



LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)

(Incorporated in Malaysia)

Interim Financial Report for the Second Quarter Ended 30 June 2024

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 Consolidated Financial Statements	6 - 12

LION INDUSTRIES CORPORATION BERHAD

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

Interim financial report for the second quarter ended 30 June 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			YEAR-TO-DATE ENDED		
		30.6.2024 RM'000	30.6.2023 RM'000	Changes %	30.6.2024 RM'000	30.6.2023 RM'000	Changes %
Revenue		424,673	503,453	-16	838,515	1,017,395	-18
Operating expenses		(488,368)	(562,623)		(943,835)	(1,128,278)	
Other operating income		11,626	1,453		12,675	3,611	
Loss from operations		(52,069)	(57,717)	10	(92,645)	(107,272)	14
Finance costs		(4,658)	(2,404)		(8,670)	(4,328)	
Share of results of associated companies and joint venture		(1,123)	4,138		5,540	9,428	
Investment income		653	431		1,506	1,502	
Gain on disposals	23(k)	21,858	7,632		21,858	32,947	
Loss before tax	23	(35,339)	(47,920)	26	(72,411)	(67,723)	-7
Tax credit/(expense)	16	2,307	(1,190)		1,163	(2,160)	
Loss for the period		(33,032)	(49,110)	33	(71,248)	(69,883)	-2
(Loss)/Profit attributable to:							
- Owners of the Company		(32,896)	(49,120)		(71,514)	(70,918)	
- Non-controlling interests		(136)	10		266	1,035	
Loss for the period		(33,032)	(49,110)		(71,248)	(69,883)	
Loss per share attributable to owners of the Company (sen):	21						
- Basic		(4.83)	(7.21)		(10.50)	(10.42)	
- Diluted		(4.83)	(7.21)		(10.50)	(10.42)	

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 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 second quarter ended 30 June 2024

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	30.6.2024 RM'000	30.6.2023 RM'000	30.6.2024 RM'000	30.6.2023 RM'000
Loss for the period	(33,032)	(49,110)	(71,248)	(69,883)
<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	654	3,184	3,328	8,685
Share of other comprehensive loss of associated companies	(5,944)	(9,834)	(2,679)	(1,774)
Other comprehensive (loss)/income for the period, net of tax	(5,290)	(6,650)	649	6,911
Total comprehensive loss for the period	(38,322)	(55,760)	(70,599)	(62,972)
Total comprehensive (loss)/income attributable to:				
- Owners of the Company	(38,194)	(57,360)	(71,602)	(67,099)
- Non-controlling interests	(128)	1,600	1,003	4,127
	(38,322)	(55,760)	(70,599)	(62,972)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 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 second quarter ended 30 June 2024

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	AS AT 30.6.2024 RM'000	AS AT 31.12.2023 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		833,239	850,746
Investment properties		121,402	118,564
Prepaid land lease payments		7,488	36,945
Right-of-use assets		12,527	29,382
Land held for property development		51,708	51,626
Investment in associated companies and joint venture		401,629	398,437
Long-term investments		599	599
Deferred tax assets		9,900	9,937
Total Non-Current Assets		1,438,492	1,496,236
Current Assets			
Property development costs		4,758	4,736
Inventories		273,052	308,134
Receivables		660,575	652,638
Current tax assets		8,498	9,738
Investment in money market funds		2,405	2,362
Deposits, cash and bank balances		106,813	114,558
		1,056,101	1,092,166
Non-current assets classified as held for sale		32,221	12,725
Total Current Assets		1,088,322	1,104,891
Total Assets		2,526,814	2,601,127
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		1,250,536	1,250,536
Reserves		(221,326)	(149,724)
Equity attributable to owners of the Company		1,029,210	1,100,812
Non-controlling interests		223,660	222,657
Total Equity		1,252,870	1,323,469
Non-Current and Deferred Liabilities			
Loans and borrowings	18	539	22,200
Lease liabilities		30,227	14,618
Deferred payables		120,622	120,622
Deferred tax liabilities		65,312	68,535
Total Non-Current and Deferred Liabilities		216,700	225,975
Current Liabilities			
Payables		792,417	780,602
Loans and borrowings	18	132,027	138,039
Lease liabilities		9,163	9,461
Deferred payables		123,103	123,103
Current tax liabilities		534	478
Total Current Liabilities		1,057,244	1,051,683
Total Liabilities		1,273,944	1,277,658
Total Equity and Liabilities		2,526,814	2,601,127
Net assets per share attributable to owners of the Company (RM)		1.51	1.62

