



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

---

(Incorporated in Malaysia)

**Interim Financial Report for the  
Fourth Quarter Ended  
30 June 2019**

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

Interim financial report for the fourth quarter ended 30 June 2019  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Note	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
		30.6.2019 RM'000	30.6.2018 RM'000	Changes %	30.6.2019 RM'000	30.6.2018 RM'000	Changes %
Revenue		745,983	851,501	(12)	3,163,774	3,294,795	(4)
Operating expenses		(798,716)	(835,852)		(3,268,843)	(3,129,639)	
Other operating income		16,353	17,104		30,006	29,481	
(Loss)/Profit from operations		(36,380)	32,753	>(100)	(75,063)	194,637	>(100)
Finance costs		(6,336)	(5,359)		(21,114)	(20,876)	
Share in results of associated companies and joint venture		(5,704)	(17,557)		(28,118)	(16,870)	
Investment income		1,160	1,228		6,915	7,352	
Exceptional item	23(k)	(5,880)	(117)		(34,345)	10,231	
(Loss)/Profit before tax	23	(53,140)	10,948	>(100)	(151,725)	174,474	>(100)
Tax (expense)/credit	16	(14,641)	16,699		(11,320)	6,795	
(Loss)/Profit for the period/year		<u>(67,781)</u>	<u>27,647</u>	>(100)	<u>(163,045)</u>	<u>181,269</u>	>(100)
(Loss)/Profit attributable to:							
- Owners of the Company		(67,822)	28,372		(164,390)	172,629	
- Non-controlling interests		41	(725)		1,345	8,640	
(Loss)/Profit for the period/year		<u>(67,781)</u>	<u>27,647</u>		<u>(163,045)</u>	<u>181,269</u>	
(Loss)/Earnings per share attributable to owners of the Company (sen):	21						
- Basic		<u>(9.96)</u>	<u>4.17</u>		<u>(24.15)</u>	<u>25.36</u>	
- Diluted		<u>(9.96)</u>	<u>4.17</u>		<u>(24.15)</u>	<u>25.36</u>	

*(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2018 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 COMPREHENSIVE INCOME**

	<b>3 MONTHS ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>	<b>30.6.2019</b>	<b>30.6.2018</b>
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period/year	(67,781)	27,647	(163,045)	181,269
<u>Other comprehensive income/(loss)</u>				
<u>Items that may be reclassified</u> <u>subsequently to profit or loss</u>				
Exchange differences on translation of foreign operations	316	7,662	(904)	(11,287)
Share of other comprehensive (loss)/income of associated companies	(12,556)	(17,187)	3,511	(12,994)
Transfer of other reserve to profit or loss upon disposal of investment in an associated company	-	1,384	-	1,384
Net (loss)/gain on available-for-sale financial assets:				
- Fair value changes	-	(89)	-	(10,686)
- Transfer to profit or loss upon disposal	-	(103)	-	(103)
Other comprehensive (loss)/income for the period/year, net of tax	(12,240)	(8,333)	2,607	(33,686)
Total comprehensive (loss)/income for the period/year	(80,021)	19,314	(160,438)	147,583
(Loss)/Profit attributable to:				
Owners of the Company	(80,639)	18,048	(162,802)	141,061
Non-controlling interests	618	1,266	2,364	6,522
	(80,021)	19,314	(160,438)	147,583

