



# **LION INDUSTRIES CORPORATION BERHAD**

(Incorporated in Malaysia)

(415-D)

## **Interim Financial Report for the Fourth Quarter Ended 30 June 2013**

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

Interim financial report for the fourth quarter ended 30 June 2013

(The figures have not been audited)

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
		30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
Revenue		1,257,577	1,455,366	4,767,247	5,544,080
Operating expenses		(1,263,073)	(1,443,668)	(4,815,507)	(5,596,532)
Other operating income		5,062	18,347	32,687	79,379
Profit/(Loss) from operations		(434)	30,045	(15,573)	26,927
Finance costs		(14,613)	(16,029)	(64,193)	(71,891)
Share in results of associated companies and jointly controlled entity		11,616	18,791	93,661	119,111
Investment income		7,748	12,557	36,087	38,648
Exceptional items	22(k)	(50,551)	(122,042)	(81,872)	(125,627)
Loss before tax	22	(46,234)	(76,678)	(31,890)	(12,832)
Tax expense	16	(345)	(2,239)	(94)	(17,281)
Loss for the period/year		<u>(46,579)</u>	<u>(78,917)</u>	<u>(31,984)</u>	<u>(30,113)</u>
Loss attributable to:					
- Owners of the Company		(43,113)	(74,613)	(35,097)	(38,221)
- Non-controlling interests		(3,466)	(4,304)	3,113	8,108
Loss for the period/year		<u>(46,579)</u>	<u>(78,917)</u>	<u>(31,984)</u>	<u>(30,113)</u>
Loss per share attributable to owners of the Company (sen):	21				
- Basic		<u>(6.01)</u>	<u>(10.40)</u>	<u>(4.89)</u>	<u>(5.32)</u>
- Diluted		<u>(6.01)</u>	<u>(10.40)</u>	<u>(4.89)</u>	<u>(5.32)</u>

*(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)*

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

Interim financial report for the fourth quarter ended 30 June 2013  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>3 MONTHS ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>30.6.2013</b>	<b>30.6.2012</b>
	RM'000	RM'000	RM'000	RM'000
Loss for the period/year	(46,579)	(78,917)	(31,984)	(30,113)
<u>Other comprehensive income/(loss)</u>				
Exchange differences on translation of foreign operations	(271)	16,098	(6,304)	15,323
Net gain on fair value changes on available-for-sale financial assets and assets classified as held for sale	3,175	89,576	4,917	510
Change in fair value on disposal of assets classified as held for sale	-	-	(1,220)	-
Other comprehensive income/(loss) for the period/year, net of tax	2,904	105,674	(2,607)	15,833
Total comprehensive income/(loss) for the period/year	<u>(43,675)</u>	<u>26,757</u>	<u>(34,591)</u>	<u>(14,280)</u>
Profit/(Loss) attributable to:				
Owners of the Company	(45,157)	25,082	(38,398)	(30,284)
Non-controlling interests	1,482	1,675	3,807	16,004
	<u>(43,675)</u>	<u>26,757</u>	<u>(34,591)</u>	<u>(14,280)</u>

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)*

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

Interim financial report for the fourth quarter ended 30 June 2013

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<u>Note</u>	AS AT 30.6.2013 RM'000	AS AT 30.6.2012 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		1,243,147	1,288,871
Investment properties		4,579	4,627
Prepaid land lease payments		49,715	51,551
Land held for property development		35,368	79,001
Investment in associated companies		840,921	822,845
Investment in jointly controlled entity		88,238	56,741
Long-term investments		86,154	133,641
Deferred tax assets		81,059	56,367
Goodwill		130,443	130,443
Total Non-Current Assets		2,559,624	2,624,087
<b>Current Assets</b>			
Property development costs		58,903	14,426
Inventories		961,185	1,030,604
Short-term investments		20,941	20,063
Trade receivables		991,522	849,609
Other receivables, deposits and prepayments		486,035	480,943
Amount owing by jointly controlled entity		1,551	27,247
Deposits, cash and bank balances		562,062	584,838
		3,082,199	3,007,730
Assets classified as held for sale		-	22,393
Total Current Assets		3,082,199	3,030,123
<b>Total Assets</b>		<b>5,641,823</b>	<b>5,654,210</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital		717,909	717,909
Reserves		2,434,804	2,480,511
Equity attributable to owners of the Company		3,152,713	3,198,420
Non-controlling interests		388,566	386,828
Total equity		3,541,279	3,585,248
<b>Non-Current and Deferred Liabilities</b>			
Long-term borrowings	18	247,853	297,762
Hire-purchase and finance lease payables		109,409	124,894
Deferred tax liabilities		18,787	16,268
Total Non-Current and Deferred Liabilities		376,049	438,924
<b>Current Liabilities</b>			
Trade payables		585,731	548,663
Other payables, deposit and accrued expenses		561,721	543,216
Provisions		15,000	15,000
Hire-purchase and finance lease payables		16,173	16,600
Short-term borrowings	18	510,309	468,754
Redeemable cumulative convertible preference shares		-	12,388
Tax liabilities		35,561	25,417
Total Current Liabilities		1,724,495	1,630,038
<b>Total Liabilities</b>		2,100,544	2,068,962
<b>Total Equity and Liabilities</b>		<b>5,641,823</b>	<b>5,654,210</b>
Net assets per share attributable to owners of the Company (RM)		4.39	4.46

