



LION INDUSTRIES CORPORATION BERHAD

(Incorporated in Malaysia)

(415-D)

Interim Report for the First Quarter Ended 30 September 2010

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LION INDUSTRIES CORPORATION BERHAD (415-D)
(Incorporated in Malaysia)

Interim report for the first quarter ended 30 September 2010
(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2009 RM'000	CURRENT TO DATE 30/9/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2009 RM'000
Continuing Operations				
Revenue	983,778	1,241,593	983,778	1,241,593
Operating expenses	(1,031,654)	(1,176,975)	(1,031,654)	(1,176,975)
Other operating income	11,254	6,565	11,254	6,565
(Loss)/Profit from operations	(36,622)	71,183	(36,622)	71,183
Finance costs	(24,415)	(24,572)	(24,415)	(24,572)
Share in results of associated companies and joint-venture	12,727	33,890	12,727	33,890
Income from other investments	6,303	5,854	6,303	5,854
(Loss)/Profit before taxation	(42,007)	86,355	(42,007)	86,355
Taxation	13,886	(14,021)	13,886	(14,021)
(Loss)/Profit from continuing operations	(28,121)	72,334	(28,121)	72,334
Discontinued Operations				
Profit from discontinued operations	9,186	11,762	9,186	11,762
(Loss)/Profit for the period	(18,935)	84,096	(18,935)	84,096
Attributable to :				
- Owners of the parent	(18,779)	69,752	(18,779)	69,752
- Minority interests	(156)	14,344	(156)	14,344
(Loss)/Profit for the period	(18,935)	84,096	(18,935)	84,096
(Loss)/Earnings per share attributable to owners of the parent (sen) :				
- Basic	24			
For continuing operations	(3.40)	8.77	(3.40)	8.77
For discontinued operations	0.78	1.01	0.78	1.01
	(2.62)	9.78	(2.62)	9.78
- Diluted	24			
For continuing operations	N/A	8.76	N/A	8.76
For discontinued operations	N/A	1.00	N/A	1.00
	N/A	9.77	N/A	9.77

(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 INDUSTRIES CORPORATION BERHAD (415-D)

(Incorporated in Malaysia)

Interim report for the first quarter ended 30 September 2010

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2009 RM'000	CURRENT YEAR TO DATE 30/9/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2009 RM'000
(Loss)/Profit for the period	(18,935)	84,096	(18,935)	84,096
<u>Other comprehensive (loss)/income</u>				
- Currency translation difference	(5,219)	(2,898)	(5,219)	(2,898)
- Net gain on fair value changes on available-for-sale financial assets	33	-	33	-
- Other comprehensive loss for the period, net of tax	(5,186)	(2,898)	(5,186)	(2,898)
Total comprehensive (loss)/income for the period	(24,121)	81,198	(24,121)	81,198
Attributable to :				
- Owners of the parent	(23,040)	67,330	(23,040)	67,330
- Minority interests	(1,081)	13,868	(1,081)	13,868
	(24,121)	81,198	(24,121)	81,198

(The Condensed Consolidated Statements 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 INDUSTRIES CORPORATION BERHAD (415-D)
(Incorporated in Malaysia)

