FINANCIAL STATEMENTS 2022

For The Financial Year Ended 31 December 2022

DIRECTORS' REPORT

The Directors of **LION INDUSTRIES CORPORATION BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company's principal activities are investment holding and property development. The principal activities of the subsidiary companies are manufacture and marketing of steel bars, wire rods, and steel related products; trading and distribution of building materials and other steel products; manufacture and trading of lubricants, automotive products and petroleum products; property development and investment holding.

The information on the name, place of incorporation, principal activities, and percentage of ownership of the holding company in each subsidiary company is disclosed in Note 43 to the financial statements.

RESULTS

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

	The Group RM'000	The Company RM'000
Loss for the year	(312,562)	(4,143)
Loss attributable to:		
Owners of the Company	(311,599)	
Non-controlling interests	(963)	
	(312,562)	

In the opinion of the Directors, the results of the Group and of the Company during the financial year 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 disposal of investment in a subsidiary company of RM63,192,000.

DIVIDEND

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year 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 year.

TREASURY SHARES

The Company did not repurchase its ordinary shares during the financial year. As of 31 December 2022, the Company held 37,105,300 treasury shares at a carrying amount of RM13,192,722.

WARRANTS

During the financial year, the Company issued 340,400,686 warrants by way of bonus issue on the basis of 1 warrant for every 2 existing ordinary shares held in the Company.

Salient features of the warrants are as follows:

(a) Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or before the maturity date, 12 December 2025, falling 3 years from the date of issuance of the warrants. Unexercised warrants after the exercise period will thereafter lapse and cease to be valid;

(b) The exercise price of the warrants is fixed at RM0.43 per warrant;

(c) The new ordinary shares to be issued upon the exercise of the warrants shall rank *pari passu* in all respects with the existing ordinary shares of the Company; and

(d) The warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 21 December 2022.

As at 31 December 2022, 340,400,686 warrants remained unexercised.

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.

OTHER STATUTORY INFORMATION (continued)

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 year which secures the liability of any other person; or

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

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 year 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 year 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 year in which this report is made.

DIRECTORS

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

Datuk Seri Utama Raja Nong Chik bin Dato’ Raja Zainal Abidin
Tan Sri Cheng Heng Jem (Appointed on 26 May 2022)
Dato’ Nik Rahmat bin Nik Taib
Yap Soo Har
Cheng Hui Ya, Serena
Tan Sri Cheng Yong Kim (Retired on 26 May 2022)

LIST OF DIRECTORS OF SUBSIDIARY COMPANIES

The Directors who held office in the subsidiary companies of the Company during the financial year 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 Yong Liang
Chuah Say Chin
Dato’ Eow Kwan Hoong
Dato’ Teoh Teik Jin
Dr Folk Jee Yoong
Goh Kok Beng
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
Yeo Keng Leong

Cheng Toek Waa (Resigned with effect from 25 April 2022)
Haji Mohamad Khalid bin Abdullah (Resigned with effect from 6 May 2022)

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	As of 1.1.2022	**Additions**	**Disposals**	**As of 31.12.2022**
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin				
Direct interest	100,000	–	–	100,000
Deemed interest	100,000	–	–	100,000
	As of 26.5.2022[(1)]	**Additions**	**Disposals**	**As of 31.12.2022**
Tan Sri Cheng Heng Jem				
Direct interest	222,785,449	–	–	222,785,449
Deemed interest	12,752,369	–	–	12,752,369

In addition to the above, the following Directors are also deemed to have an interest in shares in the Company by virtue of the warrants issued by the Company with a right to subscribe for ordinary shares in the Company on the basis of 1 new ordinary share for every 1 warrant held:

	Number of warrants			
	As of 14.12.2022[(2)]	**Additions**	**Disposals**	**As of 31.12.2022**
Direct interest				
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	50,000	–	–	50,000
Tan Sri Cheng Heng Jem	111,392,723	–	–	111,392,723
Deemed interest				
Datuk Seri Utama Raja Nong Chik bin Dato' Raja Zainal Abidin	50,000	–	–	50,000
Tan Sri Cheng Heng Jem	6,376,184	–	–	6,376,184

DIRECTORS' INTERESTS (continued)

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

	Number of ordinary shares			
	As of 26.5.2022[(1)]	Additions	Disposals	As of 31.12.2022
Tan Sri Cheng Heng Jem				
Direct interest				
Lion Posim Berhad	400	–	–	400
Deemed interest				
Holdsworth Investment Pte Ltd	4,500,000	–	–	4,500,000
Inspirasi Elit Sdn Bhd	212,500	–	–	212,500
Lion Group Management Services Sdn Bhd	5,000,000	–	–	5,000,000
Lion Posim Berhad	170,186,190	–	–	170,186,190
LLB Enterprise Sdn Bhd	940,000	–	–	940,000
Soga Sdn Bhd	4,525,322	–	–	4,525,322
Steelcorp Sdn Bhd	99,750	–	–	99,750
Well Morning Limited	1	–	–	1
Zhongsin Biotech Pte Ltd	1,000,000	–	–	1,000,000

	Currency	As of 26.5.2022[(1)]	Additions	Disposals	As of 31.12.2022
Investments in the People's Republic of China					
Deemed interest					
Tianjin Baden Real Estate Development Co Ltd (In voluntary liquidation)	USD	5,000,000	–	–	5,000,000
Tianjin Hua Shi Auto Meter Co Ltd (In voluntary liquidation)	USD	10,878,944	–	–	10,878,944

Notes:
(1) Date of appointment
(2) Date of allotment of warrants

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

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 remunerations received or due and receivable by the Directors shown below) 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 the benefit which 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 a substantial interest, in the ordinary course of business of the Group and of the Company.

Details of the remuneration paid to or receivable by the Directors of the Company classified into executive and non-executive Directors during the financial year are as follows:

	The Group RM'000	The Company RM'000
Executive Directors:		
Fee	50	35
Salary and other emoluments	2,134	1,269
Defined contribution plans	41	41
	2,225	1,345
Non-executive Directors:		
Fees	255	235
Salary and other emoluments	159	58
Defined contribution plans	12	–
	426	293
Total	2,651	1,638

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 RM182,177 and RM56,150 respectively.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose is to enable Directors to 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 AND OFFICERS

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.

AUDITORS

The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and of the Company for the current financial year are RM942,000 and RM137,000 respectively.

The Auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

To the extent permitted by laws, the Company has agreed to indemnify its Auditors, Mazars PLT, as part of the terms of its audit engagement, against claims by third party arising from the audit. No payment has been made to indemnify Mazars PLT for the current financial year.

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

TAN SRI CHENG HENG JEM

CHENG HUI YA, SERENA

Kuala Lumpur

12 April 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LION INDUSTRIES CORPORATION BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lion Industries Corporation Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 189.

In our opinion, 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 2022, and of their financial performance and their cash flows for the financial year 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 Opinion

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 are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants* ("By-Laws") and the International Ethics Standards Board for *Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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 financial year. 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.

(a) Recoverable amount of property, plant and equipment at Banting

The Group's accounting policies, significant judgement and estimates made by the management and disclosure notes on property, plant and equipment are disclosed in Note 3, Note 4(ii)(e) and Note 12 to the financial statements.

The risk:

As at 31 December 2022, the carrying amount of the property, plant and equipment of the Group amounted to RM903 million, representing 54% and 29% of the Group's total non-current assets and total assets respectively. Included in the property, plant and equipment of the Group are property, plant and equipment related to steel making plants of subsidiaries located at Banting ("Banting Plants") amounting to RM696 million.

The Banting Plants have temporarily stopped its production activities. The Directors of the Company deem this as an indicator for impairment and accordingly carried out impairment assessment in accordance with MFRS 136 Impairment of Assets, on the Banting Plants.

The recoverable amount of the Banting Plants was determined by management based on fair value less cost to sell, by references to the latest valuations carried out by independent valuers.

The valuation process involves significant judgement in determining the appropriate valuation methodologies and the underlying assumptions. The valuations are highly sensitive to key assumptions applied and any change in the assumptions can have a significant impact to the valuations.

In view of the significant judgement and estimates required by management in determining the recoverable amount of the Banting Plants for impairment assessment, we identified the recoverable amount of Banting Plants as a key audit matter.

How the matter was addressed in our audit:

Our audit procedures to address this area included, among others:

- Obtained an understanding of the Group's policies and procedures to identify indications of impairment of assets;
- Performed physical inspection of Banting Plants to ensure the physical existence and its conditions;
- Obtained independent valuers report for the land, plant and machinery;
- Assessed the competency, capabilities and objectivity of the independent valuers engaged by the Group to determine the market value of Banting Plants on the determination of the recoverable amounts of these plants;
- Discussed with the valuers to understand the methodologies adopted in determining the market value of Banting Plants;
- Assessed the reasonableness of the key assumptions and inputs used in the valuation;
- Assessed the appropriateness of the adjustments made to the observable prices in the active market or recent market transactions in determining the market value of Banting Plants; and
- Tested the mathematical accuracy of recoverable amount calculation.

(b) Recoverable amount of investment properties in Cambodia

The Group's accounting policies, significant judgement and estimates made by the management and disclosure notes on investment properties are disclosed in Note 3, Note 4(i)(b) and Note 13 to the financial statements.

The risk:

As at 31 December 2022, the carrying amount of the investment properties of the Group amounted to RM114 million, representing 7% and 4% 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 ("Cambodia Land") amounting to USD26 million, equivalent to RM113 million.

The recoverable amount of the Cambodia Land was determined by management based on fair value less cost to sell, by references to the latest valuations carried out by independent valuers.

The valuation process involves significant judgement in determining the appropriate valuation methodologies and the underlying assumptions. The valuations are highly sensitive to key assumptions applied and any change in the assumptions can have a significant impact to the valuations.

In view of the significant judgement and estimates required by management in determining the recoverable amount of the Cambodia Land, which also includes the Economic Land Concessions ("ELC") totaling RM40 million for which formal lease agreements are pending, as disclosed in Note 13 to the financial statements, and management's plans on its realisation, we identified the recoverable amount of the Cambodia Land as a key audit matter.

