profit/(loss) for the period	-4,472	-5,293	-3,634	-20,276
5	Basic earnings/(loss) per share (sen)	-0.34	-0.40	-0.27	-1.52
6	Dividend per share (sen)	0.00	0.00	0.00	0.00
		AS AT END OF CURRENT QUARTER*		AS AT PRECEDING FINANCIAL YEAR END	
7	Net assets per share (RM)	0.1700		0.1700	
Remarks :					

Note: For full text of the above announcement, please access the Bursa Malaysia website at www.bursamalaysia.com

Part A3 : ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER*	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE*	PRECEDING YEAR CORRESPONDING PERIOD	
	31/12/2005 ¹⁶	31/12/2004 ¹⁶	31/12/2005 ¹⁶	31/12/2004 ¹⁶	
	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	
1	Profit/(Loss) from operations	50,616	41,096	97,205	83,791
2	Gross interest income	6,423	7,238	12,172	12,672
3	Gross interest expense	44,621	46,477	84,934	90,178

Remarks :

Note: The above information is for the Exchange internal use only.

AMSTEEL CORPORATION BERHAD (20667-M)



 Secretary 22 FEB 2006



AMSTEEL CORPORATION BERHAD

(Incorporated in Malaysia)

(20667-M)

Interim Report for the Second Quarter Ended 31 December 2005

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AMSTEEL CORPORATION BERHAD (20667-M)

(Incorporated in Malaysia)

Interim report for the second quarter ended 31 December 2005

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2004 RM'000	CURRENT YEAR TO DATE 31/12/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2004 RM'000
Revenue	86,543	87,260	175,733	179,746
Operating expenses	(53,148)	(55,541)	(124,125)	(110,766)
Other operating income	17,221	9,377	45,597	14,811
Profit from operations	50,616	41,096	97,205	83,791
Finance costs	(44,621)	(46,477)	(84,934)	(90,178)
Share in results of associated companies and joint-ventures	(5,005)	4,415	(6,613)	(3,385)
Profit / (Loss) before taxation	990	(966)	5,658	(9,772)
Taxation	17 (5,157)	(4,179)	(8,823)	(7,728)
Loss after taxation	(4,167)	(5,145)	(3,165)	(17,500)
Minority interests	(305)	(148)	(469)	(2,776)
Net loss for the period	(4,472)	(5,293)	(3,634)	(20,276)
Loss per share (sen)	25			
- Basic	(0.34)	(0.40)	(0.27)	(1.52)
- Diluted	-	-	-	-

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2005)

AMSTEEL CORPORATION BERHAD (20667-M)

(Incorporated in Malaysia)

Interim report for the second quarter ended 31 December 2005 (cont'd)

The figures have not been audited.

CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>Note</u>	AS AT END OF CURRENT QUARTER 31/12/2005 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/6/2005 RM'000
Property, plant and equipment		558,332	558,740
Land held for property development		381,326	360,510
Associated companies		171,503	178,860
Interest in joint-ventures		31	31
Long term investments		1,404,974	1,411,740
Deferred expenditure		147	160
Goodwill on consolidation		50,820	52,460
Deferred tax assets		2,762	2,762
Current assets			
- Short term investments		62,591	61,512
- Inventories		162,314	150,036
- Property development costs		184,658	198,118
- Trade receivables		202,622	216,836
- Other receivables, deposits and prepayments		297,106	462,889
- Deposits, cash and bank balances		132,851	278,774
		<u>1,042,142</u>	<u>1,368,165</u>
Current liabilities			
- Trade payables		57,931	79,595
- Other payables		438,544	431,772
- Finance lease liabilities		101	98
- Short term borrowings	21	1,240,669	374,078
- Tax liabilities		17,139	17,160
		<u>1,754,384</u>	<u>902,703</u>
Net current (liabilities) / assets		<u>(712,242)</u>	<u>465,462</u>
		<u>1,857,653</u>	<u>3,030,725</u>
Share capital		1,331,175	1,331,175
Reserves		(1,107,379)	(1,100,396)
Shareholders' funds		223,796	230,779
Minority interests		24,802	24,307
Long term borrowings	21	1,579,207	2,745,921
Finance lease liabilities		313	191
Deferred tax liabilities		21,425	21,404
Deferred payables		8,110	8,123
		<u>1,857,653</u>	<u>3,030,725</u>
Net assets per share (RM)		<u>0.17</u>	<u>0.17</u>
Net tangible assets per share (RM)		<u>0.13</u>	<u>0.13</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2005)

