



LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)

(Incorporated in Malaysia)

Interim Financial Report for the Quarter Ended 31 December 2021

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Interim financial report for the quarter ended 31 December 2021
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE PERIOD 18 MONTHS ENDED	
		31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue		812,802	-	3,956,689	-
Operating expenses		(743,850)	-	(3,959,911)	-
Other operating income		8,478	-	26,638	-
Profits from operations		77,430	-	23,416	-
Finance costs		(2,172)	-	(31,691)	-
Share in results of associated companies and joint venture		(4,016)	-	(26,422)	-
Investment income		1,983	-	10,514	-
Exceptional items	23 (k)	407,058	-	587,218	-
Profit before tax	23	480,283	-	563,035	-
Tax expense	16	(4,147)	-	(29,879)	-
Profit for the period		476,136	-	533,156	-
Profit attributable to:					
- Owners of the Company		469,062	-	490,296	-
- Non-controlling interests		7,074	-	42,860	-
Profit for the period		476,136	-	533,156	-
Earnings per share attributable to owners of the Company (sen):	21				
- Basic		68.90	-	72.02	-
- Diluted		68.90	-	72.02	-

The financial year end of the Group has been changed 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 year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

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Registration No. 192401000008 (415-D)
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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE PERIOD 18 MONTHS ENDED	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Profit for the period	476,136	-	533,156	-
<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	1,340	-	13,519	-
Share of other comprehensive income of associated companies	7,971	-	59,346	-
Other comprehensive income for the period, net of tax	9,311	-	72,865	-
Total comprehensive income for the period	<u>485,447</u>	<u>-</u>	<u>606,021</u>	<u>-</u>
Profit attributable to:				
Owners of the Company	475,697	-	557,499	-
Non-controlling interests	9,750	-	48,522	-
	<u>485,447</u>	<u>-</u>	<u>606,021</u>	<u>-</u>

The financial year end of the Group has been changed 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 year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

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Interim financial report for the quarter ended 31 December 2021

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	AS AT 31.12.2021 RM'000	AS AT 30.6.2020 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		860,630	399,243
Investment properties		111,752	113,001
Prepaid land lease payments		38,168	40,485
Right-of-use assets		18,971	50,027
Land held for property development		50,960	50,885
Investment in associated companies and joint venture		487,460	475,396
Long-term investments		599	611
Other receivable		13,000	-
Deferred tax assets		6,998	48,133
Goodwill		130,443	130,443
Total Non-Current Assets		1,718,981	1,308,224
Current Assets			
Property development costs		15,573	12,022
Inventories		315,248	375,498
Receivables		717,173	469,239
Investment in money market funds		2,417	17,469
Deposits, cash and bank balances		720,899	333,517
Total Current Assets		1,771,310	1,207,745
Total Assets		3,490,291	2,515,969
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		1,250,536	1,250,536
Reserves		558,548	1,049
Equity attributable to owners of the Company		1,809,084	1,251,585
Non-controlling interests		223,757	175,235
Total equity		2,032,841	1,426,820
Non-Current and Deferred Liabilities			
Loans and borrowings	18	47,685	48,001
Lease liabilities		10,135	20,123
Deferred payables		323,725	-
Deferred tax liabilities		3,920	3,919
Total Non-Current and Deferred Liabilities		385,465	72,043
Current Liabilities			
Payables		806,147	864,509
Contract liabilities		24,405	18,509
Loans and borrowings	18	147,735	115,604
Lease liabilities		9,049	13,996
Deferred payables		70,000	-
Tax liabilities		14,649	4,488
Total Current Liabilities		1,071,985	1,017,106
Total Liabilities		1,457,450	1,089,149
Total Equity and Liabilities		3,490,291	2,515,969
Net assets per share attributable to owners of the Company (RM)		2.66	1.84

(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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Interim financial report for the quarter ended 31 December 2021

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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 December 2021							
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	-	-	67,203	490,296	557,499	48,522	606,021
Transfer of reserve	-	-	236	(236)	-	-	-
At 31 December 2021	1,250,536	(13,193)	(14,310)	586,051	1,809,084	223,757	2,032,841

'The financial year end of the Group has been changed 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 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

