FINANCIAL STATEMENTS

2021

For The Financial Period Ended 31 December 2021

DIRECTORS' REPORT

The Directors of **LION INDUSTRIES CORPORATION BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company's principal activities are investment holding and property development.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary company is disclosed in Note 42 to the financial statements.

CHANGE OF FINANCIAL YEAR END

The Company had changed its financial year end from 30 June to 31 December. Consequently, the financial statements of the Group and of the Company are made up for a period of 18 months from 1 July 2020 to 31 December 2021.

RESULTS

The results of the Group and of the Company for the financial period are as follows:

	The Group RM'000	The Company RM'000
Profit/(Loss) for the period	539,241	(1,582)
Profit attributable to:		
Owners of the Company	494,990	
Non-controlling interests	44,251	
	539,241	

In the opinion of the Directors, the results of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature other than, in respect of the Group, the gain on settlement of secured debts of RM193,061,000 and the gain on disposal of investment in a subsidiary company of RM440,547,000, as disclosed in Note 17 of the financial statements.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors also do not recommend any payment of dividend in respect of the current financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial period.

TREASURY SHARES

As of 31 December 2021, the Company held 37,105,300 treasury shares at a carrying amount of RM13,192,722 as disclosed in Note 28 to the financial statements.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liability of any other person; and

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial period in which this report is made, other than those disclosed in Note 41 to the financial statements.

DIRECTORS

The Directors of the Company in office during the financial period and during the period from the end of the financial period to the date of this report are:

Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin
Tan Sri Cheng Yong Kim
Dato' Nik Rahmat bin Nik Taib
Yap Soo Har
Cheng Hui Ya, Serena
Dato' Kamaruddin @ Abas bin Nordin (passed away on 14 April 2021)

LIST OF DIRECTORS OF SUBSIDIARY COMPANIES

The Directors who held office in the subsidiary companies of the Company during the financial period and up to the date of this report are:

Chai Voon Choy
Chen Xian Ping
Cheng Hui Ya, Serena
Cheng Hui Yen, Natalie
Cheng Theng How
Cheng Toek Waa
Cheng Yong Liang
Chuah Say Chin
Dato' Eow Kwan Hoong
Dato' Teoh Teik Jin
Dr Folk Jee Yoong
Goh Kok Beng
Haji Mohamad Khalid bin Abdullah
Hu Li Ke
Hu Qing Guo
Jiang Hong Xin
Juliana Cheng San San
Koh Yong Heng
Koo Chuan Hong
Lee Boon Liang
Lee Khian Lai
Lee Whay Keong
Liu Cheng Xu
Ong Kek Seng
Ooi Kim Lai
Poon Sow Har
Sun Li Zhong
Tan Sri Cheng Heng Jem
Tan Sri Cheng Yong Kim
Tan Sri Dato' Abd Karim bin Shaikh Munisar
Teoh Lean Keat
Wang Wing Ying
Wong Pak Yii (appointed on 31 December 2020)
Yeo Keng Leong (appointed on 16 December 2021)

Chan Ho Wai (resigned with effect from 31 December 2020)
Khor Toong Yee (resigned with effect from 16 December 2021)
Pang Fook Fah (resigned with effect from 10 December 2021)
Dato' Kamaruddin @ Abas bin Nordin (passed away on 14 April 2021)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were Directors at the end of the financial period are as follows:

	Number of ordinary shares			
	As of 1.7.2020	**Additions**	**Disposals**	**As of 31.12.2021**
Direct interest				
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	100,000	–	–	**100,000**
Tan Sri Cheng Yong Kim	11,428,289	–	–	**11,428,289**
Deemed interest				
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	100,000	–	–	**100,000**
Tan Sri Cheng Yong Kim	74,745,649	–	–	**74,745,649**

The shareholdings in the related corporations during and at the end of the financial period of those who were Directors in office at the end of the financial period are as follows:

	Number of ordinary shares			
	As of 1.7.2020	**Additions**	**Disposals**	**As of 31.12.2021**
Tan Sri Cheng Yong Kim				
Direct interest				
Lion Posim Berhad	130	–	–	**130**
Deemed interest				
Lion Posim Berhad	2,059	–	–	**2,059**

Other than as disclosed above, none of the other Directors in office at the end of the financial period had any interests in shares in the Company or its related corporations during and at the end of the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest save and except for any benefit which may be deemed to have arisen by virtue of the balances and transactions between the Company and its related companies and certain companies in which a Director of the Company has interest as disclosed in Note 35 to the financial statements.

During and at the end of the financial period, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Directors and Officers of the Group and of the Company are covered under a Directors' and Officers' Liability insurance up to an aggregate limit of RM50,000,000 against any legal liability, if incurred by the Directors and Officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiary companies.

There were no indemnity given to or insurance effected for the auditors of the Group and the Company in accordance with Section 289 of the Companies Act 2016.

SIGNIFICANT EVENTS

Significant events of the Group are disclosed in Note 40 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events of the Group are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The remuneration of the auditors for the period ended 31 December 2021 is as disclosed in Note 6 to the financial statements.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TAN SRI CHENG YONG KIM

CHENG HUI YA, SERENA

26 April 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LION INDUSTRIES CORPORATION BERHAD

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **LION INDUSTRIES CORPORATION BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the 18-month financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 184.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the 18-month financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

The Group's investment in Parkson Holdings Berhad ("Parkson"), an associate company and accounted for by the equity method, is carried at RM438,519,000 on the statement of financial position of the Group as at 31 December 2021, and the Group's share of losses from Parkson of RM52,386,000 is included in the profit or loss of the Group for the financial period then ended.

The audit opinion of the component auditor in respect of Parkson's consolidated financial statements for the 18-month financial period ended 31 December 2021 is qualified due to a limitation of scope as the component auditor were unable to obtain sufficient appropriate audit evidence regarding the financial impact arising from a subsidiary company of Parkson that was deconsolidated during the financial period. Consequently, we were unable to determine whether any adjustments that might have been found necessary in respect of the carrying value of Parkson as at 31 December 2021 and the Group's share of losses from Parkson recognised for the current financial period then ended.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How the scope of our audit responded to the key audit matter
<u>Impairment of property, plant and equipment of Banting and Johor Steel Plants</u> The Group's statement of financial position includes property, plant and equipment of RM848,433,000, of which RM721,494,000 represents assets located at manufacturing plant in Banting and Johor (collectively referred as "Plants") within the Steel segment. As required by IAS 36 *Impairment of Asset*, management performed an impairment assessment for indicators of impairment as at 31 December 2021. Where such indicators were identified, management estimated the recoverable amount of these Plants to determine if any impairment charges were required. During the financial period ended 31 December 2021, the Group recognised impairment losses of RM23,168,000 (30.6.2020: RM8,930,000) in relation to these Plants. The impairment of these Plants is considered a key audit matter as significant judgement and estimates are required to be exercised by the management when determining the recoverable amount of the Plants for impairment assessment. The significant judgement and estimates made by the management and details of the impairment is disclosed in Note 4(ii)(e) and Note 12 to the financial statements.	Our audit procedures to address this area included, among others: • Inquired management about future business plans for the Plants and evaluated the possible financial impact on the realisation of the Plants. • Performed a physical inspection of the Plants to ensure the existence and condition of the Plants. • Assessed the competency, capabilities and objectivity of the independent valuers engaged by the Group to determine the market value of the Plants on the determination of the recoverable amount of the Plants. • Compared the carrying amount of the Plants against the values determined by the independent valuers to evaluate the determination of the recoverable amounts and challenged the variables and assumptions used in the valuations. We have used Deloitte specialists where applicable.

(Forward)

Key audit matters	How the scope of our audit responded to the key audit matter
<u>Impairment of investment properties of Cambodia land</u> As at 31 December 2021, the carrying amount of the investment properties of the Group held at cost amounted to RM108,452,000, representing 6% and 3% of the Group's total non-current assets and total assets respectively. Included in the investment properties of the Group are freehold land, leasehold land and economic land concessions in Cambodia amounting to USD25,897,983, equivalent to RM107,956,000. The impairment of investment properties is considered a key audit matter in view that significant judgement and estimates are required to be exercised by the management when determining the recoverable amount of the investment properties for impairment assessment. The significant judgement and estimates made by the management is disclosed in Note 4(i)(b) and Note 13 to the financial statements.	Our audit procedures to address this area included, among others: • Obtained updates on the understanding of impairment assessment process, evaluated the design and implementation of the relevant controls surrounding impairment assessment on investment properties; • Obtained and evaluated the management assessment in determining the recoverable amount of the investment properties; • Obtained the independent valuation reports for the land and economic land concessions ("ELCs") and compared to management's assessment; • Assessed the competency, capabilities and objectivity of the valuers and challenged the assumptions and methodology used in the valuations by engaging with internal valuation specialist for concurrence of assessment; • Obtained and understood the agreements or other relevant documents relating to the conversion of leasehold land and granting of ELCs; • Performed retrospective review of management's plans to convert the ELCs to leasehold land; • Held discussion with independent valuers on the valuation and challenged the basis of determining the value of freehold land, leasehold land and ELCs and impact of Covid-19 on the valuation of these properties; • Evaluated management's plan to realise the freehold land, leasehold land and ELCs and reviewed subsequent events regarding changes in land title status and sales negotiations; and • Assessed the adequacy and appropriateness of the disclosures in the financial statements

(Forward)

Key audit matters	How the scope of our audit responded to the key audit matter
<u>Accounting of debt settlement for amount owing by Graimpi Sdn Bhd ("Graimpi") and Lion DRI Sdn Bhd ("Lion DRI") in exchange for equity stake in Well Morning Limited ("Well Morning")</u>	
On 30 December 2020, the Group had acquired 100% equity interest in Well Morning as settlement of the secured debts owing by Graimpi and Lion DRI to Posim Marketing Sdn Bhd, a wholly-owned subsidiary company of Lion Posim Berhad, Lion Waterway Sdn Bhd and Antara Steel Mills Sdn Bhd. The Group recorded a gain amounting to RM193,061,000 on the secured debts settlement. Thereafter, Well Morning and its only wholly-owned subsidiary company, Changshu Lion Enterprise Co Ltd, became subsidiary companies of the Group. The acquisition for the Well Morning and its subsidiary company (collectively known as "Well Morning Group") as settlement is considered as a key audit matter due to the magnitude of the transaction and it is a transaction with a related party. The details are disclosed in Note 4(i)(a) and Note 17 to the financial statements.	Our audit procedures to address this area included, among others: • Obtained understanding of the transaction, evaluated the design and implementation of the relevant controls surrounding accounting treatment of the debt settlement and acquisition of Well Morning group; • Obtained and evaluated the board of director resolutions, meeting minutes and secured creditors agreement; • Obtained, reviewed and challenged the supporting evidence on the fair value of identifiable assets acquired and liabilities assumed of Well Morning Group in the goodwill computation; • Verified the subsequent dividends received from Well Morning to the bank statements for the subsequent recovery of cash; and • Assessed the adequacy and appropriateness of disclosures in the financial statements.

We have determined that there are no key audit matters in the audit of the financial statements of the Company to communicate in our auditors' report.

(Forward)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence about the carrying amount and share of losses from the associated company in accordance with MFRS 128 *Investment in Associate and Joint Venture*. Accordingly, we are unable to conclude whether or not that the results for the period as disclosed in the Directors' Report is materially misstated with respect to this matter.

Responsibility of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is high level of assurance, but is not guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that:

(a) the subsidiary companies of which we have not acted as auditors, are disclosed in Note 42 to the financial statements.

(b) in our opinion, we have not obtained all the information and explanations that we required in respect of the matter as described in the Basis for Qualified Opinion section above.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

DATUK LIM CHU GUAN
Partner - 03296/03/2023 J
Chartered Accountant

26 April 2022

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	Note	The Group 1.7.2020 to 31.12.2021 RM'000	The Group 1.7.2019 to 30.6.2020 RM'000	The Company 1.7.2020 to 31.12.2021 RM'000	The Company 1.7.2019 to 30.6.2020 RM'000
Revenue	5	**3,937,446**	2,318,470	**27,292**	–
Other income		**255,481**	54,972	**217**	15,083
Net changes in inventories		**116,852**	(67,721)	**–**	–
Raw materials and consumables used		**(3,397,701)**	(2,008,893)	**–**	–
Purchase of trading merchandise		**(378,706)**	(123,992)	**–**	–
Cost of completed units sold		**(776)**	(412)	**–**	–
Staff costs	6	**(221,990)**	(148,124)	**(708)**	(318)
Directors' remuneration	7	**(2,282)**	(1,345)	**(2,105)**	(1,226)
Investment income	8	**10,281**	8,595	**739**	841
Finance costs	9	**(31,278)**	(27,942)	**(941)**	(667)
Depreciation of property, plant and equipment	12	**(105,208)**	(86,392)	**(208)**	(166)
Depreciation of investment properties	13	**(108)**	(69)	**–**	–
Amortisation of prepaid land lease payments	14	**(6,723)**	(1,544)	**–**	–
Depreciation of right-of-use assets	15	**(23,648)**	(17,203)	**(94)**	(63)
Other expenses		**(164,066)**	(160,286)	**(21,595)**	(1,530)
(Loss)/Profit from operations	6	**(12,426)**	(261,886)	**2,597**	11,954
Share of results of:					
Associated companies	18	**(50,938)**	(115,169)	**–**	–
Joint venture	19	**40**	31	**–**	–
Gain on settlement of secured debts	17(a)	**193,061**	–	**–**	–
Gain on disposal of investment in a subsidiary company	17(b)	**440,547**	–	**(4,169)**	–
Profit/(Loss) before tax		**570,284**	(377,024)	**(1,572)**	11,954
Tax (expense)/credit	10	**(31,043)**	(6,146)	**(10)**	16
Profit/(Loss) for the period/year		**539,241**	(383,170)	**(1,582)**	11,970
Profit/(Loss) attributable to:					
Owners of the Company		**494,990**	(390,533)	**(1,582)**	11,970
Non-controlling interests		**44,251**	7,363	**–**	–
		539,241	(383,170)	**(1,582)**	11,970
Earnings/(Loss) per ordinary share attributable to owners of the Company (sen):					
Basic	11	**72.71**	(57.36)		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Profit/(Loss) for the period/year	**539,241**	(383,170)	**(1,582)**	11,970
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	**13,585**	3,519	**–**	–
Share of other comprehensive income/(loss) of associated companies	**59,059**	(34,255)	**–**	–
Other comprehensive income/(loss) for the period/year, net of tax	**72,644**	(30,736)	**–**	–
Total comprehensive income/(loss) for the period/year	**611,885**	(413,906)	**(1,582)**	11,970
Total comprehensive income/(loss) attributable to:				
Owners of the Company	**561,973**	(422,316)	**(1,582)**	11,970
Non-controlling interests	**49,912**	8,410	**–**	–
	611,885	(413,906)	**(1,582)**	11,970

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	The Group 31.12.2021 RM'000	The Group 30.6.2020 RM'000	The Company 31.12.2021 RM'000	The Company 30.6.2020 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	**848,433**	399,243	**287**	495
Investment properties	13	**110,119**	113,001	**–**	–
Prepaid land lease payments	14	**51,705**	40,485	**–**	–
Right-of-use assets	15	**18,850**	50,027	**93**	84
Land held for property development	16(a)	**50,964**	50,885	**26**	26
Investment in subsidiary companies	17	**–**	–	**743,333**	751,034
Investment in associated companies	18	**485,826**	475,365	**64,394**	79,833
Investment in joint venture	19	**71**	31	**–**	–
Long-term investments	20	**599**	611	**216**	216
Other receivable	35	**13,000**	–	**–**	–
Deferred tax assets	21	**8,435**	48,133	**–**	–
Goodwill	22	**130,443**	130,443	**–**	–
Total Non-Current Assets		**1,718,445**	1,308,224	**808,349**	831,688
Current Assets					
Property development costs	16(b)	**15,573**	12,022	**–**	–
Inventories	23	**329,641**	375,498	**43**	43
Trade receivables	24(a)	**259,318**	253,303	**–**	–
Other receivables, deposits and prepayments	24(b)	**461,322**	215,936	**3,844**	4,347
Amount owing by subsidiary companies	25	**–**	–	**621,561**	618,824
Investment in money market funds	26(a)	**2,417**	17,469	**–**	–
Deposits, cash and bank balances	26(b)	**726,062**	333,517	**8,231**	10,638
Total Current Assets		**1,794,333**	1,207,745	**633,679**	633,852
Total Assets		**3,512,778**	2,515,969	**1,442,028**	1,465,540

(Forward)

	Note	The Group 31.12.2021 RM'000	The Group 30.6.2020 RM'000	The Company 31.12.2021 RM'000	The Company 30.6.2020 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	27	**1,250,536**	1,250,536	**1,250,536**	1,250,536
Reserves	28	**563,022**	1,049	**11,328**	12,910
Equity attributable to owners of the Company		**1,813,558**	1,251,585	**1,261,864**	1,263,446
Non-controlling interests	17	**225,147**	175,235	**–**	–
Total Equity		**2,038,705**	1,426,820	**1,261,864**	1,263,446
Non-Current and Deferred Liabilities					
Loans and borrowings	29	**47,808**	48,001	**–**	–
Lease liabilities	30	**14,524**	20,123	**44**	22
Deferred payables	33	**323,725**	–	**–**	–
Deferred tax liabilities	21	**3,770**	3,919	**–**	–
Total Non-Current and Deferred Liabilities		**389,827**	72,043	**44**	22
Current Liabilities					
Trade payables	31(a)	**486,347**	430,943	**166**	166
Other payables, deposits and accrued expenses	31(b)	**346,818**	430,073	**1,021**	900
Contract liabilities	31(c)	**24,405**	18,509	**–**	–
Provisions	32	**–**	3,473	**–**	–
Advance billings of property development projects		**20**	20	**–**	–
Amount owing to subsidiary companies	25	**–**	–	**169,172**	191,357
Loans and borrowings	29	**134,403**	115,604	**9,712**	9,584
Lease liabilities	30	**4,621**	13,996	**49**	65
Deferred payables	33	**70,000**	–	**–**	–
Tax liabilities		**17,632**	4,488	**–**	–
Total Current Liabilities		**1,084,246**	1,017,106	**180,120**	202,072
Total Liabilities		**1,474,073**	1,089,149	**180,164**	202,094
Total Equity and Liabilities		**3,512,778**	2,515,969	**1,442,028**	1,465,540

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

The Group		← Non-distributable reserves →			Distributable	Attributable		
	Share capital RM'000	Treasury shares RM'000	Translation adjustment reserve RM'000	Capital reserve RM'000	reserve – Retained earnings RM'000	to owners of the Company RM'000	Non–controlling interests RM'000	Total equity RM'000
As of 1 July 2019	1,250,536	(13,193)	16,692	(66,658)	486,524	1,673,901	171,738	1,845,639
(Loss)/Profit for the year	–	–	–	–	(390,533)	(390,533)	7,363	(383,170)
Other comprehensive (loss)/income	–	–	2,472	(34,255)	–	(31,783)	1,047	(30,736)
Total comprehensive (loss)/income for the year	–	–	2,472	(34,255)	(390,533)	(422,316)	8,410	(413,906)
Dividend paid to non-controlling interests of a subsidiary company	–	–	–	–	–	–	(4,913)	(4,913)
As of 30 June 2020	1,250,536	(13,193)	19,164	(100,913)	95,991	1,251,585	175,235	1,426,820

(Forward)