Interim report for the first quarter ended 30 September 2010

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	AS AT END OF CURRENT QUARTER 30/9/2010 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/6/2010 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,430,944	1,657,652
Investment properties		66,328	66,334
Prepaid land lease payments		97,432	102,380
Land held for property development		35,210	35,210
Investment in associated companies		755,407	782,400
Investment in jointly controlled entity		7,232	6,233
Long-term investments		-	87,699
Available-for-sale investments		4,688	-
Held-to-maturity investments		82,683	-
Deferred tax assets		51,749	49,907
Goodwill		130,443	130,443
		<u>2,662,116</u>	<u>2,918,258</u>
Current Assets			
Property development costs		49,248	42,738
Inventories		1,270,811	1,449,890
Short-term investments		-	10,552
Held-to-maturity investments		5,199	-
Trade receivables		515,149	464,723
Other receivables, deposits and prepayments		269,009	311,793
Amount due by jointly controlled entity		19,123	18,766
Deposits, cash and bank balances		644,347	838,597
		<u>2,772,886</u>	<u>3,137,059</u>
Assets classified as held for sale		384,374	404
		<u>3,157,260</u>	<u>3,137,463</u>
TOTAL ASSETS		5,819,376	6,055,721
EQUITY AND LIABILITIES			
Share capital		717,909	715,344
Reserves		2,300,817	2,323,059
Equity attributable to owners of the parent		<u>3,018,726</u>	<u>3,038,403</u>
Minority interests		380,935	382,016
Total equity		<u>3,399,661</u>	<u>3,420,419</u>
Non-Current Liabilities			
Redeemable cumulative convertible preference shares		12,833	13,672
Long-term borrowings	20	337,345	496,175
Hire purchase and finance lease payables		144,713	77,271
Deferred tax liabilities		29,407	47,124
		<u>524,298</u>	<u>634,242</u>
Current Liabilities			
Trade payables		646,992	653,322
Other payables and provision		716,899	931,349
Short-term borrowings	20	359,297	341,514
LICB Bonds and USD Debts	20	50,137	49,138
Hire purchase and finance lease payables		8,317	8,443
Tax liabilities		27,512	17,294
		<u>1,809,154</u>	<u>2,001,060</u>
Liabilities classified as held for sale		86,263	-
		<u>1,895,417</u>	<u>2,001,060</u>
Total Liabilities		<u>2,419,715</u>	<u>2,635,302</u>
TOTAL EQUITY AND LIABILITIES		5,819,376	6,055,721
Net assets per share attributable to owners of the parent (RM)		<u>4.20</u>	<u>4.25</u>

(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)

LION INDUSTRIES CORPORATION BERHAD (415-D)

(Incorporated in Malaysia)

Interim report for the first quarter ended 30 September 2010

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the parent →					Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000			
<u>30 September 2010</u>								
At 1 July 2010	715,344	529,706	(147)	17,778	1,775,722	3,038,403	382,016	3,420,419
Total comprehensive loss for the period	-	-	-	(4,261)	(18,779)	(23,040)	(1,081)	(24,121)
Share based payments	-	2,124	-	(2,124)	-	-	-	-
Issue of shares	2,565	798	-	-	-	3,363	-	3,363
At 30 September 2010	717,909	532,628	(147)	11,393	1,756,943	3,018,726	380,935	3,399,661
<u>30 September 2009</u>								
At 1 July 2009	712,967	527,312	-	35,667	1,419,602	2,695,548	332,957	3,028,505
Total comprehensive income for the period	-	-	-	(2,422)	69,752	67,330	13,868	81,198
Share based payments	-	210	-	(86)	-	124	-	124
Issue of shares	232	42	-	-	-	274	-	274
At 30 September 2009	713,199	527,564	-	33,159	1,489,354	2,763,276	346,825	3,110,101

(The Condensed Consolidated Statements 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)

LION INDUSTRIES CORPORATION BERHAD (415-D)

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 30/9/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2009 RM'000
<u>OPERATING ACTIVITIES</u>		
(Loss)Profit before taxation		
- Continuing operations	(42,007)	86,355
- Discontinued operations	12,170	13,841
	(29,837)	100,196
Adjustments for:		
Non-cash items (mainly depreciation)	28,150	26,829
Non-operating items (mainly associates' results & finance costs)	5,619	(9,222)
	3,932	117,803
Operating profit before changes in working capital		
Changes in working capital :		
Net changes in current assets	63,881	(120,415)
Net changes in current liabilities	(132,167)	(2,595)
Others (mainly tax paid)	(468)	(905)
	(64,822)	(6,112)
<u>INVESTING ACTIVITIES</u>		
Dividend received	34,436	-
Proceeds from redemption of investments	722	563
Purchase of property, plant and equipment	(15,561)	(16,279)
Purchase of investment	(42)	-
Interest received	5,571	5,119
Others	19	163
	25,145	(10,434)
<u>FINANCING ACTIVITIES</u>		
Issue of shares	3,363	274
Repayment of BalDS	(110,000)	(90,000)
Interest paid	(10,275)	(13,830)
Borrowings	(4,995)	(19,410)
Increase in cash and cash equivalents - restricted	(2,199)	(1,224)
	(124,106)	(124,190)
Net changes in cash & cash equivalents	(163,783)	(140,736)
Effects of exchange rate changes	(503)	(81)
Cash & cash equivalents at beginning of the period	295,540	234,622
Cash & cash equivalents at end of the period	131,254	93,805

