



LION INDUSTRIES CORPORATION BERHAD

(Incorporated in Malaysia)

(415-D)

Interim Report for the Second Quarter Ended 31 December 2010

Condensed Consolidated Income Statements	1
Condensed Consolidated Statement of Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5
Notes to the Condensed Financial Statements	6 - 14

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

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

CONDENSED CONSOLIDATED INCOME STATEMENT

	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
Continuing Operations				
Revenue	1,178,154	1,076,991	2,161,932	2,318,584
Operating expenses	(1,195,497)	(1,029,830)	(2,227,151)	(2,206,802)
Other operating income	18,877	12,723	30,131	19,160
Profit/(Loss) from operations	1,534	59,884	(35,088)	130,942
Finance costs	(25,255)	(22,235)	(49,670)	(46,682)
Share in results of associated companies and joint-venture	18,555	52,604	31,282	86,494
Income from other investments	6,929	6,857	13,232	12,711
Profit/(Loss) before taxation	1,763	97,110	(40,244)	183,465
Taxation	16	4,880	18,766	(24,311)
Profit/(Loss) from continuing operations	6,643	86,820	(21,478)	159,154
Discontinued Operations				
Profit from discontinued operations	184,713	12,985	193,899	24,747
Profit for the period	191,356	99,805	172,421	183,901
Attributable to :				
- Owners of the parent	142,781	83,472	124,002	153,224
- Minority interests	48,575	16,333	48,419	30,677
Profit for the period	191,356	99,805	172,421	183,901
Earnings per share attributable to owners of the parent (sen) :				
- Basic	24			
For continuing operations	4.20	10.59	0.80	19.37
For discontinued operations	15.73	1.11	16.51	2.12
	19.93	11.70	17.31	21.49
- Diluted	24			
For continuing operations	N/A	10.59	N/A	19.35
For discontinued operations	N/A	1.11	N/A	2.12
	N/A	11.70	N/A	21.47

(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)
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Interim report for the second quarter ended 31 December 2010
(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
Profit for the period	191,356	99,805	172,421	183,901
<u>Other comprehensive (loss)/income</u>				
- Currency translation difference	(17,102)	(2,898)	(22,321)	(8,581)
- Net gain/(loss) on fair value changes on available-for-sale financial assets	(1)	-	32	-
- Other comprehensive loss for the period, net of tax	(17,103)	(2,898)	(22,289)	(8,581)
Total comprehensive income for the period	<u>174,253</u>	<u>96,907</u>	<u>150,132</u>	<u>175,320</u>
Attributable to :				
- Owners of the parent	138,465	68,824	115,425	147,237
- Minority interests	35,788	28,083	34,707	28,083
	<u>174,253</u>	<u>96,907</u>	<u>150,132</u>	<u>175,320</u>

(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 second quarter ended 31 December 2010

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 31/12/2010 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/6/2010 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,445,723	1,657,652
Investment properties	66,321	66,334
Prepaid land lease payments	91,366	102,380
Land held for property development	35,252	35,210
Investment in associated companies	737,859	782,400
Investment in jointly controlled entity	12,694	6,233
Long-term investments	-	87,699
Available-for-sale investments	4,275	-
Held-to-maturity investments	73,844	-
Deferred tax assets	47,810	49,907
Goodwill	130,443	130,443
	2,645,587	2,918,258
Current Assets		
Property development costs	24,363	42,738
Inventories	1,189,159	1,449,890
Short-term investments	-	10,552
Held-to-maturity investments	13,605	-
Trade receivables	521,575	464,723
Other receivables, deposits and prepayments	317,835	311,793
Amount due by jointly controlled entity	20,172	18,766
Deposits, cash and bank balances	1,063,323	838,597
	3,150,032	3,137,059
Assets classified as held for sale	4,701	404
	3,154,733	3,137,463
TOTAL ASSETS	5,800,320	6,055,721
EQUITY AND LIABILITIES		
Share capital	717,909	715,344
Reserves	2,433,646	2,323,059
Equity attributable to owners of the parent	3,151,555	3,038,403
Minority interests	399,735	382,016
Total equity	3,551,290	3,420,419
Non-Current Liabilities		
Redeemable cumulative convertible preference shares	12,833	13,672
Long-term borrowings	20 290,856	496,175
Hire purchase and finance lease payables	178,848	77,271
Deferred tax liabilities	17,686	47,124
	500,223	634,242
Current Liabilities		
Trade payables	478,428	653,322
Other payables and provision	707,067	931,349
Short-term borrowings	20 490,020	341,514
LICB Bonds and USD Debts	20 -	49,138
Hire purchase and finance lease payables	43,957	8,443
Tax liabilities	27,275	17,294
	1,746,747	2,001,060
Liabilities classified as held for sale	2,060	-
	1,748,807	2,001,060
Total Liabilities	2,249,030	2,635,302
TOTAL EQUITY AND LIABILITIES	5,800,320	6,055,721
Net assets per share attributable to owners of the parent (RM)	4.39	4.25

