



LION CORPORATION BERHAD (12890-A)

(Incorporated in Malaysia)

Interim Financial Report for the Second Quarter Ended 31 December 2013

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

Interim financial report for the second quarter ended 31 December 2013
(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

| | Note | 3 MONTHS ENDED | | YEAR-TO-DATE ENDED | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | 31.12.2013 RM'000 | 31.12.2012 RM'000 | 31.12.2013 RM'000 | 31.12.2012 RM'000 |
| Revenue | | 734,381 | 436,581 | 1,212,599 | 1,131,593 |
| Operating expenses | | (755,631) | (518,118) | (1,300,596) | (1,274,266) |
| Other operating income | | 10,503 | 10,353 | 12,548 | 24,185 |
| Loss from operations | | (10,747) | (71,184) | (75,449) | (118,488) |
| Gain on disposal of a subsidiary | 9 | 23,275 | - | 23,275 | - |
| Finance costs | | (61,158) | (74,587) | (123,857) | (147,747) |
| Share in results of associates | | 958 | (1,318) | 2,009 | (7,403) |
| Loss before taxation | 23 | (47,672) | (147,089) | (174,022) | (273,638) |
| Taxation | 16 | 428 | 24,001 | (103) | 44,595 |
| Net loss for the financial period | | (47,244) | (123,088) | (174,125) | (229,043) |
| Attributable to: | | | | | |
| - Owners of the Company | | (33,176) | (101,636) | (132,019) | (189,187) |
| - Non-controlling interests | | (14,068) | (21,452) | (42,106) | (39,856) |
| Net loss for the financial period | | (47,244) | (123,088) | (174,125) | (229,043) |
| Loss per share attributable to owners of the Company: | | | | | |
| - Basic (sen) | 21 | (2.52) | (7.72) | (10.03) | (14.37) |
| - Diluted (sen) | 21 | 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 2013 and the accompanying explanatory notes attached to the interim financial statements)

LION CORPORATION BERHAD (12890-A)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 3 MONTHS ENDED | | YEAR-TO-DATE ENDED | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2013 RM'000 | 31.12.2012 RM'000 | 31.12.2013 RM'000 | 31.12.2012 RM'000 |
| Net loss for the financial period | (47,244) | (123,088) | (174,125) | (229,043) |
| <u>Other Comprehensive Income/(Loss)</u> | | | | |
| - Translation difference on net equity of foreign subsidiaries and other movements | 6,380 | 14 | 5,765 | 86 |
| - Net (loss)/gain on fair value changes on available-for-sale financial assets | (237) | 39 | (319) | 63 |
| - Share of other comprehensive income/(loss) of associates | 189 | 299 | 1,297 | (812) |
| Other comprehensive income/(loss) for the financial period, net of tax, representing items that may be reclassified subsequently to profit or loss | 6,332 | 352 | 6,743 | (663) |
| Total comprehensive loss for the financial period | (40,912) | (122,736) | (167,382) | (229,706) |
| Attributable to: | | | | |
| - Owners of the Company | (26,844) | (101,284) | (125,276) | (189,850) |
| - Non-controlling interests | (14,068) | (21,452) | (42,106) | (39,856) |
| | (40,912) | (122,736) | (167,382) | (229,706) |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

