



LION CORPORATION BERHAD

(Incorporated in Malaysia)

(12890-A)

Audited Interim Report for the Fourth Quarter Ended 30 June 2009

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LION CORPORATION BERHAD (12890-A)

(Incorporated in Malaysia)

Interim report for the fourth quarter ended 30 June 2009

(The figures have been audited)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/6/2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2008 RM'000	CURRENT YEAR TO DATE 30/6/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2008 RM'000
Revenue		408,380	1,600,360	3,099,585	5,233,782
Operating expenses		(703,515)	(1,534,958)	(3,600,894)	(5,103,384)
Other operating income		15,768	71,406	56,081	229,728
Provision for diminution in value of inventories	11	(159,320)	-	(358,020)	-
(Loss)/Profit from operations		(438,687)	136,808	(803,248)	360,126
Finance costs		(53,168)	(149,916)	(408,235)	(474,278)
Share in results of associates		(28,239)	184,101	(84,172)	344,637
Impairment loss in an associate		(1,011)	(33,933)	(1,011)	(33,933)
(Provision)/Over Provision for loss on the proposed corporate and debt restructuring exercise		-	(186,560)	40,499	(186,560)
(Loss)/Profit before taxation		(521,105)	(49,500)	(1,256,167)	9,992
Taxation	16	17,425	11,211	40,695	14,852
(Loss)/Profit for the period		<u>(503,680)</u>	<u>(38,289)</u>	<u>(1,215,472)</u>	<u>24,844</u>
Attributable to :					
- Ordinary equity holders of the Company		(406,381)	(44,574)	(1,041,527)	14,710
- Minority interests		(97,299)	6,285	(173,945)	10,134
(Loss)/Profit for the period		<u>(503,680)</u>	<u>(38,289)</u>	<u>(1,215,472)</u>	<u>24,844</u>
(Loss)/Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	24	<u>(21.39)</u>	<u>(4.43)</u>	<u>(79.56)</u>	<u>1.46</u>
- Diluted (sen)	24	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the audited interim financial statements)

LION CORPORATION BERHAD (12890-A)

(Incorporated in Malaysia)

Interim report for the fourth quarter ended 30 June 2009

(The figures have been audited)

CONDENSED CONSOLIDATED BALANCE SHEETS

	AS AT END OF CURRENT QUARTER 30/6/2009	AS AT PRECEDING FINANCIAL YEAR END 30/6/2008
<u>Note</u>	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	3,041,232	3,083,515
Land held for property development	33,201	-
Prepaid land lease payments	14,790	15,047
Goodwill	499,135	563,921
Investments in associates	1,267,718	1,359,033
Long term investments	75,707	1,380
Long term receivable	-	241,864
Deferred tax assets	177,097	134,952
	<u>5,108,880</u>	<u>5,399,712</u>
Current Assets		
Property development cost	15,287	-
Inventories	816,293	1,853,485
Short term investments	2,870	-
Trade receivables	97,045	291,588
Other receivables	226,726	173,312
Tax recoverable	3,200	2,532
Deposits, cash and bank balances	98,866	83,426
	<u>1,260,287</u>	<u>2,404,343</u>
Non-current assets classified as held for sale	-	5,202
	<u>1,260,287</u>	<u>2,409,545</u>
TOTAL ASSETS	<u>6,369,167</u>	<u>7,809,257</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the audited interim financial statements)

LION CORPORATION BERHAD (12890-A)

(Incorporated in Malaysia)

Interim report for the fourth quarter ended 30 June 2009

(The figures have been audited)

CONDENSED CONSOLIDATED BALANCE SHEETS (continued)

	<u>Note</u>	AS AT END OF CURRENT QUARTER 30/6/2009 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/6/2008 RM'000
EQUITY AND LIABILITIES			
Share capital		1,900,950	1,005,118
Reserves		(1,340,380)	(331,058)
Equity attributable to equity holders of the Company		<u>560,570</u>	<u>674,060</u>
Minority interests		219,536	215,843
Total equity		<u>780,106</u>	<u>889,903</u>
Non-Current Liabilities			
Preference shares		111,000	11,000
Long term borrowings	20	423,102	920,506
Bonds and debts	20	1,279,331	201,348
Deferred tax liabilities		20,321	10,572
Deferred liabilities		26,140	72,989
		<u>1,859,894</u>	<u>1,216,415</u>
Current Liabilities			
Trade payables		1,905,207	2,186,684
Other payables		530,330	686,224
Bank overdrafts	20	16,962	5,977
Short term borrowings	20	1,220,313	405,513
Bonds and debts	20	49,460	2,417,606
Tax payable		6,895	935
		<u>3,729,167</u>	<u>5,702,939</u>
Total Liabilities		<u>5,589,061</u>	<u>6,919,354</u>
TOTAL EQUITY AND LIABILITIES		<u>6,369,167</u>	<u>7,809,257</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<u>0.28</u>	<u>0.67</u>
(Excluding equity components and warrants reserve)			

