



LION CORPORATION BERHAD

(Incorporated in Malaysia)

(12890-A)

Interim Report for the Second Quarter Ended 31 December 2010

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

Interim report for the second quarter ended 31 December 2010

(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/12/2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2009 RM'000	CURRENT YEAR TO DATE 31/12/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2009 RM'000
Revenue		728,471	934,282	1,253,630	1,728,967
Operating expenses		(885,079)	(886,391)	(1,449,292)	(1,692,584)
Other operating income		22,130	16,660	66,984	21,211
(Loss)/Profit from operations		(134,478)	64,551	(128,678)	57,594
Finance costs		(78,532)	(75,871)	(162,399)	(152,959)
Share in results of associates		37,703	62,781	34,432	111,805
Loss on dilution of an associate		-	(33,098)	-	(286,755)
(Loss)/Profit before taxation		(175,307)	18,363	(256,645)	(270,315)
Taxation	16	46,676	275	64,858	493
(Loss)/Profit for the period		(128,631)	18,638	(191,787)	(269,822)
Attributable to:					
- Owners of the parent		(98,586)	26,755	(154,965)	(191,709)
- Minority interests		(30,045)	(8,117)	(36,822)	(78,113)
(Loss)/Profit for the period		(128,631)	18,638	(191,787)	(269,822)
(Loss)/Earnings per share attributable to owners of the parent:					
- Basic (sen)	24	(5.19)	1.41	(8.15)	(10.08)
- Diluted (sen)	24	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

LION CORPORATION BERHAD (12890-A)
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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2009 RM'000	CURRENT YEAR TO DATE 31/12/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2009 RM'000
<u>Note</u>				
(Loss)/Profit for the period	(128,631)	18,638	(191,787)	(269,822)
<u>Other Comprehensive Income/(Loss)</u>				
- Translation difference on net equity of foreign subsidiaries and other movements	991	320	950	33
- Net (loss)/gain on fair value changes on available-for-sale financial assets	(37)	-	2	-
- Share of other comprehensive loss of associates	(1,499)	(3,568)	(6,064)	(16,723)
Other comprehensive loss for the period, net of tax	(545)	(3,248)	(5,112)	(16,690)
Total comprehensive (loss)/income for the period	(129,176)	15,390	(196,899)	(286,512)
Attributable to:				
- Owners of the parent	(99,131)	23,816	(160,077)	(207,069)
- Minority interests	(30,045)	(8,426)	(36,822)	(79,443)
	(129,176)	15,390	(196,899)	(286,512)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

LION CORPORATION BERHAD (12890-A)
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Interim report for the second quarter ended 31 December 2010

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	<u>Note</u>	AS AT END OF CURRENT QUARTER 31/12/2010	AS AT PRECEDING FINANCIAL YEAR END 30/6/2010
Non-Current Assets		RM'000	RM'000
Property, plant and equipment		2,852,072	2,918,011
Land held for property development		14,634	23,539
Prepaid land lease payments		13,814	13,934
Goodwill		479,135	479,135
Investment in associates		943,178	944,696
Long term investments		-	57,190
Available-for-sale investments		682	-
Held-to-maturity investments		31,580	-
Deferred tax assets		226,741	161,370
		4,561,836	4,597,875
Current Assets			
Property development costs		5,981	1,127
Inventories		857,831	1,543,038
Short term investments		-	12,514
Held-to-maturity investments		32,531	-
Receivables and tax recoverable		287,055	299,708
Deposits, cash and bank balances		100,542	142,871
		1,283,940	1,999,258
TOTAL ASSETS		5,845,776	6,597,133
EQUITY AND LIABILITIES			
Share capital		1,900,950	1,900,950
Reserves		(1,614,261)	(1,453,314)
Equity attributable to owners of the parent		286,689	447,636
Minority interests		118,497	155,512
Total equity		405,186	603,148
Non-Current Liabilities			
Preference shares		111,000	111,000
Long term borrowings	20	763,598	1,026,053
Bonds and debts	20	1,163,453	1,286,296
Deferred tax liabilities		6,793	7,779
Deferred liabilities		11,561	11,282
		2,056,405	2,442,410
Current Liabilities			
Payables		2,455,106	2,956,540
Short term borrowings	20	714,102	523,642
Bonds and debts	20	214,878	71,289
Tax payable		99	104
		3,384,185	3,551,575
Total Liabilities		5,440,590	5,993,985
TOTAL EQUITY AND LIABILITIES		5,845,776	6,597,133
Net assets per share attributable to owners of the parent (RM) (Excluding equity component and warrants reserve)		0.13	0.22