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

Interim financial report for the second quarter ended 31 December 2013
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | AS AT 31.12.2013 | AS AT 30.6.2013 |
|--|------|---------------------|--------------------|
| | | RM'000 | RM'000 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | | 2,452,496 | 2,522,577 |
| Land held for property development | | 641 | 6,805 |
| Goodwill | | 188,978 | 188,978 |
| Investment in associates | | 55,602 | 52,610 |
| Investment securities | | 990 | 4,379 |
| Deferred tax assets | | 334,616 | 332,244 |
| | | 3,033,323 | 3,107,593 |
| Current Assets | | | |
| Property development costs | | 8,128 | 4,297 |
| Inventories | | 807,740 | 842,189 |
| Investment securities | | 26,281 | 25,225 |
| Receivables and tax recoverable | | 122,049 | 194,050 |
| Deposits, cash and bank balances | | 230,987 | 151,535 |
| | | 1,195,185 | 1,217,296 |
| Non-current assets classified as held for sale | | - | 9,833 |
| | | 1,195,185 | 1,227,129 |
| TOTAL ASSETS | | 4,228,508 | 4,334,722 |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 1,316,199 | 1,316,199 |
| Reserves | | (1,225,443) | (1,100,167) |
| Equity attributable to owners of the Company | | 90,756 | 216,032 |
| Non-controlling interests | | (82,758) | (40,652) |
| Total equity | | 7,998 | 175,380 |
| Non-Current Liabilities | | | |
| Preference shares | | 111,000 | 111,000 |
| Loans and borrowings | 18 | 86,574 | 176,169 |
| Bonds and debts | 18 | 767,613 | 744,385 |
| Deferred tax liabilities | | 1,356 | 1,963 |
| Deferred liabilities | | 2,776 | 2,834 |
| | | 969,319 | 1,036,351 |
| Current Liabilities | | | |
| Payables | | 2,259,356 | 2,251,154 |
| Loans and borrowings | 18 | 990,875 | 871,733 |
| Tax payable | | 960 | 104 |
| | | 3,251,191 | 3,122,991 |
| Total Liabilities | | 4,220,510 | 4,159,342 |
| TOTAL EQUITY AND LIABILITIES | | 4,228,508 | 4,334,722 |
| Net assets per share attributable to owners of the Company (RM) (Excluding equity component and warrants reserve) | | 0.06 | 0.15 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

LION CORPORATION BERHAD (12890-A)
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Interim financial report for the second quarter ended 31 December 2013
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | ← Attributable to owners of the Company → | | | | Total RM'000 | Non- Controlling Interests RM'000 | Total Equity RM'000 |
|---|---|---|-----------------------------|---------------------------------|-----------------|--|---------------------------|
| | Share Capital RM'000 | ← Non-Distributable → Share Premium RM'000 | Other Reserves RM'000 | Accumulated Losses RM'000 | | | |
| 31 December 2013 | | | | | | | |
| At 1 July 2013 | 1,316,199 | 97,685 | 327,680 | (1,525,532) | 216,032 | (40,652) | 175,380 |
| Total comprehensive income/ (loss) for the financial period | - | - | 6,743 | (132,019) | (125,276) | (42,106) | (167,382) |
| At 31 December 2013 | 1,316,199 | 97,685 | 334,423 | (1,657,551) | 90,756 | (82,758) | 7,998 |
| 31 December 2012 | | | | | | | |
| At 1 July 2012 | 1,316,199 | 97,685 | 378,269 | (1,301,356) | 490,797 | 41,957 | 532,754 |
| Total comprehensive loss for the financial period | - | - | (663) | (189,187) | (189,850) | (39,856) | (229,706) |
| At 31 December 2012 | 1,316,199 | 97,685 | 377,606 | (1,490,543) | 300,947 | 2,101 | 303,048 |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

LION CORPORATION BERHAD (12890-A)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | YEAR-TO-DATE ENDED | |
|--|--------------------|-----------------|
| | 31.12.2013 | 31.12.2012 |
| | RM'000 | RM'000 |
| OPERATING ACTIVITIES | | |
| Loss before taxation | (174,022) | (273,638) |
| Adjustments for: | | |
| Non-cash items | 71,273 | 62,382 |
| Non-operating items | 119,379 | 152,228 |
| Operating profit/(loss) before working capital changes | 16,630 | (59,028) |
| Changes in working capital: | | |
| Net changes in assets | 101,292 | 360,938 |
| Net changes in liabilities | (53,973) | (232,015) |
| Tax paid and others | (172) | 62 |
| | 63,777 | 69,957 |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (766) | (12,337) |
| Proceeds from redemption of investments | 3,518 | 560 |
| Net cash inflow from disposal of a subsidiary | 32,996 | - |
| Dividend received | 313 | 1,510 |
| Others | - | (8) |
| | 36,061 | (10,275) |
| FINANCING ACTIVITIES | | |
| Loans and borrowings | 16,938 | (40,700) |
| Others (mainly interest paid) | (34,148) | (2,895) |
| | (17,210) | (43,595) |
| Net changes in cash & cash equivalents | 82,628 | 16,087 |
| Effects of changes in exchange rates | 166 | (23) |
| Cash & cash equivalents at beginning of the financial period | 137,280 | 117,882 |
| Cash & cash equivalents at end of the financial period | 220,074 | 133,946 |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)

LION CORPORATION BERHAD (12890-A)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2013

(The figures have not been audited)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with the Financial Reporting Standard ("FRS") 134: "Interim Financial Reporting" and paragraph 9.22 of the Main Market 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 2013. 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 2013.

