



# **LION INDUSTRIES CORPORATION BERHAD**

Registration No. 192401000008 (415-D)

---

(Incorporated in Malaysia)

## **Interim Financial Report for the Fourth Quarter Ended 30 June 2020**

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Interim financial report for the fourth quarter ended 30 June 2020

(The figures have not been audited)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
		30.6.2020 RM'000	30.6.2019 RM'000	Changes %	30.6.2020 RM'000	30.6.2019 RM'000	Changes %
Revenue		465,146	745,983	-38	2,318,470	3,163,774	-27
Operating expenses		(556,338)	(766,213)		(2,601,038)	(3,236,340)	
Other operating income		46,941	24,489		63,147	38,142	
(Loss)/Profit from operations		(44,251)	4,259	>-100	(219,421)	(34,424)	>-100
Finance costs		(12,187)	(6,336)		(29,901)	(21,114)	
Share in results of associated companies and joint venture		(57,207)	(5,704)		(115,158)	(28,118)	
Investment income		2,323	1,160		8,909	6,915	
Exceptional item	23(l)	(17,982)	(22,839)		(35,546)	(51,304)	
Loss before tax	23	(129,304)	(29,460)	>-100	(391,117)	(128,045)	>-100
Tax expense	16	(930)	(31,377)		(4,675)	(28,056)	
Loss for the period/year		<u>(130,234)</u>	<u>(60,837)</u>	>-100	<u>(395,792)</u>	<u>(156,101)</u>	>-100
(Loss)/Profit attributable to:							
- Owners of the Company		(135,907)	(72,167)		(403,228)	(157,253)	
- Non-controlling interests		5,673	972		7,436	1,152	
Loss for the period/year		<u>(130,234)</u>	<u>(71,195)</u>		<u>(395,792)</u>	<u>(156,101)</u>	
Loss per share attributable to owners of the Company (sen):	21						
- Basic		<u>(19.96)</u>	<u>(10.60)</u>		<u>(59.23)</u>	<u>(23.10)</u>	
- Diluted		<u>(19.96)</u>	<u>(10.60)</u>		<u>(59.23)</u>	<u>(23.10)</u>	

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements)

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## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Loss for the period/year	(130,234)	(60,837)	(395,792)	(156,101)
<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	(2,662)	495	3,498	(725)
Share of other comprehensive loss of associated companies	(27,428)	(37,596)	(34,255)	(21,529)
Other comprehensive loss for the period/year, net of tax	(30,090)	(37,101)	(30,757)	(22,254)
Total comprehensive loss for the period/year	<u>(160,324)</u>	<u>(97,938)</u>	<u>(426,549)</u>	<u>(178,355)</u>
(Loss)/Profit attributable to:				
Owners of the Company	(165,676)	(98,363)	(435,027)	(180,526)
Non-controlling interests	5,352	425	8,478	2,171
	<u>(160,324)</u>	<u>(97,938)</u>	<u>(426,549)</u>	<u>(178,355)</u>

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements)*

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Interim financial report for the fourth quarter ended 30 June 2020

