



LION INDUSTRIES CORPORATION BERHAD

(Incorporated in Malaysia)

(415-D)

Interim Report for the Fourth Quarter Ended 30 June 2011

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

Interim report for the fourth quarter ended 30 June 2011

(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	<u>Note</u>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/06/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2010 RM'000	CURRENT YEAR TO DATE 30/06/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2010 RM'000
Continuing Operations					
Revenue		1,480,986	1,114,468	4,948,404	4,471,890
Operating expenses		(1,431,935)	(959,140)	(4,900,388)	(4,122,038)
Other operating income		2,233	20,961	47,038	53,320
Profit from operations		51,284	176,289	95,054	403,172
Finance costs		(20,433)	(23,647)	(90,040)	(93,013)
Share in results of associated companies and joint-venture		15,619	8,056	67,426	107,553
Income from other investments		12,183	4,806	32,528	24,467
Gain on partial disposal of shares in an associated company		-	-	-	24,011
Profit before taxation		58,653	165,504	104,968	466,190
Taxation	16	(10,703)	(38,895)	3,116	(81,688)
Profit from continuing operations		47,950	126,609	108,084	384,502
Discontinued Operations					
Profit from discontinued operations	9	466	6,674	174,908	32,668
Profit for the period/year		<u>48,416</u>	<u>133,283</u>	<u>282,992</u>	<u>417,170</u>
Attributable to :					
- Owners of the parent		45,009	119,593	232,110	361,469
- Minority interests		3,407	13,690	50,882	55,701
Profit for the period/year		<u>48,416</u>	<u>133,283</u>	<u>282,992</u>	<u>417,170</u>
Earnings per share attributable to owners of the parent (sen) :					
- Basic					
	24				
For continuing operations		6.12	16.00	17.22	47.41
For discontinued operations		0.16	0.74	15.13	3.26
		<u>6.28</u>	<u>16.74</u>	<u>32.35</u>	<u>50.67</u>
- Diluted					
	24				
For continuing operations		N/A	15.98	N/A	47.38
For discontinued operations		N/A	0.74	N/A	3.25
		<u>N/A</u>	<u>16.72</u>	<u>N/A</u>	<u>50.63</u>

(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)

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2010 RM'000	CURRENT YEAR TO DATE 30/06/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2010 RM'000
Profit for the period/year	48,416	133,283	282,992	417,170
<u>Other comprehensive income/(loss)</u>				
- Currency translation difference	(1,615)	(2,898)	(19,572)	(14,674)
- Net loss on fair value changes on available-for-sale financial assets	(7,935)	-	(7,890)	-
- Other comprehensive loss for the period/year, net of tax	(9,550)	(2,898)	(27,462)	(14,674)
Total comprehensive income for the period/year	<u>38,866</u>	<u>130,385</u>	<u>255,530</u>	<u>402,496</u>
Attributable to :				
- Owners of the parent	42,966	80,076	212,298	352,187
- Minority interests	(4,100)	50,309	43,232	50,309
	<u>38,866</u>	<u>130,385</u>	<u>255,530</u>	<u>402,496</u>

(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)