How the matter was addressed in our audit:

Our audit procedures to address this area included, among others:

- Obtained an understanding of impairment assessment process and evaluated the design and implementation of the relevant controls surrounding impairment assessment on the Cambodia Land;
- Obtained and evaluated the management assessment in determining the recoverable amount of the Cambodia Land;
- Obtained the independent valuation reports for the Cambodia Land 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;
- Obtained and understood the agreements or other relevant documents relating to the conversion of leasehold land and granting of ELC;
- Performed retrospective review of management's plans to convert the economic land concessions to leasehold land;
- Held discussion with independent valuers on the valuation and challenged the basis of determining the fair value of the Cambodia Land and impact of Covid-19 on the valuation of these properties; and
- Assessed the adequacy and appropriateness of the disclosures in the financial statements.

(c) Recoverable amount of investment in an associated company, Parkson Holdings Berhad

The Group's accounting policies, significant judgement and estimates made by the management and disclosure notes on investment in associated companies are disclosed in Note 3, Note 4(ii)(a) and Note 18 to the financial statements.

The risk:

As at 31 December 2022, the carrying amount of the investment in associated companies of the Group amounted to RM408 million, representing 24% and 13% of the Group's total non-current assets and total assets respectively. Included in the investment in associated companies of the Group is investment in Parkson Holdings Berhad amounting to RM374 million.

As at the reporting date, the market value of investment in Parkson Holdings Berhad is below the Group's carrying amount of investment in the associated company. The Directors had performed an impairment assessment based on the value-in-use ("VIU") method to determine its recoverable amount.

The use of VIU involved significant estimates of the future financial results of the business, in particular, the key assumptions on revenue growth rate, gross profit margin, operating expenses and pre-tax discount rate used in the future cash flows forecasts. The valuations are highly sensitive to key assumptions applied and any change in the assumptions can have a significant impact to the valuations.

In view of the significant judgement and estimates required by management in determining the VIU of its investment in Parkson Holdings Berhad, we identified the recoverable amount of investment in Parkson Holdings Berhad as a key audit matter.

How the matter was addressed in our audit:

Our audit procedures to address this area included, among others:

- Obtained an understanding of the relevant processes and internal controls over the impairment assessment process;
- Reviewed the discounted cash flows prepared by management;
- Assessed the reasonableness of key assumptions, including discount rates, forecast growth rates and methodology used in deriving the present value of the cash flows;
- Corroborated the key assumptions with industry analysts' views and available market information and compared to historical results and cash flows of Parkson Holdings Berhad; and
- Tested the mathematical accuracy of recoverable amount calculation.

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.

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. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of 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 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.

Auditor's 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 a high level of assurance, but is not a 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 and of 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 and of 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 and 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 of 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 financial year 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 the subsidiaries of which we have not acted as auditors, are disclosed in Note 43 to the financial statements.

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 to any other person for the content of this report.

The financial statements of the Group and of the Company for the financial period ended 31 December 2021 were audited by another firm of auditors ("predecessor auditor") whose report dated 26 April 2022 expressed a qualified opinion on the financial statements. The audit opinion of the component auditor in respect of Parkson Holdings Berhad's consolidated financial statements for the financial period ended 31 December 2021 was qualified due to a limitation of scope as the component auditor was unable to obtain sufficient appropriate audit evidence regarding the financial impact arising from a subsidiary company of Parkson Holdings Berhad that was deconsolidated during the financial period ended 31 December 2021. Consequently, the predecessor auditor was unable to determine whether any adjustments that might have been found necessary in respect of the carrying amount of Parkson Holdings Berhad as at 31 December 2021 and the Group's share of losses from Parkson Holdings Berhad recognised for the financial period ended 31 December 2021.

MAZARS PLT
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants

FRANCIS XAVIER JOSEPH
02997/06/2024 J
Chartered Accountant

Kuala Lumpur

12 April 2023

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group 1.1.2022 to 31.12.2022 RM'000	The Group 1.7.2020 to 31.12.2021 RM'000	The Company 1.1.2022 to 31.12.2022 RM'000	The Company 1.7.2020 to 31.12.2021 RM'000
Revenue	5	**2,579,174**	3,937,446	**–**	27,292
Other income		**47,182**	247,295	**313**	84
Net changes in inventories		**(2,186)**	116,852	**–**	–
Raw materials and consumables used		**(2,201,699)**	(3,397,701)	**–**	–
Purchase of trading merchandise		**(312,597)**	(378,706)	**–**	–
Cost of completed units sold		**–**	(776)	**–**	–
Staff costs	6	**(158,890)**	(221,990)	**(1,047)**	(708)
Directors' remuneration	7	**(2,651)**	(2,282)	**(1,638)**	(2,105)
Investment income	8	**6,242**	10,281	**381**	739
Finance costs	9	**(12,367)**	(31,278)	**(664)**	(941)
Depreciation of property, plant and equipment	12	**(45,404)**	(105,208)	**(125)**	(208)
Depreciation of investment properties	13	**(475)**	(108)	**–**	–
Amortisation of prepaid land lease payments	14	**(3,433)**	(6,723)	**–**	–
Depreciation of right-of-use assets	15	**(6,231)**	(23,648)	**(51)**	(94)
Impairment losses net of reversals on:					
Property, plant and equipment	12	**–**	(23,776)	**–**	–
Prepaid land lease payments	14	**–**	(514)	**–**	–
Trade and other receivables	24	**(19,038)**	(3,112)	**–**	82
Amount owing by subsidiary companies	25	**–**	–	**166**	(1,720)
Investment in subsidiary companies	17	**–**	–	**–**	(3,598)
Investment in associated companies	18	**–**	–	**116**	(15,439)
Long term investment		**–**	1,756	**–**	–
Other expenses		**(211,370)**	(130,234)	**(1,344)**	(787)
(Loss)/Profit from operations	6	**(343,743)**	(12,426)	**(3,893)**	2,597
Share of results of:					
Associated companies	18	**(41,458)**	(50,938)	**–**	–
Joint venture	19	**19**	40	**–**	–
Gain on settlement of secured debts	17(a)	**–**	193,061	**–**	–
Gain/(Loss) on disposal of investment in a subsidiary company	17(b)/(c)	**63,192**	440,547	**–**	(4,169)
(Loss)/Profit before tax		**(321,990)**	570,284	**(3,893)**	(1,572)
Tax credit/(expense)	10	**9,428**	(31,043)	**(250)**	(10)
(Loss)/Profit for the year/period		**(312,562)**	539,241	**(4,143)**	(1,582)
(Loss)/Profit attributable to:					
Owners of the Company		**(311,599)**	494,990	**(4,143)**	(1,582)
Non-controlling interests		**(963)**	44,251	**–**	–
		(312,562)	539,241	**(4,143)**	(1,582)
(Loss)/Earnings per share (sen):					
Basic and diluted	11	**(45.77)**	72.71		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	The Group		The Company	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
(Loss)/Profit for the year/period	**(312,562)**	539,241	**(4,143)**	(1,582)
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	**34,744**	13,585	**–**	–
Share of other comprehensive (loss)/ income of associated companies	**(26,871)**	59,059	**–**	–
Other comprehensive income for the year/period, net of tax	**7,873**	72,644	**–**	–
Total comprehensive (loss)/income for the year/period	**(304,689)**	611,885	**(4,143)**	(1,582)
Total comprehensive (loss)/income attributable to:				
Owners of the Company	**(304,760)**	561,973	**(4,143)**	(1,582)
Non-controlling interests	**71**	49,912	**–**	–
	(304,689)	611,885	**(4,143)**	(1,582)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	The Group 2022 RM'000	The Group 2021 RM'000	The Company 2022 RM'000	The Company 2021 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	**902,550**	848,433	**162**	287
Investment properties	13	**113,877**	110,119	**–**	–
Prepaid land lease payments	14	**36,625**	51,705	**–**	–
Right-of-use assets	15	**22,314**	18,850	**42**	93
Land held for property development	16(a)	**51,849**	50,964	**26**	26
Investment in subsidiary companies	17	**–**	–	**743,333**	743,333
Investment in associated companies	18	**407,759**	485,826	**64,394**	64,394
Investment in joint venture	19	**90**	71	**–**	–
Long-term investments	20	**599**	599	**216**	216
Other receivable	37	**–**	13,000	**–**	–
Deferred tax assets	21	**9,484**	8,435	**–**	–
Goodwill	22	**130,443**	130,443	**–**	–
Total Non-Current Assets		**1,675,590**	1,718,445	**808,173**	808,349
Current Assets					
Property development costs	16(b)	**–**	15,573	**–**	–
Inventories	23	**380,330**	329,641	**43**	43
Trade receivables	24(a)	**301,192**	259,318	**–**	–
Other receivables, deposits and prepayments	24(b)	**523,649**	461,322	**4,005**	3,844
Amount owing by subsidiary companies	25	**–**	–	**619,054**	621,561
Investment in money market funds	26(a)	**2,279**	2,417	**–**	–
Deposits, cash and bank balances	26(b)	**208,253**	726,062	**7,332**	8,231
		1,415,703	1,794,333	**630,434**	633,679
Non-current assets classified as held for sale	27	**6,685**	–	**–**	–
Total Current Assets		**1,422,388**	1,794,333	**630,434**	633,679
Total Assets		**3,097,978**	3,512,778	**1,438,607**	1,442,028

(Forward)