(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 second quarter ended 31 December 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			
31 December 2010								
At 1 July 2010	715,344	529,706	(147)	17,778	1,775,722	3,038,403	382,016	3,420,419
Dividends	-	-	-	-	(5,383)	(5,383)	(16,887)	(22,270)
Total comprehensive income for the period	-	-	-	(8,577)	124,002	115,425	34,707	150,132
Share based payments	-	2,124	-	(2,124)	-	-	-	-
Issue of shares	2,565	798	-	-	-	3,363	-	3,363
Purchase of treasury shares	-	-	(92)	-	-	(92)	-	(92)
Disposal of subsidiary companies	-	-	-	(161)	-	(161)	(101)	(262)
At 31 December 2010	717,909	532,628	(239)	6,916	1,894,341	3,151,555	399,735	3,551,290
31 December 2009								
At 1 July 2009	712,967	527,312	-	35,667	1,419,602	2,695,548	332,957	3,028,505
Dividend	-	-	-	-	(5,349)	(5,349)	-	(5,349)
Total comprehensive income for the period	-	-	-	(5,987)	153,224	147,237	28,083	175,320
Share based payments	-	210	-	38	-	248	-	248
Issue of shares	232	42	-	-	-	274	-	274
Dissolution of a subsidiary company	-	-	-	(7,272)	-	(7,272)	-	(7,272)
At 31 December 2009	713,199	527,564	-	22,446	1,567,477	2,830,686	361,040	3,191,726

(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)

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Interim report for the second quarter ended 31 December 2010

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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
<u>OPERATING ACTIVITIES</u>		
Profit/(Loss) before taxation		
- Continuing operations	(40,244)	198,819
- Discontinued operations	201,112	13,841
	<u>160,868</u>	<u>212,660</u>
Adjustments for:		
Non-cash items	50,151	57,002
Non-operating items	(185,198)	(39,335)
	<u>25,821</u>	<u>230,327</u>
Operating profit before changes in working capital		
Changes in working capital :		
Net changes in current assets	298,118	(307,736)
Net changes in current liabilities	(322,692)	192,910
Others	(468)	(6,068)
	<u>779</u>	<u>109,433</u>
<u>INVESTING ACTIVITIES</u>		
Dividends received	64,560	11,352
Proceeds from redemption of investments	2,115	3,315
Purchase of property, plant and equipment	(63,695)	(39,066)
Proceeds from disposal of property, plant and equipment	13,354	-
Net cash inflow/(outflow) from disposal of subsidiary companies	426,745	(9,891)
Purchase of investment	(42)	-
Others	4,912	12,753
	<u>447,949</u>	<u>(21,537)</u>
<u>FINANCING ACTIVITIES</u>		
Issue of shares	3,363	274
Repayment of BaDS	(110,000)	(90,000)
Interest paid	(10,275)	(13,830)
Borrowings	(22,538)	(33,099)
Redemption/Repayment of Bonds and USD Debts	(51,740)	(8,898)
Increase in cash and cash equivalents - restricted	(2,564)	(1,224)
Dividend paid to shareholders of the Company	(5,383)	(5,349)
Dividend paid to minority shareholders of a subsidiary company	(1,255)	-
Purchase of treasury shares	(92)	-
	<u>(200,484)</u>	<u>(152,126)</u>
Net changes in cash and cash equivalents	248,244	(64,230)
Effects of exchange rate changes	(379)	(463)
Cash and cash equivalents at beginning of the period	295,540	234,622
Cash and cash equivalents at end of the period	<u>543,405</u>	<u>169,929</u>

(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)

LION INDUSTRIES CORPORATION BERHAD (415-D)
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Interim report for the second quarter ended 31 December 2010
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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 only 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 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 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:	<u>As at 30.6.2010</u> RM'000	<u>Effects of FRS 139</u> RM'000	<u>As at 1.7.2010</u> 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,

- a) 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.
- b) the Company repurchased a total of 50,000 ordinary shares of its issued ordinary shares from the open market at an average price of RM1.86 per share. The total consideration paid for the repurchase including transaction costs amounting to RM0.09 million was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 31 December 2010, the number of treasury shares held were 150,000 shares.
- c) the Group had on 14 December 2010 fully redeemed/repaid its LICB Bonds and USD Debts amounting to RM51.7 million; and
- d) 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

During the current quarter and financial year-to-date, a first and final dividend of 1%, less tax, amounting to RM5.4 million in respect of the previous financial year ended 30 June 2010 was paid by the Company.