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)*

**LION INDUSTRIES CORPORATION BERHAD (415-D)**

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2013

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Attributable to owners of the Company →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000			
<b>30 June 2013</b>								
<b>At 1 July 2012</b>	717,909	532,627	(342)	17,323	1,930,903	3,198,420	386,828	3,585,248
Total comprehensive income for the year	-	-	-	(3,301)	(35,097)	(38,398)	3,807	(34,591)
Redemption of redeemable cumulative convertible preference shares by a subsidiary company	-	-	-	271	(271)	-	-	-
Dividend paid for the financial year ended 30 June 2012	-	-	-	-	(7,177)	(7,177)	(2,042)	(9,219)
Acquisition of non-controlling interests	-	-	-	-	20	20	(27)	(7)
Purchase of treasury shares	-	-	(152)	-	-	(152)	-	(152)
<b>At 30 June 2013</b>	<b>717,909</b>	<b>532,627</b>	<b>(494)</b>	<b>14,293</b>	<b>1,888,378</b>	<b>3,152,713</b>	<b>388,566</b>	<b>3,541,279</b>
<b>30 June 2012</b>								
<b>At 1 July 2011</b>	717,909	532,627	(239)	(1,939)	2,009,564	3,257,922	382,582	3,640,504
Total comprehensive income for the year	-	-	-	7,937	(38,221)	(30,284)	16,004	(14,280)
Dividend paid for the financial year ended 30 June 2011	-	-	-	-	(23,326)	(23,326)	(7,377)	(30,703)
Purchase of treasury shares	-	-	(103)	-	-	(103)	-	(103)
Disposal of associated companies	-	-	-	11,325	(17,848)	(6,523)	6,523	-
Acquisition of non-controlling interests	-	-	-	-	734	734	(10,904)	(10,170)
<b>At 30 June 2012</b>	<b>717,909</b>	<b>532,627</b>	<b>(342)</b>	<b>17,323</b>	<b>1,930,903</b>	<b>3,198,420</b>	<b>386,828</b>	<b>3,585,248</b>

*(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)*

# LION INDUSTRIES CORPORATION BERHAD (415-D)

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2013

(The figures have not been audited)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	30.6.2013 RM'000	30.6.2012 RM'000
<u>OPERATING ACTIVITIES</u>		
Loss before tax	(31,890)	(12,832)
Adjustments for:		
Non-cash items	250,270	270,833
Non-operating items	(65,461)	(108,245)
Operating profit before changes in working capital	152,919	149,756
Changes in working capital:		
Net changes in current assets	(149,031)	(162,279)
Net changes in current liabilities	46,597	(224,779)
	50,485	(237,302)
<u>INVESTING ACTIVITIES</u>		
Dividends received	45,123	42,531
Interest received	35,567	36,868
Proceeds from disposal of associated companies	-	86,824
Proceeds from disposal of other investments	20,709	-
Proceeds from disposal/redemption of investments	3,177	10,515
Proceeds from disposal of assets held for sale	404	-
Proceeds from disposal of investment properties	-	47,000
Proceeds from disposal of property, plant and equipment	1,018	10,287
Purchase of property, plant and equipment	(73,017)	(89,163)
Purchase of investment in an associated company	-	(29,455)
Settlement arising from litigation claim against a former subsidiary company	-	(40,000)
Log extraction premium paid to the State Government of Sabah	-	(3,385)
Acquisition of non-controlling interests	(7)	(10,170)
Others	(844)	(47,712)
	32,130	14,140
<u>FINANCING ACTIVITIES</u>		
Borrowings and interest paid	(176,472)	(184,865)
Proceeds from borrowings	49,080	-
Increase in cash and cash equivalents - restricted	26,960	299,335
Purchase of treasury shares	(152)	(103)
Redemption of redeemable cumulative convertible preference shares by a subsidiary company	(8,611)	-
Dividend paid to shareholders of the Company	(7,177)	(23,326)
Dividend paid to minority shareholders of subsidiary companies	(2,042)	(7,377)
	(118,414)	83,664
Net changes in cash and cash equivalents	(35,799)	(139,498)
Effects of changes in exchange rate	(89)	(144)
Cash and cash equivalents at beginning of the year	317,741	457,383
Cash and cash equivalents at end of the year	281,853	317,741

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)*

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

Interim financial report for the fourth quarter ended 30 June 2013  
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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**1. Accounting policies and methods of computation**

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2012. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2012.