	Note	The Group 2022 RM'000	The Group 2021 RM'000	The Company 2022 RM'000	The Company 2021 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	28	**1,250,536**	1,250,536	**1,250,536**	1,250,536
Reserves	30	**258,262**	563,022	**7,185**	11,328
Equity attributable to owners of the Company		**1,508,798**	1,813,558	**1,257,721**	1,261,864
Non-controlling interests	17	**225,218**	225,147	**–**	–
Total Equity		**1,734,016**	2,038,705	**1,257,721**	1,261,864
Non-Current and Deferred Liabilities					
Loans and borrowings	31	**833**	47,808	**–**	–
Lease liabilities	32	**16,723**	14,524	**–**	44
Deferred payables	35	**243,725**	323,725	**–**	–
Deferred tax liabilities	21	**4,277**	3,770	**–**	–
Total Non-Current and Deferred Liabilities		**265,558**	389,827	**–**	44
Current Liabilities					
Trade payables	33(a)	**470,902**	486,347	**282**	166
Other payables, deposits and accrued expenses	33(b)	**327,430**	346,818	**1,257**	1,021
Contract liabilities	33(c)	**56,848**	24,405	**–**	–
Provisions	34	**–**	–	**–**	–
Advance billings of property development projects		**–**	20	**–**	–
Amount owing to subsidiary companies	25	**–**	–	**170,824**	169,172
Loans and borrowings	31	**155,003**	134,403	**8,445**	9,712
Lease liabilities	32	**6,474**	4,621	**44**	49
Deferred payables	35	**80,000**	70,000	**–**	–
Tax liabilities		**1,747**	17,632	**34**	–
Total Current Liabilities		**1,098,404**	1,084,246	**180,886**	180,120
Total Liabilities		**1,363,962**	1,474,073	**180,886**	180,164
Total Equity and Liabilities		**3,097,978**	3,512,778	**1,438,607**	1,442,028

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 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 January 2022	**1,250,536**	**(13,193)**	**38,306**	**(41,854)**	**579,763**	**1,813,558**	**225,147**	**2,038,705**
Loss for the year	–	–	–	–	(311,599)	(311,599)	(963)	(312,562)
Other comprehensive income/(loss)	–	–	33,710	(26,871)	–	6,839	1,034	7,873
Total comprehensive (loss)/income for the year	–	–	33,710	(26,871)	(311,599)	(304,760)	71	(304,689)
As of 31 December 2022	**1,250,536**	**(13,193)**	**72,016**	**(68,725)**	**268,164**	**1,508,798**	**225,218**	**1,734,016**

(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 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
As of 1 January 2022	**1,250,536**	**(13,193)**	**5,419**	**19,102**	**1,261,864**
Loss for the year	**–**	**–**	**–**	**(4,143)**	**(4,143)**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**–**	**–**	**(4,143)**	**(4,143)**
As of 31 December 2022	**1,250,536**	**(13,193)**	**5,419**	**14,959**	**1,257,721**

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

The Group	**Note**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
(Loss)/Profit for the year/period		**(312,562)**	539,241
Adjustments for:			
Depreciation of property, plant and equipment	12	**45,404**	105,208
Tax (credit)/expenses recognised in profit or loss		**(9,428)**	31,043
Finance costs	9	**12,367**	31,278
(Reversal of)/Allowance for obsolescence of inventories	23	**(241)**	1,540
Inventories written down/(back)	23	**97,430**	(14,400)
Inventories written off	23	**92**	–
Unrealised gain on foreign exchange	6	**(1,229)**	(140)
Impairment losses on:			
Trade and other receivables	24	**21,515**	9,542
Property, plant and equipment	12	**–**	23,776
Prepaid land lease payments	14	**–**	514
Amortisation of prepaid land lease payments	14	**3,433**	6,723
Depreciation of right-of-use assets	15	**6,231**	23,648
Property, plant and equipment written off	12	**13**	102
Fair value loss on long-term investments	20	**–**	5,512
Depreciation of investment properties	13	**475**	108
Share of results of:			
Associated companies	18	**41,458**	50,938
Joint venture	19	**(19)**	(40)
Investment income		**(6,215)**	(10,218)
Impairment losses no longer required for:			
Trade and other receivables	24	**(2,477)**	(6,430)
Long-term investments		**–**	(1,756)
Gain on disposal of property, plant and equipment		**(1,543)**	(704)
Gain on disposal of a subsidiary company	17(b)/(c)	**(63,192)**	(440,547)
Gain on settlement of secured debts	17(a)	**–**	(193,061)
Gain on expiry and termination of lease	15	**(3)**	–
Operating (Loss)/Profit Before Working Capital Changes		**(168,491)**	161,877
Movements in working capital:			
Increase in:			
Inventories		**(147,970)**	(301,449)
Trade and other receivables, deposits and prepayments		**(104,246)**	(190,675)
Property development costs		**–**	(3,551)
Increase in:			
Trade and other payables, deposits and accrued expenses		**39,916**	189,034
Cash Used In Operations		**(380,791)**	(144,764)
Interest received		**6,215**	10,218
Tax paid		**(7,820)**	(3,353)
Net Cash Used In Operating Activities		**(382,396)**	(137,899)

(Forward)

The Group	Note	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Dividends received from associated companies and joint venture		**10,656**	1,407
Decrease in investment in money market funds		**138**	15,052
Proceeds from disposal of:			
Property, plant and equipment		**10,222**	1,319
Investment in a subsidiary company	17(b)/(c)	**134,454**	577,281
Proceeds from redemption of investments		**–**	4,756
Payments of deferred payables	35	**(70,000)**	–
Additions of property, plant and equipment (Note)		**(159,245)**	(207,002)
Additions of investment		**–**	(8,500)
Additions of investment properties		**–**	(139)
Additions of prepaid land lease payments		**–**	(3,822)
Deposit paid for acquisition of land	42(a)	**(23,000)**	–
Net cash inflow from acquisition of subsidiary companies	17(a)	**–**	174,232
Decrease/(Increase) in land held for property development		**6,285**	(79)
Net Cash (Used In)/From Investing Activities		**(90,490)**	554,505
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
(Increase)/Decrease in cash and cash equivalents - restricted	26(b)	**(257)**	72,358
Drawdown of borrowings	31(b)	**–**	43,000
Repayments of:			
Short-term borrowings	31(b)	**(14,109)**	(6,855)
Finance lease liabilities	31(b)	**(11,352)**	(8,048)
Lease liabilities	32	**(5,640)**	(23,452)
Hire-purchase obligations	31(b)	**(233)**	(397)
Interest paid		**(12,367)**	(31,278)
Net Cash (Used In)/From Financing Activities		**(43,958)**	45,328
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(516,844)**	461,934
Effect of foreign exchange differences		**44**	12,157
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		**693,319**	219,228
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	36	**176,519**	693,319

Note:

Additions of property, plant and equipment

Property, plant and equipment were acquired by the following means:			
Cash purchase		**159,245**	207,002
Hire purchase payables	31(b)	**585**	94
Deferred payables	35	**–**	393,725
Total additions of property, plant and equipment	12	**159,830**	600,821

(Forward)

The Company	Note	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Loss for the year/period		**(4,143)**	(1,582)
Adjustments for:			
Impairment losses no longer required on:			
Other receivables	24	**–**	(82)
Amount owing by subsidiary companies	25	**(295)**	(51)
Finance costs	9	**664**	941
Bad debt written off		**–**	12
Depreciation of:			
Property, plant and equipment	12	**125**	208
Right-of-use assets	15	**51**	94
Tax expense recognised in profit or loss		**250**	10
Impairment losses on:			
Amount owing by subsidiary companies	25	**129**	1,771
Investment in subsidiary companies	17	**–**	3,598
Investment in associated companies	18	**(116)**	15,439
Unrealised gain on foreign exchange	6	**(120)**	(8)
Loss/(Gain) on disposal of:			
Right-of-use assets		**–**	(4)
Investment in a subsidiary company		**–**	4,169
Loss on derecognition of investment in an associated company		**25**	–
Interest income		**(414)**	(772)
Dividend income		**–**	(27,292)
Operating Loss Before Working Capital Changes		**(3,844)**	(3,549)
Movements in working capital:			
(Increase)/Decrease in other receivables, deposits and prepayments		**(296)**	617
Increase in trade and other payables, deposits and accrued expenses		**352**	124
Cash Used In Operations		**(3,788)**	(2,808)
Interest received		**414**	772
Tax refunded		**–**	23
Tax paid		**(82)**	(82)
Net Cash Used In Operating Activities		**(3,456)**	(2,095)

(Forward)

The Company	Note	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Dividend received		**–**	27,292
Proceeds from derecognition of investment in an associated company		**91**	–
Decrease/(Increase) in amount owing by subsidiary companies		**2,794**	(4,447)
Addition of investment in a subsidiary company	17	**–**	(66)
Net Cash From Investing Activities		**2,885**	22,779
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Drawdown of borrowings		**–**	128
Repayments of:			
Short-term borrowings	31(b)	**(1)**	–
Lease liabilities	32	**(49)**	(93)
Interest on lease liabilities		**(5)**	(8)
Finance costs paid		**(659)**	(933)
(Increase)/Decrease in cash and cash equivalents - restricted	26(b)	**(37)**	834
Increase/(Decrease) in amount owing to subsidiary companies	37	**1,652**	(22,185)
Net Cash From/(Used In) Financing Activities		**901**	(22,257)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**330**	(1,573)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		**136**	1,709
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	36	**466**	136

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Lion Industries Corporation Berhad (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 ownership of the holding company in each subsidiary company is disclosed in Note 43.

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

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 12 April 2023.

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 ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000 or '000), unless otherwise indicated.

Adoption of New MFRSs, Amendments to MFRSs

In the current financial year, the Group and the Company adopted all the amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 January 2022 and relevant to its operations, as follows:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendment to MFRS 1, MFRS 9, MFRS 16 and MFRS 141	Annual Improvements to MFRS Standards 2018 - 2020
Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous contracts - Costs of Fulfilling a Contract

The adoption of these 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 MFRS 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[1]
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 – Comparative Information[1]
Amendments to MFRS 101	Disclosure of Accounting Policies[1]
Amendments to MFRS 108	Definition of Accounting Estimates[1]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to MFRS 101	Classification of Liability as Current or Non-current[2]
Amendments to MFRS 101	Non-current Liabilities with Convenants[2]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after 1 January 2024.
[3] Effective date deferred to a date to be determined and announced by MASB.

The Directors anticipate that the abovementioned MFRS and amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of MFRS and amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

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.

Fair value measurement

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*.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 year 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Consolidation (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business Combinations (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in Associated Companies and Joint Venture (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

(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.

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, Chinese 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency (continued)

(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

Wages, salaries, paid annual leaves, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(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, 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.

Government Grant

Government grants, including non-monetary grants at fair value, are not recognised until there is reasonable assurance that: (i) the Group will comply with the conditions attaching to them; and (ii) the grants will be received.