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements)*

**LION INDUSTRIES CORPORATION BERHAD (415-D)**  
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Interim financial report for the fourth quarter ended 30 June 2019  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<u>Note</u>	<b>AS AT 30.6.2019 RM'000</b>	<b>AS AT 30.6.2018 RM'000</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		477,310	539,181
Investment properties		109,396	106,812
Prepaid land lease payments		55,263	57,544
Land held for property development		50,709	50,286
Investment in associated companies		644,542	777,753
Long-term investments		1,228	1,228
Deferred tax assets		65,279	73,762
Goodwill		130,443	130,443
Total Non-Current Assets		<u>1,534,170</u>	<u>1,737,009</u>
<b>Current Assets</b>			
Property development costs		11,915	11,903
Inventories		533,578	623,806
Receivables		438,961	377,424
Amount owing by associated company		-	336
Amount owing by joint venture		-	1,458
Deposits, cash and bank balances		392,938	319,395
Total Current Assets		<u>1,377,392</u>	<u>1,334,322</u>
<b>Total Assets</b>		<b><u>2,911,562</u></b>	<b><u>3,071,331</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital		1,250,536	1,250,536
Reserves		442,944	599,205
Equity attributable to owners of the Company		<u>1,693,480</u>	<u>1,849,741</u>
Non-controlling interests		171,931	170,577
Total equity		<u>1,865,411</u>	<u>2,020,318</u>
<b>Non-Current and Deferred Liabilities</b>			
Hire-purchase and finance lease payables	18	40,132	41,978
Deferred tax liabilities		5,203	8,005
Total Non-Current and Deferred Liabilities		<u>45,335</u>	<u>49,983</u>
<b>Current Liabilities</b>			
Payables		859,864	866,749
Amount owing to associated company		14,000	-
Hire-purchase and finance lease payables	18	29,628	49,064
Short-term borrowings	18	93,473	80,637
Tax liabilities		3,851	4,580
Total Current Liabilities		<u>1,000,816</u>	<u>1,001,030</u>
<b>Total Liabilities</b>		<u>1,046,151</u>	<u>1,051,013</u>
<b>Total Equity and Liabilities</b>		<b><u>2,911,562</u></b>	<b><u>3,071,331</u></b>
Net assets per share attributable to owners of the Company (RM)		<u>2.49</u>	<u>2.72</u>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2018 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 2019

(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	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000			
<b>30 June 2019</b>							
<b>At 1 July 2018</b>	1,250,536	(13,193)	(6,922)	619,320	1,849,741	170,577	2,020,318
Effect of MFRS 9 adoption	-	-	-	6,541	6,541	2,290	8,831
Total comprehensive income/(loss) for the year	-	-	1,588	(164,390)	(162,802)	2,364	(160,438)
Dividend paid to non-controlling interest of a subsidiary company	-	-	-	-	-	(3,300)	(3,300)
<b>At 30 June 2019</b>	<b>1,250,536</b>	<b>(13,193)</b>	<b>(5,334)</b>	<b>461,471</b>	<b>1,693,480</b>	<b>171,931</b>	<b>1,865,411</b>
<b>30 June 2018</b>							
<b>At 1 July 2017</b>	1,250,536	(13,193)	24,646	446,691	1,708,680	164,814	1,873,494
Total comprehensive (loss)/income for the year	-	-	(31,568)	172,629	141,061	6,522	147,583
Dividend paid to non-controlling interest of a subsidiary company	-	-	-	-	-	(300)	(300)
Acquisition of non-controlling interest	-	-	-	-	-	(459)	(459)
<b>At 30 June 2018</b>	<b>1,250,536</b>	<b>(13,193)</b>	<b>(6,922)</b>	<b>619,320</b>	<b>1,849,741</b>	<b>170,577</b>	<b>2,020,318</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 2018 and the accompanying explanatory notes attached to the interim financial statements)

# LION INDUSTRIES CORPORATION BERHAD (415-D)

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Interim financial report for the fourth quarter ended 30 June 2019