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 2012 except for the adoption of the following FRSs effective for the financial period beginning 1 July 2012:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments)
FRS 7	Financial Instruments: Disclosures (Amendments)
FRS 101	Presentation of Financial Statements (Amendments)
FRS 112	Income Taxes (Amendments)
FRS 124	Related Party Disclosure (Revised)

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

**Malaysian Financial Reporting Standards**

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework") in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also include those entities that consolidate, equity account or proportionately consolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2012. However, on 30 June 2012, the MASB decided to extend the aforementioned transitional period for another one year. Thus, Transitioning Entities are given an additional option to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2013. Consequently, the MFRS Framework will be mandatory for application for annual periods beginning on or after 1 January 2014.

Accordingly, the Group, being a Transitioning Entity, has availed itself of this transitional arrangement and will continue to apply FRSs in its next two sets of financial statements. Therefore, the Group will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards in its financial statements for the financial year ending 30 June 2015, being the first set of financial statements prepared in accordance with the new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

**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, except as disclosed in the Interim Financial Report.

**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 Company repurchased a total of 150,000 ordinary shares of its issued ordinary shares from the open market at an average price of RM1.017 per share. The total consideration paid for the repurchase including transaction costs amounting to RM152,506 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 2013, the number of treasury shares held were 369,900 shares.

(b) 30,575,044 redeemable cumulative convertible preference shares ("RCCPS") of RM0.01 each issued at a premium of RM0.99 each by a subsidiary company matured and were redeemed on 14 March 2013 at RM1.00 per RCCPS. As at the redemption date, approximately 59.48% of the RCCPS had been acquired by the Group.

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 single-tier dividend of 1% amounting to RM7.2 million in respect of the previous financial year ended 30 June 2012 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	Building materials RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External revenue	4,059,777	580,650	24,652	102,168	-	4,767,247
Inter-segment revenue	109,501	330,227	-	-	(439,728)	-
Total revenue	<u>4,169,278</u>	<u>910,877</u>	<u>24,652</u>	<u>102,168</u>	<u>(439,728)</u>	<u>4,767,247</u>
<b>Results</b>						
Segment results	(33,226)	29,679	(1,555)	(3,472)	-	(8,574)
Unallocated costs						(6,999)
Finance costs						(64,193)
Share in results of associated companies and jointly controlled entity	16,072	-	31,497	46,092	-	93,661
Investment income						36,087
Exceptional items	(45,555)	(21,740)	(3,388)	(11,189)	-	(81,872)
Loss before tax						(31,890)
Tax expense						(94)
Loss for the year						<u>(31,984)</u>
<b>Assets</b>						
Segment assets	3,353,467	609,935	240,797	162,168	-	4,366,367
Investment in associated companies and jointly controlled entity	71,302	-	88,238	769,619	-	929,159
Unallocated corporation assets						346,297
Consolidated total assets						<u>5,641,823</u>

**8. Subsequent events**

Other than as disclosed in Note 17, 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 acquisition of the entire 100% equity interest in Lion Metal Industries Sdn Bhd on 31 January 2013.

**10. Changes in contingent liabilities and contingent assets**

There were no material changes in contingent liabilities or contingent assets since 30 June 2012.

**11. Performance review**

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
<b>Revenue</b>				
Steel	1,087,749	1,196,092	4,169,278	4,743,478
Building materials	239,844	380,215	910,877	955,052
Property development	12,782	6,028	24,652	14,636
Others	29,161	24,159	102,168	91,038
Eliminations	(111,959)	(151,128)	(439,728)	(260,124)
	<u>1,257,577</u>	<u>1,455,366</u>	<u>4,767,247</u>	<u>5,544,080</u>
<b>Segment Results</b>				
Steel	(6,619)	24,118	(33,226)	14,357
Building materials	6,669	12,352	29,679	24,415
Property development	1,373	1,638	(1,555)	(2,645)
Others	(358)	(5,955)	(3,472)	(1,549)
Unallocated costs	(1,499)	(2,108)	(6,999)	(7,651)
Profit/(Loss) from operations	(434)	30,045	(15,573)	26,927
Finance costs	(14,613)	(16,029)	(64,193)	(71,891)
Share in results of associated companies and jointly controlled entity	11,616	18,791	93,661	119,111
Investment income	7,748	12,557	36,087	38,648
Exceptional items	(50,551)	(122,042)	(81,872)	(125,627)
Loss before tax	<u>(46,234)</u>	<u>(76,678)</u>	<u>(31,890)</u>	<u>(12,832)</u>