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 2013 except for the adoption of the following FRSs, Amendments to FRSs and IC Interpretation effective for the financial period beginning 1 July 2013:

FRS 10 *Consolidated Financial Statements*
FRS 11 *Joint Arrangements*
FRS 12 *Disclosure of Interests in Other Entities*
FRS 13 *Fair Value Measurement*
FRS 119 *Employee Benefits*
FRS 127 *Separate Financial Statements*
FRS 128 *Investments in Associates and Joint Ventures*
Amendments to FRS 1 *Government Loans*
Amendments to FRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*
Amendments to FRS 10 *Consolidated Financial Statements - Transition Guidance*
Amendments to FRS 11 *Joint Arrangements - Transition Guidance*
Amendments to FRS 12 *Disclosure of Interests in Other Entities - Transition Guidance*
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
Improvement to FRSs Issued in 2012

The adoption of the above mentioned FRSs, Amendments to FRSs and IC Interpretation did not have any significant effect on the financial performance, position or presentation of financials of the Group.

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

Other than as disclosed in Note 23, 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

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> | <u>Property</u> | <u>Furniture</u> | <u>Others</u> | <u>Total</u> |
|----------------------------------|------------------|-----------------|------------------|---------------|-------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | |
| Total sales | 1,164,323 | 37,336 | 14,241 | 102 | 1,216,002 |
| Inter-segment sales | (3,373) | - | (21) | (9) | (3,403) |
| External sales | <u>1,160,950</u> | <u>37,336</u> | <u>14,220</u> | <u>93</u> | <u>1,212,599</u> |
| Results | | | | | |
| Segment (loss)/profit | (89,435) | 13,060 | (786) | (757) | (77,918) |
| Interest and investment income | | | | | <u>2,469</u> |
| Loss from operations | | | | | (75,449) |
| Gain on disposal of a subsidiary | | | | | 23,275 |
| Finance costs | | | | | (123,857) |
| Share in results of associates | | | | | 2,009 |
| Loss before taxation | | | | | <u>(174,022)</u> |
| Total Assets | | | | | |
| Segment assets | 3,586,016 | 139,626 | 25,583 | 82,672 | 3,833,897 |
| Investment in associates | | | | | 55,602 |
| Unallocated corporate assets | | | | | 339,009 |
| Consolidated total assets | | | | | <u>4,228,508</u> |

8. Subsequent events

Other than as disclosed in Note 17(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 except for the disposal of 100% equity interest in Lion Plate Mills Sdn Bhd on 31 December 2013 as disclosed in Note 17(a).

10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since 30 June 2013.

11. Performance review

| | 3 MONTHS ENDED | | YEAR-TO-DATE ENDED | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2013 RM'000 | 31.12.2012 RM'000 | 31.12.2013 RM'000 | 31.12.2012 RM'000 |
| <u>Revenue</u> | | | | |
| Steel | 710,847 | 425,283 | 1,160,950 | 1,103,685 |
| Property | 16,251 | 3,974 | 37,336 | 13,872 |
| Furniture | 7,210 | 7,310 | 14,220 | 13,939 |
| Others | 73 | 14 | 93 | 97 |
| | 734,381 | 436,581 | 1,212,599 | 1,131,593 |
| <u>Segment Profit/(Loss)</u> | | | | |
| Steel | (16,582) | (73,595) | (89,435) | (126,973) |
| Property | 5,129 | 1,356 | 13,060 | 7,915 |
| Furniture | (249) | (151) | (786) | (442) |
| Others | (473) | (596) | (757) | (1,910) |
| | (12,175) | (72,986) | (77,918) | (121,410) |

For the 6-month period under review, the Group posted a marginally higher revenue of RM1.2 billion as compared with RM1.1 billion in the preceding year corresponding period. This was mainly due to the higher sales volume for the local steel market. Correspondingly, lower loss of RM78 million was reported for the Group. Despite the intermittent **steel** market improvement in the December 2013 quarter, the rampant dumping activities by foreign millers remains a major market disturbance.