(The Condensed Consolidated Statement of Cash Flow 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 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 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 financial period beginning 1 July 2010:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments)
FRS 2	Share-based Payment (Amendment)
FRS 3	Business Combinations (Revised)
FRS 4	Insurance Contracts
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)
FRS 7	Financial Instruments: Disclosures (Amendments)
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 127	Consolidated and Separate Financial Statements (Amendments)
FRS 132	Financial Instruments: Presentation (Amendments)
FRS 138	Intangible Assets (Amendments)
FRS 139	Financial Instruments: Recognition and Measurement (Amendments)
Improvements to FRSs (2009)	
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments)
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 12	Service Concession Arrangements
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 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Other than for 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.

a) FRS 101, Presentation of Financial Statements (Revised)

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity includes only details of transactions with owners. All non-owner changes in equity presented as a single line labelled as total comprehensive income. 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.

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

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 when the Group becomes a party to the contractual provisions of the instruments.

The measurement bases applied to the financial assets and liabilities in the prior financial year are changed to conform to the measurement standards of the FRS 139 in the current quarter. 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 effects 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 retained earnings.

The adoption of FRS 139 has the following effects:	As at 30.6.2010	Effects of FRS 139	As at 1.7.2010
	RM'000	RM'000	RM'000
Non-Current Assets			
Long term investments	87,699	(87,699)	-
Available-for-sale investments	-	3,774	3,774
Held-to-maturity investments	-	83,925	83,925
Current Assets			
Short term investments	10,552	(10,552)	-
Held-to-maturity investments	-	10,552	10,552
		<u>-</u>	

2. Comments about seasonal or cyclical factors

The Group's performance is 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.

4. 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.

5. Debt and equity securities

During the financial year-to-date,

- the issued and paid-up share capital of the Company was increased from RM715,344,265 to RM717,909,365 by the issuance of 164,700 new ordinary shares of RM1.00 each at an issue price of RM1.037 per share and 2,400,400 new ordinary shares of RM1.00 each at an issue price of RM1.33 per share for cash pursuant to the Executive Share Option Scheme of the Company.
- the Company has not repurchased any of its issued ordinary shares from the open market. As at 30 September 2010, the number of treasury shares held were 100,000 shares. The shares repurchased were being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.
- the Group has partially redeemed its Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") amounting to RM110.0 million.

Other than as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial year-to-date.

6. Dividends paid

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

7. Segmental information

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

	Steel RM'000	Property development RM'000	Tyre RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue							
Continuing Operations:							
External revenue	859,001	1,346	47,522	58,007	17,903	-	983,778
Inter-segment	14,463	-	-	-	-	(14,463)	-
Total revenue	<u>873,464</u>	<u>1,346</u>	<u>47,522</u>	<u>58,007</u>	<u>17,903</u>	<u>(14,463)</u>	<u>983,778</u>
Results							
Continuing Operations							
Segment results	(33,966)	5,892	(4,722)	842	(3,723)	-	(35,677)
Unallocated costs							(945)
Finance costs							(24,415)
Share in results of associated companies and joint venture	-	1,999	-	-	10,728	-	12,727
Income from other investments							6,303
Loss before taxation							<u>(42,007)</u>
Taxation							13,886
Loss from continuing operations							<u>(28,121)</u>
Discontinued Operations							
Profit from discontinued operations	-	-	9,186	-	-	-	9,186
Loss for the period							<u>(18,935)</u>
Assets							
Continuing Operations							
Segment assets	3,506,108	313,469	171,729	197,244	99,173	-	4,287,723
Investment in associated companies and joint venture	-	7,232	-	-	755,407	-	762,639
Unallocated corporation assets							384,641
							<u>5,435,002</u>
Discontinued Operations/Assets classified as held for sale							
Segment assets	-	-	378,590	-	5,784	-	384,374
Consolidated total assets							<u>5,819,376</u>