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the audited interim financial statements)

LION CORPORATION BERHAD (12890-A)

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Interim report for the fourth quarter ended 30 June 2009

(The figures have been audited)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →						Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000	Minority Interests RM'000	
30 June 2009							
At 1 July 2008	1,005,118	97,630	366,327	(795,015)	674,060	215,843	889,903
Translation difference on net equity of foreign subsidiaries & other reserve movements	-	-	(38,701)	37,497	(1,204)	177,638	176,434
Equity accounting for share of net assets of associates	-	-	18,645	-	18,645	-	18,645
Effect of dilution on equity interest in associates	-	-	-	(19,458)	(19,458)	-	(19,458)
Equity components of Redeemable Convertible Secured Loan Stocks ("RCCLS")	-	-	30,487	-	30,487	-	30,487
Warrants reserve	-	-	3,673	-	3,673	-	3,673
Income and expense recognised directly in equity	-	-	14,104	18,039	32,143	177,638	209,781
Net loss for the financial year	-	-	-	(1,041,527)	(1,041,527)	(173,945)	(1,215,472)
Total recognised income and expense for the financial year	-	-	14,104	(1,023,488)	(1,009,384)	3,693	(1,005,691)
Share-based payment under Executive Share Option Scheme ("ESOS")	-	-	117	-	117	-	117
Shares issued pursuant to the:							
- conversion of LCB Bonds	804,460	-	-	-	804,460	-	804,460
- acquisition of Mahkota Cheras Project	89,948	-	-	-	89,948	-	89,948
- conversion of RCCLS	1,424	55	(55)	(55)	1,369	-	1,369
At 30 June 2009	<u>1,900,950</u>	<u>97,685</u>	<u>380,493</u>	<u>(1,818,558)</u>	<u>560,570</u>	<u>219,536</u>	<u>780,106</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 2008 and the accompanying explanatory notes attached to the audited interim financial statements)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	← Attributable to equity holders of the Company →						Total Equity RM'000
	← Non-Distributable →			Accumulated Losses RM'000	Total RM'000	Minority Interests RM'000	
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000				
30 June 2008							
At 1 July 2007	1,005,116	97,627	356,235	(811,075)	647,903	185,377	833,280
Translation difference on net equity of foreign subsidiaries & other reserve movements	-	-	(285)	-	(285)	44,375	44,090
Equity accounting for share of net assets of associates	-	-	7,088	-	7,088	-	7,088
Effect of dilution on equity interest in associates	-	-	-	820	820	-	820
Effect of changes in applicable deferred tax rate on asset revaluation reserve	-	-	3,466	-	3,466	385	3,851
Realisation upon disposal of a subsidiary	-	-	(530)	530	-	(24,428)	(24,428)
Income and expense recognised directly in equity	-	-	9,739	1,350	11,089	20,332	31,421
Net profit for the financial year	-	-	-	14,710	14,710	10,134	24,844
Total recognised income and expense for the financial year	-	-	9,739	16,060	25,799	30,466	56,265
Share-based payment under ESOS	-	-	353	-	353	-	353
Shares issued pursuant to exercise of warrants	2	3	-	-	5	-	5
At 30 June 2008	<u>1,005,118</u>	<u>97,630</u>	<u>366,327</u>	<u>(795,015)</u>	<u>674,060</u>	<u>215,843</u>	<u>889,903</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 2008 and the accompanying explanatory notes attached to the audited interim financial statements)