(The figures have not been audited)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	30.6.2019	30.6.2018
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(151,725)	174,474
Adjustments for:		
Non-cash items	126,322	87,199
Non-operating items	41,006	28,954
Operating profit before changes in working capital	15,603	290,627
Changes in working capital:		
Net changes in current assets	(10,302)	(315,644)
Net changes in current liabilities	4,806	90,426
	10,107	65,409
<b>INVESTING ACTIVITIES</b>		
Dividends received	10,796	16,443
Interest received	8,226	8,792
Proceeds from disposal of property, plant and equipment	7,900	8,550
Purchase of property, plant and equipment	(28,007)	(9,496)
Proceeds from disposal of asset classified as held for sale	-	17,054
Proceeds from disposal of investment in associated company	98,569	-
Others	(423)	(208)
	97,061	41,135
<b>FINANCING ACTIVITIES</b>		
Borrowings and interest paid	(55,277)	(127,935)
Proceeds from borrowings	25,000	-
(Increase)/Decrease in cash and cash equivalents - restricted	(1,006)	32,251
Dividend paid to non-controlling interests of a subsidiary company	(3,300)	(300)
	(34,583)	(95,984)
Net changes in cash and cash equivalents	72,585	10,560
Effects of changes in exchange rate	-	(1,796)
Cash and cash equivalents at beginning of the year	305,743	296,979
Cash and cash equivalents at end of the year	378,328	305,743

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements)*

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. Accounting policies and methods of computation

#### First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

The condensed consolidated financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The condensed consolidated financial statements also comply with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The condensed consolidated financial statements of the Group for the year ended 30 June 2019 have been prepared in accordance with MFRSs for the first time and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied. The Group prepared its financial statements for the financial year ended 30 June 2018 in accordance with Financial Reporting Standards ("FRS").

The condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2018. The 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 2018.

The significant accounting policies adopted in the condensed consolidated financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2018 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs effective for the financial period beginning 1 July 2018:

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications)
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRSs	Annual Improvements to MFRSs 2014 - 2016 Cycle

The adoption of the abovementioned MFRSs and Amendments to MFRSs did not have material impact on the financial statements of the Group in the period of initial application except as further discussed below.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the cash flow characteristics and business model in which financial assets are managed.

With regard to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss ("ECL") model requires an entity to account for expected credit losses and changes in those expected credit losses at end of each reporting period to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group and the Company apply the simplified approach to measure ECL and record lifetime expected losses on all trade receivables. This has resulted in a reduction in the impairment loss by RM6.5 million after deducting non-controlling interest on the adoption of MFRS 9 as the credit quality has improved.

Other investments of the Group are classified and measured at fair value through other comprehensive income with all subsequent changes in the fair value being recognised in other comprehensive income ("OCI"). On derecognition, the cumulative gain/loss previously recognised in OCI is transferred with equity but not reclassified to profit or loss.

As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and the adjustment in impairment loss was recognised in the opening retained earnings of the current period.

### 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**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date.

The shares repurchased to date are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. As at 30 June 2019, the number of treasury shares held were 37,105,300 shares.

**6. Dividends paid**

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

**7. Segmental information**

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

	Steel RM'000	Building materials RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External revenue	2,675,078	381,680	429	106,587	-	3,163,774
Inter-segment revenue	195,013	-	-	20,207	(215,220)	-
Total revenue	<u>2,870,091</u>	<u>381,680</u>	<u>429</u>	<u>126,794</u>	<u>(215,220)</u>	<u>3,163,774</u>
<b>Results</b>						
Segment results	(75,141)	2,389	(5,682)	3,371	-	(75,063)
Finance costs						(21,114)
Share in results of associated companies and joint venture	1,751	-	7,035	(36,904)	-	(28,118)
Investment income						6,915
Exceptional item						(34,345)
Loss before tax						(151,725)
Tax expenses						(11,320)
Loss for the year						<u>(163,045)</u>
<b>Assets</b>						
Segment assets	1,514,711	112,466	263,548	288,148	-	2,178,873
Investment in associated companies and joint venture	21,261	-	-	623,281	-	644,542
Unallocated corporate assets						88,147
Consolidated total assets						<u>2,911,562</u>

**8. Subsequent events**

There were no material events subsequent to the end of the current quarter other than as mentioned in Note 17.

**9. Changes in composition of the Group**

There were no material changes in the composition of the Group during the current quarter and financial year-to-date.

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

There were no changes in contingent liabilities or contingent assets since 30 June 2018.



