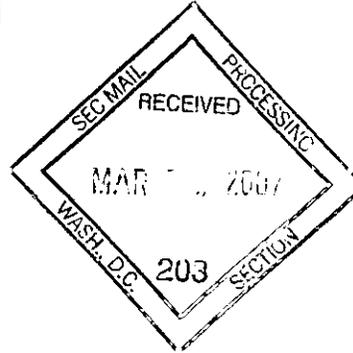




07021977

1 March 2007

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



Dear Sirs

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

**SUPPL**

We enclose herewith the following documents for filing pursuant to exemption granted to the Company under rule 12g3-2(b) of the Securities Exchange Act of 1934:

- 1) Financial Results Announcement dated 28 February 2007, Re: Second Quarterly Report for the financial period ended 31 December 2006;
- 2) Change in Audit Committee dated 28 February 2007, Re: Redesignation of Audit Committee Member - Munajat bin Idris; and
- 3) Change in Audit Committee dated 28 February 2007, Re: Redesignation of Audit Committee Member - Lt Jen (B) Datuk Seri Abdul Manap bin Ibrahim.

Please contact the undersigned if you have any queries.

Yours faithfully  
AMSTEEL CORPORATION BERHAD

WONG PHOOI LIN  
Secretary

**PROCESSED**

**MAR 23 2007**

**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

### Change in Audit Committee

Ownership transfer to AMSTEEL/EDMS/KLSE on 28/02/2007 06:18:58 PM  
Reference No AA-070228-8A999

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**

- \* Date of change : **28/02/2007**
- \* Type of change : **Redesignation**
- \* Previous Position : **Chairman of Audit Committee**
- \* New Position : **Member of Audit Committee**
- \* Directorate :  Executive  
 **Independent & Non Executive**  
 Non Independent & Non Executive
- \* Name : **Munajat bin Idris**
- \* Age : **66**
- \* Nationality : **Malaysian**
- \* Qualifications : **A member of the Malaysian Institute of Accountants**
- \* Working experience and occupation : **He joined the Koperasi Polis Diraja Malaysia Berhad ("Koperasi Polis") as the Financial Controller in 1982 and was appointed Deputy General Manager in 1985 until he left the Koperasi Polis in 1993. Prior to joining Koperasi Polis, he was the Financial Consultant of MIDF Industrial Consultants Sendirian Berhad and the Financial Accountant of KPM Niaga Sendirian Berhad. He has been a Dealer Representative since 1993.**
- \* Directorship of public companies (if any) : **Nil**
- \* Family relationship with any director and/or major shareholder of the listed issuer : **Nil**
- \* Details of any interest in the securities of the listed issuer or its subsidiaries : **Nil**
- \* Composition of Audit Committee (Name and Directorate of members after change) : **Lt Jen (B) Datuk Seri Abdul Manap bin Ibrahim (Chairman, Independent Non-Executive Director)**  
**Munajat bin Idris (Member, Independent Non-Executive Director)**  
**Tan Siak Tee (Member, Independent Non-Executive Director)**
- \* Compliance of the Audit Committee with Paragraph 15.10 (1) (c) of the Listing Requirements (after change) :  **Yes**  **No**

Remarks :

1

**AMSTEEL CORPORATION BERHAD (20667-M)**

Secretary

28 FEB 2007



• Composition of Audit Committee (Name and Directorate of members after change)

: Lt Jen (B) Datuk Seri Abdul Manap bin Ibrahim  
(Chairman, Independent Non-Executive Director)  
Munajat bin Idris  
(Member, Independent Non-Executive Director)  
Tan Siak Tee  
(Member, Independent Non-Executive Director)  
● Yes ○ No

• Compliance of the Audit Committee with Paragraph 15.10 (1) (c) of the Listing Requirements (after change)

Remarks

AMSTEEL CORPORATION BERHAD (20667-M)

  
.....  
Secretary

28 FEB 2007



Form Version 2.0

### Financial Results

Ownership transfer to AMSTEEL/EDMS/KLSE on 28/02/2007 16:54:27

Reference No AA-070228-0E472

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

\* Financial Year End : 30/06/2007  16  
 \* Quarter :  1 Qtr  2 Qtr  3 Qtr  4 Qtr  Other  
 \* Quarterly report for the financial period ended : 31/12/2006  
 \* The figures :  have been audited  have not been audited

Please attach the full Quarterly Report here:

AMSTEEL-07Q2.xls

Remarks:

#### Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Key Financial Information for the financial period ended  
 \* 31/12/2006

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER *	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE *	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2006 <input checked="" type="checkbox"/> 16	31/12/2005 <input checked="" type="checkbox"/> 16	31/12/2006 <input checked="" type="checkbox"/> 16	31/12/2005 <input checked="" type="checkbox"/> 16
	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000

AMSTEEL CORPORATION BERHAD (20667-M)

Secretary

28 FEB 2007

1	Revenue	79,763	86,543	153,267	175,733
2	Profit/(loss) before tax	42,627	1,746	40,553	6,249
3	Profit/(loss) for the period	40,561	-4,167	33,077	-3,165
4	Profit/(loss) attributable to ordinary equity holders of the parent	40,181	-4,472	32,379	-3,634
5	Basic earnings/(loss) per share (sen)	3.02	-0.34	2.43	-0.27
6	Proposed/Declared 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 attributable to ordinary equity holders of the parent (RM)		0.1800		0.1600
Remarks :					

Note: For full text of the above announcement, please access the Bursa Malaysia website at [www.bursamalaysia.com](http://www.bursamalaysia.com)

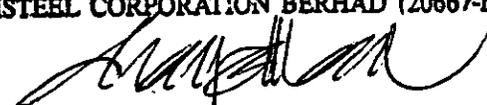
### Part A3 : ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER*	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE*	PRECEDING YEAR CORRESPONDING PERIOD	
	31/12/2006 <sup>16</sup>	31/12/2005 <sup>16</sup>	31/12/2006 <sup>16</sup>	31/12/2005 <sup>16</sup>	
	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	
1	Gross interest income	6,145	6,423	12,211	12,172
2	Gross interest expense	40,077	44,621	82,106	84,934

Remarks :

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

AMSTEEL CORPORATION BERHAD (20667-M)

  
Secretary

28 FEB 2007



# **AMSTEEL CORPORATION BERHAD**

(Incorporated in Malaysia)

(20667-M)

## **Interim Report for the Second Quarter Ended 31 December 2006**

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Interim report for the second quarter ended 31 December 2006  
(The figures have not been audited)

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<u>Note</u>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31/12/2006	31/12/2005	31/12/2006	31/12/2005
		RM'000	RM'000	RM'000	RM'000
Revenue		79,763	86,543	153,267	175,733
Operating expenses		(83,920)	(53,148)	(125,974)	(124,125)
Other operating income		88,202	17,221	99,747	45,597
Profit from operations		84,045	50,616	127,040	97,205
Finance costs		(40,077)	(44,621)	(82,106)	(84,934)
Share of results of associates		(1,341)	(4,249)	(4,381)	(6,022)
Profit before tax		42,627	1,746	40,553	6,249
Taxation	17	(2,066)	(5,913)	(7,476)	(9,414)
Net profit/(loss) for the period		40,561	(4,167)	33,077	(3,165)
Attributable to:					
- Equity holders of the parent		40,181	(4,472)	32,379	(3,634)
- Minority interests		380	305	698	469
Net profit/(loss) for the period		40,561	(4,167)	33,077	(3,165)
Earnings/(Loss) per share attributable to equity shareholders of the parent (sen):					
- Basic	25	3.02	(0.34)	2.43	(0.27)
- Diluted	25	3.02	(0.34)	2.43	(0.27)

*(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements)*

Interim report for the second quarter ended 31 December 2006

(The figures have not been audited)

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>Note</u>	AS AT END OF CURRENT QUARTER 31/12/2006 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/6/2006 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		547,925	549,431
Land held for property development		338,893	352,531
Investment in associated companies		72,931	125,639
Investment in jointly controlled entities		31	31
Other investments		1,196,115	1,272,472
Deferred expenditure		137	134
Goodwill on consolidation		49,183	49,183
Deferred tax assets		9,115	9,144
		<u>2,214,330</u>	<u>2,358,565</u>
<b>Current Assets</b>			
Property development costs		158,107	138,586
Inventories		160,061	162,032
Other investments		343,504	221,616
Trade receivables		171,426	185,332
Other receivables		185,789	208,154
Deposits, cash and bank balances		172,210	184,213
		<u>1,191,097</u>	<u>1,099,933</u>
<b>TOTAL ASSETS</b>		<u><u>3,405,427</u></u>	<u><u>3,458,498</u></u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		1,331,175	1,331,175
Reserves		(1,097,808)	(1,123,933)
		<u>233,367</u>	<u>207,242</u>
Equity attributable to equity holders of the parent		23,441	23,096
Minority interests		256,808	230,338
<b>Total equity</b>		<u>256,808</u>	<u>230,338</u>
<b>Non-Current Liabilities</b>			
Long term borrowings	21	1,145,924	1,661,345
Finance lease liabilities		425	267
Deferred liabilities		8,013	8,110
Deferred tax liabilities		21,816	21,887
		<u>1,176,178</u>	<u>1,691,609</u>
<b>Current Liabilities</b>			
Trade payables		52,496	51,325
Other payables		333,714	345,405
Finance lease liabilities		124	96
Short term borrowings	21	1,559,776	1,122,312
Tax liabilities		26,331	17,413
		<u>1,972,441</u>	<u>1,536,551</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>3,405,427</u></u>	<u><u>3,458,498</u></u>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>			
		<u>0.18</u>	<u>0.16</u>