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the parent →				Total RM'000	Minority Interests RM'000	Total Equity RM'000
	← Non-Distributable →						
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Accumulated Losses RM'000			
31 December 2010							
At 1 July 2010, as reported	1,900,950	97,685	382,844	(1,933,843)	447,636	155,512	603,148
Effect arising from adoption of FRS 139 (Note 1)	-	-	(877)	-	(877)	-	(877)
At 1 July 2010, as restated	1,900,950	97,685	381,967	(1,933,843)	446,759	155,512	602,271
Total comprehensive loss for the period	-	-	(2,807)	(157,270)	(160,077)	(36,822)	(196,899)
Share-based payment under Executive Share Option Scheme ("ESOS")	-	-	7	-	7	-	7
Dividend paid to minority interest	-	-	-	-	-	(193)	(193)
At 31 December 2010	1,900,950	97,685	379,167	(2,091,113)	286,689	118,497	405,186
31 December 2009							
At 1 July 2009	1,900,950	97,685	380,493	(1,818,558)	560,570	219,536	780,106
Total comprehensive loss for the period	-	-	(15,044)	(192,025)	(207,069)	(79,443)	(286,512)
Share-based payment under ESOS	-	-	10	-	10	-	10
At 31 December 2009	1,900,950	97,685	365,459	(2,010,583)	353,511	140,093	493,604

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 31/12/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2009 RM'000
OPERATING ACTIVITIES		
Loss before taxation	(256,645)	(270,315)
Adjustments for:		
Non-cash items	142,606	358,374
Non-operating items	122,739	39,311
Operating profit before working capital changes	8,700	127,370
Changes in working capital :		
Net changes in assets	612,830	(2,306)
Net changes in liabilities	(574,568)	(27,003)
Tax paid and others	(1,623)	(4,128)
	45,339	93,933
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,835)	(6,877)
Proceeds from redemption of investment	2,374	2,712
Dividend received	28,575	3,200
Proceeds from dilution of an associate	-	22,528
Others	2,279	5,079
	28,393	26,642
FINANCING ACTIVITIES		
Redemption of bonds and debts	(18,217)	(34,410)
Borrowings	(61,355)	(24,548)
Others (mainly interest paid)	(36,409)	(31,820)
	(115,981)	(90,778)
Net changes in cash & cash equivalents	(42,249)	29,797
Effects of changes in exchange rates	(72)	-
Cash & cash equivalents at beginning of the financial period	128,390	81,818
Cash & cash equivalents at end of the financial period	86,069	111,615

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies and methods 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2010. These explanatory notes 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 financial year ended 30 June 2010.

The significant accounting policies adopted in the interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2010 except for the adoption of the following new/revised Financial Reporting Standards ("FRSs"), Amendments to FRSs and IC Interpretations effective for the financial period beginning 1 July 2010:

FRS 3	Business Combinations (Revised 2010)
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements (Revised 2010)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 132	Classification of Rights Issues
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures, and IC Interpretation 9: Reassessment of Embedded Derivatives	
Amendments to FRSs 'Improvements to FRSs (2009)'	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Other than the effect of the application of FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

1. Accounting policies and methods of computation (Continued)

a) FRS 101: Presentation of Financial Statements

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income/loss. Comparative information, with exception of the requirements under FRS 139, has been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

b) FRS 139: Financial Instruments - Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the reporting date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when the Group becomes a party to the contractual provisions of the instruments.

The measurement bases applied to the financial assets and financial liabilities in the prior financial year are changed to conform to the measurement standards of the FRS 139 in the current financial period. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows:

- Financial instruments at fair value through profit or loss : At fair value through profit or loss
- Held-to-maturity investments : At amortised cost effective interest method
- Loans and receivables : At amortised cost effective interest method
- Available-for-sale investments : At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
- Loans and other financial liabilities : At amortised cost effective interest method

In accordance with FRS 139, the recognition, derecognition and measurement are applied prospectively from 1 July 2010. The effect of the remeasurement on 1 July 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening accumulated losses.