The Group

		← Non-distributable reserves →			Distributable	Attributable		
	Share capital RM'000	**Treasury shares RM'000**	**Translation adjustment reserve RM'000**	**Capital reserve RM'000**	**reserve – Retained earnings RM'000**	**to owners of the Company RM'000**	**Non–controlling interests RM'000**	**Total equity RM'000**
As of 1 July 2020	1,250,536	(13,193)	19,164	(100,913)	95,991	1,251,585	175,235	1,426,820
Profit for the period	–	–	–	–	494,990	494,990	44,251	539,241
Other comprehensive income	–	–	7,924	59,059	–	66,983	5,661	72,644
Total comprehensive income for the period	–	–	7,924	59,059	494,990	561,973	49,912	611,885
Transfer of reserve	–	–	11,218	–	(11,218)	–	–	–
As of 31 December 2021	**1,250,536**	**(13,193)**	**38,306**	**(41,854)**	**579,763**	**1,813,558**	**225,147**	**2,038,705**

(Forward)

The Company

		← Non-distributable reserves	→	Distributable reserve –	
	Share capital RM'000	**Treasury shares RM'000**	**Capital reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
As of 1 July 2019	1,250,536	(13,193)	5,419	8,714	1,251,476
Profit for the year	–	–	–	11,970	11,970
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	–	11,970	11,970
As of 30 June 2020	1,250,536	(13,193)	5,419	20,684	1,263,446
As of 1 July 2020	1,250,536	(13,193)	5,419	20,684	1,263,446
Loss for the period	–	–	–	(1,582)	(1,582)
Other comprehensive income	–	–	–	–	–
Total comprehensive loss for the period	–	–	–	(1,582)	(1,582)
As of 31 December 2021	**1,250,536**	**(13,193)**	**5,419**	**19,102**	**1,261,864**

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2021

The Group	Note	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit/(Loss) for the period/year		**539,241**	(383,170)
Adjustments for:			
Depreciation of property, plant and equipment	12	**105,208**	86,392
Tax expenses recognised in profit or loss		**31,043**	6,146
Finance costs	9	**31,278**	27,942
Allowance for obsolescence of inventories	23	**1,540**	9,956
Inventories written (back)/down		**(14,400)**	35,546
Unrealised gain on foreign exchange	6	**(140)**	(525)
Impairment losses on:			
Trade and other receivables	24	**9,542**	14,518
Property, plant and equipment	12	**23,776**	8,930
Prepaid land lease payments	14	**514**	–
Amortisation of prepaid land lease payments	14	**6,723**	1,544
Depreciation of right-of-use assets	15	**23,648**	17,203
Property, plant and equipment written off	12	**102**	656
Fair value loss on long-term investments		**5,512**	617
Depreciation of investment properties	13	**108**	69
Share of results of:			
Associated companies		**50,938**	115,169
Joint venture		**(40)**	(31)
Investment income		**(10,430)**	(8,912)
Impairment losses no longer required for:			
Trade and other receivables		**(6,430)**	(36,025)
Investment properties	13	**–**	(592)
Long-term investments	20	**(1,756)**	–
Gain on disposal of property, plant and equipment		**(704)**	(159)
Gain on disposal of a subsidiary company	17(b)	**(440,547)**	–
Gain on settlement of secured debts	17(a)	**(193,061)**	–
Remeasurement of finance lease payables		**–**	(3,934)
Operating Profit/(Loss) Before Working Capital Changes		**161,665**	(108,660)
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		**(301,449)**	112,578
Trade and other receivables, deposits and prepayments		**(190,675)**	(9,782)
Property development costs		**(3,551)**	(107)
Increase in:			
Trade and other payables, deposits and accrued expenses		**192,082**	26,591
Cash (Used In)/Generated From Operations		**(141,928)**	20,620
Tax paid		**(3,353)**	(5,870)
Tax refunded		**–**	1,500
Net Cash (Used In)/From Operating Activities		**(145,281)**	16,250

(Forward)

The Group	Note	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Dividends received from associated companies and joint venture		**1,407**	456
Decrease in investment in money market funds		**15,052**	(543)
Investment income received		**10,430**	8,912
Proceeds from disposal of:			
Property, plant and equipment		**1,319**	651
Investment in a subsidiary company	17(b)	**577,281**	–
Proceeds from redemption of investments		**4,756**	–
Additions to property, plant and equipment		**(207,002)**	(18,770)
Additions of investment		**(8,500)**	–
Additions of investment properties		**(139)**	–
Additions of prepaid land lease payments		**(3,822)**	–
Net cash inflow from acquisition of subsidiary companies	17(a)	**174,232**	–
Increase in land held for property development		**(79)**	(176)
Net Cash From/(Used In) Investing Activities		**564,935**	(9,470)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Increase in cash and cash equivalents - restricted		**72,358**	(95,237)
Repayments of:			
Short-term borrowings	29(b)	**(6,855)**	(2,018)
Finance lease liabilities	29(b)	**(8,048)**	(2,042)
Lease liabilities	30	**(26,500)**	(20,233)
Hire-purchase obligations	29(b)	**(397)**	(315)
Interest and profit element paid		**(31,278)**	(25,350)
Dividend paid to non-controlling interests of a subsidiary company		**–**	(4,913)
Proceeds from borrowings		**43,000**	–
Increase in amount owing to an associated company		**–**	1,000
Net Cash From/(Used In) Financing Activities		**42,280**	(149,108)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**461,934**	(142,328)
Effect of foreign exchange differences		**12,157**	153
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR		**219,228**	361,403
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	34	**693,319**	219,228

Note:

Additions to:

Property, plant and equipment were acquired by the following mean:			
Cash purchase		**207,002**	18,770
Hire purchase payables		**94**	305
Deferred payables	33	**393,725**	–
Total additions of property, plant and equipment	12	**600,821**	19,075

(Forward)

The Company	Note	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
(Loss)/Profit for the period/year		**(1,582)**	11,970
Adjustments for:			
Impairment losses no longer required on:			
Other receivables	24	**(82)**	(5)
Amount owing by subsidiary companies	25	**(51)**	–
Finance costs	9	**941**	667
Bad debt written off		**12**	–
Deposit written off		**3**	–
Depreciation of:			
Property, plant and equipment	12	**208**	166
Right-of-use assets	15	**94**	63
Tax expense/(credit) recognised in profit or loss		**10**	(16)
Impairment losses on:			
Amount owing by subsidiary companies	25	**1,771**	7
Other investments	20	**–**	184
Investment in subsidiary companies	17	**3,598**	–
Investment in associated companies	18	**15,439**	–
Unrealised gain on foreign exchange	6	**(8)**	(7)
(Gain)/Loss on disposal of:			
Property, plant and equipment		**–**	1
Right-of-use assets		**(4)**	–
Investment in a subsidiary company		**4,169**	–
Interest income		**(772)**	(911)
Dividend income		**(27,292)**	–
Waivers of debt from:			
An associate company		**–**	(15,000)
Subsidiary companies		**4**	–
Related parties		**2**	–
Operating Loss Before Working Capital Changes		**(3,540)**	(2,881)
Movements in working capital:			
Decrease in trade and other receivables, deposits and prepayments		**617**	26,704
Increase/(Decrease) in trade and other payables, deposits and accrued expenses		**121**	(49)
Cash (Used In)/Generated From Operations		**(2,802)**	23,774
Tax refunded		**23**	–
Tax paid		**(82)**	(190)
Net Cash (Used In)/From Operating Activities		**(2,861)**	23,584

(Forward)

The Company	Note	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Dividend income		**27,292**	–
Interest received		**772**	911
Increase in amount owing by subsidiary companies		**(4,453)**	(115,674)
Addition of investment in a subsidiary company	17	**(66)**	–
Net Cash From/(Used In) Investing Activities		**23,545**	(114,763)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Drawdown/(Repayments) of borrowings	29(b)	**128**	(61)
Repayments of lease liability		**(93)**	(60)
Interest on lease liability		**(8)**	(8)
Finance costs paid		**(933)**	(659)
Decrease/(Increase) in cash and cash equivalents – restricted		**834**	(116)
Increase in amount owing to an associated company		**–**	1,000
(Decrease)/Increase in amount owing to subsidiary companies		**(22,185)**	3,692
Net Cash (Used In)/From Financing Activities		**(22,257)**	3,788
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,573)**	(87,391)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR		**1,709**	89,100
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	34	**136**	1,709

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company's principal activities are investment holding and property development.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary company is disclosed in Note 42.

The Registered Office of the Company is located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The Company had changed its financial year end from 30 June to 31 December. Consequently, the financial statements of the Group and of the Company are made up for a period of 18 months from 1 July 2020 to 31 December 2021.

The principal place of business of the Company is located at Level 2-4, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 26 April 2022.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Adoption of New MFRSs, Amendments to MFRSs

In the current financial period, the Group and the Company adopted all the new and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 July 2020 and relevant to its operations, as follows:

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 16	COVID-19 Related Rent Concessions
Amendments to MFRS 101 and MFRS 108	Definition of Material

The adoption of these relevant new MFRSs, Amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

Standards and Amendments to MFRSs in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 17	Insurance Contracts[5]
Amendments to MFRS 3	Reference to Conceptual Framework[3]
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9[4]
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2[1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture[6]
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021[2]
Amendments to MFRS 17	Insurance Contracts[5]
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 - Comparative Information[5]
Amendments to MFRS 101	Classification of Liability as Current or Non-current[5]
Amendments to MFRS 101 and MFRS Practise Statements 2	Disclosure of Accounting Policies[5]
Amendments to MFRS 108	Definition of Accounting Estimates[5]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[5]
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use[3]
Amendments to MFRS 137	Onerous contracts - Costs of Fulfilling a Contract[3]
Annual Improvements to MFRS Standards 2018 - 2020[3]	

[1] Effective for annual periods beginning on or after 1 January 2021.
[2] Effective for annual periods beginning on or after 1 April 2021.
[3] Effective for annual periods beginning on or after 1 January 2022.
[4] Effective immediately for annual periods beginning before 1 January 2023.
[5] Effective for annual periods beginning on or after 1 January 2023.
[6] Effective date deferred to a date to be determined and announced by MASB.

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

<u>Fair value measurement</u>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value-in-use in MFRS 136 *Impairment of Assets*.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiary companies). Control is achieved where the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the period are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Where the Group loses control of a subsidiary company, a gain or loss is recognised and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary company are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary company (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable MFRSs). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associated company or joint venture.

Business Combinations

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair values which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Business Combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

Investment in Subsidiary Companies

Investment in subsidiary companies which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Investment in Associated Companies and Joint Venture

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in Associated Companies and Joint Venture (continued)

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associated companies and joint venture are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associated company or a joint venture are initially recognised in the statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associated company or joint venture. When the Group's share of losses of an associated company or a joint venture exceeds the Group's interest in that associated company or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company or joint venture.

An investment in an associated company or a joint venture is accounted for using the equity method from the date on which the investee becomes an associated company or a joint venture. On acquisition of the investment in an associated company or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associated company or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when investment ceases to be an associated company or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associated company or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associated company or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the associated company or joint venture is included in the determination of the gain or loss on disposal of the associated company or joint venture.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associated company or joint venture on the same basis as would be required if that associated company or joint venture had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associated company or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associated company becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associated company. There is no remeasurement to fair value upon such changes in ownership interests.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in Associated Companies and Joint Venture (continued)

When the Group reduces its ownership interest in an associated company or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associated company or a joint venture of the Group, profit or losses resulting from the transactions with the associated company and joint venture are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associated company or joint venture that are not related to the Group.

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract or implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange of transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which they will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling price of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The revenue recognition policies of the Group and of the Company are as follows:

(i) Steel Division

Revenue from the sales of goods is recognised upon delivery of goods and the control of the goods has been transferred to the customers, net of discounts and returns.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

(ii) Property Development Division

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

Revenue from sales of land under development and completed property units are recognised when the performance obligation in the contract with customer is satisfied (when the control of the land under development and completed property units has been transferred to the buyer).

Rental income is recognised over the tenure of the rental period of properties.

Interest income is recognised on an accrual basis, by reference to the principal outstanding and at the effective interest rate.

(iii) Building Materials Division

Revenue from the sales of building materials, steel products, lubricants, petroleum products, automotive products and consumer products is recognised upon delivery of goods and the control of the goods has been transferred to the customers, net of discounts and returns.

Sales of goods that result in award credits for customers, under the Group's customer loyalty programmes, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value - the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction - but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

(iv) Other Divisions

Revenue from sales of goods in the course of ordinary activities is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of discounts and returns.

Revenue from services is recognised when the services are performed, net of service taxes and discounts.

Revenue from management fee is recognised upon performance of services are completed, net of taxes and discounts.

<u>Revenue from Other Sources</u>

(i) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(ii) Interest income

Interest income is recognised on an accrual basis, by reference to the principal outstanding and at the effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency

(i) Functional and Presentation Currencies

The individual financial statements of each entity in the Group are presented in Ringgit Malaysia, United States Dollar, Renminbi or Singapore Dollar, the currency of the primary economic environment in which the entities operate (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity, are expressed in Ringgit Malaysia, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Group's and the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rate prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation adjustment account. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Employee Benefits

(i) Short-term Employee Benefits

Salaries, wages, bonuses, social security contributions and annual leaves are accrued for in the period in which the associated services are rendered by the employees of the Group and of the Company.

(ii) Defined Contribution Plans

The Company, its subsidiary companies incorporated in Malaysia and their eligible employees are required by law to make monthly contributions to the Employees Provident Fund ("EPF"), a local statutory defined contribution plans, at certain prescribed rates based on the employees' salaries. The Group's foreign incorporated subsidiary companies and their eligible employees also make contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, there are no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax

Income tax expense on profit or loss for the period comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

Deferred tax is accounted for, using the "liability" method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realised, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax is charged or credited to profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The tax effects of the unutilised reinvestment allowances are recognised only upon actual realisation.

Impairment of Assets Excluding Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of their non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Assets Excluding Goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land has unlimited useful life and therefore is not depreciated. Construction work-in-progress is not depreciated as this asset is also not available for use. All other property, plant and equipment are depreciated on a straight-line method at rates based on the estimated useful lives of the various assets.

The annual depreciation rates are as follows:

Freehold buildings	2% - 4%
Other buildings	2% - 18%
Plant, machinery and equipment	2% - 25%
Prime movers and trailers	15%
Motor vehicles	8% - 25%
Furniture and office equipment	5% - 25%
Computer equipment	10% - 20%
Floating cranes	8%
Tug boats and barges	10%
Infrastructure	7%
Renovations	2% - 20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Property, Plant and Equipment under Hire-Purchase Arrangement

Property, plant and equipment acquired under hire-purchase arrangement are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase obligations.

Prepaid Land Lease Payments

Leasehold land that has an indefinite economic life and title that is not expected to pass to the Group by the end of the lease period is classified as right-of-use assets. The up-front payments for right to use the leasehold land over a predetermined period are accounted for as right-of-use assets under MFRS 16 and are subsequently measured at cost less accumulated amortisation and impairment losses.

Prepaid land lease payments are amortised over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the prepaid land lease reflects that the Group expects to exercise a purchase option, the related prepaid land lease payments are amortised over the useful life of the underlying asset. The amortisation starts at the commencement date of the lease. The prepaid land lease payments are amortised on a straight-line basis over the remaining lease terms, ranging from 4 to 71 years (30.6.2020: 5 to 72 years).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalisation of Borrowing Cost

Borrowing cost incurred on the construction of assets which require a substantial period of time to get them ready for their intended use are capitalised and included as part of the related assets. Capitalisation of borrowing cost will cease when the assets are ready for their intended use and is suspended during extended period in which active development is interrupted.

Investment Properties

Investment properties, comprising certain freehold and leasehold land and buildings and economic land concession (work-in-progress), are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost, less accumulated depreciation and any impairment losses.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Freehold land and economic land concession within investment properties are not depreciated. Leasehold land is depreciated over the shorter period of the lease term and the useful life of the land at an annual rate of 2%.

Buildings are depreciated on the straight-line method at an annual rate of 2%.

Leases

As Lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- the amount expected to be payable by the lessee under residual value guarantees; and
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability by using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

As Lessee (continued)

The Group and the Company remeasure the lease liability and make a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The lease term and the estimated remaining useful lives of the right-of-use assets are as follows:

Leasehold land and buildings	2-36 years
Plant and equipment	3-5 years

Upon adoption of MFRS 16, the right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group has recognised right-of-use assets in relation to the rental of leasehold land, buildings, premises, plant and equipment, which had previously been classified as operating leases.

The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As Lessor

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group and the Company are an intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

As Lessor (continued)

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's and the Company's net investment in the leases. Finance lease income is allocated to financial periods so as to reflect a constant periodic rate of return on the Group's and the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

Property, Plant and Equipment under Finance Leases

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included at the end of the reporting period as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Land held for Property Development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities are expected to be completed within the Group's normal operating cycle.

Goodwill on Consolidation

Goodwill on consolidation represents the excess of the cost of acquisition of subsidiary companies over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary companies at the date of acquisition. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill on Consolidation (continued)

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Property Development Cost

Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Inventories

Trading merchandise, finished goods, work-in-progress, raw materials and other products are valued at the lower of cost and net realisable value. Cost is determined principally on the 'weighted average' method. The costs of raw materials comprise the original purchase price plus the incidental cost incurred in bringing the inventories to their present locations and conditions. The cost of work-in-progress and finished goods comprise the cost of raw materials, direct labour, direct charges and an appropriate proportion of production overheads.

Completed property units for sale are valued at the lower of cost and net realisable value. Cost is determined using the 'specific identification' method.

Goods-in-transit are valued at the lower of cost and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

In arriving at net realisable value, due allowance is made for damaged, obsolete or slow moving inventories.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Group or the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the Directors' best estimate of the amount required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

At the end of each reporting period, provisions are reviewed by the Directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligations.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed by the chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Contract Asset and Contract Liability

A contract asset is the right to consideration for goods or services transferred to the customers. Contract asset is the excess of cumulative revenue recognised in profit or loss over the cumulative billings to customers.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received from the customers.

Contingent Liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contract liabilities are initially measured at fair values. Subsequently, they are measured at higher of:

- the amount of the loss allowance determined in accordance with MFRS 9; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

<u>**Financial assets**</u>

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus transaction cost that are directly attributable to its acquisition or issuance. A trade receivable without significant financing component is initially measured at the transaction price.

The Group determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as hedging instrument.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model with the objective to hold assets to collect contractual cash flows and its contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial asset at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

Interest income is recognised by applying effective interest rate to the gross carrying amount, where applicable, except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets (continued)

(c) Financial assets at fair value through other comprehensive income ("FVTOCI")

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit and loss.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity (other than in subsidiary companies, associated companies and joint venture) which are not held for trading, and the Group irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulate in other comprehensive income are not reclassified to profit or loss.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Impairment of financial assets

The Group recognises loss allowance for expected credit losses on financial assets measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts.

The Group measures loss allowance at an amount equal to lifetime expected credit loss except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Impairment of financial assets (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the end of the reporting period. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers past loss experience and observable data such as current changes and future forecast in economic changes to estimate the amount of expected impairment loss. The methodology assumptions including any forecast of future economic conditions are reviewed regularly. An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At end of each reporting period, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially of full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

For other receivables, the Group and the Company measure loss allowance at an amount equal to 12-month expected credit loss if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The measurement of financial liabilities depends on their classification.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial liabilities (continued)

Other financial liabilities

The Group's other financial liabilities include trade payables, other payables (including amount owing to an associated company) and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents which comprise deposits, cash and bank balances, and bank overdrafts are short-term, highly liquid investments that are readily convertible to cash with insignificant risks of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except for the following:

(a) Impairment of Receivables

Assessment of impairment for receivables is made based on the evaluation of collectability and ageing analysis of accounts and on management's estimate of, amongst others, the quantum and timing of cash flows. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the judgement about the creditworthiness of the debtors and the past collection history of each customer. If the financial conditions of the customers were to deteriorate such that the ability of the customers to make repayments is affected, additional allowance for impairment loss may be required.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(i) Critical judgements in applying the Group's and the Company's accounting policies (continued)

(a) Impairment of Receivables (continued)

As at 31 December 2021, the Group has trade and other receivables due from two major related parties namely, Lion DRI Sdn Bhd ("Lion DRI") and Graimpi Sdn Bhd ("Graimpi")(In liquidation) (30.6.2020: also included Megasteel Sdn Bhd ("Megasteel")).