(The figures have not been audited)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	<b>AS AT 30.6.2020 RM'000</b>	<b>AS AT 30.6.2019 RM'000</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		385,451	474,819
Investment properties		112,389	108,851
Prepaid land lease payments		-	55,263
Right-of-use assets		88,295	-
Land held for property development		50,885	50,709
Investment in associated companies		475,376	644,542
Long-term investments		611	1,228
Deferred tax assets		48,715	48,543
Goodwill		130,443	130,443
Total Non-Current Assets		<u>1,292,165</u>	<u>1,514,398</u>
<b>Current Assets</b>			
Property development costs		12,022	11,915
Inventories		375,498	533,578
Receivables		470,978	439,146
Investment in money market funds		17,469	16,926
Deposits, cash and bank balances		333,517	376,013
		<u>1,209,484</u>	<u>1,377,578</u>
<b>Total Assets</b>		<b><u>2,501,649</u></b>	<b><u>2,891,976</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital		1,250,536	1,250,536
Reserves		(11,662)	423,365
Equity attributable to owners of the Company		<u>1,238,874</u>	<u>1,673,901</u>
Non-controlling interests		175,303	171,738
Total equity		<u>1,414,177</u>	<u>1,845,639</u>
<b>Non-Current and Deferred Liabilities</b>			
Hire-purchase and finance lease payables	18	751	40,132
Lease liabilities		61,827	-
Deferred tax liabilities		4,265	5,203
Total Non-Current and Deferred Liabilities		<u>66,843</u>	<u>45,335</u>
<b>Current Liabilities</b>			
Payables		864,988	841,680
Contract liabilities		18,509	18,370
Amount owing to associated company		-	14,000
Hire-purchase and finance lease payables	18	307	29,628
Short-term borrowings	18	95,897	93,473
Lease liabilities		37,250	-
Tax liabilities		3,678	3,851
Total Current Liabilities		<u>1,020,629</u>	<u>1,001,002</u>
<b>Total Liabilities</b>		<u>1,087,472</u>	<u>1,046,337</u>
<b>Total Equity and Liabilities</b>		<b><u>2,501,649</u></b>	<b><u>2,891,976</u></b>
Net assets per share attributable to owners of the Company (RM)		<u>1.82</u>	<u>2.46</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements)

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Interim financial report for the fourth quarter ended 30 June 2020

(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 2020</b>							
At 1 July 2019	1,250,536	(13,193)	(49,966)	486,524	1,673,901	171,738	1,845,639
Total comprehensive (loss)/income for the year	-	-	(31,799)	(403,228)	(435,027)	8,478	(426,549)
Dividend paid to non-controlling interest of a subsidiary company	-	-	-	-	-	(4,913)	(4,913)
<b>At 30 June 2020</b>	<b>1,250,536</b>	<b>(13,193)</b>	<b>(81,765)</b>	<b>83,296</b>	<b>1,238,874</b>	<b>175,303</b>	<b>1,414,177</b>
<b>30 June 2019</b>							
<b>At 1 July 2018 (Restated)</b>	1,250,536	(13,193)	17,939	625,341	1,880,623	172,867	2,053,490
Total comprehensive (loss)/income for the year	-	-	(23,273)	(157,253)	(180,526)	2,171	(178,355)
Effect of disposal of investment in an associated company	-	-	(44,632)	18,436	(26,196)	-	(26,196)
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>(49,966)</b>	<b>486,524</b>	<b>1,673,901</b>	<b>171,738</b>	<b>1,845,639</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 2019 and the accompanying explanatory notes attached to the interim financial statements)

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Interim financial report for the fourth quarter ended 30 June 2020  
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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	30.6.2020	30.6.2019
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Loss before tax	(391,117)	(128,045)
Adjustments for:		
Non-cash items	133,472	145,864
Non-operating items	155,815	12,961
Operating (loss)/profit before changes in working capital	(101,830)	30,780
Changes in working capital:		
Net changes in current assets	148,201	(17,236)
Net changes in current liabilities	21,778	(17,619)
	68,149	(4,075)
<b>INVESTING ACTIVITIES</b>		
Dividend received	456	10,796
Interest received	8,908	8,226
Proceeds from disposal of property, plant and equipment	651	7,900
Proceeds from disposal of an associated company	-	98,752
Purchase of property, plant and equipment	(18,849)	(28,007)
Increase in investment in money market funds	(543)	(596)
Others	(176)	(423)
	(9,553)	96,648
<b>FINANCING ACTIVITIES</b>		
Borrowings and interest paid	(119,349)	(55,277)
Proceeds from borrowings	11,000	25,000
Increase in cash and cash equivalents - restricted	(95,238)	(1,006)
Dividend paid to non-controlling interests of a subsidiary company	(4,913)	(3,300)
Increase in amount owing to an associated company	-	14,000
	(208,500)	(20,583)
Net changes in cash and cash equivalents	(149,904)	71,990
Cash and cash equivalents at beginning of the year	361,403	289,413
Cash and cash equivalents at end of the year	211,499	361,403

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements)*

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Interim financial report for the fourth quarter ended 30 June 2020  
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## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. Accounting policies and methods of computation

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 should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2019. 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 2019.