8. Subsequent events

Other than as disclosed in Note 19, 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 first three months of the financial year, the Group posted a 21% lower revenue of RM984 million from its continuing operations compared to RM1,242 million a year ago. The decline in revenue was mainly caused by lower sales tonnage for the steel products in both the domestic and overseas markets largely due to steep contraction in steel consumption and higher raw material costs. As such, the Group recorded a loss from operations of RM37 million as compared to a profit of RM71 million a year ago.

Coupled with lower profit from associated companies, the Group registered a loss before tax of RM42 million from its continuing operations for the quarter under review against a profit of RM86 million a year ago.

Meanwhile, the local tyre operations which has been classified as discontinued operations pursuant to the proposed disposal disclosed in Note 19, generated a net profit of RM9 million compared to RM12 million in the preceding year corresponding period due to higher raw material costs despite higher revenue.

Overall, the Group posted a net loss of RM19 million against a profit of RM84 million in the preceding year corresponding period.

12. Comment on material change in profit

	Revenue		Profit/(Loss) from operations	
	Current Quarter 30/9/2010 RM'000	Immediate Preceding Quarter 30/6/2010 RM'000	Current Quarter 30/9/2010 RM'000	Immediate Preceding Quarter 30/6/2010 RM'000
Steel	859,001	1,141,670	(33,966)	126,377
Tyre	47,522	47,741	(4,722)	(1,421)
Others	77,256	98,090	3,011	44,966
Unallocated costs	-	-	(945)	(1,460)
	<u>983,778</u>	<u>1,287,501</u>	<u>(36,622)</u>	<u>168,462</u>

Revenue of the Group for the quarter under review was RM984 million, representing a contraction of 24% from the preceding quarter. The decline was mainly due to lower sales tonnage as consumption for steel was significantly lower. Coupled with the lower selling price for steel products and the higher raw material costs, the Group recorded a loss before taxation of RM42 million against a profit of RM160 million in the preceding quarter.

13. a) Prospects

Performance of our steel operations for the next quarter will, to a large extent, depend on the speedy implementation of the infrastructure projects announced by the Government to boost the country's economic growth and the impact of raw material prices, in particular, international scrap prices. Furthermore, the steel industry is concerned over the increasing trend in imports. Coupled with the uncertainties surrounding the recovery of the global economy, it is expected that the operating environment will remain challenging.

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

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>PRECEDING</u>		<u>PRECEDING</u>	
	<u>YEAR</u>		<u>YEAR</u>	
	<u>CURRENT</u>	<u>CORRESPOND</u>	<u>CURRENT</u>	<u>CORRESPOND</u>
	<u>YEAR</u>	<u>-ING</u>	<u>YEAR</u>	<u>-ING</u>
	<u>TO DATE</u>	<u>QUARTER</u>	<u>TO DATE</u>	<u>PERIOD</u>
	<u>30/9/2010</u>	<u>30/9/2009</u>	<u>30/9/2010</u>	<u>30/9/2009</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Taxation comprises :				
Continuing Operations				
In respect of current period:				
- income tax	4,786	6,461	4,786	6,461
- deferred tax	(17,250)	7,560	(17,250)	7,560
In respect of prior years:				
- deferred tax	(1,422)	-	(1,422)	-
	<u>(13,886)</u>	<u>14,021</u>	<u>(13,886)</u>	<u>14,021</u>

Excluding the share in results of the associated companies, the effective tax rate of the Group for the current quarter and financial year-to-date is higher than the statutory tax rate principally due to utilisation of tax credits and income not subject to tax.