	CUMULATIVE PERIOD	
	18 MONTHS ENDED	
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	563,035	-
Adjustments for:		
Non-cash items	(476,419)	-
Non-operating items	92,215	-
Operating profit before changes in working capital	178,831	-
Changes in working capital:		
Net changes in current assets	(489,270)	-
Net changes in current liabilities	156,012	-
	(154,427)	-
INVESTING ACTIVITIES		
Dividend received	1,407	-
Interest received	10,324	-
Proceeds from disposal of property, plant and equipment	699	-
Purchase of long term investment	(8,500)	-
Redemption of long term investment	3,000	-
Purchase of property, plant and equipment	(174,516)	-
Partial purchase consideration paid for land acquisition	(13,000)	-
Partial proceeds from disposal of a subsidiary company	577,281	-
Decrease in investment in money market funds	15,052	-
Net cash inflow from acquisition of subsidiary company	180,050	-
Others	(75)	-
	591,722	-
FINANCING ACTIVITIES		
Borrowings and interest paid	(120,016)	-
Proceeds from borrowings	59,769	-
Decrease in cash and cash equivalents - restricted	72,161	-
	11,914	-
Net changes in cash and cash equivalents	449,209	-
Effect of exchange differences	12,157	-
Cash and cash equivalents at beginning of the period	219,228	-
Cash and cash equivalents at end of the period	680,594	-

'The financial year end of the Group has been changed 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 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 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.

Change in Financial Year End

The Company had on 4 June 2021, announced that it had changed the financial year end of the Company from 30 June to 31 December. Consequently, the next set of audited financial statements shall be made up from 1 July 2020 to 31 December 2021 covering a period of 18 months and subsequently, the financial year of the Company shall end on 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 December 2021, 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 18-month period ended 31 December 2021 was as follows:

	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	3,060,029	739,917	156,743	-	3,956,689
Inter-segment revenue	373,562	-	30,588	(404,150)	-
Total revenue	<u>3,433,591</u>	<u>739,917</u>	<u>187,331</u>	<u>(404,150)</u>	<u>3,956,689</u>
Results					
Segment results	76,702	8,304	(61,590)	-	23,416
Finance costs	(28,918)	(427)	(2,346)	-	(31,691)
Share in results of associated companies and joint venture	849	-	(27,271)	-	(26,422)
Investment income	1,039	2,067	7,408	-	10,514
Exceptional items	475,414	135,320	(23,516)	-	587,218
Profit before tax					<u>563,035</u>
Tax expenses					<u>(29,879)</u>
Profit for the period					<u>533,156</u>
Assets					
Segment assets	1,705,766	354,636	922,710	-	2,983,112
Investment in associated companies and joint venture	22,421	-	465,039	-	487,460
Unallocated corporate assets					19,719
Consolidated total assets					<u>3,490,291</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

- (a) As announced to Bursa Malaysia Securities Berhad, the Group had completed the transfer of 100% equity interest in Well Morning Limited ("Well Morning") on 30 December 2020 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 transfer are as follows:

	RM'000
Assets	
Non-current assets	144
Current assets	
Deposits, cash and bank balances	180,050
Others	<u>30,413</u>
	210,463
Liability	
Current Liabilities	<u>(11,728)</u>
Total identifiable assets acquired and liabilities assumed	198,879
Expenses accrued	<u>(6,936)</u>
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	<u>35,701</u>
	<u><u>191,943</u></u>
 Effects on earnings per share and net assets per share of the Group	 Sen <u><u>28.19</u></u>

9. Changes in composition of the Group (continued)

- (b) As announced to Bursa Malaysia Securities Berhad, Amsteel Mills Sdn Bhd, a 99% owned subsidiary of the Company had completed the disposal of its entire 100% equity interest in Antara Steel Mills Sdn Bhd ("Antara") on 10 December 2021. Consequent thereupon, Antara is no longer a subsidiary of the Company with effect from 10 December 2021 (Note 17 (2)).