**11. Performance review**

	Note	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
		30.6.2019 RM'000	30.6.2018 RM'000	Changes %	30.6.2019 RM'000	30.6.2018 RM'000	Changes %
<b>Revenue</b>							
Steel		721,508	798,614	(10)	2,870,091	3,036,627	(5)
Building materials		104,997	58,932	78	381,680	292,640	30
Property development		429	-	-	429	7,756	(94)
Others		28,168	27,482	2	126,794	124,313	2
Eliminations		(109,119)	(33,527)		(215,220)	(166,541)	
		<u>745,983</u>	<u>851,501</u>	(12)	<u>3,163,774</u>	<u>3,294,795</u>	(4)
<b>Segment Results</b>							
Steel		(39,136)	35,916	(>100)	(75,141)	194,346	(>100)
Building materials		1,488	546	>100	2,389	1,314	82
Property development		176	(952)	>100	(5,682)	(2,909)	(>100)
Others		1,092	(2,757)	>100	3,371	1,886	79
(Loss)/Profit from operations		<u>(36,380)</u>	<u>32,753</u>	(>100)	<u>(75,063)</u>	<u>194,637</u>	(>100)
Finance costs		(6,336)	(5,359)		(21,114)	(20,876)	
Share in results of associated companies and joint venture		(5,704)	(17,557)		(28,118)	(16,870)	
Investment income		1,160	1,228		6,915	7,352	
Exceptional item	23(k)	(5,880)	(117)		(34,345)	10,231	
(Loss)/Profit before tax		<u>(53,140)</u>	<u>10,948</u>	(>100)	<u>(151,725)</u>	<u>174,474</u>	(>100)

For the financial year ended 30 June 2019, the Group posted a 4% lower revenue of RM3,164 million compared to RM3,295 million recorded last year. This was mainly due to the lower revenue registered by our steel division. The Group reported an operating loss of RM75.1 million against an operating profit of RM194.6 million a year ago mainly due to the lower profit margin of the steel division. The Group shared a higher loss of RM28.1 million from associated companies and a joint venture compared with RM16.9 million in the previous year. Accordingly, the Group posted a loss before tax of RM151.7 million against a profit of RM174.5 million in the same period last year. The Group's net assets per share as at 30 June 2019 was at RM2.49, a decrease of 23 sen from that of the last financial year.

**Steel**

Steel division recorded a lower revenue of RM2,870 million compared to RM3,037 million in the same period last year. The lower revenue was mainly due to the lower selling price. Accordingly, the division reported a loss from operations of RM75.1 million against a profit of RM194.3 million last year due to lower profit margin.

**Building materials**

Building materials division recorded a 30% higher revenue of RM381.7 million compared with RM292.6 million in the same period last year due to the higher demand for building materials from the property sector. Accordingly, the division posted a higher profit of RM2.4 million compared with RM1.3 million a year ago due to different sales mix and lower operating expenses.

**Property development**

The Group's major property projects were completed prior to the current financial year. The division posted a loss from operations of RM5.7 million compared with RM2.9 million a year ago.

**Others**

The revenue of RM126.8 million was mainly from the sales of lubricants, automotive and petroleum products, as well as the provision of management services. The division recorded a higher profit of RM3.4 million for the financial year due to lower operating expenses.

**Associated companies and joint venture**

The share in the loss of associated companies and a joint venture was largely attributable to the loss from the retail business.

**Exceptional item**

The exceptional item comprised a write down of inventories to their net realisable value of RM34.3 million. Included in previous year was a gain on disposal of investment in an associated company of RM10.2 million.

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

	<b>Current Year Quarter 30.6.2019</b>	<b>Immediate Preceding Quarter 31.3.2019</b>	<b>Changes</b>
	RM'000	RM'000	%
Revenue	745,983	693,366	8
Loss from operations	(36,380)	(68,128)	47
Loss before tax	(53,140)	(72,484)	27

Revenue of the Group for the quarter under review was 8% higher at RM746 million compared with RM693 million in the immediate preceding quarter mainly due to the higher sales of steel products. As such, the Group recorded a lower loss from operations of RM36.4 million compared with RM68.1 million in the immediate preceding quarter.