During the financial period, the Group has recovered RM210,352,000 from Graimpi and Lion DRI pursuant to the secured debt settlement agreement and RM3,485,000 due from Megasteel pursuant to schemes of arrangement of Megasteel which was approved by Megasteel's secured and unsecured creditors at the Court Convened Meeting on 10 July 2019.

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Trade receivables (Note 24 (a))	**113,402**	151,989
Other receivables (Note 24 (b))	**111,215**	286,465
	224,617	438,454
Less: Accumulated impairment losses	**(224,617)**	(438,454)
Net	**–**	–

In view that Lion DRI had stopped operation since the previous financial years and the ability of Lion DRI to generate sufficient cash flows to repay its debts to the Group is in doubt and Graimpi is in liquidation, the Directors are of the opinion that full impairment losses need to be made on these outstanding amounts.

(b) Impairment of Investment Properties

The Group has investment properties which comprise mainly freehold land and economic land concession ("ELC") in Cambodia of RM107,956,000 (30.6.2020: RM110,869,000). Significant judgement is exercised in determining the manner in which the recovery of the said investment properties could be made and the amounts that could be realised. The amount expected to be recovered for the said investment properties was determined based on the fair value less cost to sell, by references to the latest valuation carried out by an independent firm of professional valuers.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except for the following:

(a) Impairment of Non-Current Assets

Determining whether assets are impaired requires an estimation of the recoverable amounts of the assets. As at 31 December 2021, the Group and the Company recognised accumulated impairment losses in respect of the following:

	The Group		The Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Prepaid land lease payments	**514**	–	**–**	–
Long-term investments	**68,378**	70,134	**–**	–
Investment in associated companies	**12,655**	12,655	**15,439**	–
Investment in subsidiary companies	**–**	–	**245,496**	241,898

Management exercises its judgement in estimating the recoverable amounts of these assets.

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), will be assessed. The assessment of the recoverable amounts involves a number of methodologies.

In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group and the Company make estimates and assumptions that require significant judgements. While the Group and the Company believe these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Group's and the Company's financial position and results.

(b) Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the VIU of the cash-generating units to which goodwill has been allocated. The VIU calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value of those cash flows. The carrying amount of goodwill at the end of the reporting period, pertaining to the steel operations of the Group, was RM130,443,000 (30.6.2020: RM130,443,000) and no impairment loss has been recognised in profit or loss during the current financial period as the Directors are of the opinion that the recoverable amount of the cash-generating unit is higher than the carrying amount. Details of the cash-generating unit calculation are provided in Note 22.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(ii) Key sources of estimation uncertainty (continued)

(c) Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of deferred tax assets recognised by the Group amounts to RM8,435,000 (30.6.2020: RM48,133,000).

(d) Depreciation of Property, Plant and Equipment

The cost of property, plant and equipment except for freehold land and construction work-in-progress, is depreciated on a straight-line basis over the assets' useful lives. The Group reviews the remaining useful lives of property, plant and equipment at the end of each reporting period and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges.

(e) Impairment of Property, Plant and Equipment

(i) As at 31 December 2021, the Directors have made impairment assessment on the steel making plant of a subsidiary company located at Banting ("the Banting plant"), which has temporarily stopped production. The recoverable amount of the plant, which consists of land and buildings and plant and machinery, was determined based on fair value less cost to sell, by a reference to the latest valuation carried out by an independent firm of professional valuers in February 2022. The basis of fair value less cost to sell for the said assets was determined as follows:

(a) Land - Direct Comparison Method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, market condition, size, shape and terrain of land, tenurial interest and restriction if any, availability of infrastructure, vacant possession and developmental approval and other relevant characteristics.

(b) Building - Depreciated Replacement Cost Method, where the building value is taken to be equal to the cost of replacing the building in its existing condition. This is determined by taking the current replacement cost of the building as new and allowing for depreciation of physical, functional and economic obsolescence.

(c) Plant and machineries - Market approach by comparing the subject asset with identical or similar assets for which price information is available.

The Directors believe that the chosen valuation method is appropriate in determining the recoverable amounts of the Banting plant.

The impairment loss of RM300,000 have been recognised in the previous financial year.

The Directors are of the opinion that the carrying amount of the Banting plant of RM136,880,000 (30.6.2020: RM160,842,000), net of accumulated impairment loss of RM185,772,000 (30.6.2020: RM185,772,000) is recoverable.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(ii) Key sources of estimation uncertainty (continued)

(e) Impairment of Property, Plant and Equipment (continued)

(ii) During the financial period, the steel making plant located in Johor ("the Johor Plant") has temporarily stopped operations. The recoverable amount of the plant, which consists of plant and machinery, was determined based on fair value less cost to sell, by a reference to the latest valuation carried out by an independent firm of professional valuers in November 2021. The basis of fair value less cost to sell for the said assets was determined as follows:

(a) Land and building - Comparison Method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, market condition, size, shape and terrain of land, tenurial interest and restriction if any, availability of infrastructure, vacant possession and developmental approval and other relevant characteristics.

(b) Plant and machineries - Depreciated Replacement Cost method which is Gross Current Replacement Cost less Depreciation to reflect the remaining portion of their useful economic working life and it is expressed on the assumption that the items are considered value to the business that would ensure their continued use in the foreseeable future.

The Directors believe that the chosen valuation method is appropriate in determining the recoverable amounts of the Johor plant.

The impairment loss of RM23,168,000 (30.6.2020: RM8,629,947) have been recognised during the year.

The Directors are of the opinion that the carrying amount of the Johor plant of RM64,745,000 (30.6.2020: RM98,503,195), net of accumulated impairment loss of RM39,952,000 (30.6.2020: RM16,784,000) is recoverable.

(f) Provision for expected credit losses ("ECL") of trade receivables

The Group and the Company use simplified approach in calculating loss allowances for trade receivables by applying an ECL rate. Significant estimate is required in determining the impairment of trade receivables. Impairment loss measured based on expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's and the Company's past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period.

5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Revenue from contracts with customers:				
Sale of goods	**3,918,066**	2,285,900	**–**	–
Sale of completed property units	**1,603**	544	**–**	–
Service rendered	**17,732**	31,993	**–**	–
	3,937,401	2,318,437	**–**	–
Revenue from other sources:				
Gross dividend income from subsidiary companies	**–**	–	**27,292**	–
Interest income	**45**	33	**–**	–
	3,937,446	2,318,470	**27,292**	–

Timing of revenue recognition:

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
At a point in time	**3,919,669**	2,286,444	**–**	–
Over time	**17,732**	31,993	**–**	–
Revenue from contracts with customers	**3,937,401**	2,318,437	**–**	–
Other revenue	**45**	33	**27,292**	–
	3,937,446	2,318,470	**27,292**	–

6. PROFIT/(LOSS) FROM OPERATIONS

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

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Impairment losses on:				
Property, plant and equipment (Note 12)	**(23,776)**	(8,930)	**–**	–
Prepaid land lease payments (Note 14)	**(514)**	–	**–**	–
Trade and other receivables (Note 24)	**(9,542)**	(14,518)	**–**	–
Amount owing by subsidiary companies (Note 25)	**–**	–	**(1,771)**	(7)
Investment in subsidiary companies (Note 17)	**–**	–	**(3,598)**	–
Investment in associated companies (Note 18)	**–**	–	**(15,439)**	–
Property, plant and equipment written off (Note 12)	**(102)**	(656)	**–**	–
Fair value loss on investment in long-term investments	**(5,512)**	(617)	**–**	(184)
Allowance for obsolescence of inventories (Note 23)	**(1,540)**	(9,956)	**–**	–
Inventories written back/(down)	**14,400**	(35,546)	**–**	–
Impairment losses no longer required for:				
Long term investment	**1,756**	–	**–**	–
Trade and other receivables	**6,430**	36,025	**82**	5
Amount owing by subsidiary companies (Note 25)	**–**	–	**51**	–
Gain/(Loss) on disposal of property, plant and equipment	**704**	159	**–**	(1)
Fees paid/payable to external auditors:				
Statutory audit:				
Auditors of the Company:				
Current period/year	**(833)**	(767)	**(125)**	(125)
Overprovision in prior years	**5**	(8)	**–**	–
Other auditors:				
Current period/year	**(80)**	(53)	**–**	–
Overprovision in prior years	**2**	–	**–**	–
Bad debts recovered	**408**	2	**–**	–
Bad debts written off	**(12)**	–	**(12)**	–
Waiver of debts from:				
An associated company	**–**	–	**–**	15,000
Subsidiary companies	**–**	–	**(4)**	–
Rental income from premises	**6,684**	13,782	**16**	–
Rental expense of:				
Premises	**(537)**	(465)	**–**	–
Plant, machinery and equipment	**(534)**	(402)	**–**	–
Gain/(Loss) on foreign exchange (net):				
Realised	**446**	4,162	**–**	(331)
Unrealised	**140**	525	**8**	7
Interest income from Housing Development Accounts	**149**	317	**33**	70

6. PROFIT/(LOSS) FROM OPERATIONS (continued)

Analysis of staff costs is as follows:

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Salaries, bonuses and allowances	**202,863**	135,629	**597**	248
Defined contribution plans	**19,127**	12,495	**111**	70
	221,990	148,124	**708**	318

Included in staff costs are the remuneration of members of key management, other than the Directors of the Group and of the Company as disclosed in Note 7, as follows:

	The Group	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Salaries, bonuses and allowances	**3,772**	3,379
Defined contribution plans	**371**	245
	4,143	3,624

The estimated monetary value of benefits-in-kind received and receivable by the key management personnel, other than the Directors of the Group and of the Company as disclosed in Note 7, otherwise than in cash from the Group amounted to RM59,178 (30.6.2020: RM29,052).

7. DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company classified into executive and non-executive Directors are as follows:

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Executive Director:				
Fee	**53**	35	**53**	35
Salary and other emoluments	**1,488**	780	**1,488**	780
Defined contribution plans	**89**	46	**89**	46
	1,630	861	**1,630**	861
Non-executive Directors:				
Fees	**426**	310	**396**	290
Salary and other emoluments	**211**	164	**79**	75
Defined contribution plans	**15**	10	**–**	–
	652	484	**475**	365
Total	**2,282**	1,345	**2,105**	1,226

The estimated monetary value of benefits-in-kind received and receivable by the Directors otherwise than in cash from the Group and the Company amounted to RM197,605 and RM166,455 respectively (30.6.2020: RM238,876 and RM238,876 respectively).

8. INVESTMENT INCOME

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Interest income from:				
Fixed deposits	**7,742**	7,286	**102**	556
Related parties	**227**	7	**227**	7
Subsidiary companies	**–**	–	**410**	278
Others	**2,312**	759	**–**	–
Dividend income from:				
Investment in money market funds	**–**	543	**–**	–
	10,281	8,595	**739**	841

9. FINANCE COSTS

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Interest expense on:				
Term loans	**488**	1,277	**488**	287
Security deposits received from customers	**13,633**	3,955	**–**	–
Bills payable	**4,121**	3,594	**–**	–
Bank overdrafts	**1,058**	765	**433**	368
Finance lease and hire-purchase	**5,483**	2,297	**–**	–
Lease liabilities	**3,048**	2,591	**8**	8
Product financing liabilities	**3,003**	4,843	**–**	–
Others	**444**	8,620	**12**	4
	31,278	27,942	**941**	667

10. TAX (EXPENSE)/CREDIT

Tax (expense)/credit for the Group and the Company consists of:

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Estimated tax payable:				
Current period/year	**(20,717)**	(6,038)	**(10)**	–
Over/(under) provision in prior years	**954**	(982)	**–**	16
	(19,763)	(7,020)	**(10)**	16
Deferred taxation (Note 21):				
Current period/year	**(11,231)**	460	**–**	–
(Under)/Overprovision in prior years	**(49)**	414	**–**	–
	(11,280)	874	**–**	–
Total tax (expense)/credit	**(31,043)**	(6,146)	**(10)**	16

The tax (expense)/credit varied from the amount of tax credit/(expense) determined by applying the applicable income tax rate to profit/(loss) before tax as a result of the following differences:

	The Group		The Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Profit/(Loss) before tax	**570,284**	(377,024)	(1,572)	11,954
Tax (expenses)/credit at statutory tax rate of 24%	**(136,868)**	90,486	**377**	(2,869)
Tax effects of:				
Non-taxable income	**196,367**	15,560	**6,586**	3,603
Non-deductible expenses	**(45,095)**	(38,264)	**(6,973)**	(734)
Tax effect on share of results of associated companies and joint venture	**(12,215)**	(27,633)	**–**	–
Deferred tax assets not recognised	**(34,137)**	(45,727)	**–**	–
Over/(under) provision in prior years:				
Income tax	**954**	(982)	**–**	16
Deferred taxation	**(49)**	414	**–**	–
	(31,043)	(6,146)	**(10)**	16

11. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing profit/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period as follows:

	The Group	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Profit/(Loss) attributable to owners of the Company	**494,990**	(390,533)
	31.12.2021 '000	**30.6.2020 '000**
Weighted average number of ordinary shares in issue	**680,804**	680,804
	1.7.2020 to 31.12.2021 Sen	**1.7.2019 to 30.6.2020 Sen**
Basic earnings/(loss) per share	**72.71**	(57.36)

(b) Diluted earnings/(loss) per share

The basic and diluted earnings/(loss) per share are the same for 31 December 2021 and 30 June 2020 as the Company has no dilutive potential ordinary shares as of the end of the reporting period.

12. PROPERTY, PLANT AND EQUIPMENT

The Group

	COST								
	As at 1 July 2019 RM'000	**Additions RM'000**	**Disposals RM'000**	**Write–offs RM'000**	**Upon adoption of MFRS 16 RM'000**	**Transfer to investment properties (Note 13) RM'000**	**Reclassification RM'000**	**Exchange differences RM'000**	**As at 30 June 2020 RM'000**
Freehold land	77,101	–	–	–	–	–	–	–	77,101
Freehold buildings	305,206	130	–	–	–	–	–	–	305,336
Buildings under long lease	112,741	–	(1,740)	–	680	(207)	855	–	112,329
Buildings under short lease	466	–	–	–	–	–	–	–	466
Plant, machinery and equipment	1,511,511	9,150	(1,001)	(8,864)	–	–	25,283	288	1,536,367
Prime movers and trailers	2,294	–	–	–	–	–	–	–	2,294
Motor vehicles	14,590	342	(105)	–	–	–	–	16	14,843
Furniture and office equipment	72,547	1,217	(340)	(674)	–	–	169	–	72,919
Computer equipment	6,790	115	(22)	(17)	–	–	–	1	6,867
Floating cranes	87,616	–	–	–	–	–	–	–	87,616
Tug boats and barges	56,514	–	(35)	–	–	–	–	–	56,479
Infrastructure	107,100	–	–	–	–	–	–	–	107,100
Renovations	1,892	–	–	(69)	–	–	–	–	1,823
Construction work-in-progress	158,202	8,121	–	(653)	–	–	(26,307)	–	139,363
Total	2,514,570	19,075	(3,243)	(10,277)	680	(207)	–	305	2,520,903

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

	COST								
	As at 1 July 2020 RM'000	**Additions RM'000**	**Disposals RM'000**	**Write–offs RM'000**	**Disposal of a subsidiary company (Note 17) RM'000**	**Acquisition of subsidiary companies (Note 17) RM'000**	**Reclassification RM'000**	**Exchange differences RM'000**	**As at 31 December 2021 RM'000**
Freehold land	77,101	218,166	–	–	–	–	–	–	**295,267**
Freehold buildings	305,336	71,360	(15)	–	–	–	157	–	**376,838**
Buildings under long lease	112,329	537	–	–	(1,589)	–	–	–	**111,277**
Buildings under short lease	466	–	–	–	–	–	–	–	**466**
Plant, machinery and equipment	1,536,367	304,075	(2,004)	(156)	(119,596)	–	5,230	(226)	**1,723,690**
Prime movers and trailers	2,294	–	–	–	–	–	–	–	**2,294**
Motor vehicles	14,843	225	(377)	–	(222)	81	–	(7)	**14,543**
Furniture and office equipment	72,919	2,214	(440)	(1,065)	(3,875)	63	(5,162)	4	**64,658**
Computer equipment	6,867	422	(34)	–	–	–	–	(1)	**7,254**
Floating cranes	87,616	–	–	–	–	–	–	–	**87,616**
Tug boats and barges	56,479	44	–	–	–	–	–	–	**56,523**
Infrastructure	107,100	–	–	–	–	–	–	–	**107,100**
Renovations	1,823	392	–	–	–	–	–	–	**2,215**
Construction work-in-progress	139,363	3,386	–	–	(115)	–	(225)	–	**142,409**
Total	2,520,903	600,821	(2,870)	(1,221)	(125,397)	144	–	(230)	**2,992,150**

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

ACCUMULATED DEPRECIATION

	As at 1 July 2019 RM'000	Additions RM'000	Disposals RM'000	Write–offs RM'000	Upon adoption of MFRS 16 RM'000	Transfer to investment properties (Note 13) RM'000	Exchange differences RM'000	As at 30 June 2020 RM'000
Freehold land	–	–	–	–	–	–	–	–
Freehold buildings	229,823	13,504	–	–	–	–	–	243,327
Buildings under long lease	96,873	2,551	(1,740)	–	(1,020)	(207)	–	96,457
Buildings under short lease	466	–	–	–	–	–	–	466
Plant, machinery and equipment	1,201,999	59,414	(708)	(8,864)	–	–	170	1,252,011
Prime movers and trailers	2,294	–	–	–	–	–	–	2,294
Motor vehicles	11,794	395	(105)	–	–	–	15	12,099
Furniture and office equipment	61,936	2,470	(159)	(671)	–	–	–	63,576
Computer equipment	5,884	247	(16)	(17)	–	–	1	6,099
Floating cranes	62,788	6,659	–	–	–	–	–	69,447
Tug boats and barges	52,534	1,095	(23)	–	–	–	–	53,606
Infrastructure	49,980	–	–	–	–	–	–	49,980
Renovations	1,746	57	–	(69)	–	–	–	1,734
Construction work-in-progress	–	–	–	–	–	–	–	–
Total	1,778,117	86,392	(2,751)	(9,621)	(1,020)	(207)	186	1,851,096

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

ACCUMULATED DEPRECIATION

	As at 1 July 2019 RM'000	Additions RM'000	Disposals RM'000	Write–offs RM'000	Disposal of a subsidiary company (Note 17) RM'000	Exchange differences RM'000	Reclassification RM'000	As at 31 December 2021 RM'000
Freehold land	–	–	–	–	–	–	–	**–**
Freehold buildings	243,327	17,552	–	–	–	–	–	**260,879**
Buildings under long lease	96,457	4,574	(15)	–	(1,361)	–	–	**99,655**
Buildings under short lease	466	–	–	–	–	–	–	**466**
Plant, machinery and equipment	1,252,011	73,076	(1,666)	(56)	(98,400)	(157)	(63)	**1,224,745**
Prime movers and trailers	2,294	–	–	–	–	–	–	**2,294**
Motor vehicles	12,099	589	(290)	–	(222)	(13)	–	**12,163**
Furniture and office equipment	63,576	1,933	(247)	(1,063)	(3,399)	–	63	**60,863**
Computer equipment	6,099	399	(37)	–	–	(1)	–	**6,460**
Floating cranes	69,447	6,862	–	–	–	–	–	**76,309**
Tug boats and barges	53,606	139	–	–	–	–	–	**53,745**
Infrastructure	49,980	–	–	–	–	–	–	**49,980**
Renovations	1,734	84	–	–	–	–	–	**1,818**
Construction work-in-progress	–	–	–	–	–	–	–	**–**
Total	1,851,096	105,208	(2,255)	(1,119)	(103,382)	(171)	–	**1,849,377**