AMSTEEL CORPORATION BERHAD (20667-M)

(Incorporated in Malaysia)

Interim report for the second quarter ended 31 December 2005 (cont'd)

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000
Balance at 1 July 2005	1,331,175	230,188	198,039	589,173	(2,117,796)	230,779
Negative goodwill	-	-	-	(454)	-	(454)
Transfer from / (to) capital reserve	-	-	-	1,785	(1,785)	-
Net translation gain on equity of foreign subsidiary companies	-	-	-	(1,961)	-	(1,961)
Reversal of revaluation reserve previously realised due to aborted sales	-	-	3,894	-	(3,894)	-
Equity accounting for share of net assets of associated companies	-	-	16,342	(17,276)	-	(934)
Net loss for the period	-	-	-	-	(3,634)	(3,634)
Balance at 31 December 2005	1,331,175	230,188	218,275	571,267	(2,127,109)	223,796
Balance at 1 July 2004	1,331,175	230,188	197,201	569,375	(2,114,490)	213,449
Negative goodwill	-	-	-	(4,910)	-	(4,910)
Transfer from / (to) capital reserve	-	-	625	5,756	(6,381)	-
Net translation loss on equity of foreign subsidiary companies	-	-	-	(455)	-	(455)
Net loss for the period	-	-	-	-	(20,276)	(20,276)
Balance at 31 December 2004	1,331,175	230,188	197,826	569,766	(2,141,147)	187,808

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2005)

Interim report for the second quarter ended 31 December 2005 (cont'd)

The figures have not been audited.

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	CURRENT YEAR-TO-DATE 31/12/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2004 RM'000
OPERATING ACTIVITIES		
Profit / (Loss) before taxation	5,658	(9,772)
Adjustments for:		
Non-cash items (mainly depreciation and amortisation)	1,891	13,568
Non-operating items (mainly interest income and finance costs)	6,957	21,296
Operating profit before changes in working capital	14,506	25,092
Changes in working capital:		
Net changes in current assets	158,384	129,793
Net changes in current liabilities	(17,947)	(39,177)
Others (mainly tax paid)	(6,149)	(9,751)
	148,794	105,957
INVESTING ACTIVITIES		
Net cash inflow from the disposal of investments	64,584	14,154
Others (mainly from interest received)	19,954	20,718
	84,538	34,872
FINANCING ACTIVITIES		
Bank borrowings	(1,472)	(340)
Redemption/repayment of Bonds and USD Debts	(367,816)	(144,578)
(Increase)/Decrease of fixed deposits earmarked for Bonds and USD Debts redemption	(864)	2,605
Others (mainly interest paid)	(11,599)	(3,338)
	(381,751)	(145,651)
Net changes in cash and cash equivalents	(148,419)	(4,822)
Cash and cash equivalents at beginning of period	272,941	117,476
Cash and cash equivalents at end of period	124,522	112,654

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the
Audited Financial Statements for the year ended 30 June 2005)

Interim report for the second quarter ended 31 December 2005 (cont'd)

The figures have not been audited

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies and method of computation

The interim financial report has been prepared in accordance with the Financial Reporting Standards ("FRS") (formerly known as Malaysian Accounting Standards Board) 134, "Interim Financial Reporting" and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2005.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2005 except for the adoption of new FRS standards.

The adoption of the new FRS standards does not have any material effect on the financial results of the Group for the financial year-to-date.

2. Qualification of audit report

There were no qualifications on the audit report of the preceding year's financial statement. However, the auditors drew attention to the financial position of the Group concerning the portion of ACB Bonds and USD Debts issued pursuant to the Group Wide Restructuring Scheme ("GWRS") that are due for redemption/repayment within the next twelve (12) months and the steps taken by the Group to meet this obligation.