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	AS AT END OF CURRENT QUARTER 30/06/2011 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/6/2010 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,270,522	1,657,652
Investment properties		56,806	66,334
Prepaid land lease payments		85,333	102,380
Land held for property development		34,838	35,210
Investment in associated companies		791,607	782,400
Investment in jointly controlled entity		20,321	6,233
Long-term investments		-	87,699
Available-for-sale investments		53,772	-
Held-to-maturity investments		39,705	-
Deferred tax assets		43,539	49,907
Goodwill		130,443	130,443
		<u>2,526,886</u>	<u>2,918,258</u>
Current Assets			
Property development costs		21,195	42,738
Inventories		1,118,949	1,449,890
Held-to-maturity investments		17,266	10,552
Available-for-sale investments		23,379	-
Trade receivables		816,159	464,723
Other receivables, deposits and prepayments		471,269	311,793
Amount due by jointly controlled entity		24,383	18,766
Deposits, cash and bank balances		1,003,930	838,597
		<u>3,496,530</u>	<u>3,137,059</u>
Assets classified as held for sale		30,262	404
		<u>3,526,792</u>	<u>3,137,463</u>
TOTAL ASSETS		<u>6,053,678</u>	<u>6,055,721</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		717,909	715,344
Reserves		2,541,181	2,323,059
Equity attributable to owners of the parent		3,259,090	3,038,403
Minority interests		384,328	382,016
Total equity		<u>3,643,418</u>	<u>3,420,419</u>
Non-Current Liabilities			
Redeemable cumulative convertible preference shares		12,833	13,672
Long-term borrowings	20	536,194	496,175
Hire purchase and finance lease payables		177,558	77,271
Deferred tax liabilities		17,686	47,124
		<u>744,271</u>	<u>634,242</u>
Current Liabilities			
Trade payables		895,319	653,322
Other payables and provision		296,214	931,349
Short-term borrowings	20	403,044	341,514
LICB Bonds and USD Debts	20	-	49,138
Hire purchase and finance lease payables		32,247	8,443
Tax liabilities		39,165	17,294
		<u>1,665,989</u>	<u>2,001,060</u>
Liabilities classified as held for sale		-	-
		<u>1,665,989</u>	<u>2,001,060</u>
Total Liabilities		<u>2,410,260</u>	<u>2,635,302</u>
TOTAL EQUITY AND LIABILITIES		<u>6,053,678</u>	<u>6,055,721</u>
Net assets per share attributable to owners of the parent (RM)		<u>4.54</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 fourth quarter ended 30 June 2011

(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			
30 June 2011								
At 1 July 2010	715,344	529,706	(147)	17,778	1,775,722	3,038,403	382,016	3,420,419
Effect of adopting FRS139	-	-	-	8,432	-	8,432	-	8,432
Restated balance	715,344	529,706	(147)	26,210	1,775,722	3,046,835	382,016	3,428,851
Dividends	-	-	-	-	(5,383)	(5,383)	(27,732)	(33,115)
Total comprehensive income for the year	-	-	-	(19,812)	232,110	212,298	43,232	255,530
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	-	-	-	(3,809)	3,589	(220)	(42)	(262)
Acquisition of minority interests	-	-	-	2,289	-	2,289	(13,146)	(10,857)
At 30 June 2011	717,909	532,628	(239)	2,754	2,006,038	3,259,090	384,328	3,643,418
30 June 2010								
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 year	-	-	-	(9,282)	361,469	352,187	50,309	402,496
Share based payments	-	1,829	-	(1,335)	-	494	-	494
Issue of shares	2,377	565	(147)	-	-	2,795	-	2,795
Effect of dilution on equity interest in a subsidiary company	-	-	-	(7,272)	-	(7,272)	-	(7,272)
Acquisition of minority interests	-	-	-	-	-	-	(1,250)	(1,250)
At 30 June 2010	715,344	529,706	(147)	17,778	1,775,722	3,038,403	382,016	3,420,419

(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)