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 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 second quarter ended 30 June 2024

(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	(Accumulated losses)/ Retained earnings RM'000			
30 June 2024							
At 1 January 2024	1,250,536	(13,193)	8,035	(144,566)	1,100,812	222,657	1,323,469
Total comprehensive (loss)/income for the period	-	-	(88)	(71,514)	(71,602)	1,003	(70,599)
At 30 June 2024	1,250,536	(13,193)	7,947	(216,080)	1,029,210	223,660	1,252,870
30 June 2023							
At 1 January 2023	1,250,536	(13,193)	3,291	256,730	1,497,364	224,571	1,721,935
Total comprehensive income/(loss) for the period	-	-	3,819	(70,918)	(67,099)	4,127	(62,972)
Dividend paid by a subsidiary company	-	-	-	-	-	(750)	(750)
At 30 June 2023	1,250,536	(13,193)	7,110	185,812	1,430,265	227,948	1,658,213

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 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 second quarter ended 30 June 2024

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	30.6.2024	30.6.2023
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before tax	(72,411)	(67,723)
Adjustments for:		
Non-cash items	8,941	(7,671)
Non-operating items	461	(4,584)
Operating loss before changes in working capital	(63,009)	(79,978)
Changes in working capital:		
Net changes in current assets	35,701	48,005
Net changes in current liabilities	11,658	(64,636)
Others (mainly interest received)	1,506	1,502
	(14,144)	(95,107)
INVESTING ACTIVITIES		
Capital repayment from a joint venture	90	-
Proceeds from disposal of property, plant and equipment	49,278	22,437
Purchase of property, plant and equipment	(4,669)	(19,430)
Partial proceeds from disposal of assets held for sale	-	11,360
Increase in investment in money market funds	(43)	(41)
Increase in land held for property development	(104)	(2,390)
	44,552	11,936
FINANCING ACTIVITIES		
Net borrowings and interest paid	(33,227)	(13,430)
Increase in cash and cash equivalents - restricted	(179)	(433)
	(33,406)	(13,863)
Net changes in cash and cash equivalents	(2,998)	(97,034)
Effect of exchange differences	173	454
Cash and cash equivalents at beginning of the period	70,686	176,519
Cash and cash equivalents at end of the period	67,861	79,939

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 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 second quarter ended 30 June 2024
(The figures have not been audited)

NOTES TO THE CONDENSED CONSOLIDATED 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 31 December 2023. 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 31 December 2023.

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 31 December 2023 except for the adoption of the following Amendments to MFRSs effective for the financial period beginning on or after 1 January 2024:

Amendments to:

MFRS 16	Lease Liability in a Sale and Leaseback
MFRS 101	Classification of Liability as Current or Non-current
MFRS 101	Non-current Liabilities with Covenants
MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of the above amendments to MFRSs has no significant effect on the financial performance or position 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 results for the current quarter and financial year-to-date.

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 2024, the number of treasury shares held were 37,105,300 shares.

6. Dividends paid

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

7. Segmental information

The Group's segmental report for the period ended 30 June 2024 was as follows:

	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	426,740	305,217	106,558	-	838,515
Inter-segment revenue	118,665	-	11,969	(130,634)	-
Total revenue	<u>545,405</u>	<u>305,217</u>	<u>118,527</u>	<u>(130,634)</u>	<u>838,515</u>
Results					
Segment results	(94,898)	1,292	961	-	(92,645)
Finance costs	(6,586)	(649)	(1,435)	-	(8,670)
Share of results of associated companies and joint venture	40	-	5,500	-	5,540
Investment income	38	830	638	-	1,506
Gain on disposals	21,858	-	-	-	21,858
Loss before tax					(72,411)
Tax credit					1,163
Loss for the period					<u>(71,248)</u>
Assets					
Segment assets	1,317,813	372,390	416,584	-	2,106,787
Investment in associated companies and joint venture	8,710	-	392,919	-	401,629
Unallocated corporate assets					18,398
Total assets					<u>2,526,814</u>

8. Subsequent events

There were no material events subsequent to the end of the current quarter and financial year-to-date.

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 material changes in contingent liabilities or contingent assets since 31 December 2023.