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

	ACCUMULATED IMPAIRMENT LOSSES					NET BOOK VALUE	
	As at 1 July 2019 RM'000	Charge for the year RM'000	As at 30 June 2020 RM'000	Charge for the period RM'000	As at 31 December 2021 RM'000	As at 31 December 2021 RM'000	As at 30 June 2020 RM'000
Freehold land	1,754	–	1,754	–	**1,754**	**293,513**	75,347
Freehold buildings	28,299	–	28,299	–	**28,299**	**87,660**	33,710
Buildings under long lease	1,515	–	1,515	–	**1,515**	**10,107**	14,357
Buildings under short lease	–	–	–	–	**–**	**–**	–
Plant, machinery and equipment	88,037	8,630	96,667	1,424	**98,091**	**400,854**	187,689
Prime movers and trailers	–	–	–	–	**–**	**–**	–
Motor vehicles	–	–	–	–	**–**	**2,380**	2,744
Furniture and office equipment	–	–	–	–	**–**	**3,795**	9,343
Computer equipment	–	–	–	28	**28**	**766**	768
Floating cranes	–	–	–	–	**–**	**11,307**	18,169
Tug boats and barges	–	–	–	–	**–**	**2,778**	2,873
Infrastructure	57,120	–	57,120	–	**57,120**	**–**	–
Renovations	–	–	–	–	**–**	**397**	89
Construction work-in-progress	84,909	300	85,209	22,324	**107,533**	**34,876**	54,154
Total	261,634	8,930	270,564	23,776	**294,340**	**848,433**	399,243

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	COST			
	As at 1 July 2019 RM'000	**Addition RM'000**	**Disposals RM'000**	**As at 30 June 2020 RM'000**
Motor vehicles	75	–	–	75
Furniture and office equipment	1,617	–	(2)	1,615
Computer equipment	3,501	–	(16)	3,485
Renovations	1,007	–	–	1,007
Total	6,200	–	(18)	6,182

	COST			
	As at 1 July 2020 RM'000	**Addition RM'000**	**Disposals RM'000**	**As at 31 December 2021 RM'000**
Motor vehicles	75	–	–	**75**
Furniture and office equipment	1,615	–	–	**1,615**
Computer equipment	3,485	–	–	**3,485**
Renovations	1,007	–	–	**1,007**
Total	6,182	–	–	**6,182**

	ACCUMULATED DEPRECIATION				NET BOOK VALUE
	As at 1 July 2019 RM'000	**Charge for the year RM'000**	**Disposals RM'000**	**As at 30 June 2020 RM'000**	**As at 30 June 2020 RM'000**
Motor vehicles	73	–	–	73	2
Furniture and office equipment	1,530	24	(1)	1,553	62
Computer equipment	3,072	85	(16)	3,141	344
Renovations	863	57	–	920	87
Total	5,538	166	(17)	5,687	495

	ACCUMULATED DEPRECIATION				NET BOOK VALUE
	As at 1 July 2020 RM'000	**Charge for the period RM'000**	**Disposals RM'000**	**As at 31 December 2021 RM'000**	**As at 31 December 2021 RM'000**
Motor vehicles	73	–	–	**73**	**2**
Furniture and office equipment	1,553	29	–	**1,582**	**33**
Computer equipment	3,141	126	–	**3,267**	**218**
Renovations	920	53	–	**973**	**34**
Total	5,687	208	–	**5,895**	**287**

12. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial period, the Group has recognised impairment losses of RM23,168,000 (30.6.2020: RM8,930,000) in respect of the assets located at the Banting and Johor plants, as a result of the said Banting and Johor plant having temporarily stopped productions. The said impairment losses were determined based on the assumptions as disclosed in Notes 4(ii)(e)(i) and (ii).

(b) As at 31 December 2021, the property, plant and equipment of certain subsidiary companies with carrying values totalling RM4.8 million (30.6.2020: RM20.9 million) have been charged as collateral to certain financial institutions for the loans and borrowings granted to the Group (Notes 29).

(c) Included in property, plant and equipment of the Group are assets acquired under lease and hire-purchase arrangements with net book values of RM5,329,000 (30.6.2020: RM21,734,000).

13. INVESTMENT PROPERTIES

	The Group				
	Freehold land RM'000	**Freehold land and buildings RM'000**	**Leasehold land and buildings RM'000**	**Work-in-progress RM'000**	**Total RM'000**
Cost:					
As at 1 July 2019	49,249	462	2,152	57,994	109,857
Transfer from property, plant and equipment (Note 12)	–	–	207	–	207
Exchange differences	1,665	–	–	1,962	3,627
As at 30 June 2020/1 July 2020	50,914	462	2,359	59,956	113,691
Addition	–	–	139	–	139
Reclassification	–	–	20,650	(20,650)	–
Exchange differences	(1,338)	–	–	(1,575)	(2,913)
As at 31 December 2021	**49,576**	**462**	**23,148**	**37,731**	**110,917**
Accumulated depreciation:					
As at 1 July 2019	–	188	226	–	414
Transfer from property, plant and equipment (Note 12)	–	–	207	–	207
Charge for the year	–	10	59	–	69
As at 30 June 2020/1 July 2020	–	198	492	–	690
Charge for the period	–	14	94	–	108
As at 31 December 2021	**–**	**212**	**586**	**–**	**798**
Accumulated impairment losses:					
As at 1 July 2019/1 July 2020	592	–	–	–	592
No longer required	(592)	–	–	–	(592)
As at 30 June 2020/1 July 2020/ 31 December 2021	**–**	**–**	**–**	**–**	**–**
Net book value:					
As at 30 June 2020	50,914	264	1,867	59,956	113,001
As at 31 December 2021	**49,576**	**250**	**22,562**	**37,731**	**110,119**
Fair value	76,700	410	39,012	Note a	

13. INVESTMENT PROPERTIES (continued)

The rental income earned by the Group from its investment properties amounted to RM96,303 (30.6.2020: RM11,200). Direct operating expenses pertaining to the investment properties of the Group that generated rental income during the financial period amounted to RM12,213 (30.6.2020: RM3,141).

Direct operating expenses incurred by the Group for investment properties that did not generate any rental income during the financial period amounted to RM14,349 (30.6.2020: RM6,469).

The fair value of investment properties is estimated by reference to market evidence of transaction prices for similar properties and the latest valuation carried out by an independent firm of professional valuers in December 2021/ January 2022.

At the end of the reporting period, the fair value of the Group's investment properties are measured using Level 3 valuation technique as disclosed in Note 3. There were no transfers between Levels 1, 2 and 3 during the financial period.

Note a

Work-in-progress comprises mainly economic land concession ("ELC") in Cambodia. The lease agreements for the ELC which determine the lease period of the land have yet to be obtained. The fair value of the ELC are not reasonably determinable until the ELC are converted into leasehold land. Based on the market evidence of transaction prices for leasehold land by the independent firm of professional valuers in December 2021, the Directors have concluded there is no impairment for the ELC.

14. PREPAID LAND LEASE PAYMENTS

	The Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Cost:		
At beginning of period/year	**71,251**	103,355
Addition	**3,822**	–
Upon adoption of MFRS 16	**–**	1,570
Transfer from/(to) right-of-use assets (Note 15)	**33,696**	(33,696)
Reclassification	**–**	22
At end of period/year	**108,769**	71,251
Accumulated amortisation:		
At beginning of period/year	**30,766**	48,092
Amortisation for the year	**6,723**	1,544
Upon adoption of MFRS 16	**–**	(665)
Transfer from/(to) right-of-use assets (Note 15)	**19,061**	(18,227)
Reclassification	**–**	22
At end of period/year	**56,550**	30,766
Accumulated impairment:		
At beginning of period/year	**–**	–
Charge for the period/year	**514**	–
At end of period/year	**514**	–
Carrying value	**51,705**	40,485

14. PREPAID LAND LEASE PAYMENTS (continued)

The Group's leases consist of leasehold lands, factory buildings, office complex and warehouse. The lease will expire between the years 2025 and 2091 (30.6.2020: 2025 and 2091).

Certain leasehold land and building located in the Mukim of Bukit Raja, Klang, Selangor, has the purchase option in the lease term. Purchase option is included, when possible, to provide the Group with greater flexibility to align its need for access to the leasehold land and building with the fulfilment of the Group's business strategy. The purchase option held is exercisable only by the Group and not by the lessor. In cases in which the Group is not reasonably certain to exercise the purchase option, payments associated with the purchase option are not included within the obligations under leases arrangement.

Except for the leasehold land as mentioned above, the Group does not have the option to purchase the leased land upon the expiry of the lease period.

15. RIGHT-OF-USE ASSETS

The Group	**Leasehold land and buildings RM'000**	**Plant and equipment RM'000**	**Total RM'000**
Cost:			
At 1 July 2019 (on adoption of MFRS 16)	30,995	20,766	51,761
Transfer from prepaid land lease payments (Note 14)	33,696	–	33,696
As at 30 June 2020/1 July 2020	64,691	20,766	85,457
Addition	21,592	–	21,592
Transfer to prepaid land lease payments (Note 14)	(33,696)	–	(33,696)
Disposal	(4,396)	–	(4,396)
Disposal of a subsidiary company (Note 17(b))	(19,974)	(19,960)	(39,934)
Fair value adjustments	(1,160)	–	(1,160)
Expiry of lease terms	(121)	–	(121)
As at 31 December 2021	**26,936**	**806**	**27,742**
Accumulated depreciation:			
At 1 July 2019 (on adoption of MFRS 16)	–	–	–
Transfer from prepaid land lease payments (Note 14)	18,227	–	18,227
Charge for the year	11,598	5,605	17,203
As at 30 June 2020/1 July 2020	29,825	5,605	35,430
Charge for the period	15,548	8,100	23,648
Transfer to prepaid land lease payments (Note 14)	(19,061)	–	(19,061)
Disposal	(2,875)	–	(2,875)
Disposal of a subsidiary company (Note 17(b))	(14,827)	(13,302)	(28,129)
Expiry of lease terms	(121)	–	(121)
As at 31 December 2021	**8,489**	**403**	**8,892**
Net carrying amount			
As at 31 December 2021	**18,447**	**403**	**18,850**
As at 30 June 2020	34,866	15,161	50,027

15. RIGHT-OF-USE ASSETS (continued)

The Company	**Premises RM'000**
Cost:	
At 1 July 2019 (on adoption of MFRS 16)/30 June 2020/1 July 2020	147
Addition	230
Disposal	(127)
As at 31 December 2021	**250**
Accumulated depreciation:	
At 1 July 2019 (on adoption of MFRS 16)	–
Charge for the year	63
As at 30 June 2020/1 July 2020	63
Charge for the period	94
As at 31 December 2021	**157**
Net carrying amount	
As at 31 December 2021	**93**
As at 30 June 2020	84

During the financial period/year, amounts recognised in profit or loss are as follows:

	The Group RM'000	**The Company RM'000**
1.7.2020 to 31.12.2021		
Depreciation expense on right-of-use assets	**23,648**	**94**
Interest expense on lease liabilities	**3,048**	**8**
Expenses relating to short term lease	**876**	**–**
Expense relating to leases of low value assets	**22**	**–**
1.7.2019 to 30.6.2020		
Depreciation expense on right-of-use assets	17,203	63
Interest expense on lease liabilities	2,591	8
Expenses relating to short term lease	167	–
Expense relating to leases of low value assets	244	–

16. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	The Group		The Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of period/year:				
Land costs	**27,452**	27,452	**13**	13
Development costs	**23,433**	23,257	**13**	13
	50,885	50,709	**26**	26
Costs incurred:				
Development costs	**79**	176	**–**	–
At end of period/year:				
Land costs	**27,452**	27,452	**13**	13
Development costs	**23,512**	23,433	**13**	13
	50,964	50,885	**26**	26

(b) Property Development Costs

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At beginning of period/year:		
Land costs	**63,678**	63,678
Development costs	**191,856**	191,749
	255,534	255,427
Costs incurred:		
Development costs	**3,551**	107
At end of period/year:		
Land costs	**63,678**	63,678
Development costs	**195,407**	191,856
	259,085	255,534
Costs recognised as expenses in profit or loss:		
Previous years	**(243,512)**	(243,512)
Current period/year	**–**	–
	(243,512)	(243,512)
Net	**15,573**	12,022

17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Shares quoted in Malaysia:		
At beginning and end of period/year	**42,232**	42,232
Unquoted shares in Malaysia:		
At cost	**937,071**	937,071
Addition	**66**	–
Deemed capital contribution	**9,460**	13,629
	946,597	950,700
Accumulated impairment losses	**(245,496)**	(241,898)
	701,101	708,802
Total	**743,333**	751,034
Market value of quoted shares	**25,271**	14,440

<u>Movements in the accumulated impairment losses are as follows:</u>

	The Company	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At beginning of period/year	**241,898**	241,898
Impairment losses recognised during the period/year (Note 6)	**3,598**	–
At end of period/year	**245,496**	241,898

During the current financial period, the Directors reviewed the Company's investment in subsidiary companies for indication of impairment and concluded that accumulated impairment losses of RM245,496,000 (30.6.2020: RM241,898,000) is deemed adequate in respect of investment in subsidiary companies.

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiary companies		Number of non wholly-owned subsidiary companies	
		31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
Property development	Malaysia	**7**	7	**2**	2
Manufacture and sale and distribution of steel products	Malaysia	**–**	–	**3**	3
Manufacture and sale and distribution of other products	Malaysia	**–**	–	**3**	3
Others	Malaysia	**28**	28	**19**	21
Others	Other countries	**–**	–	**22**	21
		35	35	**49**	50

Certain investment in subsidiaries of the Company has been pledged as collateral to financial institutions for banking facility as disclosed in Note 29.

Non-Controlling Interests in Subsidiary Companies

The Group's subsidiary company that has material non-controlling interests ("NCI") is Lion Posim Berhad ("LPB").

	Percentage of ownership interests held by NCI	Profit allocated to NCI RM'000	Accumulated NCI RM'000
31.12.2021			
LPB	**26%**	**40,166**	**191,619**
Other individually immaterial subsidiary companies with NCI		**4,085**	**33,528**
		44,251	**225,147**
30.6.2020			
LPB	26%	8,230	149,852
Other individually immaterial subsidiary companies with NCI		(867)	25,383
		7,363	175,235

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Non-Controlling Interests in Subsidiary Companies (continued)

Summarised financial information in respect of each of the Group's subsidiary company that has material non-controlling interests ("NCI") is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	LPB	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Non-current assets	**309,268**	289,084
Current assets	**561,374**	390,095
Non-current liabilities	**(1,855)**	(272)
Current liabilities	**(129,218)**	(100,912)
Total equity	**739,569**	577,995
Equity attributable to owners of the Company	**739,096**	577,995
Revenue	**871,808**	411,505
Profit for the period/year	**141,195**	31,745
Profit/(Loss) attributable to:		
Owners of the Company	**144,021**	31,745
Non-controlling interests	**(2,826)**	–
	141,195	31,745
Other comprehensive income/(loss) attributable to:		
Owners of the Company	**19,738**	(5,479)
Non-controlling interests	**–**	–
	19,738	(5,479)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**161,101**	26,266
Non-controlling interests	**(168)**	–
	160,933	26,266
Net cash inflow/(outflow) from:		
Operating activities	**(116,400)**	32,934
Investing activities	**184,996**	593
Financing activities	**(65,106)**	(1,010)
Net cash inflow	**3,490**	32,517

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(a) Acquisition of subsidiary companies

During the current financial period, the Group completed the acquisition of 100% equity interest in Well Morning Limited ("Well Morning") on 30 December 2020 pursuant to the secured debts settlement agreement entered with Lion Diversified Holdings Berhad (In liquidation). 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. Changshu Lion is currently in liquidation.

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiary companies are as follows:

	The Group RM'000
Property, plant and equipment	144
Inventories	30,061
Other receivables	352
Cash and cash balance	180,050
Trade and other payables	(5,722)
Tax liabilities	(6,006)
Total identified assets acquired and liabilities assumed	198,879
Goodwill arising on acquisition	11,473
Total consideration - Recovery	210,352
Satisfied by:	
Secured debts - fair value	210,352
Net cash flow from acquisition:	
Cash consideration	210,352
Less: Non-cash consideration - Secured debts	(210,352)
	–
Cash and cash equivalent balances acquired	180,050
Expenses incurred on acquisition	(5,818)
Net cash inflows on acquisition	174,232
Gain on settlement of secured debts derived from the following:	
Reversal of impairment losses	210,352
Goodwill on acquisition impaired (Note)	(11,473)
Expenses incurred on acquisition	(5,818)
Gain on settlement of secured debts	193,061

Note

The acquisition of Well Morning resulted in a goodwill of RM11,473,000. Subsequently, the goodwill was fully impaired as a result of voluntary liquidation of Changshu Lion.

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(b) Disposal of a subsidiary company

During the current financial period, 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 ceased to be subsidiary of the Company with effect from 10 December 2021.

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

	The Group RM'000
Property, plant and equipment	22,015
Right-of-use assets	11,805
Deferred tax assets	28,269
Inventories	390,226
Trade receivables	20
Other receivables	5,781
Cash and cash balances	21,961
Trade and other payables	(212,806)
Lease liabilities	(10,078)
Net assets disposed of	257,193
Gain on disposal of a subsidiary company	440,547
Proceeds from disposal	697,740
Deferred payment	(98,498)
Cash and cash equivalents	(21,961)
Net cash inflow from disposal	577,281
Gain attributable to:	
- Owners of the Company	436,142
- Non-controlling interests	4,405
	440,547

18. INVESTMENT IN ASSOCIATED COMPANIES

	The Group		**The Company**	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
At cost:				
Quoted investments	**239,501**	239,501	**64,394**	64,394
Unquoted investments	**104,949**	104,949	**15,439**	15,439
	344,450	344,450	**79,833**	79,833
Share of post-acquisition results and reserves less dividends received	**154,031**	143,570	**–**	–
Accumulated impairment losses	**(12,655)**	(12,655)	**(15,439)**	–
	485,826	475,365	**64,394**	79,833
Market value of quoted investments	**93,112**	65,698	**13,417**	6,356

18. INVESTMENT IN ASSOCIATED COMPANIES (continued)

In prior year, the Group disposed of the entire equity interest in an associated company, Angkasa Amsteel Pte Ltd, for a total consideration equivalent to the entity's net assets.

Certain investment in associated companies of the Group and of the Company has been pledged as collateral to financial institutions for banking facility as disclosed in Note 29.

Management exercises its judgement in estimating the recoverable amounts of the investment. When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), will be assessed.

The assessment of the recoverable amounts involves a number of methodologies. Judgements made by management in the process of applying the Group's accounting policies in respect of investment in associates are as follows:

The Group does not consider prolonged shortfall between market value and carrying amount as an indication of impairment as management believes that the quoted market price of the most recent transactions of the associate company does not reflect the recoverable amount of the investment of the associate company.

The Group consider the investment in associated companies as a long-term strategic investment which will be realised upon the disposal of the investment in associated companies.