3. Seasonality or cyclicity

The operations of the Group are not subjected to material seasonal or cyclical effects.

4. Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

5. Material changes in estimates

There were no material changes in estimates of amounts reported in prior interim period of the current financial year or in prior financial years.

6. Debt and equity securities

During the current financial year-to-date, the Group has partially redeemed/repaid its Bonds and USD Debts amounting to RM368 million.

Other than the above, there were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and financial year-to-date.

7. Dividend paid

There was no dividend paid during the current quarter and financial year-to-date.

8. Segmental reporting

The Group's segmental report for the current financial year-to-date is as follows:

	Total sales RM'000	Inter-segment sales RM'000	External sales RM'000	Segment results RM'000
Property	75,596	-	75,596	16,963
Investment holding & others	98,945	(4,634)	94,311	68,610
Plantation	5,826	-	5,826	645
	<u>180,367</u>	<u>(4,634)</u>	<u>175,733</u>	<u>86,218</u>
Unallocated cost				(1,185)
Interest income				12,172
Finance costs				(84,934)
Share in results of associated companies and joint-ventures				(6,613)
Profit before taxation				<u>5,658</u>

9. Valuation of property, plant and equipment

The valuation of property, plant and equipment have been brought forward without any amendments from the previous audited financial statements.

10. Material events subsequent to the balance sheet date

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

11. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current quarter and financial year-to-date.

12. Changes in contingent liabilities or contingent assets

	RM'000
<u>Unsecured</u>	
Legal claims in respect of the termination of contracts for the extraction and sale of timber	<u>313,000</u>

The contingent liability arises out of indemnity contracts whereby Avenel Sdn Bhd, a subsidiary of the Company, agrees to indemnify in full, litigation suits and any other claims brought by third parties against a subsidiary company of Lion Forest Industries Berhad ("LFIB"). LFIB is a former subsidiary company of the Group.

13. Review of performance

For the current financial period under review, the Group recorded a profit before taxation of RM5.7 million as compared to a loss of RM9.8 million in the preceding year corresponding period. The better performance was mainly attributable to the recognition of foreign exchange gain and lower finance costs.

14. Comparison with the preceding quarter's results

The Group's revenue was marginally lower at RM86.5 million for the quarter under review as compared to RM89.2 million in the last quarter largely due to lower billings for the property development division and lower income from the investment holding division.

The Group's profit before tax was lower at RM1.0 million as against RM4.7 million in the last quarter was mainly due to higher share of losses in associated companies and finance costs.

15. Prospects

The Group will continue to focus its resources towards enhancing the performance of its property development projects and rationalising its other operations.

16. Profit forecast / profit guaranteed

Not applicable as no profit forecast was issued.

17. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2004 RM'000	CURRENT YEAR TO DATE 31/12/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2004 RM'000
Income tax				
Current year	2,910	2,613	6,309	5,496
Under/(Over) provision in prior years	2,959	(121)	3,083	(121)
Deferred tax	44	-	22	-
	5,913	2,492	9,414	5,375
Share in taxation of associated companies	(756)	1,687	(591)	2,353
	5,157	4,179	8,823	7,728

The effective tax rate of the Group for the current quarter and current financial year-to-date are higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.

18. Unquoted investments and / or properties

There were disposals of unquoted investment and property which resulted in profit on disposal of RM4.1 million and RM1.6 million respectively.

19. Quoted securities

The Group's dealings in quoted securities for the current quarter and financial year-to-date are as follows :

	CURRENT YEAR QUARTER 31/12/2005 RM'000	CURRENT YEAR TO DATE 31/12/2005 RM'000
Total sale proceeds	5,081	14,005
Total gain on disposal	66	138

The Group's investments in quoted securities as at end of the reporting period are as follows:

	As at 31/12/2005 RM'000
At cost	183,808
At book value	110,147
At market value	83,603