LION INDUSTRIES CORPORATION BERHAD (415-D)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO DATE 30/06/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2010 RM'000
<u>OPERATING ACTIVITIES</u>		
Profit before taxation		
- Continuing operations	104,968	466,190
- Discontinued operations	178,775	49,591
	<u>283,743</u>	<u>515,781</u>
Adjustments for:		
Non-cash items	(61,239)	(21,383)
Non-operating items	(7,190)	61,627
	<u>215,314</u>	<u>556,025</u>
Operating profit before changes in working capital		
Changes in working capital :		
Net changes in current assets	(206,857)	(873,609)
Net changes in current liabilities	(129,401)	635,379
Others	(617)	19,255
	<u>(121,561)</u>	<u>337,050</u>
<u>INVESTING ACTIVITIES</u>		
Dividends received	64,560	70,254
Proceeds from redemption of investments	3,786	3,881
Purchase of property, plant and equipment	(21,735)	(8,183)
Proceeds from disposal of property, plant and equipment	15,488	2,678
Acquisition of minority interest	(17,316)	(1,250)
Net cash inflow/(outflow) from disposal of subsidiary companies	407,052	(701)
Proceeds from disposal of shares in an associated company	-	57,907
Purchase of associated companies and other investments	(20,599)	(56,847)
Others	25,905	12,038
	<u>457,141</u>	<u>79,777</u>
<u>FINANCING ACTIVITIES</u>		
Issue of shares	3,363	2,942
Repayment of BaIDS	(240,000)	(90,000)
Proceeds from issuance of Sukuk	300,000	-
Interest paid	(46,092)	(21,735)
Borrowings	(50,067)	(196,178)
Redemption/Repayment of Bonds and USD Debts	(51,740)	(31,419)
Increase in cash and cash equivalents - restricted	(8,233)	(37,649)
Dividend paid to shareholders of the Company	(5,383)	(5,349)
Dividend paid to minority shareholders of subsidiary companies	(27,732)	-
Purchase of treasury shares	(92)	(147)
Others	573	25,381
	<u>(125,403)</u>	<u>(354,154)</u>
Net changes in cash and cash equivalents	210,177	62,673
Effects of exchange rate changes	(475)	(1,755)
Cash and cash equivalents at beginning of the year	295,540	234,622
Cash and cash equivalents at end of the year	<u>505,242</u>	<u>295,540</u>

(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 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 are 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</u> <u>30.6.2010</u>	<u>Effects of</u> <u>FRS 139</u>	<u>As at</u> <u>1.7.2010</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Non-Current Assets			
Long term investments	87,699	(87,699)	-
Available-for-sale investments	-	42,221	42,221
Held-to-maturity investments	-	53,910	53,910
Current Assets			
Short term investments	10,552	(10,552)	-
Held-to-maturity investments	-	10,552	10,552
Equity			
Other reserves	(17,778)	(8,432)	(26,210)
		<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 30 June 2011, 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;
- d) the Group has fully redeemed its Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") amounting to RM240.0 million; and
- e) the Group has issued RM300 million Sukuk under an Islamic Securities Programme.

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 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	4,140,386	37,008	-	686,089	84,921	-	4,948,404
Inter-segment	63,698	-	-	159,205	-	(222,903)	-
Total revenue	<u>4,204,084</u>	<u>37,008</u>	<u>-</u>	<u>845,294</u>	<u>84,921</u>	<u>(222,903)</u>	<u>4,948,404</u>
Results							
Continuing Operations							
Segment results	73,474	8,826	-	17,655	363	-	100,318
Unallocated costs							(5,264)
Finance costs							(90,040)
Share in results of associated companies and joint-venture	-	14,088	-	-	53,338	-	67,426
Income from other investments							32,528
Profit before taxation							<u>104,968</u>
Taxation							3,116
Profit from continuing operations							<u>108,084</u>
Discontinued Operations							
Profit from discontinued operations	-	-	175,163	-	(255)	-	174,908
Profit for the year							<u>282,992</u>