LION CORPORATION BERHAD (12890-A)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	CURRENT YEAR TO DATE 30/6/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2008 RM'000
<u>OPERATING ACTIVITIES</u>		
(Loss)/Profit before taxation	(1,256,167)	9,992
Adjustments for:		
Non-cash items	586,920	(51,756)
Non-operating items	402,614	466,563
Operating (loss)/profit before changes in working capital	(266,633)	424,799
Changes in working capital :		
Net changes in current assets	890,352	(61,429)
Net changes in current liabilities	(420,614)	400,320
Others	(3,407)	1,747
	<u>199,698</u>	<u>765,437</u>
<u>INVESTING ACTIVITIES</u>		
Purchase of property, plant and equipment	(101,160)	(232,518)
Proceeds from disposal of shares in a subsidiary	-	21,604
Proceeds from partial disposal of share in a subsidiary	50,000	-
Net cash inflow from acquisition of property development project	39,024	-
Others	51,041	22,393
	<u>38,905</u>	<u>(188,521)</u>
<u>FINANCING ACTIVITIES</u>		
Proceeds from issuance of preference shares	100,000	-
Proceeds from exercise of warrants	-	5
Bank borrowings	(171,680)	(284,830)
Redemption of LCB Bonds	(35,855)	-
Others	(125,430)	(261,355)
	<u>(232,965)</u>	<u>(546,180)</u>
Net changes in cash & cash equivalents	5,638	30,736
Cash & cash equivalents at beginning of the financial year	76,180	45,444
Cash & cash equivalents at end of the financial year	<u>81,818</u>	<u>76,180</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the audited interim financial statements)

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Interim report for the fourth quarter ended 30 June 2009

(The figures have been audited)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies and methods of computation

The audited interim financial statements for the fourth quarter and financial year ended 30 June 2009 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 audited interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2008. These explanatory notes attached to the audited 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 2008.

The significant accounting policies adopted in the audited interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2008.

2. Comments about seasonal or cyclical factors

Apart from steel industry which may be subject to severe fluctuation in prices, the Group's performance is generally not affected by any material seasonal or cyclical factors.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year-to-date except as disclosed in Note 11.

4. Changes in estimates

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

5. Debt and equity securities

During the financial year-to-date, the issued and paid-up share capital of the Company was increased from RM1,005,117,831 to RM1,900,949,631 by:

- a) the conversion of RM900,000,000 nominal value of LCB Class B(b) Bonds with a present value of RM804,460,000 into 804,460,000 new ordinary shares of RM1.00 each;
- b) the issuance of 89,948,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share as consideration for the acquisition of the Mahkota Cheras Project; and
- c) the conversion of RM1,423,800 nominal value of 7% coupon Redeemable Convertible Secured Loan Stocks 2009/2015 ("RCSLs") into 1,423,800 new ordinary shares of RM1.00 each.

5. Debt and equity securities (continued)

During the financial year-to-date, the Company has fully redeemed its LCB Class A Bonds amounting to RM35.9 million and converted a portion of its LCB Class B Bonds and LCB USD Debts into LCB Redeemable Convertible Secured Loan Stocks ("RCCLS") as follows:

- a) RM294,747,299 nominal value of LCB Class B(a) Bonds with present value of RM286,834,000 into RM286,834,000 nominal value of LCB Class B(a) RCCLS;
- b) RM200,000,000 nominal value of LCB Class B(b) Bonds with present value of RM178,769,000 into RM178,769,000 nominal value of LCB Class B(b) RCCLS; and
- c) RM5,252,701 nominal value of LCB USD Debts with present value of RM5,130,000 into RM5,130,000 nominal value of LCB Class B(c) RCCLS.

During the financial year-to-date, the Company has issued 36,734,534 warrants as consideration for the conditional take-over of Amsteel Corporation Berhad ("ACB") on the basis of one LCB B Warrant for every ten ACB shares held.

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.

6. Dividends paid

There were no dividends paid during the current quarter and financial year-to-date.

7. Segmental information

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

	REVENUE			Segment results RM'000
	Total RM'000	Inter - Segment RM'000	External RM'000	
Steel	3,035,677	9,672	3,026,005	(828,285)
Steel Furniture	46,369	-	46,369	1,659
Motor	5,217	-	5,217	20,159
Investment & Others	22,026	32	21,994	3,219
	3,109,289	9,704	3,099,585	
Loss from operations				(803,248)
Finance costs				(408,235)
Share in results of associates				(84,172)
Impairment loss in an associate				(1,011)
Over provision for loss on the proposed corporate and debt restructuring scheme				40,499
Loss before taxation				(1,256,167)

8. Subsequent events

Other than as disclosed in Note 19(a), there were no material events subsequent to the end of the current quarter.

