



LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)

(Incorporated in Malaysia)

Interim Financial Report for the First Quarter Ended 31 March 2022

Condensed Consolidated Statement of Profit or Loss	1
Condensed Consolidated Statement of Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5
Notes to the Condensed Financial Statements	6 - 12

LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 31 March 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
		31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Revenue		681,930	-	681,930	-
Operating expenses		(702,950)	-	(702,950)	-
Other operating income		3,840	-	3,840	-
Loss from operations		(17,180)	-	(17,180)	-
Finance costs		(2,917)	-	(2,917)	-
Share in results of associated companies and joint venture		(2,240)	-	(2,240)	-
Investment income		3,037	-	3,037	-
Dilution of interest in an associated company		(9,754)	-	(9,754)	-
Loss before tax	23	(29,054)	-	(29,054)	-
Tax credit	16	4,204	-	4,204	-
Loss for the period		<u>(24,850)</u>	<u>-</u>	<u>(24,850)</u>	<u>-</u>
Loss attributable to:					
- Owners of the Company		(24,595)	-	(24,595)	-
- Non-controlling interests		(255)	-	(255)	-
Loss for the period		<u>(24,850)</u>	<u>-</u>	<u>(24,850)</u>	<u>-</u>
Loss per share attributable to owners of the Company (sen):	21				
- Basic		<u>(3.61)</u>	<u>-</u>	<u>(3.61)</u>	<u>-</u>
- Diluted		<u>(3.61)</u>	<u>-</u>	<u>(3.61)</u>	<u>-</u>

The Company had in last year changed its financial year end from 30 June to 31 December. As such, there are no comparative figures for the preceding year corresponding periods.

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Audited Financial Statements for the 18-month period ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 31 March 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE PERIOD 18 MONTHS ENDED	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Loss for the period	(24,850)	-	(24,850)	-
<u>Other comprehensive income/(loss)</u>				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Exchange differences on translation of foreign operations	(535)	-	(535)	-
Share of other comprehensive income of associated companies	5,271	-	5,271	-
Other comprehensive income for the period, net of tax	4,736	-	4,736	-
Total comprehensive loss for the period	<u>(20,114)</u>	<u>-</u>	<u>(20,114)</u>	<u>-</u>
Loss attributable to:				
Owners of the Company	(19,797)	-	(19,797)	-
Non-controlling interests	(317)	-	(317)	-
	<u>(20,114)</u>	<u>-</u>	<u>(20,114)</u>	<u>-</u>

The Company had in last year changed its financial year end from 30 June to 31 December. As such, there are no comparative figures for the preceding year corresponding periods.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the 18-month period ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 31 March 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	AS AT 31.3.2022 RM'000	AS AT 31.12.2021 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		869,340	848,433
Investment properties		110,801	110,119
Prepaid land lease payments		51,318	51,705
Right-of-use assets		17,678	18,850
Land held for property development		74,114	50,964
Investment in associated companies and joint venture		479,837	485,897
Long-term investments		599	599
Other receivable		13,000	13,000
Deferred tax assets		8,435	8,435
Goodwill		130,443	130,443
Total Non-Current Assets		<u>1,755,565</u>	<u>1,718,445</u>
Current Assets			
Property development costs		15,780	15,573
Inventories		360,743	329,641
Receivables		573,710	720,640
Investment in money market funds		2,418	2,417
Deposits, cash and bank balances		546,604	726,062
Total Current Assets		<u>1,499,255</u>	<u>1,794,333</u>
Total Assets		<u>3,254,820</u>	<u>3,512,778</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		1,250,536	1,250,536
Reserves		543,225	563,022
Equity attributable to owners of the Company		<u>1,793,761</u>	<u>1,813,558</u>
Non-controlling interests		224,830	225,147
Total equity		<u>2,018,591</u>	<u>2,038,705</u>
Non-Current and Deferred Liabilities			
Loans and borrowings	18	47,771	47,808
Lease liabilities		13,518	14,524
Deferred payables		323,725	323,725
Deferred tax liabilities		3,803	3,770
Total Non-Current and Deferred Liabilities		<u>388,817</u>	<u>389,827</u>
Current Liabilities			
Payables		606,705	833,185
Contract liabilities		25,226	24,405
Loans and borrowings	18	128,710	134,403
Lease liabilities		4,517	4,621
Deferred payables		70,000	70,000
Tax liabilities		12,254	17,632
Total Current Liabilities		<u>847,412</u>	<u>1,084,246</u>
Total Liabilities		<u>1,236,229</u>	<u>1,474,073</u>
Total Equity and Liabilities		<u>3,254,820</u>	<u>3,512,778</u>
Net assets per share attributable to owners of the Company (RM)		<u>2.63</u>	<u>2.66</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)

LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)

(Incorporated in Malaysia)

Interim financial report for the first quarter ended 31 March 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the Company →					Non-	
	Share capital	Treasury shares	Other reserves	Retained earnings	Total	controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2022							
At 1 January 2022	1,250,536	(13,193)	(3,548)	579,763	1,813,558	225,147	2,038,705
Total comprehensive income/(loss) for the period	-	-	4,798	(24,595)	(19,797)	(317)	(20,114)
At 31 March 2022	<u>1,250,536</u>	<u>(13,193)</u>	<u>1,250</u>	<u>555,168</u>	<u>1,793,761</u>	<u>224,830</u>	<u>2,018,591</u>

The Company had in last year changed its financial year end from 30 June to 31 December. As such, there are no comparative figures for the preceding year corresponding periods.

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Audited Financial Statements for the period ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 31 March 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	31.3.2022	31.3.2021
	RM'000	RM'000
<u>OPERATING ACTIVITIES</u>		
Loss before tax	(29,054)	-
Adjustments for:		
Non-cash items	14,781	-
Non-operating items	11,874	-
Operating Loss before changes in working capital	(2,399)	-
Changes in working capital:		
Net changes in current assets	104,088	-
Net changes in current liabilities	(221,006)	-
	(119,317)	-
<u>INVESTING ACTIVITIES</u>		
Dividend received	918	-
Interest received	3,037	-
Proceeds from disposal of property, plant and equipment	186	-
Purchase of property, plant and equipment	(32,867)	-
Increase in investment in money market funds	(1)	-
Increase in land held for property development	(23,150)	-
	(51,877)	-
<u>FINANCING ACTIVITIES</u>		
Borrowings and interest paid	(21,282)	-
Decrease in cash and cash equivalents - restricted	760	-
	(20,522)	-
Net changes in cash and cash equivalents	(191,716)	-
Effect of exchange differences	383	-
Cash and cash equivalents at beginning of the period	693,319	-
Cash and cash equivalents at end of the period	501,986	-

The Company had in last year changed its financial year end from 30 June to 31 December. As such, there are no comparative figures for the preceding year corresponding periods.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the period ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 31 March 2022
(The figures have not been audited)

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 period ended 31 December 2021. 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 period ended 31 December 2021.

The significant accounting policies adopted in the condensed consolidated financial statements are consistent with those of the audited financial statements for the financial period ended 31 December 2021 except for the adoption of the following MFRSs, Amendments to MFRSs effective for the financial period beginning 1 January 2022:

Amendments to:

MFRS 3	Reference to the Conceptual Framework
MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform
MFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
MFRS 116	Property, plant and Equipment - Proceeds before Intended Use
MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRSs Standards 2018 - 2020

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.

Comparative figures

There are no comparative figures stated in the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and the related notes for the preceding year corresponding period as the Company had in last year changed its financial year end from 30 June to 31 December.

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 reporting periods, 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 results for the current reporting periods.

5. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current reporting periods.

The shares repurchased to date are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. As at 31 March 2022, the number of treasury shares held were 37,105,300 shares.

6. Dividends paid

There was no dividend paid during the current reporting periods.

7. Segmental information

The Group's segmental report for the quarter ended 31 March 2022 was as follows:

	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	483,185	173,483	25,262	-	681,930
Inter-segment revenue	69,306	-	5,541	(74,847)	-
Total revenue	<u>552,491</u>	<u>173,483</u>	<u>30,803</u>	<u>(74,847)</u>	<u>681,930</u>
Results					
Segment results	(13,654)	1,274	(4,800)	-	(17,180)
Finance costs	(2,515)	(24)	(378)	-	(2,917)
Share in results of associated companies and joint venture	466	-	(2,706)	-	(2,240)
Investment income	2,173	-	864	-	3,037
Dilution of interest in an associated company					(9,754)
Loss before tax					(29,054)
Tax credit					4,204
Loss for the period					<u>(24,850)</u>
Assets					
Segment assets	2,035,269	359,862	359,800	-	2,754,931
Investment in associated companies and joint venture	22,038	-	457,799	-	479,837
Unallocated corporate assets					20,052
Consolidated total assets					<u>3,254,820</u>

8. Subsequent events

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

9. Changes in composition of the Group

There were no material changes in the composition of the Group during the current reporting period.