Government grants (recognised as deferred income) are released to profit or loss on a systematic basis over the financial periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

A government grant that is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs, are recognised in profit or loss in the financial period in which it becomes receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax

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

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year 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 year 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 year 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 year, 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 64 to 70 years (2021: 4 to 71 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 statements 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 of 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.

Contract Costs

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the assets relate. An impairment loss is recognised in profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

The Group applies the practical expedient in paragraph 94 of MFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

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.

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

Inventories (continued)

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.

Non-Current Assets Classified As Held For Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition and the sale is highly probable, where management is committed to the sale which is expected to complete within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

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 Assets and Contract Liabilities

A contract assets is the right to consideration for goods or services transferred to the customers. Contract assets 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets (continued)

(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.

(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.

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

Financial Instruments (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

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.

Other financial liabilities

The Group's other financial liabilities include trade payables, other payables 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.

As at 31 December 2022, the Group has trade and other receivables due from two (2021: two) major related parties namely, Lion DRI Sdn Bhd ("Lion DRI") and Graimpi Sdn Bhd (In liquidation) ("Graimpi"). Both of these companies are wholly-owned subsidiaries of Lion Diversified Holdings Berhad (In liquidation), a company which Tan Sri Cheng Heng Jem has substantial interest.

In the previous financial period, the Group recovered RM210,352,000 from Graimpi and Lion DRI pursuant to the secured debt settlement agreement entered with Lion Diversified Holdings Berhad (In liquidation) and RM3,485,000 due from Megasteel Sdn Bhd ("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	
	2022	**2021**
	RM'000	**RM'000**
Trade receivables - Lion DRI (Note 24 (a))	**113,402**	113,402
Other receivables - Lion DRI and Graimpi (Note 24 (b))	**111,215**	111,215
	224,617	224,617
Less: Accumulated impairment losses	**(224,617)**	(224,617)
Net	**–**	–

In view that Lion DRI had stopped operation since 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 the 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 concessions ("ELC") in Cambodia of RM113,399,000 (2021: RM107,956,000). 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 independent firms 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 2022, the Group and the Company recognised accumulated impairment losses in respect of the following:

	The Group		The Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Prepaid land lease payment	**–**	514	**–**	–
Long-term investments	**68,378**	68,378	**–**	–
Investment in associated companies	**12,655**	12,655	**15,323**	15,439
Investment in subsidiary companies	**–**	–	**229,656**	245,496

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 year, pertaining to the steel operations of the Group, was RM130,443,000 (2021: RM130,443,000) and no further impairment loss has been recognised in profit or loss during the current financial year 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 RM9,484,000 (2021: RM8,435,000).

(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) During the current financial year, the Directors have made impairment assessment on the steel making plants of two subsidiary companies located at Banting ("the Banting plants"), which have temporarily stopped production. The recoverable amounts of the plants, which consist of land, buildings and plant and machinery, are 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 March 2023. The basis of fair value less cost to sell for the said assets was determined as follows:

(a) Land - Comparison Method (level 3), 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, plant and machineries - Depreciated Replacement Cost Method (level 3), where the asset value is taken to be equal to the cost of replacing the asset in its existing condition. This is determined by taking the current replacement cost of the asset as new and allowing for depreciation of physical, functional and economic obsolescence.

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

The Directors are of the opinion that the carrying amount of the Banting plants of RM695,770,518 (2021: RM615,264,713), net of accumulated impairment loss of RM185,772,000 (2021: 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) In the previous financial period, the steel making plant located in Johor (the "Johor Plant") had temporarily stopped operations. The recoverable amount of the plant, which consisted 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 (Level 3), 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 (Level 3) - Depreciated Replacement Cost method which was Gross Current Replacement Cost less Depreciation to reflect the remaining portion of their useful economic working life and it was expressed on the assumption that the items were considered value to the business that would ensure their continued use in the foreseeable future.

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

The impairment loss of RM23,168,000 had been recognised in the previous financial period.

The Directors were of the opinion that the carrying amount of the Johor plant of RM64,745,000, net of accumulated impairment loss of RM39,952,000 was recoverable in the previous financial period. The Group disposed the subsidiary company together with its Johor plant, and recorded a gain during the financial year as disclosed in Note 17(b).

(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 ECL 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	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	**1.1.2022 to 31.12.2022 RM'000**	1.7.2020 to 31.12.2021 RM'000
Revenue from contracts with customers:				
Sale of goods	**2,564,232**	3,918,066	**–**	–
Sale of completed property units	**198**	1,603	**–**	–
Service rendered	**14,721**	17,732	**–**	–
	2,579,151	3,937,401	**–**	–
Revenue from other sources:				
Gross dividend income from subsidiary companies	**–**	–	**–**	27,292
Interest income	**23**	45	**–**	–
	2,579,174	3,937,446	**–**	27,292

Timing of revenue recognition:

	The Group		The Company	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	**1.1.2022 to 31.12.2022 RM'000**	1.7.2020 to 31.12.2021 RM'000
At a point in time	**2,564,430**	3,919,669	**–**	–
Over time	**14,721**	17,732	**–**	–
Revenue from contracts with customers	**2,579,151**	3,937,401	**–**	–
Other revenue	**23**	45	**–**	27,292
	2,579,174	3,937,446	**–**	27,292

The Group and the Company do not have any remaining performance obligations that are more than one year.

6. (LOSS)/PROFIT FROM OPERATIONS

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

	The Group		The Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Property, plant and equipment written off (Note 12)	**(13)**	(102)	**–**	–
Fair value loss on investment in long-term investments (Note 20)	**–**	(5,512)	**–**	–
Reversal of/(Allowance for) obsolescence of inventories (Note 23)	**241**	(1,540)	**–**	–
Gain on disposal of property, plant and equipment	**1,543**	704	**–**	–
Loss on derecognition of investment in an associated company	**–**	–	**(25)**	–
Government grant (Note (a))	**53**	1,033	**–**	–
Fees paid/payable to external auditors:				
Statutory audit:				
Auditors of the Company:				
Current year/period	**(857)**	(833)	**(137)**	(125)
(Under)/Overprovision in prior years	**(41)**	5	**(52)**	–
Other auditors:				
Current year/period	**(85)**	(80)	**–**	–
(Under)/Overprovision in prior year	**(1)**	2	**–**	–
Bad debts recovered	**156**	408	**–**	–
Rental income	**1,924**	6,684	**20**	16
Gain on foreign exchange (net):				
Realised	**527**	446	**–**	–
Unrealised	**1,229**	140	**120**	8
Interest income from Housing Development Accounts	**159**	149	**33**	33

Note (a)

During the financial year/period, the Group received government subsidies of RM52,600 (2021: RM1,033,439) in relation to the Wage Subsidy Programme under National Economic Recovery Plan initiated by the Government of Malaysia.

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

Analysis of staff costs is as follows:

	The Group		The Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Salaries, bonuses and allowances	**142,552**	202,863	**1,019**	597
Defined contribution plans	**16,338**	19,127	**28**	111
	158,890	221,990	**1,047**	708

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	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**
Salaries, bonuses and allowances	**2,802**	3,772
Defined contribution plans	**286**	371
	3,088	4,143

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 RM52,679 (2021: RM59,178).

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	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Executive Directors:				
Fee	**50**	53	**35**	53
Salary and other emoluments	**2,134**	1,488	**1,269**	1,488
Defined contribution plans	**41**	89	**41**	89
	2,225	1,630	**1,345**	1,630
Non-executive Directors:				
Fees	**255**	426	**235**	396
Salary and other emoluments	**159**	211	**58**	79
Defined contribution plans	**12**	15	**–**	–
	426	652	**293**	475
Total	**2,651**	2,282	**1,638**	2,105

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 RM182,177 and RM56,150 respectively (2021: RM197,605 and RM166,455 respectively).

8. INVESTMENT INCOME

	The Group		The Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Interest income from:				
Fixed deposits	**4,820**	7,742	**61**	102
Related parties	**–**	227	**–**	227
Subsidiary company	**–**	–	**320**	410
Others	**1,213**	2,055	**–**	–
	6,033	10,024	**381**	739
Dividend income from:				
Investment in money market funds	**209**	257	**–**	–
	6,242	10,281	**381**	739

9. FINANCE COSTS

	The Group		The Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Interest expense on:				
Short-term loans	**3,119**	488	**343**	488
Security deposits received from customers (Note 33(b))	**2,100**	13,633	**–**	–
Bills payable	**3,004**	4,121	**–**	–
Bank overdrafts	**314**	1,058	**314**	433
Finance lease and hire-purchase	**2,285**	5,483	**–**	–
Lease liabilities	**1,202**	3,048	**5**	8
Product financing liabilities	**–**	3,003	**–**	–
Others	**343**	444	**2**	12
	12,367	31,278	**664**	941

10. TAX CREDIT/(EXPENSE)

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

	The Group		The Company	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Estimated tax payable:				
Current year/period	**(5,981)**	(20,717)	**(99)**	(10)
Over/(Under) provision in prior year/period	**14,867**	954	**(151)**	–
	8,886	(19,763)	**(250)**	(10)
Deferred taxation (Note 21):				
Current year/period	**172**	(11,231)	**–**	–
Over/(Under) provision in prior year/period	**370**	(49)	**–**	–
	542	(11,280)	**–**	–
Total tax credit/(expense)	**9,428**	(31,043)	**(250)**	(10)

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

	The Group		The Company	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
(Loss)/Profit before tax	**(321,990)**	570,284	**(3,893)**	(1,572)
Tax credit/(expense) at statutory tax rate of 24% (2021: 24%)	**77,278**	(136,868)	**934**	377
Tax effects of:				
Non-taxable income	**17,455**	196,367	**155**	6,586
Non-deductible expenses	**(22,788)**	(45,095)	**(1,195)**	(6,973)
Tax effect on share of results of associated companies and joint venture	**(9,945)**	(12,215)	**–**	–
Deferred tax assets not recognised	**(67,816)**	(34,137)	**–**	–
Utilisation of deferred tax assets not recognised previously	**7**	–	**7**	–
Over/(Under) provision in prior years/period:				
Income tax	**14,867**	954	**(151)**	–
Deferred taxation	**370**	(49)	**–**	–
	9,428	(31,043)	**(250)**	(10)

10. TAX CREDIT/(EXPENSE) (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 2022, 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	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Temporary differences arising from:				
Right-of-use assets	**659**	209	**–**	–
Trade and other receivables	**8,578**	7,760	**–**	–
Others	**4,603**	9,651	**–**	–
Unused tax losses and unabsorbed capital allowances	**1,418,939**	1,132,621	**14,863**	14,890
Unused reinvestment allowances	**61,409**	61,409	**–**	–
	1,494,188	1,211,650	**14,863**	14,890

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 authority.