17. Sale of unquoted investments and properties

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

18. Quoted securities

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

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

	RM'000
At cost	<u>89,849</u>
At book value	<u>32,093</u>
At market value	<u>42,497</u>

19. Corporate proposals

As disclosed in the interim report of Lion Forest Industries Berhad ("LFIB"), pursuant to the proposed disposal of Silverstone Berhad ("SB"), the assets and liabilities of SB have been presented on the consolidated statement of financial position as a disposal group held for sale and its results are presented separately on the consolidated income statement as discontinued operations.

The proposed disposal is expected to be completed by third quarter of financial year 2011.

An analysis of the results of discontinued operations is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	PRECEDING YEAR CURRENT YEAR TO DATE 30/9/2010 RM'000	CORRESPOND -ING QUARTER 30/9/2009 RM'000	PRECEDING YEAR CURRENT YEAR TO DATE 30/9/2010 RM'000	CORRESPOND -ING PERIOD 30/9/2009 RM'000
Revenue	111,513	108,310	111,513	108,310
Operating expenses	(97,321)	(94,245)	(97,321)	(94,245)
Loss on foreign exchange	(1,788)	(128)	(1,788)	(128)
Profit from operations	12,404	13,937	12,404	13,937
Finance costs	(234)	(96)	(234)	(96)
Profit before taxation	12,170	13,841	12,170	13,841
Taxation	(2,984)	(2,079)	(2,984)	(2,079)
Profit for the period from discontinued operations	9,186	11,762	9,186	11,762

The classes of assets and liabilities of SB classified as held for sale as at 30 September 2010 are as follows:

	RM'000
Assets of disposal group classified as held for sale:	
Property, plant and equipment	202,986
Prepaid land lease payments	4,265
Inventories	78,340
Receivables	92,384
Deposits, cash and bank balances	615
	<u>378,590</u>
Liabilities classified as held for sale:	
Payables	58,113
Borrowings	18,559
Other liabilities	7,030
	<u>83,702</u>
Total net assets of disposal group	<u>294,888</u>

The status of corporate proposals of LFIB is reported in the Interim Report of LFIB.

Other than the aforementioned, there were no corporate proposals pending completion at the date of this report.

20. Borrowings and debt securities

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

	Short Term RM'000	Long Term RM'000	Total RM'000
Continuing Operations			
Bank borrowings			
Secured	226,447	337,345	563,792
Unsecured	2,850	-	2,850
BaIDS			
Secured	130,000	-	130,000
	<u>359,297</u>	<u>337,345</u>	<u>696,642</u>
LICB Bonds and USD Debts			
Secured	50,137	-	50,137
	<u>409,434</u>	<u>337,345</u>	<u>746,779</u>
Discontinued Operations / Liabilities classified as held for sale			
Bank borrowings - secured	18,559	-	18,559
	<u>427,993</u>	<u>337,345</u>	<u>765,338</u>

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

- Ringgit Malaysia
- US Dollar

**Foreign
Currency**

'000	RM'000
-	563,467
65,458	<u>201,871</u>
	<u>765,338</u>

21. Financial instrumentsa) Disclosure of Derivative

There were no derivative financial instruments.

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

There have been no material gains/losses arising from fair value changes of financial liabilities for the current quarter and financial year-to-date.

22. Changes in material litigation

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

23. Dividend proposed

The Board does not recommend any interim dividend for the financial quarter ended 30 September 2010.

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	PRECEDING YEAR CURRENT YEAR TO DATE 30/9/2010	CORRESPOND -ING QUARTER 30/9/2009	PRECEDING YEAR CURRENT YEAR TO DATE 30/9/2010	PRECEDING YEAR CORRESPOND -ING PERIOD 30/9/2009
Net (loss)/profit attributable to equity holders of the parent (RM'000)				
- Continuing operations	(24,383)	62,577	(24,383)	62,577
- Discontinued operations	5,604	7,175	5,604	7,175
	<u>(18,779)</u>	<u>69,752</u>	<u>(18,779)</u>	<u>69,752</u>
Weighted average number of ordinary shares in issue ('000)	716,492	713,175	716,492	713,175
Basic EPS (sen)				
- Continuing operations	(3.40)	8.77	(3.40)	8.77
- Discontinued operations	0.78	1.01	0.78	1.01
	<u>(2.62)</u>	<u>9.78</u>	<u>(2.62)</u>	<u>9.78</u>

Diluted

For the purpose of calculating diluted EPS, the net profit/(loss) for the period attributable to equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. shares granted under the Executive Share Option Scheme ("ESOS").