For the financial year under review, the Group posted a 14% lower revenue of RM4,767 million compared to RM5,544 million recorded in the same period last year. This was mainly due to the lower sales registered by our steel and building materials divisions. The cost of raw materials remained relatively high and resulted in the Group recording a loss from operations of RM15.6 million against a profit of RM26.9 million last year. The associated companies and a jointly controlled entity contributed a lower profit to the Group of RM93.7 million compared to RM119.1 million last year. After accounting for a lower loss on exceptional items of RM81.9 million, the Group recorded a higher loss before tax of RM31.9 million as compared with RM12.8 million in the same period last year.

**Steel**

Steel division recorded a 12% lower revenue of RM4,169 million compared to RM4,743 million in the same period last year. The lower revenue was mainly due to the lower selling prices and sales tonnage particularly, wire rods and molten steel. In addition, the cost of raw materials remained relatively high and had resulted in the division recording a loss from operations of RM33.2 million as against a profit of RM14.4 million a year ago.

**Building materials**

Building materials division recorded a 5% lower revenue of RM910.9 million compared to RM955.1 million recorded in the same period last year. However, the division's profit increased to RM29.7 million from RM24.4 million recorded a year ago, mainly due to higher interest income on trade receivables.

**Property development**

Property development division registered a higher revenue of RM24.7 million and a lower loss from operations of RM1.6 million as compared to those of the same period last year.

**Others**

Others comprising the petroleum, lubricants and automotive products businesses, recorded a higher revenue of RM102.2 million as compared to RM91.0 million last year. The higher revenue was mainly attributable to higher sales volume from increase in demand and number of customers.

**Associated companies and jointly controlled entity**

The lower share in profit of the associated companies and jointly controlled entity was largely attributable to the lower profit from Parkson Holdings Berhad and Lion Asiapac Limited.

**Exceptional items**

Exceptional items comprised impairment losses on investments and trade receivable due by a related party totaling RM81.9 million for the year under review.

**12. Comment on material change in profit**

	<b>Current Year Quarter 30.6.2013</b>	<b>Immediate Preceding Quarter 31.3.2013</b>
	RM'000	RM'000
Revenue	1,257,577	1,232,868
Profit/(Loss) from operations	(434)	33,493
Profit/(Loss) before tax	(46,234)	53,732

Revenue of the Group for the quarter under review was RM1,258 million, representing an increase of 2% against RM1,233 million in the immediate preceding quarter. This was mainly attributable to the higher sales recorded by the steel and building materials divisions. The Group recorded a loss from operations of RM0.4 million as against a profit of RM33.5 million in the immediate preceding quarter mainly due to lower profit margin.

After accounting for a lower profit from associated companies and a jointly controlled entity of RM11.6 million and the higher loss on exceptional items of RM50.6 million, the Group posted a loss before tax of RM46.2 million against a profit of RM53.7 million in the immediate preceding quarter.

**13. a) Prospects**

The operating environment for the steel industry is expected to remain challenging due to uncertainties surrounding the recovery of the global economy, particularly the slowdown in the economic growth in China, which led to soft international steel prices and volatile raw material prices.

On the domestic front, steel demand is expected to be driven by the growth in the construction sector supported mainly by infrastructure projects under the Economic Transformation Programme as well as private sector projects. However, local steel producers will only fully benefit from the growth in demand of steel if the anti-dumping duties and steel policy imposed by the Government operate effectively.

Under such circumstances, the Group's performance would remain challenging 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. Tax expense/(credit)**

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
Estimated tax payable				
Current provision	6,303	15,679	25,475	30,783
Underprovision in prior years	(248)	5,461	(248)	461
Deferred taxation				
Current provision	(5,710)	(4,622)	(25,133)	316
Overprovision in prior years	-	(14,279)	-	(14,279)
	<u>345</u>	<u>2,239</u>	<u>94</u>	<u>17,281</u>

Excluding the share in results of the associated companies and the jointly controlled entity, the effective tax rate of the Group for the current quarter is higher than the statutory tax rate principally due to certain expenses not deductible for tax purpose.