9. Changes in composition of the Group

There were no material changes in the composition of the Group for the financial year-to-date except for the following:

- a) A wholly-owned subsidiary of the Company, Limpahjaya Sdn Bhd, has disposed of 66,666,667 ordinary shares of RM1.00 each in Megasteel Sdn Bhd ("Megasteel"), representing approximately 11.1% of the existing issued and paid-up share capital of Megasteel to Lion Diversified Holdings Berhad for a cash consideration of RM100,000,000.
- b) The acquisition of the Mahkota Cheras Project by Pancar Tulin Sdn Bhd, a wholly-owned subsidiary of the Company.

The effects of the above acquisition on the financial results of the Group are as follows :

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 30/6/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2008 RM'000
Revenue	21,769	-
Profit before taxation	6,345	-
Net profit for the period	3,596	-

The effects of the above acquisitions on the financial position of the Group are as follows :

	AS AT END OF CURRENT QUARTER 30/6/2009 RM'000	AS AT DATE OF ACQUISITION RM'000
Non-current assets	33,251	36,982
Current assets	95,405	83,904
Current liabilities	(35,112)	(30,938)
Total net assets	93,544	89,948

10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

11. Performance review

The results of the Group continued to be affected by the global recession and uncertainties surrounding the global economic recovery. The Group registered lower revenue of RM3.1 billion and a loss before taxation of RM1.3 billion for the current financial year.

Included in the current year's result was a provision for diminution in value of inventories of RM358.0 million. The Group's associate which is involved in the steel industry also suffered losses, thus further adversely affecting the Group's performance.

12. Comment on material change in profit

	Current Year Quarter 30/6/2009 RM'000	Immediate Preceding Quarter 31/3/2009 RM'000
Revenue	408,380	521,112
Loss before taxation	(521,105)	(551,571)

The steel division continued to operate under a highly competitive environment in view of the slowdown in the global economy. For the quarter under review, the Group has further recognised a provision for diminution in value of its steel inventories amounting to RM159.3 million.

Our associate which is involved in the long steel products industry posted a lower loss largely due to improved margin on the back of higher steel prices, sales tonnage and lower production costs.

13. a) Prospects

The continued upturn in domestic and international demand since June 2009 has given rise to optimism of an impending economic recovery. Coupled with the Government's announcement of the New Steel Policy on 17 June 2009, the Group anticipates its results to be better in the next financial year on the back of an improved operating environment.

b) Forecast or target previously announced

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

14. Statement of the Board of Directors' opinion on achievement of forecast or target

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

15. Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

16. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2008 RM'000	CURRENT YEAR TO DATE 30/6/2009 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2008 RM'000
Taxation comprises :				
Income tax	2,143	1,148	2,683	2,009
Deferred tax	(19,552)	(12,230)	(42,543)	(15,943)
Recovery of tax deducted at source on dividend income from subsidiaries and associates	(16)	(129)	(835)	(918)
	<u>(17,425)</u>	<u>(11,211)</u>	<u>(40,695)</u>	<u>(14,852)</u>

The tax charge of the Group is mainly from profitable subsidiaries' taxation, and for tax purposes, cannot be utilised to set off against losses of other companies within the Group. Deferred tax is mainly in respect of the pioneer status benefits enjoyed by a major subsidiary.

17. Sale of unquoted investments and properties

	CURRENT YEAR QUARTER 30/6/2009 RM'000	CURRENT YEAR TO DATE 30/6/2009 RM'000
(Loss)/Gain on disposal of properties	<u>(1,201)</u>	<u>25,384</u>

18. Quoted securities

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

	CURRENT YEAR QUARTER 30/6/2009 RM'000	CURRENT YEAR TO DATE 30/6/2009 RM'000
Total sale proceeds	<u>511</u>	<u>522</u>
Total gain on disposal	<u>391</u>	<u>356</u>

Details of investments in quoted securities (excluding investments in associates) as at the end of the reporting period were as follows :