*(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements)*

Interim report for the second quarter ended 31 December 2006

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	← Attributable to equity holders of the parent →							
		Share	Share	Other	Accumulated	Total	Minority	Total
		Capital	Premium	Reserves	Losses			
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>31 December 2006</b>								
At 1 July 2006		1,331,175	230,188	765,401	(2,119,522)	207,242	23,096	230,338
Effects of adopting FRS 3	1 (a)	-	-	(18,017)	18,017	-	-	-
		<u>1,331,175</u>	<u>230,188</u>	<u>747,384</u>	<u>(2,101,505)</u>	<u>207,242</u>	<u>23,096</u>	<u>230,338</u>
Transfer from / (to) capital reserve		-	-	1,449	(1,449)	-	-	-
Net translation loss on equity of foreign subsidiary companies		-	-	(4,862)	-	(4,862)	(353)	(5,215)
Reversal of revaluation reserve previously realised due to aborted sales		-	-	210	(210)	-	-	-
Equity accounting for share of net assets of associated companies		-	-	(1,392)	-	(1,392)	-	(1,392)
Net profit for the period		-	-	-	32,379	32,379	698	33,077
At 31 December 2006		<u>1,331,175</u>	<u>230,188</u>	<u>742,789</u>	<u>(2,070,785)</u>	<u>233,367</u>	<u>23,441</u>	<u>256,808</u>
<b>31 December 2005</b>								
At 1 July 2005		1,331,175	230,188	787,212	(2,117,796)	230,779	24,307	255,086
Negative goodwill		-	-	(454)	-	(454)	-	(454)
Transfer from / (to) capital reserve		-	-	1,785	(1,785)	-	-	-
Net translation loss on equity of foreign subsidiary companies		-	-	(1,961)	-	(1,961)	26	(1,935)
Reversal of revaluation reserve previously realised due to aborted sales		-	-	3,894	(3,894)	-	-	-
Equity accounting for share of net assets of associated companies		-	-	(934)	-	(934)	-	(934)
Net loss for the period		-	-	-	(3,634)	(3,634)	469	(3,165)
At 31 December 2005		<u>1,331,175</u>	<u>230,188</u>	<u>789,542</u>	<u>(2,127,109)</u>	<u>223,796</u>	<u>24,802</u>	<u>248,598</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements)

Interim report for the second quarter ended 31 December 2006

(The figures have not been audited)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>CURRENT YEAR-TO-DATE 31/12/2006 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31/12/2005 RM'000</b>
<b><u>OPERATING ACTIVITIES</u></b>		
Profit before taxation	40,553	6,249
Adjustments for:		
Non-cash items (mainly unrealised foreign exchange, depreciation and amortisation)	(23,770)	1,300
Non-operating items (mainly interest income and finance costs)	3,714	6,957
	<hr/>	<hr/>
Operating profit before changes in working capital	20,497	14,506
Changes in working capital:		
Net changes in current assets	4,756	158,384
Net changes in current liabilities	(4,309)	(17,947)
Others (mainly tax paid)	(5,335)	(6,149)
	<hr/>	<hr/>
	15,609	148,794
	<hr/>	<hr/>
<b><u>INVESTING ACTIVITIES</u></b>		
Net cash inflow from the disposal of investments	40,169	64,584
Others (mainly from interest received)	19,382	19,954
	<hr/>	<hr/>
	59,551	84,538
	<hr/>	<hr/>
<b><u>FINANCING ACTIVITIES</u></b>		
Bank borrowings	(22,202)	(1,472)
Redemption/repayment of Bonds and USD Debts	(55,975)	(367,816)
Decrease/(Increase) of fixed deposits earmarked for Bonds and USD Debts redemption	7,895	(864)
Others (mainly interest paid)	(4,917)	(6,105)
	<hr/>	<hr/>
	(75,199)	(376,257)
	<hr/>	<hr/>
Net changes in cash and cash equivalents	(39)	(142,925)
Effects of exchange rate changes	(5,398)	(5,494)
Cash and cash equivalents at beginning of period	157,269	272,941
	<hr/>	<hr/>
Cash and cash equivalents at end of period	151,832	124,522
	<hr/>	<hr/>

