



LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)

(Incorporated in Malaysia)

Interim Financial Report for the Second Quarter Ended 31 December 2020

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Interim financial report for the second quarter ended 31 December 2020

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
		31.12.2020	31.12.2019	Changes	31.12.2020	31.12.2019	Changes
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue		681,329	641,729	6	1,391,823	1,298,131	7
Operating expenses		(706,766)	(717,022)		(1,422,515)	(1,455,708)	
Other operating income		1,314	4,282		7,754	9,823	
Loss from operations		(24,123)	(71,011)	66	(22,938)	(147,754)	84
Gain on settlement of secured debts	9	191,943	-		191,943	-	
Finance costs		(6,930)	(6,566)		(16,476)	(11,632)	
Share in results of associated companies and joint venture		(7,321)	(21,248)		(12,689)	(33,700)	
Investment income		1,017	2,198		1,869	4,625	
Exceptional item	23(l)	-	-		-	(17,564)	
Profit/(Loss) before tax	23	154,586	(96,627)	>100	141,709	(206,025)	>100
Tax expense	16	(765)	(1,703)		(22,524)	(2,824)	
Profit/(Loss) for the period		<u>153,821</u>	<u>(98,330)</u>	>100	<u>119,185</u>	<u>(208,849)</u>	>100
Profit/(Loss) attributable to:							
- Owners of the Company		118,240	(98,831)		82,789	(209,450)	
- Non-controlling interests		35,581	501		36,396	601	
Profit/(Loss) for the period		<u>153,821</u>	<u>(98,330)</u>		<u>119,185</u>	<u>(208,849)</u>	
Earnings/(Loss) per share attributable to owners of the Company (sen):	21						
- Basic		<u>17.37</u>	<u>(14.52)</u>		<u>12.16</u>	<u>(30.77)</u>	
- Diluted		<u>17.37</u>	<u>(14.52)</u>		<u>12.16</u>	<u>(30.77)</u>	

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 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

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	153,821	(98,330)	119,185	(208,849)
<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	(3,383)	(2,679)	(4,901)	(1,832)
Share of other comprehensive income/(loss) of associated companies	23,084	950	23,129	(17,962)
Other comprehensive income/(loss) for the period, net of tax	19,701	(1,729)	18,228	(19,794)
Total comprehensive income/(loss) for the period	<u>173,522</u>	<u>(100,059)</u>	<u>137,413</u>	<u>(228,643)</u>
Profit/(Loss) attributable to:				
Owners of the Company	138,794	(99,977)	102,702	(228,535)
Non-controlling interests	34,728	(82)	34,711	(108)
	<u>173,522</u>	<u>(100,059)</u>	<u>137,413</u>	<u>(228,643)</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	AS AT 31.12.2020	AS AT 30.6.2020
		RM'000	RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		890,126	399,243
Investment properties		105,534	113,001
Prepaid land lease payments		39,713	40,485
Right-of-use assets		51,048	50,027
Land held for property development		50,956	50,885
Investment in associated companies and joint venture		485,452	475,396
Long-term investments		3,611	611
Deferred tax assets		28,031	48,133
Goodwill		130,443	130,443
Total Non-Current Assets		<u>1,784,914</u>	<u>1,308,224</u>
Current Assets			
Property development costs		12,022	12,022
Inventories		483,996	375,498
Receivables		424,076	469,239
Investment in money market funds		17,645	17,469
Deposits, cash and bank balances		351,355	333,517
		<u>1,289,094</u>	<u>1,207,745</u>
Total Assets		<u>3,074,008</u>	<u>2,515,969</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		1,250,536	1,250,536
Reserves		103,751	1,049
Equity attributable to owners of the Company		<u>1,354,287</u>	<u>1,251,585</u>
Non-controlling interests		209,946	175,235
Total equity		<u>1,564,233</u>	<u>1,426,820</u>
Non-Current and Deferred Liabilities			
Loans and borrowings	18	47,862	48,001
Lease liabilities		33,574	20,123
Deferred payables		390,978	-
Deferred tax liabilities		3,920	3,919
Total Non-Current and Deferred Liabilities		<u>476,334</u>	<u>72,043</u>
Current Liabilities			
Payables		792,466	864,509
Contract liabilities		21,141	18,509
Loans and borrowings	18	146,158	115,604
Lease liabilities		3,645	13,996
Deferred payables		60,000	-
Tax liabilities		10,031	4,488
Total Current Liabilities		<u>1,033,441</u>	<u>1,017,106</u>
Total Liabilities		<u>1,509,775</u>	<u>1,089,149</u>
Total Equity and Liabilities		<u>3,074,008</u>	<u>2,515,969</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.99</u>	<u>1.84</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)