In accordance with the provision of the Finance Act 2021, the time period of carrying forward unused tax losses is ten years, for which, any excess at the end of the tenth year, will be disregarded.

The expiry of the unused tax losses is as follows:

	The Group		The Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Unused tax losses:				
- Expire by 31 December 2028	**539,714**	553,010	**12,175**	12,175
- Expire by 31 December 2029	**100,260**	100,409	**–**	–
- Expire by 31 December 2030	**276,162**	276,551	**–**	–
- Expire by 31 December 2031	**22,339**	23,186	**–**	–
- Expire by 31 December 2032	**278,131**	–	**–**	–
	1,216,606	953,156	**12,175**	12,175

11. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	The Group	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**
(Loss)/Profit attributable to owners of the Company	**(311,599)**	494,990
	2022 '000	**2021 '000**
Weighted average number of ordinary shares in issue	**680,804**	680,804
	1.1.2022 to 31.12.2022 Sen	**1.7.2020 to 31.12.2021 Sen**
Basic (loss)/earnings per share	**(45.77)**	72.71

(b) Diluted

The calculation of diluted (loss)/earnings per share was based on (loss)/profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The diluted losses per ordinary share was not applicable as the unexercised warrants were anti-dilutive in nature, this was due to the average market share price of the Company being below the exercise price of the warrants.

In the previous financial period, the basic and diluted earnings per share were the same as the Company had no dilutive potential ordinary shares as at 31 December 2021.

12. PROPERTY, PLANT AND EQUIPMENT

The Group

	COST								
	As at 1 January 2022 RM'000	Additions RM'000	Disposals RM'000	Write–offs RM'000	Disposal of a subsidiary company (Note 17(b)) RM'000	Non-current assets classified as held for sale (Note 27) RM'000	Reclassification RM'000	Exchange differences RM'000	As at 31 December 2022 RM'000
Freehold land	295,267	1,368	–	–	–	–	–	–	296,635
Freehold buildings	376,838	3,780	–	–	–	–	2,481	–	383,099
Buildings under long lease	111,277	–	–	–	(63,219)	–	–	–	48,058
Buildings under short lease	466	–	–	–	–	–	–	–	466
Plant, machinery and equipment	1,723,690	89,808	(9,777)	(15)	(318,890)	–	12,611	442	1,497,869
Prime movers and trailers	2,294	–	–	(2,294)	–	–	–	–	–
Motor vehicles	14,543	1,198	(635)	(488)	(195)	–	–	25	14,448
Furniture and office equipment	64,658	10,278	(12)	(1,358)	(33,037)	–	133	–	40,662
Computer equipment	7,254	1,808	(66)	(379)	–	–	–	2	8,619
Floating cranes	87,616	13,080	–	–	–	–	–	–	100,696
Tug boats and barges	56,523	4,360	(44)	–	–	(60,839)	–	–	–
Infrastructure	107,100	3,300	–	–	–	–	–	–	110,400
Renovations	2,215	49	–	(412)	–	–	–	–	1,852
Construction work-in-progress	142,409	30,801	–	–	(1,202)	–	(2,225)	–	169,783
Total	2,992,150	159,830	(10,534)	(4,946)	(416,543)	(60,839)	13,000	469	2,672,587

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

	ACCUMULATED DEPRECIATION							
	As at 1 January 2022 RM'000	Charge for the year RM'000	Disposals RM'000	Write–offs RM'000	Disposal of a subsidiary company (Note 17(b)) RM'000	Non-current assets classified as held for sale (Note 27) RM'000	Exchange differences RM'000	As at 31 December 2022 RM'000
Freehold land	–	–	–	–	–	–	–	–
Freehold buildings	260,879	7,985	–	–	–	–	–	268,864
Buildings under long lease	99,655	2,015	–	–	(61,560)	–	–	40,110
Buildings under short lease	466	–	–	–	–	–	–	466
Plant, machinery and equipment	1,224,745	26,915	(1,166)	(15)	(228,381)	–	370	1,022,468
Prime movers and trailers	2,294	–	–	(2,294)	–	–	–	–
Motor vehicles	12,163	507	(605)	(488)	(195)	–	25	11,407
Furniture and office equipment	60,863	1,327	(11)	(1,345)	(28,451)	–	–	32,383
Computer equipment	6,460	473	(65)	(379)	–	–	2	6,491
Floating cranes	76,309	5,584	–	–	–	–	–	81,893
Tug boats and barges	53,745	417	(8)	–	–	(54,154)	–	–
Infrastructure	49,980	92	–	–	–	–	–	50,072
Renovations	1,818	89	–	(412)	–	–	–	1,495
Construction work-in-progress	–	–	–	–	–	–	–	–
Total	1,849,377	45,404	(1,855)	(4,933)	(318,587)	(54,154)	397	1,515,649

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group

	ACCUMULATED IMPAIRMENT LOSSES				CARRYING AMOUNT
	As at 1 January 2022 RM'000	Charge for the year RM'000	Disposal of a subsidiary company (Note 17(b)) RM'000	As at 31 December 2022 RM'000	As at 31 December 2022 RM'000
Freehold land	1,754	–	–	1,754	294,881
Freehold buildings	28,299	–	–	28,299	85,936
Buildings under long lease	1,515	–	(1,515)	–	7,948
Buildings under short lease	–	–	–	–	–
Plant, machinery and equipment	98,091	–	(38,437)	59,654	415,747
Prime movers and trailers	–	–	–	–	–
Motor vehicles	–	–	–	–	3,041
Furniture and office equipment	–	–	–	–	8,279
Computer equipment	28	–	–	28	2,100
Floating cranes	–	–	–	–	18,803
Tug boats and barges	–	–	–	–	–
Infrastructure	57,120	–	–	57,120	3,208
Renovations	–	–	–	–	357
Construction work-in-progress	107,533	–	–	107,533	62,250
Total	294,340	–	(39,952)	254,388	902,550

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(c)) RM'000	Acquisition of a subsidiary companies (Note 17(a)) 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 2020 RM'000	Charge for the period RM'000	Disposals RM'000	Write–offs RM'000	Disposal of a subsidiary company (Note 17(c)) 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			CARRYING AMOUNT
	As at 1 July 2020 RM'000	Charge for the period RM'000	As at 31 December 2021 RM'000	As at 31 December 2021 RM'000
Freehold land	1,754	–	1,754	293,513
Freehold buildings	28,299	–	28,299	87,660
Buildings under long lease	1,515	–	1,515	10,107
Buildings under short lease	–	–	–	–
Plant, machinery and equipment	96,667	1,424	98,091	400,854
Prime movers and trailers	–	–	–	–
Motor vehicles	–	–	–	2,380
Furniture and office equipment	–	–	–	3,795
Computer equipment	–	28	28	766
Floating cranes	–	–	–	11,307
Tug boats and barges	–	–	–	2,778
Infrastructure	57,120	–	57,120	–
Renovations	–	–	–	397
Construction work-in-progress	85,209	22,324	107,533	34,876
Total	270,564	23,776	294,340	848,433

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	COST			
	As at 1 January 2022 RM'000	**Addition RM'000**	**Disposal RM'000**	**As at 31 December 2022 RM'000**
Motor vehicles	**75**	**–**	**–**	**75**
Furniture and office equipment	**1,615**	**–**	**–**	**1,615**
Computer equipment	**3,485**	**–**	**(57)**	**3,428**
Renovations	**1,007**	**–**	**–**	**1,007**
Total	**6,182**	**–**	**(57)**	**6,125**

	ACCUMULATED DEPRECIATION				CARRYING AMOUNT
	As at 1 January 2022 RM'000	**Charge for the year RM'000**	**Disposal RM'000**	**As at 31 December 2022 RM'000**	**As at 31 December 2022 RM'000**
Motor vehicles	**73**	**–**	**–**	**73**	**2**
Furniture and office equipment	**1,582**	**17**	**–**	**1,599**	**16**
Computer equipment	**3,267**	**84**	**(57)**	**3,294**	**134**
Renovations	**973**	**24**	**–**	**997**	**10**
Total	**5,895**	**125**	**(57)**	**5,963**	**162**

	COST			
	As at 1 July 2020 RM'000	**Addition RM'000**	**Disposal 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				CARRYING AMOUNT
	As at 1 July 2020 RM'000	**Charge for the period RM'000**	**Disposal 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) In the previous financial period, the Group recognised impairment losses of RM23,168,000 in respect of Johor plants, as a result of the said Johor plant having temporarily stopped productions. The said impairment losses were determined based on the assumptions as disclosed in Notes 4(ii)(e)(ii).

(b) During the financial year, the property, plant and equipment of certain subsidiary companies with carrying amount totalling RM Nil (2021: RM4.8 million) have been charged as collateral to certain financial institutions for the loans and borrowings granted to the Group (Note 31).

(c) Included in property, plant and equipment of the Group are assets acquired under lease and hire-purchase arrangements with carrying amount of RM1,059,000 (2021: RM5,329,000).

(d) The deferred payables of the Group (Note 35) are secured by the property, plant and equipment of certain subsidiary companies with carrying amount totalling RM592,400,862 (2021: RM517,370,028).