There is no dilutive effects as the ESOS expired during the current quarter.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	PRECEDING YEAR CURRENT YEAR TO DATE 30/9/2010	CORRESPOND -ING QUARTER 30/9/2009	PRECEDING YEAR CURRENT YEAR TO DATE 30/9/2010	PRECEDING YEAR CORRESPOND -ING PERIOD 30/9/2009
Net (loss)/profit attributable to equity holders of the parent (RM'000)				
- Continuing operations	(24,383)	62,577	(24,383)	62,577
- Discontinued operations	5,604	7,175	5,604	7,175
	<u>(18,779)</u>	<u>69,752</u>	<u>(18,779)</u>	<u>69,752</u>
Weighted average number of ordinary shares in issue ('000)	N/A	713,175	N/A	713,175
Effect of dilution ('000)	N/A	1,007	N/A	1,007
	<u>N/A</u>	<u>714,182</u>	<u>N/A</u>	<u>714,182</u>
Diluted EPS (sen)				
- Continuing operations	N/A	8.76	N/A	8.76
- Discontinued operations	N/A	1.00	N/A	1.00
	<u>N/A</u>	<u>9.77</u>	<u>N/A</u>	<u>9.77</u>

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. However, the auditors drew attention to the uncertainties regarding the provision for damages arising from a litigation claim by LFIB, a subsidiary company of the Company.

LION INDUSTRIES CORPORATION BERHAD (415-D)
(Incorporated in Malaysia)

Interim report for the first quarter ended 30 September 2010
(The figures have not been audited)

PROPOSED DIVESTMENT PROGRAMME ("PDP")

(i) Status of the Proposed Divestments

Assets to be Divested	PDP (Per GWRS)	Concluded Sales			Sale Proceeds Received					
		Up to December 2009	Current Year (Jan-Dec 10)		Up to December 2009	Current Year (Jan - Dec 10)			Projected to Dec 2010	Projected Full Year
			Current Quarter	Year- To-Date		Actual Received in				
	RM'million	RM'million	RM'million	RM'million	RM'million	RM'million	RM'million	RM'million	RM'million	
<u>By December 2002</u>										
Unlisted shares in pharmaceutical company	2.0	2.0	-	-	2.0	-	-	-	-	
Unlisted shares in automotive company	29.4	29.4	-	-	29.4	-	-	-	-	
Listed shares in financial services company	2.5	2.5	-	-	2.5	-	-	-	-	
	33.9									
<u>By December 2003</u>										
Shares in unlisted companies, industrial land, office block, factories and shoplots in Parade and shopping centre	174.3	174.3	-	-	174.3	-	-	-	-	
<u>By December 2004</u>										
Shares in unlisted companies and shoplots in Parade and shopping centre **	45.4	13.1	-	-	13.1	-	-	-	-	
<u>By December 2005</u>										
Shares in unlisted company, factories and apartment **	9.7	-	-	-	-	-	-	-	-	
<u>By December 2006</u>										
Shares in unlisted companies, commercial land, residential land and shoplots in Parade and shopping centre **	278.0	76.6	-	-	76.6	-	-	-	-	
Total	541.3	297.9	-	-	297.9	-	-	-	-	

** 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 LICB Bonds and USD Debts.

(ii) Transactions completed during the quarter

No transactions were completed during the quarter.

(iii) Utilisation of the divestment proceeds received

The divestment proceeds received were/will be used to redeem/repay the LICB Bonds and USD Debts.