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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			
31 December 2020							
At 1 July 2020	1,250,536	(13,193)	(81,749)	95,991	1,251,585	175,235	1,426,820
Total comprehensive income for the period	-	-	19,913	82,789	102,702	34,711	137,413
At 31 December 2020	1,250,536	(13,193)	(61,836)	178,780	1,354,287	209,946	1,564,233
31 December 2019							
At 1 July 2019	1,250,536	(13,193)	(49,966)	486,524	1,673,901	171,738	1,845,639
Total comprehensive loss for the period	-	-	(19,085)	(209,450)	(228,535)	(108)	(228,643)
Dividend paid to non-controlling interest of a subsidiary company	-	-	-	-	-	(2,700)	(2,700)
At 31 December 2019	1,250,536	(13,193)	(69,051)	277,074	1,445,366	168,930	1,614,296

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	31.12.2020	31.12.2019
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit/(Loss) before tax	141,709	(206,025)
Adjustments for:		
Non-cash items	(157,507)	66,882
Non-operating items	49,820	43,532
Operating profit/(loss) before changes in working capital	34,022	(95,611)
Changes in working capital:		
Net changes in current assets	(62,897)	141,518
Net changes in current liabilities	(56,430)	(125,038)
	(85,305)	(79,131)
INVESTING ACTIVITIES		
Interest received	1,869	4,625
Proceeds from disposal of property, plant and equipment	356	149
Purchase of long term investment	(8,500)	-
Purchase of property, plant and equipment	(85,148)	(15,041)
Increase in investment in money market funds	(176)	(288)
Net cash inflow from acquisition of subsidiary company	180,050	-
Others	419	307
	88,870	(10,248)
FINANCING ACTIVITIES		
Borrowings and interest paid	(8,662)	(28,594)
Proceeds from borrowings	18,000	11,000
Decrease/(Increase) in cash and cash equivalents - restricted	95,062	(92,528)
Dividend paid to non-controlling interests of a subsidiary company	-	(2,700)
	104,400	(112,822)
Net changes in cash and cash equivalents	107,965	(202,201)
Effect of exchange differences	335	-
Cash and cash equivalents at beginning of the period	219,228	361,403
Cash and cash equivalents at end of the period	327,528	159,202

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 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

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 2020. 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 2020.

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 2020 except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretations effective for the financial period beginning 1 July 2020:

Amendments to:

MFRS 3	Definition of a Business
MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
MFRS 16	COVID-19-Related Rent Concessions
MFRS 101 and MFRS 108	Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the abovementioned Amendments to MFRSs does not have material impact on the financial position and/or financial performance of the Group in the period of initial application.

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 31 December 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
Revenue					
External revenue	1,088,854	251,773	51,196	-	1,391,823
Inter-segment revenue	117,501	-	8,925	(126,426)	-
Total revenue	<u>1,206,355</u>	<u>251,773</u>	<u>60,121</u>	<u>(126,426)</u>	<u>1,391,823</u>
Results					
Segment results	(1,458)	2,395	(23,875)	-	(22,938)
Gain on settlement of secured debts	56,623	135,320	-	-	191,943
Finance costs					(16,476)
Share in results of associated companies and joint venture	178	-	(12,867)	-	(12,689)
Investment income					1,869
Profit before tax					141,709
Tax expenses					(22,524)
Profit for the period					<u>119,185</u>
Assets					
Segment assets	1,216,150	197,548	1,128,819	-	2,542,517
Investment in associated companies and joint venture	21,750	-	463,702	-	485,452
Unallocated corporate assets					46,039
Consolidated total assets					<u>3,074,008</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

As announced to Bursa Malaysia Securities Berhad, the Group had completed the acquisition of 100% equity interest in Well Morning Limited ("Well Morning") on 30 December 2020 by way of the transfer of the entire issued capital of Well Morning comprising 1 ordinary share pursuant to the secured debts settlement agreement. Thereafter, Well Morning and its only wholly-owned subsidiary company, Changshu Lion Enterprise Co Ltd ("Changshu Lion"), became subsidiary companies of the Group.