	RM'000
At cost	1,050
At book value	1,036
At market value	<u>5,570</u>

19. Corporate proposals(a) Status of corporate proposals

No	Date of Announcement	Subject	Status
1	21.5.2008, 18.6.2008, 4.7.2008, 10.7.2008, 24.7.2008, 17.10.2008, 7.11.2008, 3.12.2008, 5.12.2008, 23.12.2008, 24.12.2008, 7.1.2009, 19.1.2009, 22.1.2009, 3.2.2009, 16.2.2009, 25.2.2009, 27.2.2009, 20.4.2009, 8.5.2009 and 11.6.2009	Proposed issuance of warrants to existing shareholders of the Company on a rights basis of one warrant for every four ordinary shares held in the Company prior to the issuance of the new shares pursuant to the Shares Conversion and the Acquisition of Mahkota Cheras Project, being part of the Corporate and Debt Restructuring Scheme implemented by the Company on 27 February 2009.	<p>Approvals obtained from all relevant authorities.</p> <p>Pending completion:</p> <p>The Company had on 8 May 2009 submitted an application to the Securities Commission ("SC") for an extension of time to 26 November 2009, to complete the Proposed Rights Issue of Warrants.</p> <p>The SC had on 8 June 2009 approved the extension of time to 1 August 2009.</p> <p>The Company had on 17 July 2009 applied to the SC for a further extension of time to 1 February 2010, to complete the Proposed Rights Issue of Warrants.</p>

(b) Status of utilisation of proceeds from corporate proposals

Not applicable.

20. Borrowings and debt securities

The Group's borrowings as at the end of the reporting period were as follows :

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
<u>Borrowings</u>			
Secured	1,184,720	423,102	1,607,822
Unsecured	52,555	-	52,555
	<u>1,237,275</u>	<u>423,102</u>	<u>1,660,377</u>
<u>Bonds and Debts</u>			
Secured	49,460	1,279,331	1,328,791
Total	<u>1,286,735</u>	<u>1,702,433</u>	<u>2,989,168</u>

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

	Foreign Currency	
	'000	RM'000
<u>Borrowings</u>		
- Ringgit Malaysia	-	1,112,558
- US Dollar	155,233	<u>547,819</u>
		<u>1,660,377</u>
<u>Bonds and Debts</u>		
- Ringgit Malaysia	-	1,244,668
- US Dollar	23,838	<u>84,123</u>
		<u>1,328,791</u>
Total		<u>2,989,168</u>

21. Off balance sheet financial instruments

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

22. Changes in material litigation

There were no material litigation since the last annual balance sheet date.

23. Dividend proposed

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

24. (Loss)/Earnings per share**Basic**

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

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>CURRENT YEAR QUARTER</u> <u>30/6/2009</u>	<u>PRECEDING YEAR CORRESPONDING QUARTER</u> <u>30/6/2008</u>	<u>CURRENT YEAR TO DATE</u> <u>30/6/2009</u>	<u>PRECEDING YEAR CORRESPONDING PERIOD</u> <u>30/6/2008</u>
Net (loss)/profit attributable to ordinary equity holders of the Company (RM'000)	<u>(406,381)</u>	<u>(44,574)</u>	<u>(1,041,527)</u>	<u>14,710</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,900,042</u>	<u>1,005,116</u>	<u>1,309,100</u>	<u>1,005,116</u>
Basic (loss)/earnings per share (sen)	<u>(21.39)</u>	<u>(4.43)</u>	<u>(79.56)</u>	<u>1.46</u>

Diluted

Fully diluted (loss)/earnings per share is not disclosed as there are anti-dilutive effect for the current quarter and financial year-to-date.

25. 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 Group's current liabilities which exceeded its current assets by RM3,293.4 million. In addition, the auditors also highlighted that the Company has not met its scheduled bonds and debts repayment obligations and had on 21 May 2008 proposed to undertake a corporate and debt restructuring exercise to address its debt obligations.

The latest annual audited financial statements for the financial year ended 30 June 2009 were not subject to any audit qualification or emphasis of matter note.

LION CORPORATION BERHAD (12890-A)
(Incorporated in Malaysia)

Interim report for the fourth quarter ended 30 June 2009

(The figures have been audited)

PROPOSED DIVESTMENT PROGRAMME ("PDP")

(i) Status of the assets to be divested

Stages of the Assets to be divested	PDP (Per GWRS)	Divestment concluded Total	Amount received (Jan - Dec 2009)		
			Current quarter	Year-to-date	Projected full year
	RM'million	RM'million	RM'million	RM'million	RM'million
By December 2003 Shares in listed and unlisted companies	33.30	2.70	-	-	-
By December 2004 Shares in unlisted company	38.60	-	-	-	-
	71.90	2.70	-	-	-

(ii) Transactions completed during the quarter

There were no transactions completed during the quarter.

(iii) Utilisation of the divestment proceeds received

This note is not applicable.

(iv) Plans to overcome any projected shortfall

The Group is actively looking for potential buyers for its assets/companies under the PDP. Where necessary, the Group will divest other assets which are not under the PDP to redeem/repay the LCB Bonds/LCB Debts as scheduled.