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 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/ 1 January 2022	**49,576**	**462**	**23,148**	**37,731**	**110,917**
Disposal of a subsidiary company (Note 17(b))	**–**	**–**	**(2,055)**	**–**	**(2,055)**
Exchange differences	**2,700**	**–**	**1,125**	**2,054**	**5,879**
As at 31 December 2022	**52,276**	**462**	**22,218**	**39,785**	**114,741**
Accumulated depreciation:					
As at 1 July 2020	–	198	492	–	690
Charge for the period	–	14	94	–	108
As at 31 December 2021/ 1 January 2022	**–**	**212**	**586**	**–**	**798**
Charge for the year	**–**	**9**	**466**	**–**	**475**
Disposal of a subsidiary company (Note 17(b))	**–**	**–**	**(409)**	**–**	**(409)**
As at 31 December 2022	**–**	**221**	**643**	**–**	**864**
Carrying amount:					
As at 31 December 2021	49,576	250	22,562	37,731	110,119
As at 31 December 2022	**52,276**	**241**	**21,575**	**39,785**	**113,877**
Fair value:	**74,284**	**410**	**36,342**	**Note a**	

13. INVESTMENT PROPERTIES (continued)

The rental income earned by the Group from its investment properties amounted to RM14,400 (2021: RM96,303). Direct operating expenses pertaining to the investment properties of the Group that generated rental income during the financial year/period amounted to RM4,886 (2021: RM12,213).

Direct operating expenses incurred by the Group for investment properties that did not generate any rental income during the financial year/period amounted to RM6,235 (2021: RM14,349).

The fair values of investment properties were determined based on the valuations performed by accredited independent firms of professional valuers. The valuations conform to International Valuation Standards. The fair value measurement for all the investment properties has been categorised as Level 3 fair value based on the market comparable approach that reflects recent transaction prices for similar properties. The key inputs under this approach are the price per square metre from the most recent sales of comparable properties in the area (location and size). In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the financial year/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, which management is pursuing, have yet to be obtained. The fair values 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 February 2023, the Directors have concluded there is no impairment for the ELC.

14. PREPAID LAND LEASE PAYMENTS

	The Group	
	2022	**2021**
	RM'000	**RM'000**
Cost:		
At beginning of year/period	**108,769**	71,251
Addition	**–**	3,822
Transfer from right-of-use assets (Note 15)	**–**	33,696
Disposal of a subsidiary company (Note 17(b))	**(37,519)**	–
At end of year/period	**71,250**	108,769
Accumulated amortisation:		
At beginning of year/period	**56,550**	30,766
Amortisation for the year/period	**3,433**	6,723
Transfer from right-of-use assets (Note 15)	**–**	19,061
Disposal of a subsidiary company (Note 17(b))	**(25,358)**	–
At end of year/period	**34,625**	56,550
Accumulated impairment:		
At beginning of year/period	**514**	–
Charge for the year/period	**–**	514
Disposal of a subsidiary company (Note 17(b))	**(514)**	–
At end of year/period	**–**	514
Net carrying amount	**36,625**	51,705

14. PREPAID LAND LEASE PAYMENTS (continued)

The Group's leases consist of leasehold land and buildings (2021: land, factory buildings, office complex and warehouse). The lease will expire between the years 2085 and 2091 (2021: 2025 and 2091).

Certain leasehold land and buildings located in the Mukim of Bukit Raja, Klang, Selangor, has the purchase option in the lease term. Purchase option is, 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.

On 29 July 2022, Amsteel Mills Sdn Bhd ("AMSB"), a 99%-owned subsidiary company of the Company, in exercising its purchase option, entered into a conditional sale and purchase agreement with the lessor to acquire the leasehold land and buildings for a purchase consideration of RM47.13 million. The acquisition was completed on 17 February 2023.

15. RIGHT-OF-USE ASSETS

The Group	Leasehold land and buildings RM'000	Plant and equipment RM'000	Total RM'000
Cost:			
As at 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(c))	(19,974)	(19,960)	(39,934)
Fair value adjustments	(1,160)	–	(1,160)
Expiry of lease	(121)	–	(121)
As at 31 December 2021/1 January 2022	**26,936**	**806**	**27,742**
Addition	**9,714**	**–**	**9,714**
Expiry and termination of lease	**(255)**	**–**	**(255)**
As at 31 December 2022	**36,395**	**806**	**37,201**
Accumulated depreciation:			
As at 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(c))	(14,827)	(13,302)	(28,129)
Expiry of lease	(121)	–	(121)
As at 31 December 2021/1 January 2022	**8,489**	**403**	**8,892**
Charge for the year	**6,070**	**161**	**6,231**
Expiry and termination of lease	**(236)**	**–**	**(236)**
As at 31 December 2022	**14,323**	**564**	**14,887**
Net carrying amount			
As at 31 December 2021	18,447	403	18,850
As at 31 December 2022	**22,072**	**242**	**22,314**

15. RIGHT-OF-USE ASSETS (continued)

The Company

	Buildings RM'000
Cost:	
At 1 July 2020	147
Addition	230
Disposal	(127)
As at 31 December 2021/31 December 2022	**250**
Accumulated depreciation:	
At 1 July 2020	63
Charge for the period	94
As at 31 December 2021/1 Janaury 2022	**157**
Charge for the year	**51**
As at 31 December 2022	**208**
Net carrying amount	
As at 31 December 2021	93
As at 31 December 2022	**42**

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

	The Group RM'000	The Company RM'000
1.1.2022 to 31.12.2022		
Depreciation on right-of-use assets	**6,231**	**51**
Interest expense on lease liabilities	**1,202**	**5**
Expenses relating to short term lease	**3,991**	**–**
Gain on expiry and termination of lease	**(3)**	**–**
1.7.2020 to 31.12.2021		
Depreciation on right-of-use assets	23,648	94
Interest expense on lease liabilities	3,048	8
Expenses relating to short term lease	1,437	–
Expense relating to leases of low value assets	22	–

Total cash outflows for leases during the current financial year/period (including fixed, variable and short-term lease payments) of the Group and of the Company amounted to RM10,833,000 (2021: RM27,959,000) and RM54,000 (2021: RM101,000), respectively.

16. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At beginning of year/period:				
Land costs	**27,457**	27,457	**18**	18
Development costs	**23,507**	23,428	**8**	8
	50,964	50,885	**26**	26
Costs incurred:				
Development costs	**648**	79	**–**	–
Reversal of development costs	**(15,336)**	–	**–**	–
Transfer from property development costs (Note 16(b)):				
Land costs	**933**	–	**–**	–
Development costs	**14,640**	–	**–**	–
	15,573	–	**–**	–
At end of year/period:				
Land costs	**28,390**	27,457	**18**	18
Development costs	**23,459**	23,507	**8**	8
	51,849	50,964	**26**	26

16. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (continued)

(b) Property Development Costs

	The Group 2022 RM'000	The Group 2021 RM'000
At beginning of year/period:		
Land costs	**63,678**	63,678
Development costs	**195,407**	191,856
	259,085	255,534
Costs incurred:		
Development costs	**–**	3,551
Transfer to land held for property development (Note 16(a)):		
Land costs	**(933)**	–
Development costs	**(14,640)**	–
	(15,573)	–
At end of year/period:		
Land costs	**62,745**	63,678
Development costs	**180,767**	195,407
	243,512	259,085
Costs recognised as expenses in profit or loss:		
Previous years	**(243,512)**	(243,512)
Current year/period	**–**	–
	(243,512)	(243,512)
Net	**–**	15,573

17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2022 RM'000	The Company 2021 RM'000
Shares quoted in Malaysia:		
At beginning and end of year/period	**42,232**	42,232
Unquoted shares in Malaysia:		
At cost	**921,297**	937,071
Addition	**–**	66
Deemed capital contribution	**9,460**	9,460
	930,757	946,597
Accumulated impairment losses	**(229,656)**	(245,496)
	701,101	701,101
Total	**743,333**	743,333
Market value of quoted shares	**21,887**	25,271

Movements in the accumulated impairment losses are as follows:

	The Company 2022 RM'000	The Company 2021 RM'000
At beginning of year/period	**245,496**	241,898
Impairment losses recognised during the year/period	**–**	3,598
Write off during the year/period	**(15,840)**	–
At end of year/period	**229,656**	245,496

During the current financial year/period, the Directors reviewed the Company's investment in subsidiary companies for indication of impairment and concluded that accumulated impairment losses of RM229,656,000 (2021: RM245,496,000) is deemed adequate in respect of investment in subsidiary companies.

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Composition of the Group

Details of the Group's subsidiary companies are disclosed in Note 43.

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

Principal activities	Principal place of business and place of incorporation	Number of wholly-owned subsidiary companies 2022	2021	Number of non wholly-owned subsidiary companies 2022	2021
Property development	Malaysia	**7**	7	**2**	2
Manufacture, sale and distribution of steel products	Malaysia	**1**	–	**2**	3
Others	Malaysia	**29**	28	**20**	22
	Other countries	**–**	–	**21**	22
		37	35	**45**	49

Certain investment in subsidiary companies of the Company has been pledged as collateral to financial institutions for banking facility as disclosed in Note 31.

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/(Loss) allocated to NCI RM'000	Accumulated NCI RM'000
2022			
LPB	**26%**	**171**	**192,025**
Other individually immaterial subsidiary companies with NCI		**(1,134)**	**33,193**
		(963)	**225,218**
2021			
LPB	26%	40,166	191,619
Other individually immaterial subsidiary companies with NCI		4,085	33,528
		44,251	225,147

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 NCI is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	LPB	
	2022	**2021**
	RM'000	**RM'000**
Non-current assets	**305,644**	309,268
Current assets	**577,804**	561,374
Non-current liabilities	**(2,332)**	(1,855)
Current liabilities	**(140,411)**	(129,218)
Total equity	**740,705**	739,569
Equity attributable to owners of LPB	**740,662**	739,096
	1.1.2022 to 31.12.2022	**1.7.2020 to 31.12.2021**
	RM'000	**RM'000**
Revenue	**838,773**	871,808
Profit for the year/period	**601**	141,195
Profit/(Loss) attributable to:		
Owners of LPB	**659**	144,021
Non-controlling interests	**(58)**	(2,826)
	601	141,195
Other comprehensive income attributable to:		
Owners of LPB	**907**	17,080
Non-controlling interests	**–**	2,658
	907	19,738
Total comprehensive income/(loss) attributable to:		
Owners of LPB	**1,566**	161,101
Non-controlling interests	**(58)**	(168)
	1,508	160,933
Net cash (outflow)/inflow from:		
Operating activities	**(63,511)**	(116,400)
Investing activities	**(4,848)**	184,996
Financing activities	**(875)**	(65,106)
Net cash (outflow)/inflow	**(69,234)**	3,490

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(a) Acquisition of subsidiary companies in the previous 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 was a company incorporated in the People's Republic of China ("PRC") which was principally involved in property development in Changshu, PRC. Changshu Lion was dissolved on 15 July 2022.