7. Segmental information (Continued)

	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	3,838,654	279,412	-	543,225	56,576	-	4,717,867
Investment in associated companies and joint-venture	-	20,321	-	-	791,608	-	811,929
Unallocated corporation assets							493,620
							<u>6,023,416</u>
Discontinued Operations/Assets classified as held for sale							
Segment assets	20,762	9,500	-	-	-	-	30,262
Consolidated total assets							<u>6,053,678</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 and Lion Motor Sdn Bhd on 28 February 2011, and 75% equity interest in Shandong Silverstone LuHe Rubber & Tyre Co Ltd (now known as Toyo Tire (Zhucheng) Co Ltd) on 29 June 2011.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 30/06/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2010 RM'000	CURRENT YEAR TO DATE 30/06/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2010 RM'000
Revenue	48,820	157,816	443,867	585,883
Operating expenses	(50,352)	(140,399)	(438,619)	(535,997)
Other operating income	1,258	521	3,479	1,615
(Loss)/Profit from operations	(274)	17,938	8,727	51,501
Finance costs	(5)	(547)	(929)	(1,910)
(Loss)/Gain recognised on the measurement to fair value less costs to sell	(2,601)	-	170,977	-
(Loss)/Profit before taxation	(2,880)	17,391	178,775	49,591
Taxation	3,346	(10,717)	(3,867)	(16,923)
Profit for the year from discontinued operations	<u>466</u>	<u>6,674</u>	<u>174,908</u>	<u>32,668</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 financial year under review, the Group posted a 11% higher revenue of RM4,948 million from its continuing operations compared to RM4,472 million a year ago. The higher revenue was mainly due to higher sales of building materials. However, the Group recorded a lower profit from operations of RM95.1 million as compared to RM403.2 million a year ago mainly due to lower sales tonnage of steel products and higher raw material costs.

Coupled with lower profit from associated companies, the Group registered a lower profit before taxation of RM105.0 million from its continuing operations compared to RM466.2 million a year ago.

Overall, the Group posted a lower profit of RM283.0 million compared to RM417.2 million in the preceding year corresponding period after accounting for the profit from discontinued operations of RM174.9 million.

12. Comment on material change in profit

	Revenue		Profit from operations	
	Current Quarter 30/06/2011 RM'000	Immediate Preceding Quarter 31/03/2011 RM'000	Current Quarter 30/06/2011 RM'000	Immediate Preceding Quarter 31/03/2011 RM'000
Steel	1,146,227	1,132,181	46,809	60,923
Others	334,759	284,250	6,192	6,028
Unallocated costs	-	-	(1,717)	(1,500)
Continuing operations	1,480,986	1,416,431	51,284	65,451

Revenue from continuing operations of the Group improved by 5% to RM1,481 million from the preceding quarter. However, the Group recorded a lower profit from operations of RM51.3 million compared to RM65.5 million in the preceding quarter mainly due to higher raw material costs.

Coupled with lower profit from associated companies and a joint-venture, the Group posted a lower profit before taxation of RM58.7 million for the quarter under review compared to RM72.7 million in the preceding quarter.

Overall, the Group recorded a profit of RM48.4 million after accounting for the profit from discontinued operations of RM0.5 million.

13. a) Prospects

The Group's steel division is expected to face increased challenges amid uncertainties brought about by the growing fear of a global slowdown. However, the domestic demand for steel products and building materials is expected to grow in line with the implementation of various infrastructure and construction projects which augur well for our steel and building material operations. Moving forward, the Group expects to record a set of satisfactory results for the next financial year.

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	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Taxation comprises :				
Continuing Operations				
In respect of current period:				
- income tax	7,157	962	18,540	14,207
- deferred tax	3,505	15,143	(19,905)	45,111
In respect of prior years:				
- deferred tax	41	22,790	(1,751)	22,370
	<u>10,703</u>	<u>38,895</u>	<u>(3,116)</u>	<u>81,688</u>

Excluding the share in results of the associated companies and the joint-venture, 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 on 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>32,691</u>
At market value	<u>32,691</u>

19. Corporate proposalsa) Status of corporate proposals

No	Date of Announcements	Subjects	Status
1.	03.03.2011 02.06.2011 03.08.2011	<ul style="list-style-type: none"> i) Proposed joint venture between Lion Industries Corporation Berhad ("LICB"), Lion Diversified Holdings Berhad ("LDHB") and Lion Forest Industries Berhad ("LFIB") in Lion Blast Furnace Sdn Bhd ("LBF") in the shareholding of 29%, 51% and 20% respectively; ii) Proposed disposal by Amsteel Mills Sdn Bhd (a 99% owned subsidiary of LICB) to LBF of a parcel of freehold land located in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor Darul Ehsan measuring approximately 41.36 acres, for a cash consideration of approximately RM16.22 million; and iii) Proposed provision of financial assistance by LICB in favour of LBF in the form of a corporate guarantee and pledge of securities to be given by LICB to secure a loan facility to be obtained by LBF and its subsidiary in relation to the Blast Furnace Project. 	Pending approvals of: i) Shareholders of LICB, LDHB and LFIB; and ii) Any other relevant authorities.