Well Morning is an investment holding company incorporated in Hong Kong SAR and Changshu Lion is a company incorporated in the People's Republic of China ("PRC") which is principally involved in property development in Changshu, PRC.

The identifiable assets acquired and liabilities assumed in relation to the above acquisition are as follows:

	RM'000
Assets	
Non-current assets	144
Current assets	210,463
Liability	
Current Liabilities	(11,728)
Total identifiable assets acquired and liabilities assumed	<u>198,879</u>
Expenses accrued	(6,936)
Total consideration - gain on settlement of secured debts	<u><u>191,943</u></u>
Gain attributable to:	
- Owners of the Company	156,242
- Non-controlling interests	35,701
	<u><u>191,943</u></u>
Effects on earnings per share and net assets per share of the Group	<u><u>Sen</u></u> <u><u>28.19</u></u>

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

10. Changes in contingent liabilities and contingent assets

As part of the terms for the disposal of Sabah Forest Industries Sdn Bhd ("SFI") ("Disposal"), a former subsidiary company, Lion Posim Berhad, a 74% owned subsidiary company, agreed to indemnify SFI and the purchaser of SFI in full for all losses, damages, liabilities, claims, costs and expenses which SFI and the purchaser may incur or sustain as a result of or arising from the litigation claims where the cause of action arose prior to the completion of the Disposal.

Indemnity for back pay labour claims from SFI's employees

The Group had on 21 August 2020 paid an amount of RM3.5 million to SFI for its onward payment to SFI's employees. The payment was for the full and final settlement of Lion Posim Berhad's obligations in relation to the claim by SFI's ex-employees for alleged arrears of wages. Subsequent to the settlement, Lion Posim Berhad was released and discharged from all obligations in connection with the said claims howsoever arising and from its obligation under the letter of indemnity.

11. Performance review

	Note	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
		31.12.2020 RM'000	31.12.2019 RM'000	Changes %	31.12.2020 RM'000	31.12.2019 RM'000	Changes %
Revenue							
Steel		598,623	565,948	6	1,206,355	1,146,062	5
Building materials		119,822	87,518	37	251,773	202,253	24
Others		26,662	33,450	-20	60,121	64,429	-7
Eliminations		(63,778)	(45,187)		(126,426)	(114,613)	
		<u>681,329</u>	<u>641,729</u>	6	<u>1,391,823</u>	<u>1,298,131</u>	7
Segment Results							
Steel		143	(70,385)	>100	(1,458)	(147,002)	99
Building materials		925	380	>100	2,395	1,384	73
Others		(25,191)	(1,006)	>-100	(23,875)	(2,136)	>-100
Loss from operations		(24,123)	(71,011)	66	(22,938)	(147,754)	84
Gain on settlement of secured debts		191,943	-		191,943	-	
Finance costs		(6,930)	(6,566)		(16,476)	(11,632)	
Share in results of associated companies and joint venture		(7,321)	(21,248)		(12,689)	(33,700)	
Investment income		1,017	2,198		1,869	4,625	
Exceptional item	23(k)	-	-		-	(17,564)	
Profit/(Loss) before tax		<u>154,586</u>	<u>(96,627)</u>	>100	<u>141,709</u>	<u>(206,025)</u>	>100

For the first six months of the financial year under review, the Group posted 7% higher revenue of RM1,392 million compared to RM1,298 million recorded last year. This was mainly due to the higher revenue registered by our steel and building materials divisions. The Group reported a significant lower operating loss of RM22.9 million compared with RM147.8 million a year ago mainly due to the lower loss from the steel division. The Group recorded an RM191.9 million gain on settlement of secured debts pursuant to the debts settlement arrangement as disclosed in Note 9. The share of losses from associated companies and a joint venture was lower at RM12.7 million compared with RM33.7 million in the previous year. Overall, the Group posted a profit before tax of RM141.7 million against a loss of RM206.0 million in the last financial period. The Group's net assets per share as at 31 December 2020 was RM1.99, an increase of 15 sen from that of the last financial year.

Steel

Steel division recorded a higher revenue of RM1,206 million compared to RM1,146 million in the same period last year. The higher revenue was mainly due to the higher sales volume and selling prices. Accordingly, the division reported a significantly lower loss from operations of RM1.5 million compared with RM147.0 million last year.

Building materials

Revenue increased by 24% to RM251.8 million as compared to RM202.3 million a year ago, mainly from the higher sales of non-steel building materials. The Division accordingly posted a higher profit of RM2.4 million as compared to RM1.4 million a year ago.