The adoption of FRS 139 has the following effects:

	As at 30/6/2010	Effect	As at 1/7/2010
	RM'000	RM'000	RM'000
Non-Current Assets			
Investment in associates	944,696	(1,327)	943,369
Long term investments	57,190	(57,190)	-
Available-for-sale investments	-	677	677
Held-to-maturity investments	-	56,963	56,963
Current Assets			
Short term investments	12,514	(12,514)	-
Held-to-maturity investments	-	12,514	12,514
Equity			
Other reserves	(382,844)	877	(381,967)
		-	

2. Comments about seasonal or cyclical factors

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

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 Group has redeemed/repaid part of its LCB SPV Debts amounting to USD5.9 million.

Other than as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the 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:

	<u>Steel</u> RM'000	<u>Property</u> RM'000	<u>Furniture</u> RM'000	<u>Investment & Others</u> RM'000	<u>Total</u> RM'000
Revenue					
Total sales	1,214,820	24,595	15,459	1,601	1,256,475
Inter-segment sales	(2,816)	-	(20)	(9)	(2,845)
External sales	<u>1,212,004</u>	<u>24,595</u>	<u>15,439</u>	<u>1,592</u>	<u>1,253,630</u>
Results					
Segment results	(140,284)	8,930	26	(2,594)	(133,922)
Interest and investment income					5,244
Loss from operations					(128,678)
Finance costs					(162,399)
Share in results of associates					34,432
Loss before taxation					<u>(256,645)</u>
Total Assets					
Segment assets	4,471,888	86,570	23,182	89,531	4,671,171
Investment in associates					943,178
Unallocated corporate assets					231,427
Consolidated total assets					<u>5,845,776</u>

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 during the financial year-to-date.

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

For the 6-month period ended 31 December 2010, the Group posted a lower revenue of RM1.25 billion as compared to RM1.73 billion in the preceding year corresponding period. The unfavourable performance was mainly due to the sluggish demand for flat steel products in both the domestic and overseas markets. As a result, margins were substantially lower on account of lower production volume resulting in an operating loss of RM129 million for the period under review.

Our associate which is also primarily involved in the steel industry was similarly affected by the difficult operating environment. However, following the completion of the disposal of its tyre operations in December 2010, a profit of RM34 million was shared by the Group (Preceding year corresponding period: Comprises contribution from the Group's associate in Singapore which recorded a gain on the disposal of its investment in China).

12. Comment on material change in profit

	Current Year Quarter	Immediate Preceding Quarter
	31/12/2010	30/9/2010
	RM'000	RM'000
Revenue	728,471	525,159
Loss before taxation	<u>(175,307)</u>	<u>(81,338)</u>

Revenue of the Group for the quarter under review was RM728 million, representing an increase of 39% from the preceding quarter. Despite recording a better sales volume, a higher loss was registered for the current quarter as selling prices for the Group's steel products were lower. However, the higher operating loss was partially cushioned by the favourable contribution from the associate as explained in Note 11.

Our property operation continued to report satisfactory results albeit negligible.

13. a) Prospects

The continued upturn in domestic and international demand for steel products since December 2010 has given rise to optimism that global economic recovery has taken hold. Coupled with the Malaysian Government's proactive and effective fiscal response and the impending implementation of the various major infrastructure projects, the Group expects its operating results to be better in the next quarter.

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 31/12/2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2009 RM'000	CURRENT YEAR TO DATE 31/12/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2009 RM'000
Taxation comprises :				
Income tax	(1,006)	(1,372)	(1,507)	(2,805)
Deferred tax	47,682	1,647	66,365	3,298
	46,676	275	64,858	493

After excluding the share in results of associates, the effective tax rate of the Group for the current quarter and financial year-to-date were lower than the Malaysian statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.

17. Sale of unquoted investments and properties

There were no material sales of unquoted investments or properties for the current quarter and financial year-to-date.

18. Quoted securities

There were no purchases or disposals of quoted securities for the current quarter and financial year-to-date.