The status of corporate proposals of LFIB, a subsidiary of the Company, 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
Bank borrowings			
Secured	399,377	236,194	635,571
Unsecured	3,667	-	3,667
Sukuk			
Secured	-	300,000	300,000
	<u>403,044</u>	<u>536,194</u>	<u>939,238</u>

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

	Foreign Currency	'000	RM'000
- Ringgit Malaysia		-	798,457
- US Dollar		46,531	<u>140,781</u>
			<u>939,238</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 of Directors is recommending the following dividends in respect of the current financial year :

- a) i. Amount per share: 3 sen per share less 25% taxation; and single tier dividend of 1 sen per share;
- ii. Previous corresponding year: 1 sen per share less 25% taxation, amounting to RM5.4 million; and
- iii. Total dividend payable for the current financial year: RM23.3 million
- b) Payment date : To be announced later.
- c) Entitlement date : To be announced later.

24. Earnings 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	
	CURRENT YEAR TO DATE 30/06/2011	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2010	CURRENT YEAR TO DATE 30/06/2011	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2010
Profit attributable to owners of the parent (RM'000)				
- Continuing operations	43,891	114,321	123,546	338,241
- Discontinued operations	1,118	5,272	108,564	23,228
	<u>45,009</u>	<u>119,593</u>	<u>232,110</u>	<u>361,469</u>
Weighted average number of ordinary shares in issue ('000)	<u>717,759</u>	<u>714,801</u>	<u>717,448</u>	<u>713,405</u>
Basic EPS (sen)				
- Continuing operations	6.12	16.00	17.22	47.41
- Discontinued operations	0.16	0.74	15.13	3.26
	<u>6.28</u>	<u>16.74</u>	<u>32.35</u>	<u>50.67</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	
	CURRENT YEAR TO DATE 30/06/2011	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2010	CURRENT YEAR TO DATE 30/06/2011	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2010
Profit attributable to owners of the parent (RM'000)				
- Continuing operations	43,891	114,321	123,546	338,241
- Discontinued operations	1,118	5,272	108,564	23,228
	<u>45,009</u>	<u>119,593</u>	<u>232,110</u>	<u>361,469</u>
Weighted average number of ordinary shares in issue ('000)	N/A	714,801	N/A	713,405
Effect of dilution ('000)	N/A	576	N/A	547
	<u>N/A</u>	<u>715,377</u>	<u>N/A</u>	<u>713,952</u>
Diluted EPS (sen)				
- Continuing operations	N/A	15.98	N/A	47.38
- Discontinued operations	N/A	0.74	N/A	3.25
	<u>N/A</u>	<u>16.72</u>	<u>N/A</u>	<u>50.63</u>

25. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 30 June 2011 and 31 March 2011 are analysed as follows:

	Current Quarter 30/06/2011 RM'000	Immediate Preceding Quarter 31/03/2011 RM'000
Total retained profits of the Company and subsidiary companies		
- Realised	1,626,736	1,591,450
- Unrealised	51,875	54,182
	<hr/> 1,678,611	<hr/> 1,645,632
Total share of retained profits from associated companies and a joint-venture		
- Realised	327,931	312,779
- Unrealised	(4,819)	(5,286)
Less: Consolidated adjustments	4,315	4,315
	<hr/> 2,006,038	<hr/> 1,957,440
Total group retained profits as per consolidated financial statements		

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.