After accounting for the share of loss of associated companies and a joint venture of RM5.7 million, the Group posted a loss before tax of RM53.1 million for the quarter under review compared with RM72.5 million in the immediate preceding quarter.

**13. a) Prospects**

The uncertain global economic conditions are anticipated to continue affecting the operating environment of the steel industry. Prices of steel products and raw materials remain volatile and the demand from the construction and property sectors persistently low.

The Group will stay vigilant and responsive to market changes and continue with its efforts to improve operating performance 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 (credit)/expense**

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
Estimated tax payable				
Current provision	3,599	5,380	7,642	9,743
Overprovision in prior years	(1,950)	3,372	(2,005)	6,372
Deferred taxation				
Current provision	4,724	(23,783)	(2,585)	(21,242)
Underprovision in prior years	8,268	(1,668)	8,268	(1,668)
	<u>14,641</u>	<u>(16,699)</u>	<u>11,320</u>	<u>(6,795)</u>

Excluding the share in results of associated companies and the joint venture, the effective tax rate of the Group for the current quarter and financial year-to-date is higher than the statutory tax rate principally due to certain expenses not being deductible for tax purposes.

**17. Corporate proposals**

Save for the below proposed to be undertaken by LICB, there are no other corporate proposals as at the date of this report.

No	Date of Announcements	Subjects	Status
1.	3.7.2018 30.8.2018 13.9.2018 20.9.2018 1.11.2018 12.3.2019 11.6.2019 11.7.2019 9.8.2019	<p>Proposed Expansion into Flat Steel Business involving the following corporate proposals:</p> <p>(a) proposed acquisition by Cendana Aset Sdn Bhd ("Cendana Aset"), a wholly-owned subsidiary of Cendana Domain Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, of the encumbered assets and the assignment of the Secomex Debt for a total purchase consideration of approximately RM537.73 million, which are payable by Cendana Aset to the secured lenders of Megasteel Sdn Bhd ("Megasteel") ("Megasteel Secured Lenders") ;</p> <p>(b) proposed acquisition by Gelora Berkat Sdn Bhd ("Gelora Berkat"), a wholly-owned subsidiary of Tahap Berkat Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, of the MS Promissory Note to be issued by Megasteel to the Megasteel Secured Lenders' appointed trustee in relation to the under-secured portion debts settlement for a cash consideration of RM8.50 million, which are payable by Gelora Berkat to the Megasteel Secured Lenders;</p> <p>(c) proposed acquisition by Gelora Berkat of all the unencumbered assets of Megasteel for a cash consideration of approximately RM21.59 million, which are payable by Gelora Berkat to Megasteel ("Proposed Acquisition of Unencumbered Assets"); and</p> <p>(d) proposed supply of electricity by Tenaga Nasional Berhad ("TNB") to LICB and its subsidiaries ("LICB Group") for their steel mill operations located in Banting including the flat steel assets for a cash consideration of RM35.80 million.</p> <p>Note: Defined words used herein carry the same meaning as explained in the announcements.</p>	<p>(a) the approval of the shareholders of Megasteel was obtained on 11 June 2019;</p> <p>(b) the approval from the Megasteel Secured Lenders at the Court-Convened Meeting in relation to the scheme of arrangement and compromise to be undertaken between Megasteel and the Megasteel Secured Lenders under the Companies Act 2016 ("Act") ("Megasteel Secured Scheme") was obtained on 10 July 2019;</p> <p>(c) the approval from the Megasteel Unsecured Creditors at the Court-Convened Meeting in relation to the scheme of arrangement and compromise to be undertaken between Megasteel and the Megasteel Unsecured Creditors under the Act. ("Megasteel Unsecured Scheme") was obtained on 10 July 2019 ;</p> <p>(d) the sanction of the Megasteel Secured Scheme by the High Court of Malaya ("Court") under the Act was obtained on 7 August 2019;</p> <p>Pending the following:</p> <p>(e) the sanction of the Megasteel Unsecured Scheme by the Court under the Act and the Megasteel Secured Scheme becoming unconditional and fully enforceable in relation to the Proposed Acquisition of Unencumbered Assets;</p> <p>(f) the approval of the non-interested shareholders of the Company in relation to the proposals;</p> <p>(g) any other parties' or authorities' approval (if required).</p>