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 2019 except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretations effective for the financial period beginning 1 July 2019:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015 - 2017 Cycle	

The adoption of the abovementioned MFRSs, Amendments to MFRSs and IC Interpretations does not have material impact on the financial position and/or financial performance of the Group in the period of initial application except as further discussed below.

MFRS 16, supersedes MFRS 117 Leases and the related interpretations, introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset as a low value.

MFRS 16 determines whether a contract contains a lease on the basis the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has applied MFRS 16 on 1 July 2019 using the modified retrospective approach, under which the comparative information was not restated. There was no contract that met the definitions of MFRS 117 and rental expenses were recognised previously.

The Group, in applying MFRS 16 as a lessee:

- recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the lease payments payable over the lease term;
- recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

The adoption of MFRS 16 has no significant effect on the financial position and/or financial performance of the Group.

### 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 current quarter and 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 2020, 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	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>					
External revenue	1,893,863	331,734	92,873	-	2,318,470
Inter-segment revenue	154,343	-	18,693	(173,036)	-
Total revenue	<u>2,048,206</u>	<u>331,734</u>	<u>111,566</u>	<u>(173,036)</u>	<u>2,318,470</u>
<b>Results</b>					
Segment results	(236,633)	22,212	(5,000)	-	(219,421)
Finance costs					(29,901)
Share in results of associated companies and joint venture	(253)	-	(114,905)	-	(115,158)
Investment income					8,909
Exceptional item					(35,546)
Loss before tax					(391,117)
Tax expenses					(4,675)
Loss for the year					<u>(395,792)</u>
<b>Assets</b>					
Segment assets	1,283,878	198,475	474,384	-	1,956,737
Investment in associated companies and joint venture	19,257	-	456,119	-	475,376
Unallocated corporate assets					69,536
Consolidated total assets					<u>2,501,649</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 2019.

**11. Performance review**

	Note	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
		30.6.2020 RM'000	30.6.2019 RM'000	Changes %	30.6.2020 RM'000	30.6.2019 RM'000	Changes %
<b>Revenue</b>							
Steel		420,112	721,508	-42	2,048,206	2,870,091	-29
Building materials		49,792	104,997	-53	331,734	381,680	-13
Others		17,810	28,597	-38	111,566	127,223	-12
Eliminations		(22,568)	(109,119)		(173,036)	(215,220)	
		<u>465,146</u>	<u>745,983</u>	-38	<u>2,318,470</u>	<u>3,163,774</u>	-27
<b>Segment Results</b>							
Steel		(61,344)	(24,693)	>-100	(236,633)	(60,698)	>-100
Building materials		21,337	1,488	>100	22,212	2,389	>100
Others		(4,244)	27,464	>-100	(5,000)	23,885	>-100
(Loss)/Profit from operations		(44,251)	4,259	>-100	(219,421)	(34,424)	>-100
Finance costs		(12,187)	(6,336)		(29,901)	(21,114)	
Share in results of associated companies and joint venture		(57,207)	(5,704)		(115,158)	(28,118)	
Investment income		2,323	1,160		8,909	6,915	
Exceptional item	23(l)	(17,982)	(22,839)		(35,546)	(51,304)	
Loss before tax		<u>(129,304)</u>	<u>(29,460)</u>	>-100	<u>(391,117)</u>	<u>(128,045)</u>	>-100

For the financial year under review, the Group posted a 27% lower revenue of RM2,318 million compared to RM3,164 million recorded last year. This was mainly due to the lower revenue registered by our steel and building materials divisions. The Group's businesses, being non-essential businesses, were temporarily closed during the Movement Control Order ("MCO") period which commenced on 18 March 2020. The Group reported an operating loss of RM219.4 million compared with RM34.4 million a year ago mainly due to the higher loss from the steel division. The Group shared a higher loss of RM115.2 million from associated companies and a joint venture compared with RM28.1 million in the previous year. Accordingly, the Group posted a loss before tax of RM391.1 million compared with RM128.0 million in last financial year. The Group's net assets per share as at 30 June 2020 was RM1.82, a decrease of 64 sen from that of the last financial year.