The identifiable assets and liabilities in relation to the above disposal are as follows:

	RM'000
Assets	
Non-current assets	62,089
Current assets	
Deposits, cash and bank balances	21,961
Others (mainly inventories and receivables)	<u>396,027</u>
	417,988
Liability	
Non-Current Liabilities	(929)
Current Liabilities	<u>(221,955)</u>
Net assets disposed of	257,193
Gain on disposal	441,647
Proceeds from disposal of Antara	<u>698,840</u>
Deferred consideration receivable	(99,598)
Less: Cash and cash equivalents	<u>(21,961)</u>
Net cash inflow from disposal of Antara	<u><u>577,281</u></u>
Gain attributable to:	
- Owners of the Company	437,231
- Non-controlling interests	4,416
	<u><u>441,647</u></u>
	Sen
Effects on earnings per share and net assets per share of the Group	<u><u>64.22</u></u>

There were no material changes in the composition of the Group during the current reporting periods 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	INDIVIDUAL QUARTER 3 MONTHS ENDED	CUMULATIVE PERIOD 18 MONTHS ENDED
		31.12.2021 RM'000	31.12.2021 RM'000
Revenue			
Steel		695,991	3,433,591
Building materials		183,715	739,917
Others		32,311	187,331
Eliminations		(99,215)	(404,150)
		812,802	3,956,689
Segment Results			
Steel		92,135	76,702
Building materials		6,526	8,304
Others		(21,231)	(61,590)
Profit from operations		77,430	23,416
Finance costs		(2,172)	(31,691)
Share in results of associated companies and joint venture		(4,016)	(26,422)
Investment income		1,983	10,514
Exceptional items	23 (k)	407,058	587,218
Profit before tax	23	480,283	563,035

The financial year end of the Group has been changed 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 18-month period ended 31 December 2021, the Group posted a revenue of RM3,957 million with the Steel and Building Materials Divisions being the two main contributors to the Group's revenue. The share of losses from associated companies and a joint venture was RM26.4 million for the 18-month period ended 31 December 2021. After accounting for the exceptional items of RM587.2 million, the Group posted a profit before tax of RM563.0 million for the 18-month period ended 31 December 2021. The Group's net assets per share as at 31 December 2021 was RM2.66, an increase of 82 sen from that of the last financial year.

Steel

The Division's revenue was 16% higher at RM696.0 million compared with RM598.6 million recorded in same quarter last year mainly due to higher selling prices during the current quarter. Coupled with higher profit margin, the Division accordingly posted a higher profit of RM92.1 million compared with RM0.1 million recorded in same quarter last year. For the 18-month period ended 31 December 2021, the Division recorded a revenue of RM3,434 million and profit of RM76.7 million.

Building materials

The revenue for the Division increased by 53% to RM183.7 million for the quarter ended 31 December 2021 when compared with RM119.8 million recorded in the same quarter last year mainly due to the increase in sales for the steel related products. The Division recorded a profit of RM6.5 million for the quarter under review compared with RM0.9 million recorded in last year's same quarter as the current quarter's profit included RM4.3 million arising from debts recovered and reversal of impairment loss for trade receivables. For the 18-month period ended 31 December 2021, the Division recorded a revenue of RM739.9 million and profit of RM8.3 million.

Others

Revenue of Others Division were mainly from the sales of lubricants and automotive and petroleum products, as well as the provision of management services and property development projects. These activities collectively contributed a higher revenue of RM32.3 million for the current quarter compared with RM26.7 million recorded in last year's same quarter. Accordingly, the Division recorded a lower loss of RM21.2 million for the current quarter compared with RM25.2 million recorded in the previous year's same quarter. The improved results of this Division were mainly attributable to the higher sales of lubricants and automotive and petroleum products which contributed a revenue of RM23.8 million and profit of RM3.9 million for the quarter under review. For the 18-month period under review, the Division recorded a revenue of RM187.3 million and a loss of RM61.6 million mainly due to the expenses incurred for corporate exercises and administrative expenses.

11. Performance review (continued)**Associated companies and joint venture**

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

Exceptional items

The exceptional items comprised a gain on disposal of a subsidiary company of RM441.6 million, gain on settlement of secured debts of RM191.9 million, impairment loss on property, plant and equipment of RM22.9 million and dilution of interest in an associated company of RM23.5 million.

12. Comment on material change in profit

	Current Year Quarter 31.12.2021	Immediate Preceding Quarter 30.9.2021	Changes
	RM'000	RM'000	%
Revenue	812,802	502,282	62
Profit/(Loss) from operations	77,430	(35,619)	>100
Profit/(Loss) before tax	480,283	(62,580)	>100

For the quarter ended 31 December 2021, the Group registered a revenue of RM812.8 million, an increase of 62% from that of the last quarter mainly due to the higher sales from the Steel Division. Accordingly, the Group recorded a higher profit from operations of RM77.4 million for the quarter under review due to higher selling prices and sales volume of steel products.