Summarised financial information in respect of the Group's material associated company, Parkson Holdings Berhad ("Parkson") and reconciliation of the information of the carrying amount to the Group's interest in the associated companies, are set out below:

31.12.2021	**Parkson RM'000**	**Other individually immaterial associated companies RM'000**	**Total RM'000**
Summarised financial information			
Proportion of the Group's effective ownership interest	**26%**		
Assets and Liabilities			
Current assets	**2,231,417**	**246,214**	**2,477,631**
Non-current assets	**7,312,884**	**31,093**	**7,343,977**
Current liabilities	**(3,719,266)**	**(16,060)**	**(3,735,326)**
Non-current liabilities	**(2,971,313)**	**(20,909)**	**(2,992,222)**
Non-controlling interests	**(1,153,071)**	**–**	**(1,153,071)**
Net assets	**1,700,651**	**240,338**	**1,940,989**
1.7.2020 to 31.12.2021			
Results			
Revenue	**4,819,858**	**117,104**	**4,936,962**
(Loss)/Profit for the period	**(129,931)**	**3,759**	**(126,172)**
Other comprehensive profit for the period	**365,092**	**–**	**365,092**
Total comprehensive profit for the period	**235,161**	**3,759**	**238,920**
Group's share of (loss)/profit of associated companies	**(52,386)**	**1,448**	**(50,938)**
Dividend received/receivable from associated companies	**–**	**1,407**	**1,407**

18. INVESTMENT IN ASSOCIATED COMPANIES (continued)

31.12.2021	Parkson RM'000	Other individually immaterial associated companies RM'000	Total RM'000
Reconciliation of net assets to carrying amount			
Group's share of net assets	**438,519**	**47,307**	**485,826**
Carrying amount in the statements of financial position	**438,519**	**47,307**	**485,826**
30.6.2020			
Summarised financial information			
Proportion of the Group's effective ownership interest	**27%**		
Assets and Liabilities			
Current assets	2,337,439	232,200	2,569,639
Non-current assets	8,118,107	29,717	8,147,824
Current liabilities	(2,670,140)	(11,816)	(2,681,956)
Non-current liabilities	(5,161,520)	(20,336)	(5,181,856)
Non-controlling interests	(1,036,942)	–	(1,036,942)
Net assets	1,586,944	229,765	(1,816,709)
1.7.2019 to 30.6.2020			
Results			
Revenue	3,251,152	57,257	3,308,409
Loss for the year	(627,248)	(28,027)	(655,275)
Other comprehensive loss for the year	(71,820)	–	(71,820)
Total comprehensive loss for the year	(699,068)	(28,027)	(727,095)
Group's share of (loss)/profit of associated companies	(115,860)	691	(115,169)
Dividend received from associated companies	–	5,022	5,022
30.6.2020			
Reconciliation of net assets to carrying amount			
Group's share of net assets	430,071	45,294	475,365
Carrying amount in the statements of financial position	430,071	45,294	475,365

18. INVESTMENT IN ASSOCIATED COMPANIES (continued)

The carrying value of the Group's investment in associated companies is represented by:

	The Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Share of net assets (excluding goodwill)	**145,879**	133,452
Share of goodwill of associated companies	**339,947**	341,913
	485,826	475,365

The Group's share of results of an associated company Renor Pte Ltd which is under liquidation was recognised to the extent of the carrying amount of the investments. The cumulative and current year's unrecognised share of losses are as follows:

	The Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
At beginning and end of period/year	**26,739**	26,739

19. INVESTMENT IN JOINT VENTURE

	The Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Unquoted shares:		
At cost	**125**	125
Share in post-acquisition results less dividend received	**(54)**	(94)
	71	31

Details of the joint venture are as follows:

Name of Joint Venture	Financial Year End	Country of Incorporation	Effective Percentage Ownership 31.12.2021 %	Effective Percentage Ownership 30.6.2020 %	Principal Activity
Mergexcel Property Development Sdn Bhd	31 March	Malaysia	**49**	49	Property development

19. INVESTMENT IN JOINT VENTURE (continued)

The joint venture is audited by a firm of auditors other than the auditors of the Company.

The summarised unaudited financial information in respect of the joint venture of the Group is set out below:

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Assets and Liabilities		
Current assets	**2,238**	2,112
Non-current assets	**–**	2
Current liabilities	**(31)**	(10)
Net assets	**2,207**	2,104

	1.7.2020 to 31.12.2021	**1.7.2019 to 30.6.2020**
	RM'000	**RM'000**
Results		
Revenue	**–**	–
Profit for the period/year	**72**	56
Group's share of profit of joint venture	**40**	31

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Reconciliation of net assets to carrying amount		
Group's share of net assets	**1,219**	1,162
Other adjustments	**(1,148)**	(1,131)
Carrying amount in the statements of financial position	**71**	31

The above profit for the period/year including the following:

	The Group	
	1.7.2020 to 31.12.2021	**1.7.2019 to 30.6.2020**
	RM'000	**RM'000**
Depreciation of property, plant and equipment	**–**	1
Interest income	**105**	80

20. LONG-TERM INVESTMENTS

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Fair value through other comprehensive income				
Unquoted investments in Malaysia	**599**	611	**216**	216
At amortised cost				
Unquoted bonds, adjusted for accretion of interest	**68,378**	70,134	**–**	–
Less: Accumulated impairment losses	**(68,378)**	(70,134)	**–**	–
	–	–	**–**	–
Total	**599**	611	**216**	216

During the current financial period, the Directors reviewed the Group's and the Company's long-term investments measured at amortised cost for indication of impairment and concluded that the carrying amounts at the end of the reporting period are equivalent to their recoverable amounts.

Investments in unquoted bonds of the Group bears yield to maturity of 4.75% (30.6.2020: 4.75%) per annum.

21. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) of the Group and of the Company are as follows:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
At beginning of period/year	**44,214**	43,340	**–**	–
Transfer to/(from) profit or loss (Note 10):				
Property, plant and equipment	**11,388**	26,767	**–**	–
Trade and other receivables	**(8,619)**	(16,611)	**–**	–
Inventories	**(4,250)**	4,917	**–**	–
Others	**(249)**	(1,466)	**–**	–
Unused tax losses and unabsorbed capital allowances	**(9,550)**	(12,733)	**–**	–
	(11,280)	874	**–**	–
Disposal of a subsidiary company	**(28,269)**	–	**–**	–
At end of period/year	**4,665**	44,214	**–**	–

21. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and the Company's accounting policy. The following is the analysis of the deferred tax balances (after offsetting) for the statements of financial position purposes:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Deferred tax assets	**8,435**	48,133	**–**	–
Deferred tax liabilities	**(3,770)**	(3,919)	**–**	–
	4,665	44,214	**–**	–

Deferred tax assets/(liabilities) presented in the statements of financial position are in respect of the tax effects of the following:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Deferred tax assets				
Temporary differences arising from:				
Trade and other receivables	**–**	8,619	**–**	–
Inventories	**667**	4,917	**–**	–
Others	**8,274**	8,527	**–**	–
Unused tax losses and unabsorbed capital allowances	**32,142**	41,692	**4**	100
	41,083	63,755	**4**	100
Disposal of a subsidiary company	**(28,269)**	–	**–**	–
Offsetting	**(4,379)**	(15,622)	**(4)**	(100)
Deferred tax assets (after offsetting)	**8,435**	48,133	**–**	–
Deferred tax liabilities				
Temporary differences arising from:				
Property, plant and equipment	**5,187**	16,575	**4**	100
Others	**2,962**	2,966	**–**	–
	8,149	19,541	**4**	100
Offsetting	**(4,379)**	(15,622)	**(4)**	(100)
Deferred tax liabilities (after offsetting)	**3,770**	3,919	**–**	–

21. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As at 31 December 2021, the estimated amount of temporary differences, unused tax losses, unabsorbed capital allowances and unused reinvestment allowances, for which the tax effects are not recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Temporary differences arising from:				
Property, plant and equipment	**(3,937)**	(43,760)	**–**	–
Right-of-use assets	**(96,654)**	(100,044)	**–**	–
Trade and other receivables	**245,829**	138,899	**–**	–
Others	**11,307**	17,792	**–**	–
Unused tax losses and unabsorbed capital allowances	**1,208,386**	1,209,807	**14,821**	14,806
Unused reinvestment allowances	**85,825**	85,825	**–**	–
	1,450,756	1,308,519	**14,821**	14,806

The availability of the unused tax losses, unabsorbed capital allowances and unused reinvestment allowances for offsetting future taxable profits of the Company and of the subsidiary companies are subject to the agreement with the tax authorities.

The unused tax losses are subject to agreement by the tax authorities.

In accordance with the provision of Finance Act 2021 requirement, the unused tax losses are available for utilisation in the next ten years, for which, any excess at the end of the tenth year, will be disregarded.

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Unused tax losses				
- Expired by 31 December 2028/ 30 June 2025	**677,556**	922,245	**12,175**	12,175
- Expired by 31 December 2029/ 30 June 2026	**123,076**	96,132	**–**	–
- Expired by 31 December 2030/ 30 June 2027	**264,700**	144,666	**–**	–
- Expired by 31 December 2031	**963**	–	**–**	–
	1,066,295	1,163,043	**12,175**	12,175

22. GOODWILL

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Goodwill on consolidation:		
At beginning and end of period/year	**131,644**	131,644
Cumulative impairment loss:		
At beginning and end of period/year	**(1,201)**	(1,201)
Net	**130,443**	130,443

Goodwill acquired in business combinations is allocated, at acquisition date, to cash-generating units ("CGU") that are expected to benefit from that business combination. Goodwill has been allocated to the steel operations of the Group.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from a value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rate using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for next financial year and extrapolates cash flows for the following 4 financial years based on an estimated growth rate of 3% (30.6.2020: 5%) per annum. The pre-tax discount rate used is 10% (30.6.2020: 8%) per annum.

The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

23. INVENTORIES

Inventories consist of the following:

	The Group		The Company	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
Property:				
Completed units for sale	**1,648**	2,424	**43**	43
Products at cost:				
Raw materials	**89,993**	142,070	**–**	–
Finished goods	**133,278**	120,052	**–**	–
General and consumable stores	**111,749**	138,672	**–**	–
Trading merchandise	**8,493**	9,377	**–**	–
	343,513	410,171	**–**	–
Less: Allowance for obsolescence of inventories	**(15,520)**	(37,097)	**–**	–
	327,993	373,074	**–**	–
Net	**329,641**	375,498	**43**	43

Movement in the allowance for obsolescence of inventories are as follows:

	The Group	
	31.12.2021 RM'000	30.6.2020 RM'000
At beginning of period/year	**37,097**	27,975
Addition (Note 6)	**1,540**	9,956
Disposal of a subsidiary company	**(19,150)**	–
Written off	**(3,967)**	(834)
Net	**15,520**	37,097

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Trade receivables	**405,947**	437,237
Less: Accumulated impairment losses	**(146,629)**	(183,934)
Net	**259,318**	253,303

Trade receivables of the Group comprise amounts receivable for the sale of goods and services rendered. Trade receivable of the Company comprise amounts receivable for the sale of land previously held for development.

The credit period granted to customers ranges from 30 to 90 days (30.6.2020: 30 to 90 days).

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	The Group			
	31.12.2021		**30.6.2020**	
	Gross trade receivables RM'000	**Lifetime ECL RM'000**	**Gross trade receivables RM'000**	**Lifetime ECL RM'000**
Not past due	**203,299**	**1,552**	188,591	542
Past due				
1 to 30 days	**27,178**	**300**	14,075	155
31 to 60 days	**6,661**	**79**	19,880	312
More than 60 days	**168,809**	**144,698**	214,691	182,925
	405,947	**146,629**	437,237	183,934

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(a) Trade receivables (continued)

Movements in the accumulated impairment losses are as follows:

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At beginning of period/year:	**183,934**	721,710
Impairment loss recognised during the period/year (Note 6)	**4,309**	9,721
Impairment loss no longer required*	**(40,711)**	(12,142)
Amount written off during the period/year	**(903)**	(535,355)
At end of period/year	**146,629**	183,934

* Included in this amount is an impairment loss no longer required of RM35,175,000 (30.6.2020: RM4,755,000) for the amount due from Lion DRI.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

As at 31 December 2021, the Group has trade receivables due from a major related party, Lion DRI (30.6.2020: Lion DRI and Megasteel) which have been fully impaired in the previous year:

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Megasteel	**–**	3,412
Lion DRI	**113,402**	148,577
	113,402	151,989
Less: Accumulated impairment losses	**(113,402)**	(151,989)
Net	**–**	–

During the reporting period, the said outstanding receivables due from Megasteel was recovered pursuant to schemes of arrangement of Megasteel which was approved by Megasteel's secured and unsecured creditors at the Court Convened Meeting on 10 July 2019.

The Group recognised an impairment loss on trade receivables due from a major related party, Lion DRI (30.6.2020: Lion DRI and Megasteel) a major related party, based on the assessment on recoverability of receivable as disclosed in Note 4(i)(a).

The currency profile of trade receivables is as follows:

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Ringgit Malaysia	**256,530**	211,640
United States Dollar	**2,788**	41,663
	259,318	253,303

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(b) Other receivables, deposits and prepayments

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Other receivables	**486,602**	412,928	**4,747**	5,372
Less: Accumulated impairment losses	**(145,953)**	(326,090)	**(1,310)**	(1,392)
	340,649	86,838	**3,437**	3,980
Advance payments to suppliers	**68,688**	24,590	**–**	–
Dividend receivable from an associated company	**917**	4,567	**–**	–
Tax recoverable	**13,207**	20,319	**134**	111
Deposits	**10,946**	13,832	**273**	256
Prepayments	**26,915**	65,790	**–**	–
	461,322	215,936	**3,844**	4,347

<u>Movements in the accumulated impairment losses are as follows:</u>

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
At beginning of period/year	**326,090**	390,594	**1,392**	1,397
Impairment losses recognised during the year (Note 6)	**5,233**	4,797	**–**	–
Impairment losses no longer required*	**(176,071)**	(23,883)	**(82)**	(5)
Amount written off during the period/year	**(9,299)**	(45,418)	**–**	–
At end of period/year	**145,953**	326,090	**1,310**	1,392

* Included in this amount is an impairment loss no longer required of RM175,177,000 (30.6.2020: RM23,688,000) for the amount due from Graimpi and Lion DRI.

In determining the recoverability of other receivables, the Group considers any change in the credit quality of the other receivables from the date credit was initially granted up to the end of the reporting period.

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(b) Other receivables, deposits and prepayments (continued)

As at 31 December 2021, the Group has other receivables due from the following two major related parties, Lion DRI and Graimpi:

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Other receivables		
Megasteel	**–**	73
Lion DRI	**7,485**	34,273
Graimpi	**103,730**	252,119
	111,215	286,465
Less: Accumulated impairment losses	**(111,215)**	(286,465)
	–	–

The Group recognised an impairment loss on other receivables due from these major related parties based on an assessment of the recoverability of receivables, as disclosed in Note 4(i)(a).

(i) Included in other receivables of the Group is an amount of:

(a) RM103.7 million (30.6.2020: RM252.1 million) due from Graimpi, representing debts novated from Lion DRI, in prior years. The Group has recovered RM148.4 million from Graimpi pursuant to the secured debt settlement agreement entered with Lion Diversified Holdings Berhad (In liquidation) during the reporting period.

At the end of the reporting period, the Group recognised an impairment loss amounting to RM103.7 million (30.6.2020: RM252.1 million) on the said outstanding receivables due from Graimpi.

Included in previous financial year was RM0.1 million representing the estimated deferred cash payment receivable from Megasteel pursuant to schemes of arrangement approved by Megasteel's secured and unsecured creditors at the Court Convened Meeting on 10 July 2019. The amount which was fully impaired in the previous financial years, has been received from Megasteel during the reporting period.

(b) RM7.5 million (30.6.2020: RM34.3 million) due from Lion DRI, is unsecured, interest-free and repayable on demand. The Group has recovered RM26.8 million from Lion DRI pursuant to the secured debt settlement agreement entered with Lion Diversified Holdings Berhad (In liquidation) during the reporting period.

The Group recognised an impairment loss amounting to RM7.5 million on the said outstanding receivables due from Lion DRI.

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(b) Other receivables, deposits and prepayments (continued)

(ii) The currency profile of other receivables, tax recoverable, deposits, prepayments and advance payments to suppliers is as follows:

	The Group		The Company	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
Ringgit Malaysia	**316,162**	164,616	**3,844**	4,347
United States Dollar	**144,177**	45,112	**–**	–
Chinese Renminbi	**352**	5,238	**–**	–
Singapore Dollar	**22**	22	**–**	–
Others	**609**	948	**–**	–
	461,322	215,936	**3,844**	4,347

25. RELATED COMPANY TRANSACTIONS

Amount owing by/to subsidiary companies

Amount owing by/to subsidiary companies comprises:

	The Company	
	31.12.2021 RM'000	30.6.2020 RM'000
Amount owing by subsidiary companies	**744,526**	740,069
Less: Accumulated impairment losses	**(122,965)**	(121,245)
Net	**621,561**	618,824
Amount owing to subsidiary companies	**169,172**	191,357

Movement in the accumulated impairment losses is as follows:

	The Company	
	31.12.2021 RM'000	30.6.2020 RM'000
At beginning of period/year	**121,245**	121,238
Impairment losses recognised during the period/year (Note 6)	**1,771**	7
Impairment losses on amount owing by subsidiary companies no longer required (Note 6)	**(51)**	–
At end of period/year	**122,965**	121,245

25. RELATED COMPANY TRANSACTIONS (continued)

Amount owing by/to subsidiary companies (continued)

Amount owing by subsidiary companies which arose mainly from inter-company advances, expenses paid on behalf and novation of debts, is either interest-free or bears interest at 5% (30.6.2020: 5%) per annum and repayable on demand.

Amount owing to subsidiary companies which arose mainly from inter-company advances, expenses paid on behalf and novation of debts, is interest-free (30.6.2020: interest-free) and repayable on demand.

The currency profile of amount owing by subsidiary companies is as follows:

	The Company	
	31.12.2021 RM'000	30.6.2020 RM'000
Ringgit Malaysia	**621,561**	618,803
United States Dollar	**–**	21
	621,561	618,824

The currency profile of amount owing to subsidiary companies is as follows:

	The Company	
	31.12.2021 RM'000	30.6.2020 RM'000
Ringgit Malaysia	**160,336**	182,521
Chinese Renminbi	**8,836**	8,836
	169,172	191,357

26. INVESTMENT IN MONEY MARKET FUNDS, DEPOSITS, CASH AND BANK BALANCES

(a) Investment in money market funds

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Fair value through profit or loss:		
Investment in money market funds	**2,417**	17,469

Investment in money market funds of the Group, denominated in Ringgit Malaysia are managed by a licensed fund management company of which amounts deposited can be withdrawn at the discretion of the Group given a two-day notice period.

(b) Deposits, cash and bank balances

	The Group		The Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with financial institutions:				
Restricted	**27,898**	100,246	**3,250**	4,203
Unrestricted (Note 34)	**80,962**	133,530	**500**	2,050
	108,860	233,776	**3,750**	6,253
Housing Development Accounts (Note 34)	**19,626**	19,477	**4,313**	4,280
Cash and bank balances:				
Restricted	**44**	54	**44**	54
Unrestricted (Note 34)	**597,532**	80,210	**124**	51
	726,062	333,517	**8,231**	10,638

The Housing Development Accounts are maintained in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the Company and certain subsidiary companies upon the completion of the property development projects and after all property development expenditure have been fully settled.

Included in deposits with financial institutions and cash and bank balances are the amount totalling RM27.9 million (30.6.2020: RM100.3 million) and RM3.3 million (30.6.2020: RM4.3 million) of the Group and of the Company, respectively, which have been earmarked for the repayment of the borrowings and pledged as collateral for bank guarantees granted.

26. INVESTMENT IN MONEY MARKET FUNDS, DEPOSITS, CASH AND BANK BALANCES (continued)

(b) Deposits, cash and bank balances (continued)

The effective interest rates during the financial period are ranged as follows:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Deposits with financial institutions	**1.20% to 3.20**	1.50% to 3.35%	**1.30% to 1.75%**	1.55% to 3.25%

Deposits of the Group and of the Company have an average maturity of 182 days (30.6.2020: 182 days) and 365 days (30.6.2020: 365 days) respectively.