**Steel**

Steel division recorded a lower revenue of RM2,048 million compared to RM2,870 million in the same period last year. The lower revenue was mainly due to the lower selling prices and sales volume. Accordingly, the division reported a loss from operations of RM236.6 million compared with RM60.7 million last year due to lower profit margin.

**Building materials**

Revenue declined by 13% to RM332 million as compared to a year ago, mainly due to the disruption of supply of building materials to the construction and property development sectors during the MCO period. The Division's profit however was higher at RM22.2 million as compared to a year ago mainly due to the recovery of trade and other receivables previously impaired of RM22.0 million.

**Others**

Revenue of RM112 million was mainly from the sales of lubricants, automotive and petroleum products, as well as the provision of management services and property development projects. The lower revenue was mainly due to the lower sales of lubricants and automotive products caused by cautious consumer spending. Consequently, the division recorded a losses of RM5.0 million for the financial year.

**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 RM35.5 million.

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

	<b>Current Year Quarter 30.6.2020</b>	<b>Immediate Preceding Quarter 31.3.2020</b>	<b>Changes</b>
	RM'000	RM'000	%
Revenue	465,146	555,193	-16
Loss from operations	(44,251)	(27,416)	-61
Loss before tax	(129,304)	(55,788)	>-100

Revenue of the Group for the quarter under review was 16% lower at RM465 million compared with RM555 million in the immediate preceding quarter mainly due to the lower sales volume of steel products and building materials. Accordingly, the Group recorded a higher loss from operations of RM44.3 million for the quarter under review.

After accounting for a higher share of loss of associated companies and a joint venture of RM57.2 million, the Group posted a higher loss before tax of RM129.3 million for the quarter under review compared with RM55.8 million in the immediate preceding quarter.

**13. a) Prospects**

The unprecedented outbreak of Covid-19 and the Movement Control Order ("MCO") which was then extended to Conditional MCO and Recovery MCO by the Government to curb the spread of the pandemic since 18 March 2020 have caused economic activities to be significantly affected. The severity of the economic impact and the duration of the outbreak are highly unpredictable in the absence of a safe and effective vaccine against the virus.

While the challenges ahead are highly uncertain, the Group has implemented strict cost control measures to contain operating costs and remains vigilant and responsive to market changes.

Nonetheless, the stimulus packages and the short-term economic recovery plan implemented by the Government have softened the impact of the Covid-19 pandemic and paved the way towards economic recovery. The Group's businesses are hopeful of improving in the recovering business environment.

**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**

	<u>3 MONTHS ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>30.6.2020</u> RM'000	<u>30.6.2019</u> RM'000	<u>30.6.2020</u> RM'000	<u>30.6.2019</u> RM'000
Estimated tax payable				
Current provision	1,460	3,601	5,329	7,644
Overprovision in prior years	455	(1,950)	457	(2,005)
Deferred taxation				
Current provision	(973)	29,964	(1,099)	22,655
Underprovision in prior years	-	-	-	-
Overprovision in prior years	(12)	(238)	(12)	(238)
	<u>930</u>	<u>31,377</u>	<u>4,675</u>	<u>28,056</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 proposals to be undertaken by Lion Industries Corporation Berhad ("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 10.9.2019 20.11.2019 29.11.2019 12.12.2019 27.7.2020 30.7.2020 3.8.2020	<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 is payable by Cendana Aset to the secured lenders of Megasteel Sdn Bhd ("Megasteel") ("Megasteel Secured Lenders")("Proposed Acquisition of Encumbered Assets");</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 is payable by Gelora Berkat to the Megasteel Secured Lenders (Proposed Acquisition of MS Promissory Note");</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 is 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>(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>(e) the sanction of the Megasteel Unsecured Scheme by the Court under the Act was obtained on 10 September 2019;</p> <p>(f) the approval of the non-interested shareholders of the Company in relation to the proposals was obtained on 29 November 2019;</p> <p>(g) the Megasteel Secured Scheme had become unconditional on 29 November 2019 and completed on 30 July 2020.</p> <p>(h) the Proposed Acquisition of Encumbered Assets and the Proposed Acquisition of MS Promissory Note under the Megasteel Secured Scheme have been completed on 30 July 2020</p> <p>(i) the Proposed Acquisition of Unencumbered Assets under the Megasteel Unsecured Scheme is pending completion.</p>

**17. Corporate proposals**

Save for the below proposals to be undertaken by Lion Industries Corporation Berhad ("LICB"), there are no other corporate proposals as at the date of this report.