10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since 31 December 2021.

11. Performance review

		INDIVIDUAL QUARTER AND YEAR-TO-DATE ENDED
		31.3.2022
		RM'000
	<u>Note</u>	
Revenue		
Steel		552,491
Building materials		173,483
Others		30,803
Eliminations		(74,847)
		<u>681,930</u>
Segment Results		
Steel		(13,654)
Building materials		1,274
Others		(4,800)
Loss from operations		(17,180)
Finance costs		(2,917)
Share in results of associated companies and joint venture		(2,240)
Investment income		3,037
Dilution of interest in an associated company		(9,754)
Loss before tax	23	<u>(29,054)</u>

The Company had in last year changed its financial year end from 30 June to 31 December. As such, there is no comparative figures for the cumulative preceding year corresponding period and the results for last year's same quarter are referred for discussion below.

For the first quarter ended 31 March 2022, the Group registered a revenue of RM682 million with the Steel and Building Materials Divisions being the two main contributors to the Group's revenue.

The Group recorded a loss before tax of RM29.1 million for the period under review. The Group's net assets per share as at 31 March 2022 stood at RM2.63.

Steel

The Division's revenue was 20% lower at RM552.5 million compared with RM694.8 million and a loss of RM13.7 million against a profit of RM35.5 million in the same quarter last year respectively following the disposal of Antara Steel Mills Sdn Bhd ("Antara"), a subsidiary company, which was completed on 10 December 2021.

Building materials

The revenue for the Division increased by 35% to RM173.5 million for the first quarter ended 31 March 2022 when compared with RM128.8 million recorded in the same quarter last year mainly due to the increase in sales for the steel related products. The Division accordingly posted a profit of RM1.3 million as compared to a loss of RM6,000 a year ago.

Others

Revenue of Others Division were mainly from the sales of lubricants, automotive products and petroleum products, as well as the provision of management services and property development projects. These activities collectively contributed a lower revenue of RM30.8 million for the current quarter compared with RM35.1 million recorded in last year's same quarter. Accordingly, the Division recorded a loss of RM4.8 million for the current quarter against profit of RM0.6 million recorded in the previous year's same quarter.

Associated companies and joint venture

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

12. Comment on material change in profit

	Current Year Quarter 31.3.2022	Immediate Preceding Quarter 31.12.2021	Changes %
	RM'000	RM'000	
Revenue	681,930	812,802	-16
(Loss)/Profit from operations	(17,180)	77,430	>-100
(Loss)/Profit before tax	(29,054)	480,283	>-100

For the quarter ended 31 March 2022, the Group registered a revenue of RM681.9 million and a loss before tax of RM29 million mainly due to the lower contribution from the Steel Division following the disposal of Antara and lower profit margins.

Included in the profit before tax of the immediate preceding quarter was a gain on disposal of Antara of RM441.6 million.

13. a) Prospects

The domestic economy is expected to gradually strengthen as Malaysia transitions towards the endemic stage, relaxing the standard operating procedures and reopening its borders. However, the uncertainties brought about by the external factors such as geographical tensions and China's severe lockdown to curb COVID-19 have disrupted supply chains, caused raw material prices to rise and increased concern over the surge in inflation in the next quarter.

Nevertheless, the Group will continue to focus on containing its operating costs and optimizing operational efficiencies.

b) Forecast or target previously announced

The disclosure requirements are not applicable for the current reporting periods.

14. Statement of the Board of Directors' opinion on achievement of forecast or target

The disclosure requirements are not applicable for the current reporting periods.

15. Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

16. Tax (expense)/credit

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
Current provision	(762)	-	(762)	-
Deferred taxation				
Current provision	4,966	-	4,966	-
	<u>4,204</u>	<u>-</u>	<u>4,204</u>	<u>-</u>

After excluding the share in results of associated companies and the joint venture, the effective tax rate of the Group for the current quarter and year-to-date is lower than the statutory tax rate principally due to certain income not being taxable for tax purposes.