*(The Condensed Consolidated Cash Flow Statements be read in conjunction with the Audited Financial Statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements)*

## Interim report for the second quarter ended 31 December 2006

(The figures have not been audited)

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS****1. Accounting policies and method of computation**

The interim financial statements have been prepared in accordance with the Financial Reporting Standard ("FRS") 134 : "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 June 2006.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2006 except for the adoption of the following new / revised FRSs effective for the financial period beginning 1 July 2006 :

FRS 2	Share-based Payment
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 Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRSs does not have a significant financial impact on the Group except for the following:

**a) FRS 3 : Business Combinations**

The adoption of FRS 3 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed. Prior to 1 July 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 25 years.

The carrying amount of goodwill as at 1 July 2006 of RM49 million will cease to be amortised. This has the effect of reducing the amortisation charges by RM0.8 million and RM1.6 million in the current quarter and financial year-to-date respectively.

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in profit or loss. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 July 2006 of RM18 million was derecognised with a corresponding decrease in opening accumulated losses.

1. Accounting policies and method of computation (cont'd)

b) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax results of associates and jointly controlled entities and other disclosures. In the consolidated balance sheet, 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 period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interests.

The following comparative amounts have been restated due to the adoption of new / revised FRSs:

	Reported Previously RM'000	Adjustments RM'000	Restated RM'000
<b>3 Months Ended 31 December 2005</b>			
- Share of results of associates	(5,005)	756	(4,249)
- Taxation	(5,157)	(756)	(5,913)
	<u>(5,005)</u>	<u>(756)</u>	<u>(5,913)</u>
Net adjustments		-	
<b>6 Months Ended 31 December 2005</b>			
- Share of results of associates	(6,613)	591	(6,022)
- Taxation	(8,823)	(591)	(9,414)
	<u>(6,613)</u>	<u>(591)</u>	<u>(9,414)</u>
Net adjustments		-	

2. Auditors' report on preceding annual financial statements

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. Comments about seasonal or cyclical factors

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

4. Unusual items due to their nature, size or incidence

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

5. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter and financial year-to-date results.

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 RM56 million.

Other than the above, there were no issuance, cancellation, repurchase, resale and repayment 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 information

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

	Revenue			Segment results RM'000
	Total RM'000	Inter- segment RM'000	External RM'000	
Property	51,912	-	51,912	22,778
Investment holding & others	103,865	(7,628)	96,237	101,987
Plantation	5,766	(648)	5,118	2,275
	<u>161,543</u>	<u>(8,276)</u>	<u>153,267</u>	<u>127,040</u>
Finance costs				(82,106)
Share of results of associates				(4,381)
Profit before taxation				<u>40,553</u>

9. Carrying amount of revalued assets

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

10. Subsequent events

The Company has been classified as an affected listed issuer pursuant to Practice Note No. 17/2005 of the Listing Requirements of Bursa Malaysia Securities Berhad ("PN 17").

As the Company was not able to make the requisite announcement on its regularisation plan pursuant to PN 17, the trading of the securities of the Company was suspended on 16 February 2007.

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

Unsecured

Legal claims in respect of the termination of contracts for the extraction and sale of timber

313,000

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. Performance review

Despite recording lower revenue for the current year to date, the Group posted a significantly improved profit before tax of RM40.6 million compared to RM6.2 million in the preceding year corresponding period. This was mainly due to recognition of higher foreign exchange gain and partially offsetted by provision for diminution in value of investments.

14. Comment on material change in profit before taxation

The Group's revenue was marginally higher at RM79.8 million for the quarter under review as compared to RM73.5 million in the last quarter due to higher billings for the property development division, while the significant improvement in profit of RM42.6 million as against a loss of RM2.1 million was largely attributable to the recognition of foreign exchange gain and partially offsetted by provision for diminution in value of investments.