The currency profile of deposits, cash and bank balances is as follows:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Ringgit Malaysia	**694,184**	271,655	**8,231**	10,638
Chinese Renminbi	**29,877**	25,838	**–**	–
United States Dollar	**1,997**	36,011	**–**	–
Singapore Dollar	**4**	13	**–**	–
	726,062	333,517	**8,231**	10,638

The deposits, cash and bank balances denominated in Chinese Renminbi of the subsidiary companies in the People's Republic of China ("PRC") are subject to the exchange control restrictions of that country. The said deposits, cash and bank balances are available for use by the subsidiary companies in the PRC and the exchange control restrictions are applicable only if the monies are to be remitted to countries outside the PRC.

27. SHARE CAPITAL

Share capital of the Group and of the Company is presented by:

	The Group and The Company			
	31.12.2021		**30.6.2020**	
	Number of shares '000	**RM'000**	**Number of shares '000**	**RM'000**
Issued share capital:				
Ordinary shares:				
At beginning and end of period/year	**717,909**	**1,250,536**	717,909	1,250,536

28. RESERVES

	The Group		The Company	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
Non-distributable reserves:				
Treasury shares	**(13,193)**	(13,193)	**(13,193)**	(13,193)
Capital reserve	**(41,854)**	(100,913)	**5,419**	5,419
Translation adjustment reserve	**38,306**	19,164	**–**	–
	(16,741)	(94,942)	**(7,774)**	(7,774)
Retained earnings	**579,763**	95,991	**19,102**	20,684
	563,022	1,049	**11,328**	12,910

Treasury shares

This amount relates to the acquisition cost of treasury shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and of its shareholders.

As of 31 December 2021, the Company held 37,105,300 (30.6.2020: 37,105,300) treasury shares at a carrying amount of RM13,192,722 (30.6.2020: RM13,192,722).

Capital reserve

Capital reserve, which arose from share options lapsed, reclassified from equity compensation reserve and share of other reserves in LPB, a public listed subsidiary company, and associated companies.

Translation adjustment reserve

Exchange differences arising from the translation of foreign controlled subsidiary and associated companies are taken to the translation adjustment reserve as described in the accounting policies.

29. LOANS AND BORROWINGS

	The Group		The Company	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
Non-current				
Secured				
Obligations under lease arrangements (Note 29 (c))	**47,250**	47,250	**–**	–
Unsecured				
Obligations under hire-purchase arrangements (Note 29 (d))	**558**	751	**–**	–
	47,808	48,001	**–**	–

29. LOANS AND BORROWINGS (continued)

	The Group		The Company	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
Current				
Secured				
Obligations under lease arrangements (Note 29 (c))	**11,352**	19,400	**–**	–
Short-term loan from financial institution	**33,751**	14,672	**4,911**	4,912
Bank overdraft	**4,801**	13,989	**4,801**	4,672
Bills payable	**84,033**	67,236	**–**	–
Unsecured				
Obligations under hire-purchase arrangements (Note 29 (d))	**197**	307	**–**	–
Bills payable	**269**	–	**–**	–
	134,403	115,604	**9,712**	9,584
	182,211	163,605	**9,712**	9,584

The currency profile of loans and borrowings of the Group and of the Company are denominated in Ringgit Malaysia.

(a) Terms and debt repayment schedule

	The Group		
	Carrying amount RM'000	Within 1 year RM'000	2 to 5 years RM'000
31.12.2021			
Secured			
Obligations under lease arrangements (Note 29 (c))	**58,602**	**11,352**	**47,250**
Short-term loans from financial institutions	**33,751**	**33,751**	**–**
Bank overdraft	**4,801**	**4,801**	**–**
Bills payable	**84,033**	**84,033**	**–**
Unsecured			
Obligations under hire-purchase arrangements (Note 29 (d))	**755**	**197**	**558**
Bills payable	**269**	**269**	**–**
	182,211	**134,403**	**47,808**
30.6.2020			
Secured			
Obligations under lease arrangements (Note 29 (c))	66,650	19,400	47,250
Short-term loans from financial institutions	14,672	14,672	–
Bank overdraft	13,989	13,989	–
Bills payable	67,236	67,236	–
Unsecured			
Obligations under hire-purchase arrangements (Note 29 (d))	1,058	307	751
	163,605	115,604	48,001

29. LOANS AND BORROWINGS (continued)

(a) Terms and debt repayment schedule (continued)

		The Company	
	Carrying amount RM'000	**Within 1 year RM'000**	**2 to 5 years RM'000**
31.12.2021			
Secured			
Short-term loans from financial institutions	**4,911**	**4,911**	**–**
Bank overdraft	**4,801**	**4,801**	**–**
	9,712	**9,712**	**–**
30.6.2020			
Secured			
Short-term loans from financial institutions	4,912	4,912	–
Bank overdraft	4,672	4,672	–
	9,584	9,584	–

The short-term borrowings pertaining to certain subsidiary companies are secured by charges on the property, plant and equipment (Note 12) and floating charges over the other assets of the subsidiary companies, right-of-use-assets (Note 15) and long-term investments (Note 20).

The short-term borrowings of the Company are secured by charges on the investment in associated companies (Note 18) and investment in subsidiary companies (Note 17).

The short-term borrowings and hire-purchase obligations of the Group and of the Company bear interest at rates ranging from 3.84% to 9.52% (30.6.2020: 3.84% to 9.52%) and 4.33% to 8.35% (30.6.2020: 4.33% to 8.35%) per annum, respectively.

29. LOANS AND BORROWINGS (continued)

(b) Reconciliation of liabilities arising from financing activities

	As at 1 July 2019 RM'000	Financing cash flows RM'000	Other non-cash financing RM'000	As at 30 June 2020/ 1 July 2020 RM'000	Other non-cash financing RM'000	Financing cash flows RM'000	As at 31 December 2021 RM'000
The Group							
Obligations under lease arrangements	68,692	(2,042)	–	66,650	–	(8,048)	**58,602**
Obligations under hire-purchase arrangements	1,068	(315)	305	1,058	94	(397)	**755**
Short-term borrowings (other than current portion of lease payables and hire-purchase obligations)	93,473	(2,018)	4,442	95,897	33,812	(6,855)	**122,854**
	163,233	(4,375)	4,747	163,605	33,906	(15,300)	**182,211**
The Company							
Short-term borrowings	9,645	(61)	–	9,584	–	128	**9,712**

29. LOANS AND BORROWINGS (continued)

(c) Obligations under lease arrangements

Obligations under leases arrangements (previously known as finance lease payables) as follows:

	The Group Minimum lease payment	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Amounts payable under finance lease:		
Within one year	**13,602**	21,650
In the second to fifth year inclusive	**47,250**	50,625
	60,852	72,275
Less: Future finance charges	**(2,250)**	(5,625)
Present value of lease payables	**58,602**	66,650

The obligations under lease arrangements are repayable as follows:

	The Group Minimum lease payment	
	31.12.2021 RM'000	**30.6.2020 RM'000**
- not later than one year	**11,352**	19,400
- two to five years	**47,250**	47,250
	58,602	66,650

In previous financial years, Lion Metal Industries Sdn Bhd, a wholly-owned subsidiary of the Company disposed of its leasehold land and building to a third party. The said leasehold land and building is subsequently leased back by Amsteel Mills Sdn Bhd ("AMSB"), a subsidiary of the Company, with a contractual lease period of 5 years. Amsteel Mills has an option to purchase the leasehold land and building within the lease period. This lease arrangement had been assessed and classified as finance lease.

Obligations under lease arrangements, which are denominated in Ringgit Malaysia, bear interest at rates ranging from 9.25% to 10.30% (30.6.2020: 9.25% to 10.30%) per annum.

Obligations under lease arrangements of RM4,832,000 (30.6.2020: RM20,872,000) are secured by charges on certain of the property, plant and equipment (Note 12).

29. LOANS AND BORROWINGS (continued)

(d) Obligations under hire-purchase arrangements

	The Group	
	31.12.2021 RM'000	30.6.2020 RM'000
Minimum hire-purchase payments:		
- not later than one year	**226**	342
- two to five years	**594**	821
	820	1,163
Future finance charges on hire-purchase liabilities:		
- not later than one year	**(29)**	(35)
- two to five years	**(36)**	(70)
	(65)	(105)
Principal amount relating to hire-purchase liabilities	**755**	1,058

30. LEASE LIABILITIES

	The Group		The Company	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
At beginning of period/year	**34,119**	–	**87**	–
Upon adoption of MFRS 16	**–**	51,761	**–**	147
Addition	**21,297**	–	**230**	–
Disposal	**(2,741)**	–	**(132)**	–
Disposal of a subsidiary company (Note 17(b))	**(10,078)**	–	**–**	–
Finance costs (Note 9)	**3,048**	2,591	**8**	8
Payment of lease rental	**(26,500)**	(20,233)	**(100)**	(68)
	19,145	34,119	**93**	87
Breakdown:				
Non-current	**14,524**	20,123	**44**	22
Current	**4,621**	13,996	**49**	65
	19,145	34,119	**93**	87

30. LEASE LIABILITIES (continued)

The minimum lease payments for the lease liabilities are payable as follows:

The Group

	Future Minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
31.12.2021			
Less than 1 year	**5,494**	**(873)**	**4,621**
Between 1 to 2 years	**7,998**	**(1,019)**	**6,979**
Between 2 to 5 years	**8,272**	**(827)**	**7,445**
More than 5 years	**104**	**(4)**	**100**
Lease liabilities	**21,868**	**(2,723)**	**19,145**
30.6.2020			
Less than 1 year	15,740	(1,744)	13,996
Between 1 to 2 years	14,547	(967)	13,580
Between 2 to 5 years	6,674	(373)	6,301
More than 5 years	263	(21)	242
Lease liabilities	37,224	(3,105)	34,119

The Company

	Future Minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
31.12.2021			
Less than 1 year	**55**	**(6)**	**49**
Between 1 to 2 years	**44**	**–**	**44**
Lease liabilities	**99**	**(6)**	**93**
30.6.2020			
Less than 1 year	69	(4)	65
Between 1 to 2 years	22	–	22
Lease liabilities	91	(4)	87

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasure function.

30. LEASE LIABILITIES (continued)

Reconciliation of liabilities arising from financing activities

The table below details the reconciliation of the opening and closing amounts in the statements of financial position for each liability for which cash flows have been, or would be, classified as financing activities in the statement of cash flows:

	1 July 2020 RM'000	Interest expense on lease liabilities RM'000	Repayments RM'000	Other non-cash financing RM'000	31 December 2021 RM'000
The Group					
Lease liabilities	34,119	3,048	(26,500)	8,478	**19,145**
The Company					
Lease liabilities	87	8	(100)	98	**93**

	1 July 2019 (on adoption of MFRS 16) RM'000	Interest expense on lease liabilities RM'000	Repayments RM'000	30 June 2020 RM'000
The Group				
Lease liabilities	51,761	2,591	(20,233)	34,119
The Company				
Lease liabilities	147	8	(68)	87

31. TRADE PAYABLES, OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES, AND CONTRACT LIABILITIES

(a) Trade payables

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Trade payables	**477,760**	422,863	**139**	139
Retention monies	**8,587**	8,080	**27**	27
	486,347	430,943	**166**	166

The normal credit period granted to the Group and the Company for trade purchases ranges from 30 to 60 days (30.6.2020: 30 to 60 days).

The currency profile of trade payables is as follows:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Ringgit Malaysia	**480,931**	395,564	**166**	166
United States Dollar	**4,358**	31,933	**–**	–
Euro	**1,030**	1,942	**–**	–
Singapore Dollar	**8**	323	**–**	–
Chinese Renminbi	**7**	402	**–**	–
Others	**13**	779	**–**	–
	486,347	430,943	**166**	166

(b) Other payables, deposits and accrued expenses

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Other payables and deposits	**211,063**	213,088	**485**	452
Accrued expenses	**135,755**	216,985	**536**	448
	346,818	430,073	**1,021**	900

Included in other payables of the Group, is an amount of RM14.6 million (30.6.2020: RM15.0 million) representing security deposits received from customers, which bear interest ranging from 11.75% to 12.00% (30.6.2020: 11.75% to 12.00%) per annum and have repayment periods ranging from 1 to 120 days (30.6.2020: 1 to 120 days).

31. TRADE PAYABLES, OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES, AND CONTRACT LIABILITIES (continued)

(b) Other payables, deposits and accrued expenses (continued)

The currency profile of other payables, deposits and accrued expenses is as follows:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Ringgit Malaysia	**309,003**	398,200	**1,021**	900
United States Dollar	**27,983**	26,323	**–**	–
Euro	**4,085**	630	**–**	–
Chinese Renminbi	**5,438**	4,543	**–**	–
Others	**309**	377	**–**	–
	346,818	430,073	**1,021**	900

(c) Contract liabilities

	The Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Customer loyalty programs	**24,405**	18,509

The contract liabilities primarily relate to the unredeemed customer loyalty credits awards.

A subsidiary company of the Company, accounts for the customer loyalty award credits as a separate obligation of the sales transactions in which they are granted. The consideration received in sales transactions is allocated between the loyalty award credits and the other component of the sales. The amount allocated to the loyalty award credits is determined by reference to its fair value and is deferred until the awards are redeemed or liability is extinguished.

The following table shows reconciliation from the opening balance to the closing balance for the contract liabilities.

	The Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
At beginning of period/year	**18,509**	18,370
Provision during the period/year	**13,744**	8,162
Utilised during the period/year	**(7,848)**	(8,023)
At end of period/year	**24,405**	18,509

32. PROVISIONS

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Provision for indemnity for back pay labour claims from Sabah Forest Industries Sdn Bhd ("SFI") employees:		
At beginning of period/year	**3,473**	3,473
Payment during the period/year	**(3,473)**	–
At end of period/year	**–**	3,473

As part of the terms for the disposal of SFI, a former subsidiary company of LPB ("Disposal") in 2007, LPB 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 litigation claims where the cause of action arose prior to the completion of the Disposal.

SFI entered into settlement agreements with certain of SFI's employees in relation to the arrears of wages allegedly due in respect of the annual increments from 1997 to 2006. A provision for the indemnity loss of RM3,473,000 has been made for the remaining employees in the previous financial year by the Group.

The Group had on 21 August 2020 paid an amount of RM3.47 million to SFI for its onward payment to SFI's employees. The payment was for the full and final settlement of the Group's obligations in relation to SFI's employees claim for alleged arrears of wages. Subsequent to the settlement, the Group was released and discharged from all obligations in connection with the said claims howsoever arising and from its obligation under the letter of indemnity.

33. DEFERRED PAYABLES

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Non-current		
Secured	**323,725**	–
Current		
Secured	**70,000**	–
	393,725	–

In 2019, the Group had announced the proposed expansion into the flat steel business through the proposed acquisition of flat steel assets for the production of hot rolled coils and cold rolled coils through the corporate proposals which had been completed during the financial period as disclosed in Note 40(i).

The Group shall undertake to settle the Megasteel Secured Lenders in exchange for the Encumbered Assets. The Secured Settlement of RM537,725,389 shall be paid by the Group with initial payment of RM84,000,000 upon implementation on 30 July 2020. The Balance Termed Payments will be paid over 4 years and 3 months and the Deferred Payment of RM120,622,392 will be paid at the end of 11 years and 3 months.

As at 31 December 2021, the Group had completed second tranche payment to the Secured Lenders.

34. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statements of financial position:

	The Group		The Company	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
Cash and bank balances (unrestricted) (Note 26(b))	**597,532**	80,210	**124**	51
Deposits with financial institutions (unrestricted) (Note 26(b))	**80,962**	133,530	**500**	2,050
Housing Development Accounts (Note 26(b))	**19,626**	19,477	**4,313**	4,280
Bank overdrafts (Note 29)	**(4,801)**	(13,989)	**(4,801)**	(4,672)
	693,319	219,228	**136**	1,709

35. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

Related parties are entities in which certain Directors and/or substantial shareholders of the Company or of its subsidiary companies or persons connected with such Directors and/or substantial shareholders have interest, excluding those parties disclosed in Notes 17, 18, 19 and 25.

The Group and the Company have the following significant transactions with related parties during the financial year, which were determined on terms not more favourable to the related parties than to third parties:

		The Company	
Name of Company	**Nature**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Subsidiary company			
Amsteel Mills Sdn Bhd	Interest income	**410**	278

Sales and purchase of goods and services and interest

		The Group	
Name of Company	**Nature**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Bright Steel Sdn Bhd	Sale of goods	**3,424**	6,070
Lion Tooling Sdn Bhd	Purchase of toolings	**2,148**	1,854
	Provision of engineering services	**–**	77
Parkson Corporation Sdn Bhd	Provision of training services	**1,270**	1,270
Lion Steelworks Sdn Bhd	Purchase of goods	**423**	69
Lion Mining Sdn Bhd	Sale of goods	**22**	22
Lion Titco Resources (Johor) Sdn Bhd	Purchase of goods	**8,430**	1,324
	Processing scrap charge	**–**	192
Compact Energy Sdn Bhd	Purchase of consumables	**34,263**	7,913
	Rental income	**549**	366
	Interest expense	**95**	46

35. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (continued)

The gross outstanding balances arising from the above transactions with related parties are as follows:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Receivables:				
Included in trade receivables	**63,566**	156,104	**–**	–
Included in other receivables	**13,213**	297,752	**1,908**	1,913
Payables:				
Included in trade payables	**–**	647	**–**	–
Included in other payables	**23,375**	27,411	**57**	57

The outstanding balances with related parties are either interest-free or bear interest at 8.00% (30.6.2020: either interest-free or bore interest at 8.00%) per annum and repayable on demand.

<u>Acquisition of land by Posim Marketing Sdn Bhd ("Posim Marketing")</u>

Posim Marketing, a subsidiary company of LPB, had on 25 November 2021 entered into a conditional sale and purchase agreement ("SPA") with Bonus Essential Sdn Bhd ("Bonus Essential") for the acquisition by Posim Marketing of 10.879 acres of vacant freehold industrial land located at Banting Industrial City, Kuala Langat, Selangor ("BIC Industrial Park Development") from Bonus Essential for a cash consideration of RM26 million ("Purchase Consideration"). Posim Marketing had paid 50% of the total consideration amounting to RM13 million (shown as other receivable under non-current assets) upon signing of the SPA ("Acquisition of Land"). The Acquisition of Land has yet to be completed as at 31 December 2021.

The Purchase Consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the market valuation as certified by Henry Butcher Malaysia Sdn Bhd.

Posim Marketing has lodged the private caveat and lien holder's caveat on the said land. Bonus Essential has procured a personal guarantee by Tan Sri Cheng Heng Jem, its ultimate shareholder, in favour of Posim Marketing with a guaranteed sum of RM26 million to secure the repayment by Bonus Essential in the event Bonus Essential failed to complete the Acquisition of Land.

36. SEGMENTAL INFORMATION

Segment reporting is presented in respect of the Group's business segments in a manner consistent with the internal reporting provided to and regularly reviewed by the chief operating decision makers in order to allocate resources to a segment and to assess its performance.

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transaction are within the Group.

(a) Business Segments:

The Group's activities are classified into three major business segments:

- Steel - manufacture and marketing of steel bars, wire rods, hot briquetted iron and steel related products, and provision of chartering services;
- Building materials - trading and distribution of building materials and other steel products; and
- Others - property development and management, investment holding, treasury business, manufacture and trading of lubricants, spark plugs and provision of transportation services, agriculture, distributing and retailing of consumer products, none of which is of a sufficient size to be reported separately.

Inter-segment revenue comprises sales of goods and income from other business segments. These transactions are conducted on an arm's length basis under terms, conditions and prices not materially different from transactions with non-related parties.

Capital additions comprise additions to property, plant and equipment, investment properties and prepaid land lease payments.