17. Corporate proposals

a) Status of corporate proposals

Save for the below proposals 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.	14.1.2022 24.1.2022 30.3.2022	Proposed disposal by Amsteel Mills Sdn Bhd ("AMSB"), a 99% owned subsidiary of the Company, of its entire 100% equity interest in Eden Flame Sdn Bhd ("Eden") to Esteel Enterprise Pte Ltd ("Buyer") ("Proposed Disposal"). Note: Defined words used herein carry the same meaning as explained in the announcements	The Proposed Disposal is subject to the approval of MITI.

The status of corporate proposals of Lion Posim Berhad ("LPB") is reported in the Interim Report of LPB.

b) Status of utilisation of proceeds

Amsteel Mills Sdn Bhd, a 99% owned subsidiary of the Company had on 10 December 2021 completed the disposal of its entire 100% equity interest in Antara Steel Mills Sdn Bhd to Esteel Enterprise Pte Ltd for a final Adjusted Consideration of approximately USD165.63 million (equivalent to approximately RM697.74 million) as announced on 8 April 2022 ("Disposal").

The status of the utilisation of proceeds from the Disposal as at 31 March 2022 was as follows:

	Updated Proposed Utilisation of Proceeds* RM'million	Actual Utilisation as at 31 March 2022 RM'million
(a) Proposed Expansion into Flat Steel Business that includes investment/cost for the following:		
- Proposed Acquisition of Unencumbered Assets	22.14	22.14
- partial payment of deferred payables in relation to the Proposed Acquisition of Encumbered Assets which was completed on 30 July 2020	40.00	40.00
- estimated start-up cost for the Flat Steel Assets to resume operation which includes cost for the replacement of parts, testing of machinery and hiring of manpower	150.00	126.50
(b) Funding requirement for any new investment/business and/or the existing businesses (including any upgrading of plant and equipment and production process/methodology) comprising investment/business such as upstream and/or downstream steel/property related business	190.30	-
Identified allocation under item (b):		
(i) Proposed acquisition of DRI Plants	40.80	38.25
(ii) Working capital for the Group	200.00	83.43
	431.10	121.68
(c) Working capital for the Group	50.00	50.00
(d) Estimated expenses in relation to the Disposal	4.50	4.50
Total	697.74	364.82

Note:

* as announced by the Company on 8 April 2022

18. Borrowings and debt securities

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

	YEAR-TO-DATE ENDED	
	31.3.2022 RM'000	31.3.2021 RM'000
Non-current		
<u>Secured</u>		
Hire-purchase and finance lease payables	47,327	47,250
<u>Unsecured</u>		
Hire-purchase and finance lease payables	444	443
	<u>47,771</u>	<u>47,693</u>
Current		
<u>Secured</u>		
Term loan	32,070	19,990
Hire-purchase and finance lease payables	8,630	16,249
Bankers acceptance and revolving credit	69,500	86,000
Bank overdraft	17,436	20,547
<u>Unsecured</u>		
Hire-purchase and finance lease payables	184	388
Bankers acceptance and revolving credit	890	-
	<u>128,710</u>	<u>143,174</u>
	<u>176,481</u>	<u>190,867</u>

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

19. Changes in material litigation

There was no material litigation since 31 December 2021.

20. Dividend proposed

The Board does not recommend any interim dividend for the current reporting periods.

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

Basic EPS is calculated by dividing the 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 reporting periods.

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
Loss attributable to owners of the Company (RM'000)	(24,595)	-	(24,595)	-
Weighted average number of ordinary shares in issue ('000)	680,804	-	680,804	-
Basic EPS (sen)	(3.61)	-	(3.61)	-

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 period ended 31 December 2021 was qualified.

23. Loss before tax

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

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	3,037	-	3,037	-
(b) Other income including investment income	3,840	-	3,840	-
(c) Interest expense	(2,917)	-	(2,917)	-
(d) Depreciation and amortisation	(13,392)	-	(13,392)	-
(e) Provision for and write off of receivables	(1,413)	-	(1,413)	-
(f) Provision for and write off of inventories	-	-	-	-
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain/(loss)	1,017	-	1,017	-
(j) Gain/(Loss) on derivatives	-	-	-	-