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	1,861,978	31,884	108,084	119,243	40,743	-	2,161,932
Inter-segment	25,008	-	-	-	-	(25,008)	-
Total revenue	<u>1,886,986</u>	<u>31,884</u>	<u>108,084</u>	<u>119,243</u>	<u>40,743</u>	<u>(25,008)</u>	<u>2,161,932</u>
Results							
Continuing Operations							
Segment results	(34,258)	8,004	(12,158)	2,306	3,063	-	(33,043)
Unallocated costs							(2,045)
Finance costs							(49,670)
Share in results of associated companies and joint-venture	-	6,461	-	-	24,821	-	31,282
Income from other investments							13,232
Loss before taxation							<u>(40,244)</u>
Taxation							18,766
Loss from continuing operations							<u>(21,478)</u>
Discontinued Operations							
Profit from discontinued operations	-	-	193,899	-	-	-	193,899
Profit for the period							<u>172,421</u>

7. Segmental information (Cont'd)

	Steel RM'000	Property development RM'000	Tyre RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets							
Continuing Operations							
Segment assets	3,407,891	307,590	188,838	257,323	385,739	-	4,547,381
Investment in associated companies and joint-venture	-	12,694	-	-	737,859	-	750,553
Unallocated corporation assets							497,685
							<u>5,795,619</u>
Discontinued Operations/Assets classified as held for sale							
Segment assets	404	-	-	-	4,297	-	4,701
Consolidated total assets							<u><u>5,800,320</u></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 except for the disposal of the entire 100% equity interest in Silverstone Berhad on 10 December 2010.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	PRECEDING YEAR CURRENT YEAR TO DATE 31/12/2010 RM'000	CORRESPOND -ING QUARTER 31/12/2009 RM'000	PRECEDING YEAR CURRENT YEAR TO DATE 31/12/2010 RM'000	CORRESPOND -ING PERIOD 31/12/2009 RM'000
Revenue	120,264	105,378	231,777	213,688
Operating expenses	(103,343)	(89,768)	(202,452)	(184,016)
Profit from operations	16,921	15,610	29,325	29,672
Finance costs	(241)	(256)	(475)	(477)
Gain recognised on the measurement to fair value less costs to sell	172,262	-	172,262	-
Profit before taxation	188,942	15,354	201,112	29,195
Taxation	(4,229)	(2,369)	(7,213)	(4,448)
Profit for the period from discontinued operations	<u>184,713</u>	<u>12,985</u>	<u>193,899</u>	<u>24,747</u>

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 six months of the financial year, the Group posted a 7% lower revenue of RM2,162 million from its continuing operations compared to RM2,319 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 contraction in steel consumption and higher raw material costs. As such, the Group recorded a loss from operations of RM35 million as compared to a profit of RM131 million a year ago.

Coupled with lower profit from associated companies, the Group registered a loss before tax of RM40 million from its continuing operations against a profit of RM183 million a year ago.

Included in the results of discontinued operations and as disclosed in Note 9, was a gain on disposal of Silverstone Berhad of RM172 million.

Overall, the Group posted a lower profit of RM172 million compared to RM184 million in the preceding year corresponding period.

12. Comment on material change in profit

	Revenue		Profit/(Loss) from operations	
	Current Quarter 31/12/2010 RM'000	Immediate Preceding Quarter 30/9/2010 RM'000	Current Quarter 31/12/2010 RM'000	Immediate Preceding Quarter 30/9/2010 RM'000
Steel	1,002,977	859,001	(292)	(33,966)
Tyre	60,562	47,522	(7,436)	(4,722)
Others	114,615	77,255	10,362	3,011
Unallocated costs	-	-	(1,100)	(945)
	<u>1,178,154</u>	<u>983,778</u>	<u>1,534</u>	<u>(36,622)</u>

Revenue from continuing operations of the Group improved across all segments by 20% to RM1,178 million from the preceding quarter. Accordingly, the Group recorded a profit from operations of RM1.5 million against a loss of RM37 million in the preceding quarter.

Coupled with the higher profit from associated companies and joint-venture, the Group posted a profit before taxation of RM1.8 million from its continuing operations for the quarter under review against a loss of RM42 million in the preceding quarter.

Overall, the Group recorded a profit of RM191 million after accounting for the gain on disposal of Silverstone Berhad of RM172 million.