36. SEGMENTAL INFORMATION (continued)

(a) Business Segments (continued):

The Group 1.7.2020 to 31.12.2021	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Consolidated Statement of Profit or Loss					
Revenue					
External revenue	3,047,502	739,917	150,027	–	3,937,446
Inter-segment revenue	373,562	–	30,588	(404,150)	–
Total revenue	3,421,064	739,917	180,615	(404,150)	3,937,446
Results					
Segment results	55,512	9,012	(55,953)	–	8,571
Finance costs	(28,506)	(427)	(2,345)	–	(31,278)
Share of results of:					
Associated companies	849	–	(51,787)	–	(50,938)
Joint venture	–	–	40	–	40
Investment income	1,039	2,067	7,175	–	10,281
Gain on settlements of secured debts	56,523	136,538	–	–	193,061
Gain on disposal of a subsidiary company	440,547	–	–	–	440,547
Profit before tax					570,284
Tax expenses					(31,043)
Profit for the period					539,241

36. SEGMENTAL INFORMATION (continued)

(a) Business Segments (continued):

The Group 31.12.2021	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Consolidated Statement of Financial Position					
Segment assets	**1,712,082**	**359,862**	**933,295**	**–**	**3,005,239**
Investment in associated companies and joint venture	**6,853**	**–**	**479,044**	**–**	**485,897**
Unallocated corporate assets					**21,642**
Consolidated Total Assets					**3,512,778**
Segment liabilities	**788,241**	**47,758**	**616,672**	**–**	**1,452,671**
Unallocated liabilities					**21,402**
Consolidated Total Liabilities					**1,474,073**
Other Information 1.7.2020 to 31.12.2021					
Capital expenditure	**51,863**	**519**	**573,992**	**–**	**626,374**
Depreciation and amortisation	**124,641**	**186**	**10,860**	**–**	**135,687**
Other non-cash (income)/ expenses	**(496,953)**	**(147,742)**	**5,335**	**–**	**(639,360)**

36. SEGMENTAL INFORMATION (continued)

(a) Business Segments (continued):

The Group **1.7.2019 to 30.6.2020**	**Steel** **RM'000**	**Building materials** **RM'000**	**Others** **RM'000**	**Eliminations** **RM'000**	**Consolidated** **RM'000**
Consolidated Statement of Profit or Loss					
Revenue					
External revenue	1,893,863	331,734	92,873	–	2,318,470
Inter-segment revenue	154,343	–	18,693	(173,036)	–
Total revenue	2,048,206	331,734	111,566	(173,036)	2,318,470
Results					
Segment results	(260,521)	22,212	(4,230)	–	(242,539)
Finance costs	(26,686)	(4)	(1,252)	–	(27,942)
Share of results of:					
Associated companies	(190)	–	(114,979)	–	(115,169)
Joint venture	–	–	31	–	31
Investment income	1,495	905	6,195	–	8,595
Loss before tax					(377,024)
Tax expenses					(6,146)
Loss for the year					(383,170)

36. SEGMENTAL INFORMATION (continued)

(a) Business Segments (continued):

The Group 30.6.2020	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Consolidated Statement of Financial Position					
Segment assets	1,298,933	197,548	475,640	–	1,972,121
Investment in associated companies and joint venture	6,320	–	469,076	–	475,396
Unallocated corporate assets					68,452
Consolidated Total Assets					2,515,969
Segment liabilities	844,732	39,348	196,662	–	1,080,742
Unallocated liabilities					8,407
Consolidated Total Liabilities					1,089,149
Other Information 1.7.2019 to 30.6.2020					
Capital expenditure	16,853	8	2,214	–	19,075
Depreciation and amortisation	97,454	65	7,689	–	105,208
Other non-cash expenses/ (income)	4,132	(22,465)	6,693	–	(11,640)

36. SEGMENTAL INFORMATION (continued)

b) Geographical Segments:

The Group operates in two main geographical areas:

- Malaysia - manufacture and marketing of steel bars, wire rods, hot briquetted iron and steel related products, provision of chartering services, property development and management, trading and distribution of building materials and consumables, manufacture and trading of lubricants, spark plugs and provision of transportation services, distributing and retailing of consumer products; and
- Others countries which are not sizable to be reported separately.

	Revenue	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Malaysia	**2,807,664**	1,487,455
Other countries	**1,129,782**	831,015
	3,937,446	2,318,470

	Total assets		Capital expenditure	
			1.7.2020 to	**1.7.2019 to**
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Malaysia	**3,332,655**	2,339,811	**626,370**	19,075
Other countries	**180,123**	176,158	**4**	–
	3,512,778	2,515,969	**626,374**	19,075

In determining the geographical segments of the Group, revenue is based on the country in which the customer is located. Total assets and capital additions are determined based on where the assets are located.

37. CONTINGENT LIABILITY

Contingent liability in respect of guarantees given by the Company for borrowings and other credit facilities obtained and utilised by subsidiary companies are as follows:

	The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Unsecured:		
Subsidiary companies	**778,710**	899,420

38. CAPITAL COMMITMENTS

At the end of the reporting period, the Group has the following capital commitments:

	The Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Purchase of property, plant and equipment and others:		
Approved and contracted for	**13,000**	598,533
Approved but not contracted for	**2,900**	30,199
	15,900	628,732

39. FINANCIAL INSTRUMENTS

Capital Risk Management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going-concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged since 30 June 2020.

The capital structure of the Group and of the Company consists of net debts (borrowings offset by cash and cash equivalents) and equity of the Group and of the Company (comprising issued capital, reserves and non-controlling interests).

The Group's management reviews the capital structure of the Group on a regular basis. As part of this review, management considers the cost of capital and risk associated with each class of capital.

Gearing Ratio

The gearing ratio at the end of the reporting period is as follows:

	The Group		The Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Debt (i)	**182,211**	163,605	**9,712**	9,584
Cash and cash equivalents (excluding bank overdrafts)	**(698,120)**	(233,217)	**(4,937)**	(6,381)
Net (cash)/debt	**(515,909)**	(69,612)	**4,775**	3,203
Equity (ii)	**2,038,705**	1,426,820	**1,261,864**	1,263,446
Debt to equity ratio	**N/A***	N/A*	**0.38%**	0.26%

* The Group is in net cash position, thus debt to equity ratio is not applicable.

(i) Debt is defined as finance lease payables, hire-purchase obligations and short-term borrowings as disclosed in Note 29.

(ii) Equity includes issued capital, reserves and non-controlling interests.

39. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Financial assets				
FVTPL:				
Investment in money market funds	**2,417**	17,469	**–**	–
FVTOCI:				
Unquoted investments	**599**	611	**216**	216
At amortised cost:				
Trade receivables	**259,318**	253,303	**–**	–
Other receivables and refundable deposits	**351,595**	100,670	**3,710**	4,236
Amount owing by subsidiary companies	**–**	–	**621,561**	618,824
Deposits, cash and bank balances	**726,062**	333,517	**8,231**	10,638
Financial liabilities				
At amortised cost:				
Trade payables	**486,347**	430,943	**166**	166
Other payables, deposits and accrued expenses	**346,818**	430,073	**1,021**	900
Amount owing to subsidiary companies	**–**	–	**169,172**	191,357
Lease liabilities	**19,145**	34,119	**93**	87
Loans and borrowings	**182,211**	163,605	**9,712**	9,584

Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's and the Company's financial risk management principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Various risk management policies are made and approved by the Board of Directors for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

39. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

The Group and the Company undertake transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuation arise.

The carrying amounts of the Group's and of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	The Group		The Company	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
31.12.2021				
United States Dollar	**148,962**	**32,341**	**4**	**–**
Chinese Renminbi	**30,229**	**5,445**	**–**	**8,836**
Euro	**–**	**5,115**	**–**	**–**
Singapore Dollar	**26**	**8**	**–**	**–**
Others	**609**	**321**	**–**	**–**
	179,826	**43,230**	**4**	**8,836**
30.6.2020				
United States Dollar	122,786	58,256	21	–
Chinese Renminbi	31,076	4,945	–	8,836
Euro	–	2,572	–	–
Singapore Dollar	35	323	–	–
Others	948	1,156	–	–
	154,845	67,252	21	8,836

Foreign currency sensitivity analysis

The Group and the Company are exposed to the foreign currencies of United States Dollar, Singapore Dollar, Euro and Chinese Renminbi.

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates a profit where the Ringgit Malaysia strengthens 10% against the relevant currency. For a 10% weakening of the Ringgit Malaysia against the relevant currency, there would be a comparable impact on profit or loss before tax, the balances below would be negative.

39. FINANCIAL INSTRUMENTS (continued)

Foreign currency sensitivity analysis (Continued)

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
United States Dollar	**(11,662)**	(6,454)	**(1)**	(2)
Chinese Renminbi	**(2,478)**	(2,613)	**854**	884
Euro	**512**	257	**–**	–
Singapore Dollar	**(2)**	29	**–**	–
	(13,630)	(8,781)	**853**	882

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on bank borrowings. The interest rates for the said bank borrowings are disclosed in Note 29.

The interest rates for the loans and borrowings and lease liabilities, which are fixed at the inception of the borrowing/financing arrangements, are disclosed in Notes 29 and 30 respectively.

Interest rate sensitivity analysis

The Group's exposures to interest rates on financial liabilities are detailed below. The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and the Company's profit or loss before tax for the period ended 31 December 2021 would increase or decrease by as follows:

	The Group		The Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Floating rate liabilities				
Bank overdrafts	**24**	70	**25**	25
Bills payable	**422**	336	**–**	–
Term loan	**169**	73	**24**	23
	615	479	**49**	48

39. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group is exposed to credit risk mainly from trade and other receivables. The Group extends credit to its customers based upon careful evaluation on the customers' financial condition and credit history.

The Company is exposed to credit risk mainly from subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies, and repayments made by the subsidiary companies.

The Group's and the Company's exposure to credit risk in relation to their receivables, should all their customers fail to perform their obligations as of 31 December 2021, is the carrying amount of these receivables as disclosed in the statements of financial position.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's and of the Company's short-term, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The tables below summarise the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The tables include both interest and principal cash flows.

The Group 31.12.2021	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000	Contractual interest rate %
Financial liabilities						
Non-interest bearing:						
Trade payables	486,347	–	–	–	486,347	–
Other payables, deposits and accrued expenses	332,240	–	–	–	332,240	–
Interest bearing:						
Other payables, deposits and accrued expenses	14,578	–	–	–	14,578	11.75 - 12.00
Lease liabilities	5,488	6,755	9,515	110	21,868	2.50 - 6.65
Loans and borrowings:						
Obligations under hire-purchase arrangements	226	357	224	13	820	4.28 - 5.58
Obligations under lease arrangements	13,602	2,250	45,000	–	60,852	5.00 - 10.30
Bank overdrafts	4,801	–	–	–	4,801	6.60
Bills payable	84,302	–	–	–	84,302	2.36 - 4.92
Short-term loans from financial institutions	33,751	–	–	–	33,751	6.60 - 9.25
	975,335	9,362	54,739	123	1,039,559	

39. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Group 30.6.2020	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities						
Non-interest bearing:						
Trade payables	430,943	–	–	–	430,943	–
Other payables, deposits and accrued expenses	415,084	–	–	–	415,084	–
Interest bearing:						
Other payables, deposits and accrued expenses	14,989	–	–	–	14,989	11.25 - 11.75
Lease liabilities	15,740	14,547	6,674	263	37,224	4.62 - 6.67
Loans and borrowings:						
Obligations under hire-purchase arrangements	342	339	482	–	1,163	4.68 - 5.58
Obligations under lease arrangements	21,650	2,250	48,375	–	72,275	8.00 - 10.30
Bank overdrafts	13,989	–	–	–	13,989	3.84 - 8.35
Bills payable	67,236	–	–	–	67,236	3.84 - 8.35
Short-term loans from financial institutions	14,672	–	–	–	14,672	4.33 - 9.25
	994,645	17,136	55,531	263	1,067,575	

The Company 31.12.2021	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities					
Non-interest bearing:					
Trade payables	**–**	**–**	**166**	**166**	**–**
Other payables, deposits and accrued expenses	**1,021**	**–**	**–**	**1,021**	**–**
Amount owing to subsidiary companies	**169,172**	**–**	**–**	**169,172**	**–**
Interest bearing:					
Lease liabilities	**55**	**44**	**–**	**99**	**5.40 - 6.70**
Loans and borrowings:					
Bank overdrafts	**4,801**	**–**	**–**	**4,801**	**8.10**
Short-term loan from financial institutions	**4,911**	**–**	**–**	**4,911**	**6.60**
	179,960	**44**	**166**	**180,170**	

39. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Company 30.6.2020	**Less than 1 year RM'000**	**1 to 2 years RM'000**	**2 to 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities					
Non-interest bearing:					
Trade payables	166	–	–	166	–
Other payables, deposits and accrued expenses	900	–	–	900	–
Amount owing to subsidiary companies	191,357	–	–	191,357	–
Interest bearing:					
Lease liabilities	69	22	–	91	4.62 - 10.30
Loans and borrowings:					
Bank overdrafts	4,672	–	–	4,672	8.35
Short-term loan from financial institutions	4,912	–	–	4,912	4.33 - 8.35
	202,076	22	–	202,098	

At the end of the reporting period, it was not probable that the counter parties to the financial guarantee contracts will claim under the contracts. Consequently, the amount of financial guarantee is negligible.

Fair values of financial instruments

Except as detailed in the following table, the carrying amounts of the financial assets and the financial liabilities carried at amortised cost in the financial statements approximate their fair values.

	The Group		**The Company**	
31.12.2021	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial assets				
Investment in money market funds	**2,417**	**2,417**	**–**	**–**
Unquoted investments	**599**	**–^**	**216**	**–^**
Financial liabilities				
Lease liabilities	**19,145**	**21,868#**	**93**	**99**
Loans and borrowings	**182,211**	**184,526***	**9,712**	**9,712***

39. FINANCIAL INSTRUMENTS (continued)

Fair values of financial instruments (continued)

30.6.2020	The Group Carrying amount RM'000	The Group Fair value RM'000	The Company Carrying amount RM'000	The Company Fair value RM'000
Financial assets				
Investment in money market funds	17,469	17,469#	–	–
Unquoted investments	611	–^	216	–^
Financial liabilities				
Lease liabilities	34,119	37,224	87	91
Loans and borrowings	163,605	169,335*	9,584	9,584*

The quoted market prices of quoted investments as at the end of the reporting period are used to determine the fair values of these financial assets.

^ It is not practical to determine the fair value of these unquoted investments due to the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

* The fair values of these financial instruments are estimated using discounted cash flow analysis based on current interest rates for similar types of borrowing arrangements.

No disclosure is made for balances with related companies and related parties as it is impractical to determine their fair values with sufficient reliability given these balances are repayable on demand.

39. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

Fair value of financial instruments that are measured at fair value in the statements of financial position at the end of the reporting period are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
31.12.2021				
Financial Assets				
Investment in money market funds	**2,417**	**–**	**–**	**2,417**
Unquoted investments	**–**	**–**	**599**	**599**
30.6.2020				
Financial Assets				
Investment in money market funds	17,469	–	–	17,469
Unquoted investments	–	–	611	611
The Company				
31.12.2021				
Financial Asset				
Unquoted investments	**–**	**–**	**216**	**216**
30.6.2020				
Financial Asset				
Unquoted investments	–	–	216	216

39. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Fair value of financial instruments that are not measured at fair value in the statements of financial position at the end of the reporting period (but fair value disclosures are required) are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
31.12.2021				
Financial Liabilities				
Lease liabilities	**–**	**–**	**21,868**	**21,868**
Loans and borrowings	**–**	**–**	**184,526**	**184,526**
30.6.2020				
Financial Liabilities				
Lease liabilities	–	–	37,224	37,224
Loans and borrowings	–	–	169,335	169,335
The Company				
31.12.2021				
Financial Liabilities				
Lease liability	**–**	**–**	**99**	**99**
Loans and borrowings	**–**	**–**	**9,712**	**9,712**
30.6.2020				
Financial Liabilities				
Lease liability	–	–	91	91
Loans and borrowings	–	–	9,584	9,584

40. SIGNIFICANT EVENTS

(i) During the previous financial year and current financial period, the Company had announced the proposed expansion into flat steel business through the proposed acquisitions of flat steel assets for the production of hot rolled coils and cold rolled coil ("Proposed Expansion into Flat Steel Business") involving the following corporate proposals ("Proposals"):

(a) Proposed acquisition by Cendana Aset Sdn Bhd ("Cendana Aset"), a wholly-owned subsidiary of Cendana Domain Sdn Bhd, which is in turn a wholly-owned subsidiary of the Company, from Megasteel Sdn Bhd ("Megasteel"), of the encumbered fixed and floating assets and the assignment of the entire debt owing by Secomex Manufacturing (M) Sdn Bhd ("Secomex") to Megasteel for a total purchase consideration of approximately RM537.73 million, which is payable by Cendana Aset to the secured lenders of Megasteel ("Megasteel Secured Lenders") ("Proposed Acquisition of Encumbered Assets");

(b) Proposed acquisition by Gelora Berkat Sdn Bhd ("Gelora Berkat"), a wholly-owned subsidiary of Tahap Berkat Sdn Bhd, which is in turn a wholly-owned subsidiary of the Company, of the promissory note to be issued by Megasteel ("MS Promissory Note") to the Megasteel Secured Lenders' appointed trustee ("Security Trustee") in relation to the under-secured portion debts for a cash consideration of RM8.50 million ("Purchase Consideration for MS Promissory Note"), which is payable by Gelora Berkat to the Megasteel Secured Lenders ("Proposed Acquisition of MS Promissory Note");

(c) Proposed acquisition by Gelora Berkat of all the unencumbered assets of Megasteel for a cash consideration of approximately RM21.59 million ("Proposed Acquisition of Unencumbered Assets") which is payable by Gelora Berkat to Megasteel; and

(d) Proposed supply of electricity to the Company and its subsidiary companies in Banting by Tenaga Nasional Berhad ("TNB") for their steel mill operations including the Proposed Expansion into Flat Steel Business for a cash consideration of RM35.80 million.

On 10 July 2019, Megasteel had obtained the approval from the respective Megasteel Secured Lenders and unsecured creditors of Megasteel (excluding TNB) ("Megasteel Unsecured Creditors") (including the Company and its affected subsidiary companies) for the respective scheme for the Megasteel Secured Lenders ("Megasteel Secured Scheme") and the Megasteel Unsecured Creditors ("Megasteel Unsecured Scheme") (collectively referred to as the "Schemes").

On 7 August 2019, Megasteel had further obtained sanction from the High Court of Malaya ("Court") for the Megasteel Secured Scheme and on 9 August 2019, a validation by the Court for the granting of the Land E Easement (as defined in the Company's announcement dated 11 June 2019).

On 10 September 2019, the Company received a letter from Megasteel informing that the Court Sanction for the Megasteel Unsecured Scheme in relation to the Proposed Acquisition of Unencumbered Assets was obtained on 10 September 2019.

The non-interested shareholders of the Company had on 29 November 2019, approved the Proposals at the Company's Adjourned Extraordinary General Meeting.

Secomex had on 27 July 2020 became a wholly-owned subsidiary of the Company following the registration of the 500,000 ordinary shares, representing 100% equity interest in Secomex in the name of Cendana Aset.

40. SIGNIFICANT EVENTS (continued)

(i) During the previous financial year and current financial period, the Company had announced the proposed expansion into flat steel business through the proposed acquisitions of flat steel assets for the production of hot rolled coils and cold rolled coil ("Proposed Expansion into Flat Steel Business") involving the following corporate proposals ("Proposals") (continued):

The following proposals under the Proposed Expansion into Flat Steel Business have been completed on 30 July 2020, being the Settlement Date (Secured Scheme) (as defined in the Company's announcement dated 11 June 2019):

(a) Proposed Acquisition of Encumbered Assets whereby the Security Trustee had released the upfront payment of RM84.00 million to each of the Megasteel Secured Lenders and the legal ownership of the Encumbered Assets have been transferred to Cendana Aset.