11. Performance review

	INDIVIDUAL QUARTER			YEAR-TO-DATE ENDED		
	30.6.2024 RM'000	30.6.2023 RM'000	Changes %	30.6.2024 RM'000	30.6.2023 RM'000	Changes %
Revenue						
Steel	262,170	397,589	-34	545,405	782,633	-30
Building materials	148,104	150,655	-2	305,217	325,641	-6
Others	82,610	34,909	>100	118,527	69,962	69
Eliminations	(68,211)	(79,700)		(130,634)	(160,841)	
	424,673	503,453	-16	838,515	1,017,395	-18
Segment Results						
Steel	(52,795)	(59,116)	11	(94,898)	(109,969)	14
Building materials	451	325	39	1,292	478	>100
Others	275	1,074	-74	961	2,219	-57
Loss from operations	(52,069)	(57,717)	10	(92,645)	(107,272)	14
Finance costs	(4,658)	(2,404)		(8,670)	(4,328)	
Share of results of associated companies and joint venture	(1,123)	4,138		5,540	9,428	
Investment income	653	431		1,506	1,502	
Gain on disposals	21,858	7,632		21,858	32,947	
Loss before tax	(35,339)	(47,920)	26	(72,411)	(67,723)	-7

For the 6 months ended 30 June 2024, the Group posted a revenue of RM838.5 million with the Steel and Building Materials Divisions being the two main contributors. The Group reported a lower operating loss of RM92.6 million mainly due to the lower loss from the Steel Division compared with the same period last year.

The Group registered a loss before tax of RM72.4 million for the period under review. The Group's net assets per share as at 30 June 2024 was RM1.51.

Steel

The Division's revenue was 30% lower at RM545.4 million compared with RM782.6 million recorded in the same period last year mainly due to the lower sales volume. However, the Division recorded a lower loss of RM94.9 million compared with RM110.0 million in the same period last year mainly due to lower operating expenses.

Building materials

For the period under review, the Division recorded a revenue of RM305.2 million, representing a 6% decrease compared to the same period last year, mainly due to the lower sales of building materials. Despite the decline in revenue, the Division recorded a higher profit of RM1.3 million attributed to the on-going efforts in optimising operating efficiencies.

Others

Revenue of Others Division was mainly from the sale of lubricants, automotive products and petroleum products, as well as the provision of management services and property development. These activities collectively contributed a higher revenue of 69% at RM118.5 million compared with RM70.0 million recorded in the last year's same period mainly from the sale of a piece of land by the property development division of RM46 million. The Division recorded a profit of RM1.0 million compared with RM2.2 million in the same period last year.

Associated companies and joint venture

The lower profit contributed by the associated companies and a jointly controlled entity was primarily attributable to the weaker performance from the retail businesses.

12. Comment on material change in profit

	Current Year Quarter 30.6.2024	Immediate Preceding Quarter 31.3.2024	Changes
	RM'000	RM'000	%
Revenue	424,673	413,842	3
Loss from operations	(52,069)	(40,576)	-28
Loss before tax	(35,339)	(37,072)	5

Revenue of the Group for the quarter under review was 3% higher at RM424.7 million compared with RM413.8 million in the immediate preceding quarter mainly due to the sale of a piece of land by the property development division. The loss from operations of the Group increased to RM52.1 million from RM40.6 million in the immediate preceding quarter was mainly due to the impairment of the right-of-use of leased plant and equipment amounted to RM13.4 million.

Loss before tax of the Group for the quarter under review was lower at RM35.3 million primarily attributed to the gain on disposal of a piece of land and buildings of RM21.9 million.

13. a) Prospects

The local demand for steel is not expected to see significant growth in the upcoming quarter due to the lack of major infrastructure projects. Overcapacity issues within the steel industry are expected to persist. The challenges stemming from the volatile global economy, inflationary pressures and geopolitical uncertainties are likely to continue to impact the local economy.

The Group will maintain its vigilant stance and proactively address prevailing market conditions. Focus will be placed on improving operational efficiencies, implementing cost controls, and intensifying efforts to diversify its product portfolio.

b) Forecast or target previously announced

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

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

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

15. Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

16. Tax credit/(expense)

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Current provision	(905)	(1,190)	(2,049)	(2,159)
- Over/(under) provision in prior years	26	-	26	(1)
Deferred taxation				
- Overprovision in prior years	3,186	-	3,186	-
	2,307	(1,190)	1,163	(2,160)

After excluding the share of results of associated companies and joint venture, the effective tax rate of the Group for the current quarter and financial year-to-date were higher than the Malaysian statutory tax rate principally due to certain expenses which were not deductible for tax purposes.