13. a) Prospects

The impending implementation of the major infrastructure projects announced by the Government to boost the country's economic growth and the recent rebound in international steel prices augur well for our steel operations. The Group is cautiously optimistic to record a set of improved performance 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 TO DATE 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 :				
Continuing Operations				
In respect of current period:				
- income tax	2,330	1,827	7,116	8,288
- deferred tax	(6,925)	8,883	(24,175)	16,443
In respect of prior years:				
- deferred tax	(285)	(420)	(1,707)	(420)
	<u>(4,880)</u>	<u>10,290</u>	<u>(18,766)</u>	<u>24,311</u>

Excluding the share in results of the associated companies and joint ventures, the effective tax rate of the Group for the current quarter is lower than the statutory tax rate principally due to utilisation of tax credits and non-taxable income.

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 except for the disposal by a subsidiary company of a piece of land measuring 8.01 hectares for a cash consideration of RM13.4 million. The disposal was completed by 31 December 2010 and resulted in a gain on disposal of RM6.9 million.

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>31,915</u>
At market value	<u>40,319</u>

19. Corporate proposals

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	Long Term	Total
	RM'000	RM'000	RM'000
Bank borrowings			
Secured	345,018	290,856	635,874
Unsecured	15,002	-	15,002
BalDS			
Secured	130,000	-	130,000
	<u>490,020</u>	<u>290,856</u>	<u>780,876</u>

	Foreign	
	Currency	
The Group's borrowings were denominated in the following currencies :		
	'000	RM'000
- Ringgit Malaysia	-	609,121
- US Dollar	55,620	<u>171,755</u>
		<u>780,876</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 31 December 2010.

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

Basic EPS is calculated by dividing the profit for the period attributable to owners 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		PRECEDING	
	YEAR		YEAR	
	CURRENT	CORRESPOND	CURRENT	CORRESPOND
	YEAR	-ING	YEAR	-ING
	TO DATE	QUARTER	TO DATE	PERIOD
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Profit attributable to owners of the parent (RM'000)				
- Continuing operations	30,097	75,551	5,714	138,127
- Discontinued operations	112,684	7,921	118,288	15,097
	<u>142,781</u>	<u>83,472</u>	<u>124,002</u>	<u>153,224</u>
Weighted average number of ordinary shares in issue ('000)	<u>716,472</u>	<u>713,199</u>	<u>716,482</u>	<u>713,060</u>
Basic EPS (sen)				
- Continuing operations	4.20	10.59	0.80	19.37
- Discontinued operations	15.73	1.11	16.51	2.12
	<u>19.93</u>	<u>11.70</u>	<u>17.31</u>	<u>21.49</u>

Diluted

For the purpose of calculating diluted EPS, the profit 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 on 31 August 2010.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	PRECEDING		PRECEDING	
	YEAR		YEAR	
	CURRENT	CORRESPOND	CURRENT	CORRESPOND
	YEAR	-ING	YEAR	-ING
	TO DATE	QUARTER	TO DATE	PERIOD
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Profit attributable to owners of the parent (RM'000)				
- Continuing operations	30,097	75,551	5,714	138,127
- Discontinued operations	112,684	7,921	118,288	15,097
	<u>142,781</u>	<u>83,472</u>	<u>124,002</u>	<u>153,224</u>
Weighted average number of ordinary shares in issue ('000)	N/A	713,199	N/A	713,060
Effect of dilution ('000)	N/A	332	N/A	691
	<u>N/A</u>	<u>713,531</u>	<u>N/A</u>	<u>713,751</u>
Diluted EPS (sen)				
- Continuing operations	N/A	10.59	N/A	19.35
- Discontinued operations	N/A	1.11	N/A	2.12
	<u>N/A</u>	<u>11.70</u>	<u>N/A</u>	<u>21.47</u>

25. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 December 2010 and 30 September 2010 are analysed as follows:

	Current Quarter 31/12/2010 RM'000	Immediate Preceding Quarter 30/9/2010 RM'000
Total retained profits of the Company and subsidiaries		
- Realised	1,548,424	1,433,172
- Unrealised	54,634	51,043
	<u>1,603,058</u>	<u>1,484,215</u>
Total share of retained profits from associated companies and joint-venture		
- Realised	292,258	273,572
- Unrealised	(5,290)	(5,159)
	<u>4,315</u>	<u>4,315</u>
Less: Consolidated adjustments		
	<u>4,315</u>	<u>4,315</u>
Total group retained profits as per consolidated financial statements	<u><u>1,894,341</u></u>	<u><u>1,756,943</u></u>

26. 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 second quarter ended 31 December 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)	
			Current Quarter	Year- To-Date		Actual Received in	
						Current Qtr	YTD
	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.

(iv) The Company had on 14 December 2010 fully repaid/redeemed its LICB Bonds and USD Debts.