(b) Proposed Acquisition of MS Promissory Note whereby the Security Trustee had released the Purchase Consideration for MS Promissory Note of RM8.50 million to each of the Megasteel Secured Lenders and the right, title and interest under the MS Promissory Note which was duly signed and dated by the Security Trustee on Settlement Date (Secured Scheme) has been transferred to Gelora Berkat.

The MS Promissory Note was issued by Megasteel to the Security Trustee as full and final settlement of the entire under-secured portion debt of RM522.63 million with the Megasteel Secured Lenders. The MS Promissory Note allows Gelora Berkat to be entitled to receive a settlement amount payable by Megasteel estimated at approximately RM2.98 million pursuant to the Megasteel Unsecured Scheme.

The Court Order for the Megasteel Unsecured Scheme was lodged with the Companies Commission of Malaysia on 3 August 2020. Accordingly, the sale and purchase agreement for the Proposed Acquisition of Unencumbered Assets, had also been dated 3 August 2020.

The Megasteel Unsecured Scheme has been completed on 24 December 2021 and accordingly, all proposals under the Proposed Expansion into Flat Steel Business were therefore duly completed.

(ii) The Company had on 9 June 2020 together with Amsteel Mills Sdn Bhd ("AMSB"), a 99% owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Esteel Enterprise Pte Ltd ("Esteel" or "Buyer") for the proposed disposal by AMSB of its entire holding of (a) 218,010,000 ordinary shares; and (b) 30,000,000 redeemable preference shares in Antara Steel Mills Sdn Bhd ("Antara"), representing the entire 100% issued share capital of Antara to Esteel for a cash consideration of USD128.00 million (equivalent to approximately RM546.56 million) ("Proposed Disposal").

The Proposed Disposal is subject to, *inter alia*, a restructuring exercise to be undertaken by Antara prior to the completion of the Proposed Disposal ("Completion") such that on Completion, the sole assets of Antara shall comprise all assets which will enable the Buyer to use, maintain and/or operate the existing manufacturing facilities and business in Labuan in relation to hot-briquetted iron ("Specified Assets") ("Restructuring Exercise").

The assets and liabilities that are not related to the Specified Assets comprise mainly the long steel plant located in Pasir Gudang, Johor that produces billets which are rolled into steel bars and light sections such as angle bars, flat bars and U-channels, shall be transferred to AMSB or its nominee pursuant to the Restructuring Exercise.

AMSB had on 3 July 2020 acquired 100% equity interest in Eden Flame Sdn Bhd to act as its nominee in relation to the Restructuring Exercise. The Restructuring Exercise has been completed on 14 August 2020.

On 10 April 2021, due to certain conditions precedent as stated in the Amended & Restated Sale and Purchase Agreement ("A&R SPA") has not been fulfilled or waived, the A&R SPA has lapsed and the Proposed Disposal was not completed.

40. SIGNIFICANT EVENTS (continued)

(iii) The Company together with AMSB, entered into a conditional sale and purchase agreement with Esteel on 11 October 2021 for the proposed disposal by AMSB of its entire holding of (a) 218,010,000 ordinary shares; and (b) 30,000,000 redeemable preference shares in Antara, representing the entire 100% issued share capital of Antara to Esteel for an aggregate cash consideration of USD122 million (equivalent to approximately RM509.96 million) (Proposed Disposal II).

The Proposed Disposal II has been completed on 10 December 2021. Accordingly, Antara ceased to be a subsidiary company of the Company.

On 8 April 2022, Esteel has fully paid the final adjusted consideration to AMSB of approximately USD165.63 million (equivalent to approximately RM697.74 million).

(iv) On 30 December 2020, the Group completed the acquisition of 100% equity interest in Well Morning Limited ("Well Morning") 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, became subsidiary companies of the Group. The details of the acquisition of subsidiary companies are disclosed in Note 17.

(v) On 25 November 2021 Lion Posim Berhad ("LPB"), a 74% owned subsidiary company of the Company, had announced that Posim Marketing Sdn Bhd ("Posim Marketing"), a wholly-owned subsidiary company of LPB, had entered into a conditional sale and purchase agreement with Bonus Essential Sdn Bhd ("Bonus Essential") for the acquisition by Posim Marketing of 10.879 acres of vacant freehold industrial land located at Kuala Langat, Selangor from Bonus Essential for a cash consideration of RM26 million ("Acquisition of Land"). The details of the Acquisition of Land are disclosed in Notes 35.

(vi) The Company together with AMSB, had on 15 December 2021 entered into a conditional assets sale agreement with Lion DRI Sdn Bhd, a wholly-owned subsidiary company of Lion Diversified Holdings Berhad (In liquidation), the Security Trustee and the Lender for the proposed acquisition of the direct reduced iron plant located in Banting, Selangor for a cash consideration of USD9 million (equivalent to RM38.07 million) on an "as is where is" basis.

41. SUBSEQUENT EVENTS

(i) The Company had on 6 January 2022 entered into a Novation Agreement with Grandprop Sdn Bhd ("Grandprop") and Premier Land Resources Sdn Bhd for the proposed acquisition of the sub-divided 80 acres land located in Sepang, Selangor by way of novation to LLB Bina Sdn Bhd of all rights, benefits, interests, obligations and liabilities of Grandprop under the Sale and Purchase Agreement for a cash consideration of RM23 million.

(ii) The Company had on 14 January 2022 together with AMSB entered into a conditional sale and purchase agreement with Esteel for the proposed disposal by AMSB of its entire 100% issued share capital in Eden Flame Sdn Bhd ("Eden Flame"), to Esteel for an adjusted consideration of RM135.88 million based on Eden Flame's proforma management account as at 30 November 2021 comprising the following share capital of Eden Flame ("Proposed Disposal of Eden Flame"):

(a) the existing issued share capital of Eden Flame of RM3,000,000, comprising 3,000,000 ordinary shares fully paid; and

(b) additional fully paid-up ordinary shares in Eden Flame to be issued arising from the capitalisation of the amount owing by Eden Flame to AMSB (if any) which shall be undertaken and completed prior to the completion of the Proposed Disposal of Eden Flame.

The Proposed Disposal of Eden Flame is pending completion.

42. SUBSIDIARY COMPANIES

The subsidiary companies are as follows:

Name of company	**Country of incorporation**	**Percentage ownership**		**Principal activities**
		31.12.2021	**30.6.2020**	
		%	**%**	
* Amble Legacy Sdn Bhd	Malaysia	**100**	100	Investment holding
Cendana Domain Sdn Bhd	Malaysia	**100**	100	Investment holding
* Crest Wonder Sdn Bhd	Malaysia	**100**	100	Investment holding
Lion Courts Sdn Bhd	Malaysia	**100**	100	Property development and investment holding
Lion Posim Berhad	Malaysia	**74**[α]	74[α]	Investment holding
Lion Group Management Services Sdn Bhd	Malaysia	**52**[b]	52[b]	Provision of management services

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
* Lion Metal Industries Sdn Bhd	Malaysia	**100**	100	Provision of storage facilities
* Lion Motor Venture Sdn Bhd	Malaysia	**100**	100	Investment holding
LLB Enterprise Sdn Bhd	Malaysia	**94**	94	Dormant
LLB Harta (L) Limited (In voluntary liquidation)	Malaysia	**100**	100	Treasury business
LLB Harta (M) Sdn Bhd	Malaysia	**100**	100	Managing of debts novated from the Company and certain of its subsidiary companies pursuant to a debt restructuring exercise undertaken by the Company and certain of its subsidiary companies
* LLB Steel Industries Sdn Bhd	Malaysia	**100**	100	Investment holding
LLB Strategic Holdings Sdn Bhd	Malaysia	**100**	100	Dormant
* LLB Venture Sdn Bhd	Malaysia	**100**	100	Dormant
Malim Courts Property Development Sdn Bhd	Malaysia	**100**	100	Property development and investment holding
Mcken Sdn Bhd	Malaysia	**100**	100	Ceased operations
* Slag Aggregate Sdn Bhd	Malaysia	**100**	100	Investment holding
Sucorp Enterprise Sdn Bhd	Malaysia	**100**	100	Money lending and investment holding
Tahap Berkat Sdn Bhd	Malaysia	**100**	100	Investment holding
Subsidiary company of Amble Legacy Sdn Bhd				
* Tianjin Baden Real Estate Development Co Ltd (In voluntary liquidation)	People's Republic of China	**95**	95	Property development

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary company of Cendana Domain Sdn Bhd				
Cendana Aset Sdn Bhd	Malaysia	**100**	100	Renting and leasing of land and building as well as plant and machinery
Subsidiary company of Cendana Aset Sdn Bhd				
* Secomex Manufacturing (M) Sdn Bhd	Malaysia	**100**	–	Manufacturing and marketing of industrial gases
Subsidiary company of Crest Wonder Sdn Bhd				
Lunas Cemerlang Sdn Bhd	Malaysia	**100**	100	Investment holding
Subsidiary company of Lion Motor Venture Sdn Bhd				
* Tianjin Hua Shi Auto Meter Co Ltd (In voluntary liquidation)	People's Republic of China	**56**	56	Manufacture of meters for motor vehicles and after sales services (ceased operations)
Subsidiary company of Lunas Cemerlang Sdn Bhd				
Lion Steel Sdn Bhd (formerly known as Oriental Shield Sdn Bhd	Malaysia	**100**	100	Investment holding
Subsidiary companies of LLB Nominees Sdn Bhd				
* Holdsworth Investment Pte Ltd	Singapore	**70**	70	Investment holding
* Zhongsin Biotech Pte Ltd	Singapore	**51**	51	Investment holding
Subsidiary company of LLB Steel Industries Sdn Bhd				
* Steelcorp Sdn Bhd	Malaysia	**99**	99	Investment holding

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary company of LLB Venture Sdn Bhd				
Marvenel Sdn Bhd (Dissolved on 23 February 2022)	Malaysia	**70**	70	Dormant
Subsidiary companies of Malim Courts Property Development Sdn Bhd				
Berkat Timor Sdn Bhd	Malaysia	**100**	100	Dormant
Inspirasi Elit Sdn Bhd	Malaysia	**85**	85	Property development
JOPP Builders Sdn Bhd	Malaysia	**100**	100	Dormant
LLB Bina Sdn Bhd	Malaysia	**100**	100	Construction works and property development
LLB Indah Permai Sdn Bhd	Malaysia	**100**	100	Property development
LLB Suria Sdn Bhd	Malaysia	**100**	100	Investment holding
PM Holdings Sdn Bhd	Malaysia	**100**	100	Investment holding, property development and provision of management services
Soga Sdn Bhd	Malaysia	**98**	98	Property development
Sumber Realty Sdn Bhd	Malaysia	**100**	100	Investment holding and property development
Syarikat Pekan Baru Kemajuan Sdn Bhd	Malaysia	**100**	100	Dormant
Subsidiary company of Sucorp Enterprise Sdn Bhd				
Kisan Agency Sdn Bhd	Malaysia	**100**	100	Property development
Subsidiary company of Tahap Berkat Sdn Bhd				
Gelora Berkat Sdn Bhd	Malaysia	**100**	100	Investment holding

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary companies of PM Holdings Sdn Bhd				
Citibaru Sendirian Berhad	Malaysia	**100**	100	Dormant
Malim Jaya (Melaka) Sdn Bhd	Malaysia	**100**	100	Property development
Subsidiary company of Soga Sdn Bhd				
Batu Pahat Enterprise Sdn Berhad	Malaysia	**100**	100	Dormant
Subsidiary company of Steelcorp Sdn Bhd				
Amsteel Mills Sdn Bhd	Malaysia	**100**	100	Manufacture and marketing of steel bars and wire rods
Subsidiary companies of Sumber Realty Sdn Bhd				
Projek Jaya Sdn Bhd	Malaysia	**100**	100	Investment holding
Seri Lalang Development Sdn Bhd	Malaysia	**100**	100	Ceased operations
Sharikat Pengangkutan East West Sdn Bhd	Malaysia	**100**	100	Dormant
Subsidiary companies of Amsteel Mills Sdn Bhd				
Amsteel Mills Marketing Sdn Bhd	Malaysia	**100**	100	Sale and distribution of steel products
* Amsteel Mills Realty Sdn Bhd	Malaysia	**100**	100	Ceased operations
Antara Steel Mills Sdn Bhd (Disposed on 10 December 2021)	Malaysia	**–**	100	Manufacture and sale of steel and related products
# Lion Waterway Logistics Sdn Bhd	Malaysia	**100**	100	Stevedoring and related activities and to own, lease and operate ships barges and to enter into charterparties
Eden Flame Sdn Bhd	Malaysia	**100**	–	Manufacture and sale of steel and related products

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary companies of Lion Posim Berhad				
Gama Harta Sdn Bhd	Malaysia	**100**	100	Investment holding
Intra Inspirasi Sdn Bhd	Malaysia	**100**	100	Investment holding
LFIB Agriculture (Cambodia) Sdn Bhd	Malaysia	**100**	100	Investment holding
* Lion AMB Resources Sdn Bhd	Malaysia	**100**	100	Investment holding
Lion Petroleum Products Sdn Bhd	Malaysia	**100**	100	Manufacturing of petroleum products
Posim EMS Sdn Bhd (Dissolved on 12 October 2021)	Malaysia	**100**	100	Provision of energy management and conservation services
Posim Marketing Sdn Bhd	Malaysia	**100**	100	Trading and distribution of building materials and steel products
Posim Petroleum Marketing Sdn Bhd	Malaysia	**100**	100	Trading, distribution and e-commerce of petroleum and automotive products
* Singa Logistics Sdn Bhd	Malaysia	**100**	100	Provision of transportation services
Subsidiary company of Gama Harta Sdn Bhd				
Brands Pro Management Sdn Bhd	Malaysia	**100**	100	Distribution and retailing of ACCA KAPPA products and other beauty and fashion brands

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary companies of LFIB Agriculture (Cambodia) Sdn Bhd ("BVI Companies")				
^ Bright Triumph Investments Limited	British Virgin Islands	**100**	100	Investment holding
^ Distinct Harvest Limited	British Virgin Islands	**100**	100	Investment holding
^ Double Merits Enterprise Limited	British Virgin Islands	**100**	100	Investment holding
^ Elite Image Investments Limited	British Virgin Islands	**100**	100	Investment holding
^ Eminent Elite Investments Limited	British Virgin Islands	**100**	100	Investment holding
^ Green Choice Holdings Limited	British Virgin Islands	**100**	100	Investment holding
^ Radiant Elite Holdings Limited	British Virgin Islands	**100**	100	Investment holding
^ Up Reach Limited	British Virgin Islands	**100**	100	Investment holding
Subsidiary companies of BVI Companies				
^ Bright Triumph (Cambodia) Co., Limited	Cambodia	**100**	100	Investment and development in agriculture
^ Distinct Harvest (Cambodia) Co., Ltd	Cambodia	**100**	100	Investment and development in agriculture
^ Hi-Rev Lubricants (Cambodia) Co., Limited	Cambodia	**100**	100	Wholesale of petroleum products and related products
^ Elite Image (Cambodia) Co., Ltd (Dissolved on 2 November 2021)	Cambodia	**–**	100	Investment and development in agriculture

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary companies of BVI Companies (continued)				
^ Eminent Elite (Cambodia) Co., Ltd	Cambodia	**100**	100	Investment and development in agriculture
^ Green Choice (Cambodia) Co., Limited	Cambodia	**100**	100	Investment and development in agriculture
^ Radiant Elite (Cambodia) Co., Ltd	Cambodia	**100**	100	Investment and development in agriculture
^ Up Reach (Cambodia) Co., Limited (In voluntary liquidation)	Cambodia	**100**	100	Investment and development in agriculture
Subsidiary companies of Lion AMB Resources Sdn Bhd				
AMB Harta (L) Limited (In voluntary Liquidation)	Malaysia	**100**	100	Treasury business
* AMB Venture Sdn Bhd	Malaysia	**100**	100	Investment holding
* CeDR Corporate Consulting Sdn Bhd	Malaysia	**100**	100	Provision of training services
Subsidiary company of Posim Marketing Sdn Bhd				
* Well Morning Limited	Hong Kong SAR	**100** [c]	–	Investment holding
Subsidiary companies of AMB Venture Sdn Bhd				
* Chrome Marketing Sdn Bhd	Malaysia	**100**	100	Investment holding
* Lion Tyre Venture Sdn Bhd	Malaysia	**100**	100	Investment holding
* Range Grove Sdn Bhd	Malaysia	**100**	100	Investment holding

42. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Subsidiary company of Range Grove Sdn Bhd				
* Shanghai AMB Management Consulting Co Ltd	People's Republic of China	**100**	100	Provision of management services
Subsidiary company of Well Morning Limited				
* Changshu Lion Enterprise Co Ltd	People's Republic of China	**100**	–	Property development

* The financial statements of these companies are audited by auditors other than the auditors of the Company.

^ The financial statements of these companies are examined for the purpose of consolidation.

α 20% held by the Company and 54% held by Amsteel Mills Sdn Bhd.

b 35% held by Sucorp Enterprise Sdn Bhd and 17% held by Posim Petroleum Marketing Sdn Bhd.

c 70% held by Posim Marketing Sdn Bhd, 17% held by Lion Waterway Logistics Sdn Bhd and 13% held by Amsteel Mills Sdn Bhd.

The auditors' report on the financial statements of the subsidiary company include a material uncertainty related to going-concern in view of its capital deficiency positions at the end of the reporting period. The financial statements of the subsidiary company have been prepared on a going-concern basis as its ultimate holding company has undertaken to continue to provide financial support to the subsidiary company.

43. ASSOCIATED COMPANIES

The associated companies of the Group are as follows:

Name of company	Financial year-end	Country of incorporation	Percentage ownership 31.12.2021 %	30.6.2020 %	Principal activities
Renor Pte Ltd (In liquidation)	30 June	Singapore	**40**	40	Investment holding
Lion Insurance Company Limited	31 December	Malaysia	**41**	41	Captive insurance business
Parkson Holdings Berhad	31 December	Malaysia	**26**	28	Investment holding
Lion Titco Resources Sdn Bhd	31 December	Malaysia	**40**	40	Processing of steel slag and metal extraction
Lion Corporation Berhad	31 December	Malaysia	**21**	21	Investment holding
Lion Asiapac Limited	30 June	Singapore	**37**	37	Investment holding
Angkasa Amsteel (M) Sdn Bhd (In voluntary liquidation)	30 June	Malaysia	**50**	50	Trading and distribution of fabricated steel reinforcement bars
Angkasa Steel Sdn Bhd (In voluntary liquidation)	30 June	Malaysia	**50**	50	Dormant

Except for Lion Insurance Company Limited, the financial statements of all the associated companies are audited by auditors other than the auditors of the Company.

44. COMPARATIVE FIGURE

The financial year end of the Company has changed from 30 June to 31 December. Accordingly, the current financial statements are prepared for 18 months from 1 July 2020 to 31 December 2021 compared to a 12-month period for the previous financial year ended 30 June 2020. As a result, the comparative figures stated in the statement of profit or loss, other comprehensive income, statement of changes in equity, statement of cash flows and the related notes are not comparable.

STATEMENT BY DIRECTORS

The Directors of **LION INDUSTRIES CORPORATION BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance and the cash flows of the Group and of the Company for the period then ended.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TAN SRI CHENG YONG KIM **CHENG HUI YA, SERENA**

26 April 2022

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **TAN SRI CHENG YONG KIM**, the Director primarily responsible for the financial management of **LION INDUSTRIES CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

TAN SRI CHENG YONG KIM

Subscribed and solemnly declared by the
abovenamed **TAN SRI CHENG YONG KIM**
at **Kuala Lumpur** in the Federal Territory on
the 26th day of April, 2022.

Before me,

W530
TAN SEOK KETT
COMMISSIONER FOR OATHS