**17. Corporate proposals**Status of corporate proposals

No	Date of Announcements	Subjects	Status
a)	3.3.2011 2.6.2011 3.8.2011 26.8.2011 31.10.2011 2.3.2012 28.8.2012 30.8.2012 1.3.2013 7.6.2013	<p>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;</p> <p>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</p> <p>iii) Proposed provision of financial assistance by LICB in the form of a corporate guarantee and pledge of securities proportionate to its shareholding in LBF for the latter and its subsidiary company to secure a loan facility in relation to the Blast Furnace Project.</p>	<p>Pending approvals of:</p> <p>i) Shareholders of LICB, LDHB and LFIB; and</p> <p>ii) Any other relevant authorities.</p>

The status of the corporate proposals of LFIB, a subsidiary company of the Company, is reported in the Interim Financial Report of LFIB.

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

**18. Borrowings and debt securities**

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

	<b>Short-Term</b> RM'000	<b>Long-Term</b> RM'000	<b>Total</b> RM'000
Bank borrowings			
Secured	444,538	9,730	454,268
Unsecured	5,771	-	5,771
Sukuk			
Secured	60,000	238,123	298,123
	<u>510,309</u>	<u>247,853</u>	<u>758,162</u>

	<b>Foreign</b> <b>Currency</b>	
The Group's borrowings were denominated in the following currencies		
	'000	RM'000
- Ringgit Malaysia	-	685,906
- US Dollar	22,765	72,256
		<u>758,162</u>

**19. Changes in material litigation**

There was no material litigation since 30 June 2012.

**20. Dividend proposed**

The Board of Directors is recommending a first and final dividend in respect of the current financial year:

- a)
  - i. Amount per share: Single-tier dividend of 1 sen per share;
  - ii. Previous corresponding year: Single-tier dividend of 1 sen per share amounting to RM7.2 million; and
  - iii. Payment date: To be announced later
  - iv. Entitlement date: To be announced later.
- b) Total dividend payable for the current financial year: RM7.2 million.

**21. Loss per share ("EPS")****Basic**

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

	<b>3 MONTHS ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>30.6.2013</b>	<b>30.6.2012</b>
Loss attributable to owners of the Company (RM'000)	<u>(43,113)</u>	<u>(74,613)</u>	<u>(35,097)</u>	<u>(38,221)</u>
Weighted average number of ordinary shares in issue ('000)	<u>717,614</u>	<u>717,729</u>	<u>717,539</u>	<u>717,729</u>
Basic EPS (sen)	<u>(6.01)</u>	<u>(10.40)</u>	<u>(4.89)</u>	<u>(5.32)</u>

The basic EPS and the diluted EPS are the same for the period as the Company has no dilutive potential ordinary shares as of the end of the reporting period.

**22. Loss before tax**

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

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	7,748	12,557	36,087	38,648
(b) Other income including investment income	3,409	10,653	8,311	12,625
(c) Interest expense	(14,612)	(16,029)	(64,193)	(71,891)
(d) Depreciation and amortisation	(32,342)	(29,592)	(122,589)	(114,383)
(e) Provision for and write off of receivables	(2,809)	(1,486)	(3,688)	(3,888)
(f) Provision for and write off of inventories	(2,363)	(11,712)	(2,363)	(30,439)
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	520	7,189	843	8,295
(h) Impairment of assets (refer to item (k))	-	-	-	-
(i) Foreign exchange gain/(loss)	1,653	648	24,377	18,659
(j) Gain/(Loss) on derivatives	-	-	-	-
(k) Exceptional items	(50,551)	(122,042)	(81,872)	(125,627)
- impairment loss on quoted and unquoted investments	(2,551)	(122,042)	(33,872)	(122,042)
- impairment loss on trade receivable due by a related party	(48,000)	-	(48,000)	-
- gain on disposal of associated companies	-	-	-	39,800
- settlement arising from litigation claim against a former subsidiary company	-	-	-	(40,000)
- log extraction premium paid to the State Government of Sabah	-	-	-	(3,385)

**23. Realised and Unrealised Profits/Losses Disclosure**

	AS AT	AS AT
	30.6.2013	30.6.2012
	RM'000	RM'000
Total retained earnings of the Company and subsidiary companies		
- Realised	1,357,869	1,535,419
- Unrealised	33,495	7,581
	1,391,364	1,543,000
Total share of retained earnings from associated companies and a jointly controlled entity		
- Realised	494,757	384,724
- Unrealised	(2,058)	(1,136)
Consolidated adjustments	4,315	4,315
Total retained earnings	1,888,378	1,930,903

**24. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 30 June 2012 was not qualified.