20. Status of corporate proposals

Date of Announcement	Subject	Status
19/03/2003, 09/05/2003, 21/10/2003, 02/07/2004, 29/10/2004, 10/05/2005, 16/09/2005 and 19/01/2006	The following proposal form part of the GWRS implemented on 14 March 2003: Proposed issuance of approximately 251.92 million new 4 1/2-year warrants ("Warrant") to the shareholders of the Company at an issue price of RM0.10 per Warrant ("Proposed Warrants Issue").	The Securities Commission had rejected the application for a further extension of time to complete the Proposed Warrants Issue.
20/10/2005, 10/11/2005, 17/11/2005, 05/01/2006 and 25/01/2006	Proposed disposal of a piece of freehold land by Lion Plaza Sdn Bhd ("Vendor"), a wholly-owned subsidiary of Akurjaya Sdn Bhd, which is in turn wholly-owned by the Company to Public Mutual Berhad or its nominees ("Purchaser") for a total cash consideration of RM58.997 million.	Approvals obtained from: (i) the shareholders of the Company and the Vendor; (ii) Foreign Investment Committee by the Purchaser; and (iii) the shareholders of the Purchaser. Pending completion.

Status of utilisation of proceeds from corporate proposals

Please refer to Appendix 1(ii).

21. Group's borrowings and debt securities

The Group's borrowings and debt securities as at end of the reporting period are as follows :

	Short term RM'000	Long term RM'000	Total RM'000
<u>Bank borrowings</u>			
Secured	49,037	5,990	55,027
Unsecured	27,322	-	27,322
	<u>76,359</u>	<u>5,990</u>	<u>82,349</u>
<u>Bonds and USD Debts</u>			
Secured	1,164,310	1,573,217	2,737,527
Total	<u>1,240,669</u>	<u>1,579,207</u>	<u>2,819,876</u>

The Group's borrowings and debt securities are denominated in the following currencies :

	Foreign currency '000	RM'000
Ringgit Malaysia		840,211
US Dollar	515,456	1,947,135
Chinese Renminbi	58,330	27,322
Others		5,208
		<u>2,819,876</u>

22. Off balance sheet risk financial instruments

There were no financial instruments with off balance sheet risk at the date of this report.

23. Changes in material litigations

- (i) Tafco Development Sdn Bhd ("Tafco") has filed Petition No. D22-26-20-2002 in the High Court of Malaya at Kuala Lumpur (the "Petition") against Ambang Maju Sdn Bhd ("Ambang Maju"), Akurjaya Sdn Bhd ("Akurjaya"), Aquabio Holdings Sdn Bhd ("Aquabio") and three (3) others (collectively, "the Respondents"). Akurjaya and Aquabio collectively hold 70% equity in Ambang Maju. Tafco owns the balance 30% equity in Ambang Maju.

By a third party legal charge dated 31 December 1997, Ambang Maju created a third party charge over its lands measuring approximately 807.9 acres ("Lands") to a lender ("Lender") as security for advances granted to a related corporation. The Lender has expressly agreed that in the event the Lender should foreclose on the charged Lands, the Lender would only be entitled to receive 70% of the proceeds since Ambang Maju is a 70% owned subsidiary of the Company. The balance 30% proceeds would be paid over to Tafco as the owner of the balance 30% equity in Ambang Maju.

In the Petition, Tafco alleged inter alia that:

- (a) the affairs of Ambang Maju are conducted and/or the powers of the directors are exercised in a manner oppressive to Tafco or in disregard of Tafco's interest as a shareholder of Ambang Maju; and
- (b) Ambang Maju did not receive any benefit from the aforesaid security arrangements.

Tafco has applied for the following orders:

- (a) the third party charge to be cancelled and declared null and void; and
- (b) to compel Akurjaya and Aquabio to purchase Tafco's 30% equity in Ambang Maju at a value equal to 30% of the estimated market value of the Lands or 30% of the estimated profit to be derived by Ambang Maju if the Lands were developed.

The matter was consolidated with that of Writ of Summons No. S1-22-546 of 2002 on 16 January 2003.

The third party legal charge dated 31 December 1997 has now been discharged. Pursuant thereto, the Respondents have applied to strike out the Petition. The mention date for the application to strike out the Petition fixed on 1 March 2006.