**17. Corporate proposals (Continued)**

Save for the below proposed to be undertaken by LICB, there are no other corporate proposals as at the date of this report.(continued)

No	Date of Announcements	Subjects	Status
2.	7.1.2019 30.1.2019 31.1.2019 15.2.2019 1.4.2019 18.6.2019	Proposed disposal by the Company of its entire 11,517,999 ordinary shares in Angkasa Amsteel Pte Ltd ("AAPL") representing approximately 50% of the share capital of AAPL, to Daehan Steel Co Ltd ("Daehan") for a cash consideration of SGD26.65 million (equivalent to approximately RM80.90 million) ("Proposed Disposal").	<p>The approval of the Shareholders of the Company on the Proposed Disposal was obtained on 15 February 2019.</p> <p>The Proposed Disposal was completed on 1 April 2019.</p> <p>The Company and Daehan had on 18 June 2019 agreed to fixed the consideration of the Proposed Disposal at SGD32.69 million as the final consideration pursuant to the Conditional Sale and Purchase Agreement entered into in relation to the Proposed Disposal. The final consideration will results in an additional cash proceeds of SGD6.04 million (RM18.1 million) payable to the Company by Daehan.</p>

**18. Borrowings and debt securities**

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

	YEAR-TO-DATE ENDED	
	30.6.2019 RM'000	30.6.2018 RM'000
<b>Non-current</b>		
<u>Secured</u>		
Hire-purchase and finance lease payables	40,132	41,978
	<u>40,132</u>	<u>41,978</u>
<b>Current</b>		
<u>Secured</u>		
Term loan	15,962	4,962
Hire-purchase and finance lease payables	29,628	49,064
Bankers acceptance and revolving credit	67,146	65,770
Bank overdraft	9,547	9,595
<u>Unsecured</u>		
Bankers acceptance and revolving credit	818	310
	<u>123,101</u>	<u>129,701</u>
	<u>163,233</u>	<u>171,679</u>

All the Group's borrowings are denominated in Ringgit Malaysia.

**19. Changes in material litigation**

There was no material litigation since 30 June 2018.

**20. Dividend proposed**

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

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

Basic EPS is calculated by dividing the (loss)/profit 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>30.6.2019</b>	<b>30.6.2018</b>	<b>30.6.2019</b>	<b>30.6.2018</b>
(Loss)/Profit attributable to owners of the Company (RM'000)	(67,822)	28,372	(164,390)	172,629
Weighted average number of ordinary shares in issue ('000)	680,804	680,804	680,804	680,804
Basic EPS (sen)	(9.96)	4.17	(24.15)	25.36

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. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 30 June 2018 was not qualified.

**23. (Loss)/Profit before tax**

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

	<b>3 MONTHS ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>	<b>30.6.2019</b>	<b>30.6.2018</b>
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	1,160	1,228	6,915	7,352
(b) Other income including investment income	16,354	17,104	30,006	29,481
(c) Interest expense	(6,336)	(5,359)	(21,114)	(20,876)
(d) Depreciation and amortisation	(22,425)	(21,729)	(90,337)	(95,159)
(e) (Provision for)/Reversal of and write off of receivables	(3,753)	3,533	(6,566)	977
(f) Provision for and write off of inventories	-	(438)	-	(438)
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain/(loss)	1,285	(1,341)	8,617	11
(j) Gain/(Loss) on derivatives	-	-	-	-
(k) Exceptional item				
- inventories written down	(5,880)	-	(34,345)	-
- gain on disposal of investment in an associated company	-	-	-	10,348