The **Property** Division reported better results for the period under review whilst the demand for the **furniture** products remained stagnant and highly competitive.

12. Comment on material change in profit

| | Current Year Quarter | Immediate Preceding Quarter |
|----------------------|-------------------------|--------------------------------|
| | 31.12.2013 RM'000 | 30.9.2013 RM'000 |
| Revenue | 734,381 | 478,218 |
| Loss from operations | (10,747) | (64,702) |
| Loss before taxation | (47,672) | (126,350) |

For the quarter under review, the Group registered a higher revenue of RM734 million as compared to the immediate preceding quarter. The improvement was mainly attributed to the higher domestic steel demand as a result of the intermittent market recovery. Together with the recognition of a RM23 million one-off gain resulting from the disposal of a subsidiary, a lower loss before taxation of RM48 million was reported for the current quarter.

13. a) Prospects

As mentioned in the previous interim report, in view of the ineffectiveness of the new steel policy imposed by the authorities, the Board expects the operating environment of the Group to remain challenging in the coming quarter. The Group will continue to work with the authorities in order to strengthen the enforcement of the measures announced to enable the local steel industry to grow and expand in an orderly manner.

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

| | 3 MONTHS ENDED | | YEAR-TO-DATE ENDED | |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2013 RM'000 | 31.12.2012 RM'000 | 31.12.2013 RM'000 | 31.12.2012 RM'000 |
| Taxation comprises : | | | | |
| Income tax | (1,066) | (574) | (3,091) | (1,611) |
| Deferred tax | 1,494 | 24,575 | 2,988 | 46,206 |
| | 428 | 24,001 | (103) | 44,595 |

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 were not deductible for tax purposes and deferred tax not recognised in respect of the losses.

17. Corporate proposals**(a) Status of corporate proposals**

| No | Date of Announcement | Subject | Status |
|----|-------------------------|---|--|
| 1 | 3.9.2013 and 31.12.2013 | Proposed disposal by Lion General Trading & Marketing (S) Pte Ltd, a wholly-owned subsidiary of the Company, of its entire 100% equity interest in Lion Plate Mills Sdn Bhd to Maximum Protection Services Sdn Bhd for a cash consideration of RM33 million ("Proposed Disposal). | The Proposed Disposal was completed on 31 December 2013. |

(b) Status of utilisation of proceeds from corporate proposals

Please refer to Appendix 1.

18. Borrowings and debt securities

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

| | Short Term RM'000 | Long Term RM'000 | Total RM'000 |
|-----------------------------|----------------------|---------------------|------------------|
| <u>Loans and Borrowings</u> | | | |
| Secured | 926,628 | 86,574 | 1,013,202 |
| Unsecured | 64,247 | - | 64,247 |
| | <u>990,875</u> | <u>86,574</u> | 1,077,449 |
| <u>Bonds and Debts</u> | | | |
| Secured | - | 767,613 | 767,613 |
| Total | <u>990,875</u> | <u>854,187</u> | 1,845,062 |

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

| | Foreign Currency '000 | RM'000 |
|--------------------|--------------------------|------------------|
| - Ringgit Malaysia | - | 1,517,416 |
| - US Dollar | 99,710 | 327,646 |
| | | 1,845,062 |

19. Changes in material litigation

There was no material litigation since 30 June 2013.

20. Dividend proposed

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

21. Loss per shareBasic

Basic loss per share is calculated by dividing the net loss for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in the Company in issue during the financial period.

| | 3 MONTHS ENDED | | YEAR-TO-DATE ENDED | |
|--|------------------|------------|--------------------|------------|
| | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 |
| Net loss attributable to owners of the Company (RM'000) | (33,176) | (101,636) | (132,019) | (189,187) |
| Weighted average number of ordinary shares in issue ('000) | 1,316,199 | 1,316,199 | 1,316,199 | 1,316,199 |
| Basic loss per share (sen) | (2.52) | (7.72) | (10.03) | (14.37) |

Diluted

The diluted loss per share is not presented as the unexercised warrants and redeemable convertible secured loan stocks have no dilutive effect as the exercise and conversion prices are above the average market value of the Company's shares.

22. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2013 was not qualified.

23. Loss before taxation

Loss before taxation is arrived at after crediting/(charging) the following income/(expenses):

| | 3 MONTHS ENDED | | YEAR-TO-DATE ENDED | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2013 RM'000 | 31.12.2012 RM'000 | 31.12.2013 RM'000 | 31.12.2012 RM'000 |
| (a) Interest income | 1,428 | 1,802 | 2,469 | 2,922 |
| (b) Other income including investment income but excluding foreign exchange gain | 9,075 | 8,409 | 10,079 | 10,203 |
| (c) Interest expense | (61,158) | (74,587) | (123,857) | (147,747) |
| (d) Depreciation and amortisation | (35,722) | (35,601) | (71,401) | (71,091) |
| (e) Provision for and write off of receivables | - | - | - | - |
| (f) Provision for and write off of inventories | (12,607) | (2,357) | (12,607) | (2,357) |
| (g) Gain/(Loss) on disposal of quoted or unquoted investments or properties | 23,275 | - | 23,275 | - |
| (h) Impairment of asset | - | - | - | - |
| (i) Foreign exchange gain/(loss) | (11,273) | 3,125 | (24,860) | 9,996 |
| (j) Gain/(Loss) on derivatives | - | - | - | - |
| (k) Exceptional items | - | - | - | - |

24. Disclosure of realised and unrealised profits/losses

| | AS AT 31.12.2013 RM'000 | AS AT 30.6.2013 RM'000 |
|---|-------------------------------|------------------------------|
| Total retained profits / (accumulated losses) of the Company and its subsidiaries: | | |
| - Realised | (672,357) | (549,078) |
| - Unrealised | 348,906 | 358,555 |
| | (323,451) | (190,523) |
| Total share of (accumulated losses) / retained profits from associates: | | |
| - Realised | (411,367) | (412,472) |
| - Unrealised | 2,457 | 2,653 |
| | (732,361) | (600,342) |
| Less: Consolidation adjustments (Mostly goodwill amortised & impaired) | (925,190) | (925,190) |
| Total Group accumulated losses | (1,657,551) | (1,525,532) |

25. Material events

(a) Practice Note 17 ("PN 17")

The Company had on 25 October 2013 announced that it is an affected listed issuer pursuant to the provision of the Practice Note 17 ("PN 17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). In accordance with the PN 17, the Company is required to submit a regularisation plan within 12 months to Securities Commission/Bursa Securities. The Company is looking into formulating a plan to regularise its financial condition.

(b) Malaysia Competition Commission ("MyCC")

On 1 November 2013, the Malaysia Competition Commission ("MyCC") issued its Proposed Decision on Megasteel Sdn Bhd ("Megasteel"), a 79% owned subsidiary of the Company. In its Proposed Decision, MyCC is of the view that Megasteel had breached the provision of section 10(1) of the Competition Act, 2010 in that it had abused its dominant position by charging or imposing a price for its hot rolled coil and cold rolled coil that amounts to a margin squeeze that produces anti-competitive effects in the cold rolled coil market. A financial penalty of RM4.5 million is imposed by MyCC on Megasteel. Megasteel had on 12 December 2013 filed a written representation to MyCC and requested an oral representation. MyCC has yet to fix the hearing date for the oral representation.

Our solicitors have advised that we have good grounds to contest the Proposed Decision.

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

Interim financial report for the second quarter ended 31 December 2013
(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 2013) | |
|---|-------------------|----------------------------------|----------------------------------|--------------|
| | | | Current Quarter | Year-to-date |
| | RM'million | RM'million | RM'million | RM'million |
| By December 2003 Shares in listed and unlisted companies | 33.3 | 2.7 | - | - |
| By December 2004 Shares in unlisted companies | 38.6 | 13.0 | - | - |
| | 71.9 | 15.7 | - | - |
| | | | | |

(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 Debt/LCB RCSLS.