The Directors have been advised that the Respondents have a reasonable chance of contesting the Petition.

- (ii) Ariffin Haji Ismail Plantations Sdn Bhd ("AHIP") has filed a Writ of Summons No. S1-22-546 of 2002 in the High Court of Malaya at Kuala Lumpur against Amsteel's 70% owned subsidiary, Ambang Maju Sdn Bhd ("Ambang Maju").

Vide a Sale and Purchase Agreement dated 21 September 1993 between AHIP and Ambang Maju ("the said Agreement"), AHIP agreed to sell and Ambang Maju agreed to purchase 11 pieces of lands in Daerah Kulim, Negeri Kedah Darul Aman ("the said Lands") for a consideration of RM12 million ("the Disposal"). The Disposal was to facilitate a joint venture arrangement between AHIP and Ambang Maju wherein AHIP or its nominee would be issued with equity in Ambang Maju. Tafco Development Sdn Bhd ("Tafco"), the nominee of AHIP, was issued with 30,000 ordinary shares of RM1.00 each in Ambang Maju ("the Allotted Shares").

AHIP alleges that:

- (a) although the consideration for the said Lands in the said Agreement was RM12 million, the agreed consideration for the said Lands was RM18 million;
- (b) the difference of RM6 million was to be utilised by AHIP to defray their cost of disposal of RM531,870.60 and the remaining sum of RM5,468,129.40 was to be utilized by AHIP or its nominee as capital contribution in Ambang Maju; and
- (c) since Tafco was issued with the Allotted Shares only, a balance sum of RM5,438,129.40 was still due and owing to AHIP by Ambang Maju.

AHIP claims against Ambang Maju the sum of RM5,438,129.40, interest at the rate of 8% per annum from 2 December 2001 till date of full settlement and litigation costs.

Ambang Maju's application for a consolidation of proceedings between this action with that of Petition No. D22-26-20-2002 in the High Court of Malaya at Kuala Lumpur (Commercial Division) was allowed on 16 January 2003.

AHIP withdrew its application for Summary Judgement on 5 November 2003 and the Court had allowed Ambang Maju's application to amend its Statement of Defence on 1 April 2004. The matter is fixed for further mention on 1 March 2006.

The Directors have been advised that Ambang Maju has a reasonable defence to the claim.

23. Changes in material litigations (cont'd)

- (iii) Magna Prima Berhad, Magna Prima Construction Sdn Bhd and Dunia Epik Sdn Bhd have filed a Writ of Summons No. D6-22-2039-2000 in the High Court of Malaya at Kuala Lumpur against Amsteel Equity Capital Sdn Bhd ("AEC") and fourteen (14) others wherein it was alleged, inter alia, that certain parties have taken out the sum of RM22.1 million from the accounts of Magna Prima Construction Sdn Bhd and Dunia Epik Sdn Bhd and that the money was used to purchase shares through AEC. It was further alleged that AEC had constructive notice of such action and therefore is the constructive trustee of the money which was used to purchase the shares. The matter is now fixed for case management on 28 February 2006.

The Directors have been advised that AEC has a defence to the claim.

24. Dividend

The Board does not recommend any interim dividend for the current quarter and financial year-to-date.

25. Loss per share

Basic

Loss per share is calculated by dividing the Group's net loss for the period by the weighted average number of ordinary shares in issue of 1,331.2 million.

Diluted

The diluted loss per share is not disclosed as the unissued ordinary shares granted to employees pursuant to the Company's Executive Share Option Scheme have no dilutive effect since the exercise price is above the average market value of the Company's shares.