Others

Revenue of RM60.1 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 management fee charged. The division recorded a higher loss of RM23.9 million for the period under review mainly due to the expenses incurred for corporate exercises and administrative 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

During the previous financial period, the exceptional item comprised a write down of inventories to their net realisable value of RM17.6 million.

12. Comment on material change in profit

	Current Year Quarter 31.12.2020	Immediate Preceding Quarter 30.9.2020	Changes
	RM'000	RM'000	%
Revenue	681,329	710,494	-4
(Loss)/Profit from operations	(24,123)	1,185	>-100
Profit/(Loss) before tax	154,586	(12,877)	>100

Revenue of the Group for the quarter under review was 4% lower at RM681 million compared with RM710 million in the immediate preceding quarter mainly due to the lower sales volume of steel products and building materials. Accordingly, the Group recorded a loss from operations of RM24.1 million for the quarter under review.

During the quarter under review, the Group recorded a gain on settlement of secured debts of RM191.9 million pursuant to the debts settlement arrangement as disclosed in Note 9.

After accounting for a lower share of loss of associated companies and a joint venture of RM7.3 million, the Group posted a profit before tax of RM154.6 million for the quarter under review against a loss of RM12.9 million in the immediate preceding quarter.

13. a) Prospects

The operating environment for the Group businesses is expected to continue to be challenging in the next quarter following the imposition of Movement Control Order 2.0 by the Government due to COVID-19.

While there are challenges ahead, the Group remains vigilant and responsive to market changes and takes the necessary steps to contain operating costs and at the same time sustain its business growth.

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

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
Current provision	1,303	1,794	2,626	2,915
Deferred taxation				
Current provision	(538)	(91)	19,898	(91)
	<u>765</u>	<u>1,703</u>	<u>22,524</u>	<u>2,824</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 lower than the statutory tax rate mainly due to certain income not being taxable 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 has been completed on 30 July 2020; and</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 24.7.2020 24.8.2020 17.9.2020 28.9.2020 16.10.2020 30.10.2020 13.11.2020 23.11.2020 17.12.2020 21.12.2020 18.1.2021 20.1.2021 8.2.2021	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) Approval of the Shareholders of the Company obtained on 8 February 2021; (b) The Proposed Disposal is pending the approvals to be obtained from 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 of the Company's announcements dated 9 June 2020 as added and amended by item 2.3 of the Company's announcement dated 23 November 2020.

18. Borrowings and debt securities

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

	YEAR-TO-DATE ENDED	
	31.12.2020	31.12.2019
	RM'000	RM'000
Non-current		
<u>Secured</u>		
Hire-purchase and finance lease payables	47,250	38,250
<u>Unsecured</u>		
Hire-purchase and finance lease payables	612	527
	47,862	38,777
Current		
<u>Secured</u>		
Term loan	23,111	17,841
Hire-purchase and finance lease payables	18,905	22,405
Bankers acceptance and revolving credit	72,000	67,188
Bank overdraft	18,590	33,485
<u>Unsecured</u>		
Hire-purchase and finance lease payables	319	725
Bankers acceptance and revolving credit	13,233	788
	146,158	142,432
	194,020	181,209

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

19. Changes in material litigation

There was no material litigation since 30 June 2020.

20. Dividend proposed

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

21. Earnings/(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.

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit/(Loss) attributable to owners of the Company (RM'000)	118,240	(98,831)	82,789	(209,450)
Weighted average number of ordinary shares in issue ('000)	680,804	680,804	680,804	680,804
Basic EPS (sen)	17.37	(14.52)	12.16	(30.77)

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 2020 was not qualified.

23. Profit/(Loss) before tax

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

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	1,017	2,198	1,869	4,625
(b) Other income including investment income	1,314	4,282	7,754	9,823
(c) Interest expense	(6,930)	(6,566)	(16,476)	(11,632)
(d) Depreciation and amortisation	(22,685)	(27,589)	(47,519)	(53,701)
(e) Provision for and write off of receivables	(1,229)	(891)	(2,511)	(2,066)
(f) Provision for and write off of inventories	-	-	-	-
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	(5,500)	-	(5,500)	-
(i) Foreign exchange gain/(loss)	704	283	2,007	3,209
(j) Gain/(Loss) on derivatives	-	-	-	-
(k) Reversal of impairment loss on trade and other receivables	-	-	-	-
(l) Exceptional item				
- inventories written down	-	-	-	(17,564)