No	Date of Announcements	Subjects	Status
2.	9.6.2020 (Initial Announcement)  24.7.2020 24.8.2020	Proposed disposal by Amsteel Mills Sdn Bhd ("AMSB"), a 99% owned subsidiary of the Company, of the hot-briquetted iron ("HBI") plant and business in Labuan by disposing of its entire 100% equity interest in Antara Steel Mills Sdn Bhd ("Antara") to Esteel Enterprise Pte Ltd ("Buyer") for a cash consideration of USD128.00 million (equivalent to RM546.56 million) ("Proposed Disposal").  Note: Defined words used herein carry the same meaning as explained in the announcements	The Proposed Disposal is subject to the following approvals being obtained:  (a) The Shareholders of the Company;  (b) all relevant approvals, consents and/or waivers of governmental and regulatory authorities and contracting third parties of Antara, AMSB, the Company and/or their respective affiliates, as set out under item 2.5 (ii) of the Initial Announcement, including the Buyer being satisfied with the results of the Buyer's Due Diligence.

**18. Borrowings and debt securities**

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

	YEAR-TO-DATE ENDED	
	30.6.2020 RM'000	30.6.2019 RM'000
<b>Non-current</b>		
<u>Secured</u>		
Hire-purchase and finance lease payables	-	39,375
<u>Unsecured</u>		
Hire-purchase and finance lease payables	751	757
	<u>751</u>	<u>40,132</u>
<b>Current</b>		
<u>Secured</u>		
Term loan	14,672	15,962
Hire-purchase and finance lease payables	-	29,317
Bankers acceptance and revolving credit	67,236	67,964
Bank overdraft	13,989	9,547
<u>Unsecured</u>		
Hire-purchase and finance lease payables	307	311
	<u>96,204</u>	<u>123,101</u>
	<u>96,955</u>	<u>163,233</u>

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

**19. Changes in material litigation**

There was no material litigation since 30 June 2019.

**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 for the period/year attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue during the financial period/year.

	<b>3 MONTHS ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2020</b>	<b>30.6.2019</b>
Loss attributable to owners of the Company (RM'000)	<u>(135,907)</u>	<u>(72,167)</u>	<u>(403,228)</u>	<u>(157,253)</u>
Weighted average number of ordinary shares in issue ('000)	<u>680,804</u>	<u>680,804</u>	<u>680,804</u>	<u>680,804</u>
Basic EPS (sen)	<u>(19.96)</u>	<u>(10.60)</u>	<u>(59.23)</u>	<u>(23.10)</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. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 30 June 2019 was not qualified.

**23. Loss before tax**

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

	<b>3 MONTHS ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2020</b>	<b>30.6.2019</b>
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	2,323	1,160	8,909	6,915
(b) Other income including investment income	16,156	24,490	32,362	38,142
(c) Interest expense	(12,187)	(6,336)	(29,901)	(21,114)
(d) Depreciation and amortisation	(36,159)	(22,571)	(115,429)	(90,483)
(e) Provision for and write off of receivables	(2,214)	(3,897)	(5,271)	(6,710)
(f) Provision for and write off of inventories	-	-	-	-
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	184	(2,491)	184	(2,491)
(i) Foreign exchange gain/(loss)	(2,339)	(754)	3,457	6,578
(j) Gain/(Loss) on derivatives	-	-	-	-
(k) Reversal of impairment loss on trade and other receivables	30,785	1,684	30,785	1,684
(l) Exceptional item				
- inventories written down	(17,982)	(22,839)	(35,546)	(51,304)