AMSTEEL CORPORATION BERHAD (20667-M)

(Incorporated in Malaysia)

Conditions imposed by Securities Commission ("SC") pertaining to the GWRS

The SC has imposed certain conditions in its approval of the GWRS which include the requirements to disclose the following:

Status of the Proposed Divestment Programme ("PDP")(i) **Status of assets to be divested**

Stages of assets to be divested	PDP (Per GWRS)	Concluded Sales			Proceeds Received		
		Up to Dec 2004	Jan - Dec 2005		Up to Dec 2004	Jan - Dec 2005	
			Current Quarter	Year to date		Current Quarter	Year to date
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
By December 2002							
Steel manufacturing assets	10.00	10.00	-	-	10.00	-	-
Warehouse	3.14	3.14	-	-	3.14	-	-
Equity interest in property holding company	38.73	38.73	-	-	38.73	-	-
Listed shares in financial services company	70.00	70.00	-	-	70.00	-	-
Listed shares in industrial products company	25.86	25.86	-	-	25.86	-	-
Listed shares	3.22	-	4.57	4.57	-	4.57	4.57
By December 2003							
Equity interest/assets in financial services company	74.32	42.25	-	-	42.25	-	-
Equity interest in retailing companies	127.47	127.47	-	-	127.47	-	-
Shares in unlisted/listed companies, freehold land, factory and shoplots in Parade	158.63	55.91	2.30	2.30	55.91	2.30	2.30
By December 2004							
Leasehold land	4.86	11.83	-	-	11.83	-	-
Equity interest in retailing companies	315.45	315.45	-	-	125.79	143.77	143.77
Freehold land, property holding and shoplots in Parade	348.29	4.91	-	-	4.91	-	-
By December 2005							
Equity interest in retailing companies	12.87	12.87	-	-	12.87	-	-
Hotel and freehold land	240.71	-	-	-	-	-	-
By December 2006							
Equity interest in retailing companies	93.23	12.52	-	-	12.52	-	-
Freehold land, unlisted shares in companies, shopping centres, golf club and medical centre	1,063.76	-	-	220.70	220.70	-	220.70
Total	2,590.54	730.94	6.87	227.57	761.98	150.64	371.34

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

AMSTEEL CORPORATION BERHAD (20667-M)

(Incorporated in Malaysia)

Conditions imposed by Securities Commission ("SC") pertaining to the GWRS (cont'd)Status of the Proposed Divestment Programme ("PDP") (cont'd)(ii) Transactions completed during the previous financial years and utilisation of the divestment proceeds received

	Proposed utilisation	Utilisation Status	
		Actual	Unutilised/ Outstanding
	RM mil	RM mil	RM mil
1. (a) Disposal of 226,716,252 ordinary shares of RM1.00 each in Lion Corporation Berhad, at a cash consideration of RM1.00 per share; and			
(b) The entire equity interest in the Parkson retail group for an aggregate consideration of RM364.23 million and the settlement of inter company balances of RM104.08 million to be satisfied by cash payment of RM144.82 million, deferred cash payment of RM230.86 million and issuance of RM92.63 million nominal value of redeemable convertible unsecured loan stocks.			
(i) Estimated expenses	1.62	0.65	0.97
(ii) Redemption/repayment of ACB Bonds and USD Debts	693.41	647.52	45.89
	695.03	648.17	46.86

Divestment of other assets not in the Proposed Divestment Programme	Proposed utilisation	Utilisation Status	
		Actual	Unutilised/ Outstanding
	RM mil	RM mil	RM mil
1. Disposal of 100% equity interest in Optima Jaya Sdn Bhd ("OJSB") to Boustead Properties Berhad ("Boustead") comprising 150,000 ordinary shares of RM1.00 each for a consideration of RM150,000 and settlement of debts owing by OJSB to the Company and novation and assumption by the Company of certain liabilities of OJSB amounting to RM201.0 million for an amount of RM113.85 million, satisfied in the following manner:			
(i) RM10.00 million in cash; and			
(ii) the balance paid in the form of 23.11 million ordinary shares of RM1.00 each in Boustead valued at RM4.50 each.			
Settlement of outstanding amounts owing to Itochu Corporation, Pancaran Abadi Sdn Bhd and Takenaka (Malaysia) Sdn Bhd.	114.00	49.21	@ 64.79

Notes:

@ The unutilised portion is represented by Boustead shares deposited in a pledged securities account. Dividends and proceeds from disposal of these shares will be utilised to meet scheduled principal and interest payment.

(iii) Plans to overcome any projected shortfall

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