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

	The Group 2021 RM'000
Property, plant and equipment (Note 12)	144
Inventories	30,061
Other receivables	352
Cash and cash balances	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	(11,473)
Expenses incurred on acquisition	(5,818)
	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 year, Amsteel Mills Sdn Bhd ("AMSB"), a 99%-owned subsidiary company of the Company, had completed the disposal of its entire 100% equity interest in Eden Flame Sdn Bhd ("Eden Flame") on 27 May 2022. Consequent thereupon, Eden Flame ceased to be a subsidiary company of the Group with effect from 27 May 2022.

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

	The Group 2022 RM'000
Property, plant and equipment (Note 12)	**58,004**
Investment properties (Note 13)	**1,646**
Prepaid land lease payments (Note 14)	**11,647**
Other receivables	**178**
Cash and cash balances	**96**
Trade and other payables	**(213)**
Net assets disposed of	**71,358**
Gain on disposal of a subsidiary company	**63,192**
Proceeds from disposal	**134,550**
Cash and cash equivalents	**(96)**
Net cash inflow from disposal	**134,454**
Gain attributable to:	
- Owners of the Company	**62,566**
- Non-controlling interests	**626**
	63,192

17. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(c) Disposal of a subsidiary company in previous financial period

AMSB 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 a 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 2021 RM'000
Property, plant and equipment (Note 12)	22,015
Right-of-use assets (Note 15)	11,805
Deferred tax assets (Note 21)	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 (Note 32)	(10,078)
Net assets disposed of	257,193
Gain on disposal of a subsidiary company	440,547
Proceeds from disposal	697,740
Receivable balance	(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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At cost:				
Quoted investments	**239,501**	239,501	**64,394**	64,394
Unquoted investments	**104,833**	104,949	**15,323**	15,439
	344,334	344,450	**79,717**	79,833
Share of post-acquisition results and reserves less dividends received	**76,080**	154,031	**–**	–
Accumulated impairment losses	**(12,655)**	(12,655)	**(15,323)**	(15,439)
	407,759	485,826	**64,394**	64,394
Market value of quoted investments	**72,290**	93,112	**9,533**	13,417

Movements in the accumulated impairment losses are as follows:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At beginning of year/period	**12,655**	12,655	**15,439**	–
Impairment losses recognised during the year/period	**–**	–	**–**	15,439
Impairment loss no longer required during the year/period	**–**	–	**(116)**	–
At end of year/period	**12,655**	12,655	**15,323**	15,439

Details of the associated companies are disclosed in Note 44.

Certain investment in an associated company of the Group and of the Company has been pledged as collateral to financial insitutions for banking facility as disclosed in Note 31.

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 associated companies 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 associated company does not reflect the recoverable amount of the investment of the associated company.

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

18. INVESTMENT IN ASSOCIATED COMPANIES (continued)

As at 31 December 2022, the market value of shares in Parkson Holdings Berhad ("Parkson") held by the Group was below its carrying amount. Accordingly, the Group had undertaken an impairment test on the carrying amount of the investment in the associated company. The recoverable amount of the investment in the associated company was estimated using cash flow projections covering a five-year period. Cash flows beyond that five-year period had been extrapolated using a terminal growth rate of 2% (2021: 2%) p.a. A discount rate of 10% (2021: 10%) was applied to the cash flow projections. All the above key assumptions were based on management knowledge in the respective industries and historical information.

Summarised financial information in respect of the Group's material associated company, Parkson and reconciliation of the information of the carrying amount to the Group's interest in the associated companies, are set out below. The summarised financial information presented below represents the amounts in the financial statements of the associated companies and not the Group's shares of those amounts.

2022	Parkson RM'000	Other individually immaterial associated companies RM'000	Total RM'000
Summarised financial information			
Proportion of the Group's effective ownership interest	**25%**		
Assets and Liabilities			
Current assets	**2,416,897**	**212,485**	**2,629,382**
Non-current assets	**6,472,542**	**25,598**	**6,498,140**
Current liabilities	**(2,537,386)**	**(13,474)**	**(2,550,860)**
Non-current liabilities	**(3,902,348)**	**(20,830)**	**(3,923,178)**
Non-controlling interests	**(967,170)**	**–**	**(967,170)**
Net assets	**1,482,535**	**203,779**	**1,686,314**
1.1.2022 to 31.12.2022			
Results			
Revenue	**3,246,885**	**108,053**	**3,354,938**
Loss for the year	**(221,176)**	**(8,667)**	**(229,843)**
Other comprehensive loss for the year	**(186,432)**	**–**	**(186,432)**
Total comprehensive loss for the year	**(407,608)**	**(8,667)**	**(416,275)**
Group's share of loss of associated companies	**(38,358)**	**(3,100)**	**(41,458)**
Dividend received/receivable from associated companies	**–**	**9,739**	**9,739**
Reconciliation of net assets to carrying amount			
Group's share of net assets	**373,774**	**33,985**	**407,759**
Carrying amount in the statements of financial position	**373,774**	**33,985**	**407,759**

18. INVESTMENT IN ASSOCIATED COMPANIES (continued)

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
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

18. INVESTMENT IN ASSOCIATED COMPANIES (continued)

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

	The Group	
	2022 RM'000	2021 RM'000
Share of net assets (excluding goodwill)	**111,494**	145,879
Share of goodwill of associated companies	**296,265**	339,947
	407,759	485,826

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 investment. The cumulative and current year's unrecognised share of losses are as follows:

	The Group	
	2022 RM'000	2021 RM'000
At beginning and end of year/period	**26,739**	26,739

19. INVESTMENT IN JOINT VENTURE

	The Group	
	2022 RM'000	2021 RM'000
Unquoted shares:		
At cost	**125**	125
Share in post-acquisition results less dividend received	**(35)**	(54)
	90	71

Details of the joint venture are as follows:

Name of joint venture	Financial year end	Principal place of business and place of incorporation	Effective percentage ownership 2022 %	Effective percentage ownership 2021 %	Principal activity
Mergexcel Property Development Sdn Bhd	31 March	Malaysia	**49**	49	Property development

18. 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	
	2022 RM'000	**2021 RM'000**
Assets and Liabilities		
Current assets	**2,257**	2,238
Current liabilities	**(15)**	(31)
Net assets	**2,242**	2,207
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**
Results		
Revenue	**–**	–
Interest income	**50**	105
Profit for the year/period	**34**	72
Group's share of profit of joint venture	**19**	40
	2022 RM'000	**2021 RM'000**
Reconciliation of net assets to carrying amount		
Group's share of net assets	**1,240**	1,219
Other adjustments	**(1,150)**	(1,148)
Carrying amount in the statements of financial position	**90**	71

As at 31 December 2022 and 31 December 2021, there are no contingent liabilities and capital commitments relating to the Group's interest in the joint venture

20. LONG-TERM INVESTMENTS

	The Group 2022 RM'000	The Group 2021 RM'000	The Company 2022 RM'000	The Company 2021 RM'000
Fair value through other comprehensive income				
Unquoted investments in Malaysia	**599**	599	**216**	216
At amortised cost				
Unquoted bonds, adjusted for accretion of interest	**68,378**	68,378	**–**	–
Less: Accumulated impairment losses	**(68,378)**	(68,378)	**–**	–
	–	–	**–**	–
Total	**599**	599	**216**	216

During the current financial year/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% (2021: 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 2022 RM'000	The Group 2021 RM'000	The Company 2022 RM'000	The Company 2021 RM'000
At beginning of year/period	**4,665**	44,214	–	**–**
Transfer to/(from) profit or loss (Note 10):				
Property, plant and equipment	**(4,568)**	11,388	**–**	–
Trade and other receivables	**–**	(8,619)	**–**	–
Inventories	**(410)**	(4,250)	**–**	–
Others	**1,830**	(249)	**–**	–
Unused tax losses and unabsorbed capital allowances	**3,690**	(9,550)	**–**	–
	542	(11,280)	**–**	–
Disposal of a subsidiary company (Note 17(c))	**–**	(28,269)	**–**	–
At end of year/period	**5,207**	4,665	**–**	–

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets	**9,484**	8,435	**–**	–
Deferred tax liabilities	**(4,277)**	(3,770)	**–**	–
	5,207	4,665	**–**	–

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets				
Temporary differences arising from:				
Inventories	**257**	667	**–**	–
Others	**10,644**	8,739	**–**	–
Unused tax losses and unabsorbed capital allowances	**249,441**	274,020	**1**	4
	260,342	283,426	**1**	4
Disposal of a subsidiary company (Note 17(c))	**–**	(28,269)	**–**	–
Offsetting	**(250,858)**	(246,722)	**(1)**	(4)
Deferred tax assets (after offsetting)	**9,484**	8,435	**–**	–
Deferred tax liabilities				
Temporary differences arising from:				
Property, plant and equipment	**252,098**	247,530	**1**	4
Others	**3,037**	2,962	**–**	–
	255,135	250,492	**1**	4
Offsetting	**(250,858)**	(246,722)	**(1)**	(4)
Deferred tax liabilities (after offsetting)	**4,277**	3,770	**–**	–

22. GOODWILL

	The Group	
	2022	**2021**
	RM'000	**RM'000**
Goodwill on consolidation:		
At beginning and end of year/period	**131,644**	131,644
Cumulative impairment loss:		
At beginning and end of year/period	**(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 5% (2021: 3%) per annum. The pre-tax discount rate used is 8% (2021: 10%) 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property:				
Completed units for sale	**1,652**	1,648	**43**	43
Products at cost:				
Raw materials	**99,540**	89,993	**–**	–
Finished goods	**131,110**	133,278	**–**	–
General and consumable stores	**144,519**	111,749	**–**	–
Trading merchandise	**17,480**	8,493	**–**	–
	392,649	343,513	**–**	–
Less: Allowance for obsolescence of inventories	**(13,971)**	(15,520)	**–**	–
	378,678	327,993	**–**	–
Net	**380,330**	329,641	**43**	43

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

	The Group	
	2022 RM'000	2021 RM'000
At beginning of year/period	**15,520**	37,097
(Reversal of)/Allowance for obsolescence of inventories (Note 6)	**(241)**	1,540
Disposal of a subsidiary company	**–**	(19,150)
Written off	**(1,308)**	(3,967)
At end of year/period	**13,971**	15,520

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

	The Group	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Inventories written down	**(97,430)**	–
Inventories written off	**(92)**	–
Inventories written back	**–**	14,400

24. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	The Group 2022 RM'000	The Group 2021 RM'000
Trade receivables	**468,136**	423,941
Less: Accumulated impairment losses	**(166,944)**	(164,623)
Net	**301,192**	259,318

Trade receivables of the Group comprise amounts receivable for the sale of goods and services rendered.