15. Commentary on prospects

The Group will continue to focus on its core property development business and seek to enhance its earnings through development of new locations on joint venture basis.

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

16. Profit forecast or profit guarantee

Not applicable as no profit forecast was issued.

17. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2005 RM'000	CURRENT YEAR TO DATE 31/12/2006 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2005 RM'000
Income tax				
Current year	1,952	2,910	4,675	6,309
Under provision in prior years	114	2,959	2,843	3,083
Deferred tax	-	44	(42)	22
	<u>2,066</u>	<u>5,913</u>	<u>7,476</u>	<u>9,414</u>

The effective tax rate of the Group for the current quarter and current financial year-to-date are lower than the statutory tax rate mainly due to certain income which are not taxable.

18. Sale of unquoted investments and properties

There was a disposal of unquoted investment which resulted in gain on disposal of RM5.3 million.

19. Quoted securities

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

	CURRENT QUARTER 31/12/2006 RM'000	FINANCIAL YEAR TO DATE 31/12/2006 RM'000
Total sale proceeds	-	291
Total loss on disposal	-	(17)

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

	As at 31/12/2006 RM'000
At cost	196,017
At book value	108,103
At market value	108,102

20. Corporate proposals

(a) 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.

(b) Status of utilisation of proceeds from corporate proposals

Transactions completed during the previous financial years and utilisation of proceeds are disclosed in Appendix 1(ii).

21. 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	30,582	4,543	35,125
Unsecured	25,192	-	25,192
	55,774	4,543	60,317
<u>Bonds and USD Debts</u>			
Secured	1,504,002	1,141,381	2,645,383
Total	1,559,776	1,145,924	2,705,700

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

	Foreign currency '000	RM'000
Ringgit Malaysia		793,969
US Dollar	533,062	1,881,709
Chinese Renminbi	55,698	25,192
Others		4,830
		2,705,700

22. Off balance sheet risk financial instruments

There were no off balance sheet financial instruments 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 application to strike out the Petition is fixed for further mention on 24 April 2007.

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 Judgment 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 24 April 2007.

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 writ was served on AEC on or about 7 June 2005. The matter is now fixed for final case management on 17 April 2007 and for trial on 15th, 16th, 19th and 20th November 2007.

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

**24. Dividend proposed**

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

**25. Earnings/(Loss) per share**

**Basic**

Basic earnings/(loss) per share is calculated by dividing the Group's net profit/(loss) for the period attributable to equity holders of the parent by the weighted average number of ordinary shares in issue of 1,331.2 million.

**Diluted**

There is no dilution for the profit/(loss) per share for the period attributable to equity holders of the parent as the diluted profit/(loss) per share remains the same as the basic earnings/(loss) per share.

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

Interim report for the second quarter ended 31 December 2006

**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 2005	Jan - Dec 2006		Up to Dec 2005	Jan - Dec 2006	
			Current Quarter	Year to date		Current Quarter	Year to date
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
<b>By December 2002</b>							
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	-	-
<b>By December 2003</b>							
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	58.21	-	-	58.21	-	-
<b>By December 2004</b>							
Leasehold land	4.86	11.83	-	-	11.83	-	-
Equity interest in retailing companies	315.45	315.45	-	-	269.56	32.63	45.89
Freehold land, property holding and shoplots in Parade	348.29	4.91	-	59.00	4.91	-	59.00
<b>By December 2005</b>							
Equity interest in retailing companies	12.87	12.87	-	-	12.87	-	-
Hotel and freehold land	240.71	-	-	-	-	-	-
<b>By December 2006</b>							
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	-	-
<b>Total</b>	<b>2,590.54</b>	<b>958.51</b>	<b>-</b>	<b>59.00</b>	<b>912.62</b>	<b>32.63</b>	<b>104.89</b>

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)

Interim report for the second quarter ended 31 December 2006

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

Divestment of assets in the Proposed Divestment Programme	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation		Explanations
				Amount	%	
	RM mil	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;						
(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 / working capital	1.62	1.62	No requirement	-	-	-
(ii) Redemption/repayment of ACB Bonds and USD Debts	693.41	693.41	No requirement	-	-	-
	695.03	695.03		-	-	

Divestment of other assets not in the Proposed Divestment Programme	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation		Explanations
				Amount	%	
	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	47.41	No requirement	66.59	58.41%	Note @

**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.

END