After accounting for exceptional items of RM407.1 million, comprised mainly the gain on disposal of a subsidiary company of RM441.6 million, the impairment loss of property, plant and equipment of RM22.9 million and the dilution of interest in an associated company of RM11.7 million, the Group posted a profit before tax of RM480.3 million for the quarter under review against a loss of RM62.6 million in the immediate preceding quarter.

13. a) Prospects

Malaysian economy is expected to grow by 5.5% to 6.5% in 2022 according to Bank Negara Malaysia though there is concern over inflation due to factors including global commodity price developments and risk from disruption in supply chains.

Nevertheless, the Group remains cautious over the uncertainties caused by the Covid-19. The Group continues to focus on containing its operating costs, optimising operational efficiencies and tapping new opportunities for growth for the next financial year.

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 3 MONTHS ENDED		CUMULATIVE PERIOD 15 MONTHS ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
Current provision	4,429	-	9,282	-
Overprovision in prior years	(52)	-	(510)	-
Deferred taxation				
Current provision	(230)	-	21,107	-
	<u>4,147</u>	<u>-</u>	<u>29,879</u>	<u>-</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 18-month financial period is lower than the statutory tax rate principally 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 24.12.2021	<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 has been completed on 24 December 2021 and accordingly the Proposed Expansion into Flat Steel Business was therefore completed on even date.</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.	12.10.2021 28.10.2021 1.11.2021 9.11.2021 25.11.2021 7.12.2021 10.12.2021	Proposed disposal by Amsteel Mills Sdn Bhd ("AMSB"), a 99% owned subsidiary of the Company, of its entire 100% equity interest in Antara Steel Mills Sdn Bhd ("Antara") to Esteel Enterprise Pte Ltd ("Buyer") for a cash consideration of USD122.00 million (equivalent to RM509.96 million) ("Proposed Disposal").	The Proposed Disposal has been completed on 10 December 2021.
3.	14.1.2022 24.1.2022	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.

18. Borrowings and debt securities

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

	YEAR-TO-DATE ENDED	
	31.12.2021	31.12.2020
	RM'000	RM'000
Non-current		
<u>Secured</u>		
Hire-purchase and finance lease payables	47,250	47,250
<u>Unsecured</u>		
Hire-purchase and finance lease payables	435	612
	<u>47,685</u>	<u>47,862</u>
Current		
<u>Secured</u>		
Term loan	33,750	23,111
Hire-purchase and finance lease payables	12,106	18,905
Bankers acceptance and revolving credit	84,303	72,000
Bank overdraft	17,244	18,590
<u>Unsecured</u>		
Hire-purchase and finance lease payables	332	319
Bankers acceptance and revolving credit	-	13,233
	<u>147,735</u>	<u>146,158</u>
	<u>195,420</u>	<u>194,020</u>

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 reporting periods.

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

Basic EPS is calculated by dividing the 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 reporting periods.

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE PERIOD 18 MONTHS ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit attributable to owners of the Company (RM'000)	469,062	-	490,296	-
Weighted average number of ordinary shares in issue ('000)	680,804	-	680,804	-
Basic EPS (sen)	68.90	-	72.02	-

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 before tax

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

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE PERIOD 18 MONTHS ENDED	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
(a) Interest income	1,983	-	10,514	-
(b) Other income including investment income	8,477	-	26,638	-
(c) Interest expense	(2,172)	-	(31,691)	-
(d) Depreciation and amortisation	(17,752)	-	(133,405)	-
(e) Provision for and write off of receivables	1,755	-	(3,602)	-
(f) Provision for and write off of inventories	(1,359)	-	(1,359)	-
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	(605)	-	(6,105)	-
(i) Foreign exchange gain/(loss)	(515)	-	4,533	-
(j) Gain/(Loss) on derivatives	-	-	-	-
(k) Exceptional items	407,058	-	587,218	-
- gain on settlement of secured debts	-	-	191,943	-
- gain on disposal of a subsidiary company	441,647	-	441,647	-
- Impairment loss on property, plant and equipment	(22,856)	-	(22,856)	-
- dilution of interest in an associated company	(11,733)	-	(23,516)	-