17. Corporate proposals

Status of corporate proposals

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

Date of Announcements	Subjects	Status
(a) 3.9.2023 5.9.2023	Proposed disposals of part of two pieces of freehold land measuring 19.781 acres and 7.006 acres for a cash consideration of RM67.96 million and RM24.07 million respectively by Amsteel Mills Sdn Bhd ("Amsteel Mills"), a 99% owned subsidiary of the Company and Gelora Berkat Sdn Bhd, a wholly-owned subsidiary of the Company, respectively to Unichamp Mineral Sdn Bhd ("Proposed Disposals to Unichamp").	The Proposed Disposals to Unichamp are pending fulfilment of conditions precedent.
(b) 22.4.2024	<p>Amsteel Mills had entered into the following conditional sale and purchase agreements ("SPAs") with RHB Trustees Berhad ("RHB Trustees"), the trustee of Axis Real Estate Investment Trust ("Axis-REIT") ("Trustee" or "Purchaser"), for the followings:</p> <p>(i) disposal of 2 pieces of leasehold industrial land held under HS(D) 17795, PT 3494 (now known as Lot No. 25170) with the buildings erected thereon together with the fixtures and fittings attached thereto and HS(D) 31354, PT 17631 (now known as Lot No. 26953), both located in Mukim of Kapar, District of Klang, State of Selangor for a total disposal consideration of RM313.00 million to be satisfied entirely in cash and the subsequent leaseback by Amsteel Mills; and</p> <p>(ii) disposal of a piece of leasehold industrial land held under HS(D) 119721, PT 59358 (now known as Lot 62610), located in Mukim of Kapar, District of Klang, State of Selangor for a disposal consideration of RM38.80 million to be satisfied entirely in cash.</p> <p>(Collectively known as the "Proposed Disposals to Axis-REIT")</p> <p>Prior to the Proposed Disposals to Axis-REIT above, Amsteel Mills had on 23 February 2024 entered into an SPA with RHB Trustees, the trustee for Axis-REIT for the disposal of a piece of leasehold land held under H.S(D) 24277, PT 3501 in Mukim of Kapar, District of Klang, State of Selangor measuring approximately 3.23 hectares together with the buildings erected thereon, for a disposal consideration of RM49.00 million. The disposal was completed on 31 May 2024.</p>	The Proposed Disposals to Axis-REIT are pending the approval of the shareholders and relevant authorities.

The status of corporate proposals of Lion Posim Berhad ("LPB"), a listed subsidiary company, is reported in the Interim Financial Report of LPB.

18. Loans and borrowings

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

	As at 30.6.2024 RM'000	As at 30.6.2023 RM'000
Non-current		
<u>Secured</u>		
Hire-purchase arrangements	-	55
<u>Unsecured</u>		
Hire-purchase arrangements	539	710
	539	765
Current		
<u>Secured</u>		
Term loans	16,820	46,820
Hire-purchase arrangements	-	15
Bankers acceptance and revolving credit	84,000	75,700
Receivables financing facility	21,006	18,161
Bank overdrafts	8,949	3,534
<u>Unsecured</u>		
Hire-purchase arrangements	164	271
Bankers acceptance and revolving credit	1,088	1,468
	132,027	145,969
	132,566	146,734

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

19. Changes in material litigation

There was no material litigation since 31 December 2023.

20. Dividend proposed

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

21. Loss per share ("EPS")

Basic EPS is calculated by dividing the loss for the quarter/year-to-date attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue during the current quarter and financial year-to-date.

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
Loss attributable to owners of the Company (RM'000)	(32,896)	(49,120)	(71,514)	(70,918)
Weighted average number of ordinary shares in issue ('000)	680,804	680,804	680,804	680,804
Basic EPS (sen)	(4.83)	(7.21)	(10.50)	(10.42)

The basic EPS and the diluted EPS are equal as the unexercised warrants were anti-dilutive due to the average market share price of the Company was below the exercise price of the warrants

22. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2023 was not qualified.

23. Loss before tax

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

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	653	431	1,506	1,502
(b) Other operating income	11,626	1,453	12,675	3,611
(c) Interest expense	(4,658)	(2,404)	(8,670)	(4,328)
(d) Depreciation and amortisation	(9,945)	(13,169)	(25,547)	(26,955)
(e) Provision for and write off of receivables	(1,550)	(1,468)	(3,156)	(2,905)
(f) Provision for and write off of inventories	-	-	-	-
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	(13,430)	-	(13,430)	-
(i) Foreign exchange gain	435	454	310	1,731
(j) Gain/(Loss) on derivatives	-	-	-	-
(k) Gain on disposals:	21,858	7,632	21,858	32,947
- land (prepaid land lease payments) and buildings	21,858	-	21,858	-
- assets held for sale	-	-	-	25,315
- plant and equipment	-	7,632	-	7,632