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	123
At book value	561
At market value	<u>561</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, 11.6.2009, 25.8.2009, 24.2.2010 and 2.9.2010	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 ("Proposed Rights Issue of Warrants").	Approvals obtained from all relevant authorities. Pending completion: The Securities Commission had on 30 August 2010 approved the Company's application for an extension of time to 1 February 2011 to implement the Proposed Rights Issue of Warrants.
2	14.10.2010 and 13.01.2011	Proposed disposal by the Company of its entire 50.01% equity interest in Kinabalu Motor Assembly Sendirian Berhad ("KMA") to MBM Resources Berhad for a total cash consideration of RM1 and a cash settlement of inter-company debts for an amount of approximately RM13 million ("Proposed Disposal").	Pending: (i) approval from Ministry of International Trade and Industry; and (ii) waiver from the remaining shareholders of KMA on the transfer restriction and terms as set out in the Memorandum and Articles of Association and approval of the Proposed Disposal. Parties to the agreements had mutually agreed to extend the date of fulfillment of the conditions precedent for another three months to 13 April 2011.
3	10.02.2011	Proposed issuance of 17,000,000 3-year redeemable cumulative preference shares at USD1.00 each by Megasteel Harta (L) Limited ("Megasteel Harta"), a wholly-owned subsidiary of Megasteel Sdn Bhd ("Megasteel"), which is in turn a subsidiary of the Company, to Jedeford International Limited, a wholly-owned subsidiary of Lion Forest Industries Berhad, for a total issue price of USD17,000,000.	Pending approval from: (i) the shareholders of LCB; (ii) Syndicated Term Loans lenders of Megasteel; and (iii) any other regulatory approvals and/or parties, if required.

(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	641,421	763,598	1,405,019
Unsecured	72,681	-	72,681
	<u>714,102</u>	<u>763,598</u>	<u>1,477,700</u>
<u>Bonds and Debts</u>			
Secured	214,878	1,163,453	1,378,331
Total	<u>928,980</u>	<u>1,927,051</u>	<u>2,856,031</u>

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

	Foreign Currency	
	'000	RM'000
- Ringgit Malaysia	-	2,421,518
- US Dollar	140,710	434,513
		<u>2,856,031</u>

21. Financial instruments(a) Disclosure of Derivative

With the adoption of FRS 139, derivatives are recognised on their respective contract dates. There are no off-balance sheet financial instruments.

The Group enters into forward foreign exchange contracts to hedge its exposure to currency fluctuations affecting certain foreign currency denominated payables and receivables. The financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

There were no outstanding derivative financial instruments as at reporting dates and the latest practicable date.

(b) Disclosure of Gains/Losses Arising from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of financial liabilities as all financial liabilities were measured at amortised cost.

22. Changes in material litigation

There was 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 period attributable to owners of the parent by the weighted average number of ordinary shares in the Company in issue during the financial period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2010	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2009	CURRENT YEAR TO DATE 31/12/2010	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2009
Net (loss)/profit attributable to owners of the parent (RM'000)	(98,586)	26,755	(154,965)	(191,709)
Weighted average number of ordinary shares in issue ('000)	1,900,950	1,900,950	1,900,950	1,900,950
Basic (loss)/earnings per share (sen)	(5.19)	1.41	(8.15)	(10.08)

Diluted

The diluted (loss)/earnings per share is not presented as the unexercised warrants and RCSLS have no dilutive effect as the exercise prices are above the average market value of the Company's shares.

25. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2010 was not qualified.

26. Disclosure of realised and unrealised profits/losses

	CURRENT FINANCIAL PERIOD		AS AT THE END OF LAST FINANCIAL YEAR 30/6/2010
	Immediate Preceding Quarter 30/9/2010	Current Quarter 31/12/2010	
	RM'000	RM'000	RM'000
Total retained profits / (accumulated losses) of Lion Corporation Berhad and its subsidiaries:			Note: Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits/Losses Disclosure.
- Realised	(1,869,703)	(2,035,806)	
- Unrealised	281,046	311,426	
	(1,588,657)	(1,724,380)	
Total share of retained profits / (accumulated losses) from associated companies:			
- Realised	171,106	208,647	
- Unrealised	20,337	19,810	
	(1,397,214)	(1,495,923)	
Less: Consolidation adjustments (Mostly goodwill amortised & impaired)	(595,190)	(595,190)	
	(1,992,404)	(2,091,113)	
Total Group retained profits / (accumulated losses) as per consolidated accounts			

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

Interim report for the second quarter ended 31 December 2010
(The figures have not 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 2010)		
			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.