The credit period granted to customers ranges from 30 to 90 days (2021: 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 2022 Gross trade receivables RM'000	The Group 2022 Lifetime ECL RM'000	The Group 2021 Gross trade receivables RM'000	The Group 2021 Lifetime ECL RM'000
Not past due	**215,794**	**1,787**	203,299	1,552
Past due:				
1 to 30 days	**35,278**	**655**	27,178	300
31 to 60 days	**18,954**	**418**	6,661	79
More than 60 days	**198,110**	**164,084**	186,803	162,692
	468,136	**166,944**	423,941	164,623

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

(a) Trade receivables (continued)

Movements in the accumulated impairment losses are as follows:

	The Group 2022 RM'000	The Group 2021 RM'000
At beginning of year/period:	**164,623**	201,928
Impairment loss recognised during the year/period	**6,063**	4,309
Impairment loss no longer required	**(2,473)**	(40,711)
Amount written off during the year/period	**(1,269)**	(903)
At end of year/period	**166,944**	164,623

Included in the accumulated impairment losses at the beginning of the previous financial period was RM148,577,000 due from Lion DRI. Of the amount due, RM35,175,000 was recovered pursuant to the secured debt settlement agreement entered with Lion Diversified Holdings Berhad (In liquidation) (Note 17(a)), and accordingly reversed as impairment losses no longer required in previous financial period. An impairment loss has been recognised on the remaining balance of RM113,402,000 based on the assessment as disclosed in Note 4(i)(a).

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 2022, the Group has trade receivables due from a major related party, Lion DRI (2021: Lion DRI) which have been fully impaired in the previous years:

	The Group 2022 RM'000	The Group 2021 RM'000
Lion DRI	**113,402**	113,402
Less: Accumulated impairment losses	**(113,402)**	(113,402)
Net	**–**	–

The currency profile of trade receivables is as follows:

	The Group 2022 RM'000	The Group 2021 RM'000
Ringgit Malaysia	**300,595**	256,530
United States Dollar	**597**	2,788
	301,192	259,318

As at 31 December 2022, the trade receivables of a subsidiary company of RM4,608,178 (2021: RM Nil) has been charged as collateral to a financial institution for the bank borrowings granted to the Group (Note 31).

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

(b) Other receivables, deposits and prepayments

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables	**518,927**	486,602	**4,670**	4,747
Less: Accumulated impairment losses	**(161,401)**	(145,953)	**(1,310)**	(1,310)
Net	**357,526**	340,649	**3,360**	3,437
Advance payments to suppliers	**102,185**	68,688	**–**	–
Dividend receivable from an associated company	**–**	917	**–**	–
Tax recoverable	**14,028**	13,207	**–**	134
Deposits	**21,932**	10,946	**252**	273
Deposit paid for acquisition of land (Note 42(a))	**23,000**	–	**–**	–
Prepayments	**4,978**	26,915	**393**	–
	523,649	461,322	**4,005**	3,844

Movements in the accumulated impairment losses are as follows:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At beginning of year/period	**145,953**	326,090	**1,310**	1,392
Impairment losses recognised during the year/period	**15,452**	5,233	**–**	–
Impairment losses no longer required	**(4)**	(176,071)	**–**	(82)
Amount written off during the year/period	**–**	(9,299)	**–**	–
At end of year/period	**161,401**	145,953	**1,310**	1,310

Included in the accumulated impairment losses at the beginning of the previous financial period were RM252,119,000 and RM34,273,000 due from Graimpi and Lion DRI respectively. Of the amounts due, RM175,177,000 had been recovered pursuant to the secured debt settlement agreement entered with Lion Diversified Holdings Berhad (In liquidation) (Note 17(a)), and accordingly reversed as impairment losses no longer required in previous financial period. An impairment loss has been recognised on the remaining balances of RM103,730,000 and RM7,485,000 due from Graimpi and Lion DRI respectively, based on the assessment as disclosed in Note 4(i)(a).

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 2022, the Group has other receivables due from the following two major related parties, Lion DRI and Graimpi:

	The Group	
	2022	2021
	RM'000	RM'000
Other receivables		
Graimpi	**103,730**	103,730
Lion DRI	**7,485**	7,485
	111,215	111,215
Less: Accumulated impairment losses	**(111,215)**	(111,215)
	–	–

The currency profile of other receivables, dividend receivable from an associated company and refundable deposits is as follows:

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	**368,156**	207,352	**3,612**	3,710
United States Dollar	**27,459**	144,177	**–**	–
Euro	**5,810**	316	**–**	–
Chinese Renminbi	**380**	352	**–**	–
Others	**653**	315	**–**	–
	402,458	352,512	**3,612**	3,710

25. RELATED COMPANIES TRANSACTIONS

Amount owing by/to subsidiary companies

Amount owing by/to subsidiary companies comprises:

	The Company	
	2022	**2021**
	RM'000	**RM'000**
Amount owing by subsidiary companies	**741,853**	744,526
Less: Accumulated impairment losses	**(122,799)**	(122,965)
Net	**619,054**	621,561
Amount owing to subsidiary companies	**170,824**	169,172

<u>Movement in the accumulated impairment losses is as follows:</u>

	The Company	
	2022	**2021**
	RM'000	**RM'000**
At beginning of year/period	**122,965**	121,245
Impairment losses recognised during the year/period	**129**	1,771
Impairment losses no longer required	**(295)**	(51)
At end of year/period	**122,799**	122,965

Amount owing by subsidiary companies which arose mainly from inter-company advances, expenses paid on behalf and novation of debts, which are interest-free and receivable on demand, except for unsecured advances of RM5.71 million (2021: RM5.77 million) bear interest at 5% (2021: 5%) per annum.

Amount owing to subsidiary companies which arose mainly from inter-company advances, expenses paid on behalf and novation of debts, is interest-free (2021: interest-free) and repayable on demand.

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

	The Company	
	2022	**2021**
	RM'000	**RM'000**
Ringgit Malaysia	**619,054**	621,561

25. RELATED COMPANIES TRANSACTIONS (continued)

Amount owing by/to subsidiary companies (continued)

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

	The Company	
	2022	**2021**
	RM'000	**RM'000**
Ringgit Malaysia	**161,988**	160,336
Chinese Renminbi	**8,836**	8,836
	170,824	169,172

The Company has the following non-trade transactions with subsidiary companies during the reporting period:

	The Company	
	2022	**2021**
	RM'000	**RM'000**
With subsidiary companies:		
Advances from	**7,245**	6,214
Repayment to	**(5,593)**	(28,399)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from/(used in) financial activities.

	As at 1 January 2022 RM'000	**Financing cash flows RM'000**	**As at 31 December 2022 RM'000**
The Company			
Amount owing to subsidiary companies	**169,172**	**1,652**	**170,824**

	As at 1 July 2020 RM'000	**Financing cash flows RM'000**	**As at 31 December 2021 RM'000**
The Company			
Amount owing to subsidiary companies	191,357	(22,185)	169,172

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

(a) Investment in money market funds

	The Group	
	2022 RM'000	2021 RM'000
Fair value through profit or loss:		
Investment in money market funds	**2,279**	2,417

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits with financial institutions:				
Restricted	**28,175**	27,898	**3,307**	3,250
Unrestricted (Note 36)	**40,334**	80,962	**350**	500
	68,509	108,860	**3,657**	3,750
Housing Development Accounts (Note 36)	**18,030**	19,626	**3,590**	4,313
Cash and bank balances:				
Restricted	**24**	44	**24**	44
Unrestricted (Note 36)	**121,690**	597,532	**61**	124
	208,253	726,062	**7,332**	8,231

The Housing Development Accounts are maintained in accordance with Section 7(A) of the Housing Development (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 RM28.2 million (2021: RM27.9 million) and RM3.3 million (2021: RM3.3 million) of the Group and of the Company, respectively, which have been pledged or earmarked for the repayment of the borrowings in Note 31 and pledged as collateral for bank guarantees granted.

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

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits with financial institutions	**1.05% to 2.80%**	1.05% to 2.15%	**1.75% to 2.10%**	1.30% to 1.75%

Deposits of the Group and of the Company have maturity periods ranging from 1 to 365 days (2021: 1 to 365 days) and 365 days (2021: 365 days) respectively.

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	**179,026**	694,184	**7,332**	8,231
Chinese Renminbi	**27,552**	29,877	**–**	–
United States Dollar	**1,673**	1,997	**–**	–
Singapore Dollar	**2**	4	**–**	–
	208,253	726,062	**7,332**	8,231

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. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2022 RM'000	2021 RM'000
Barges	**4,618**	–
Tug boats	**2,067**	–
	6,685	–

On 1 December 2022, Lion Waterway Logistics Sdn Bhd, an indirect subsidiary company of the Company, entered into a sale and purchase agreement to dispose of its barges and tug boats for a total consideration of RM32,000,000. The disposal has not been completed as at 31 December 2022.

28. SHARE CAPITAL

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

	The Group and The Company			
	2022		2021	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued share capital:				
Ordinary shares:				
At beginning and end of year/period	**717,909**	**1,250,536**	717,909	1,250,536

29. WARRANTS

During the financial year, the Company issued 340,400,686 warrants by way of bonus issue on the basis of 1 warrant for every 2 existing ordinary shares held in the Company.

Salient features of the warrants are as follows:

(a) Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or before the maturity date, 12 December 2025, falling 3 years from the date of issuance of the warrants. Unexercised warrants after the exercise period will thereafter lapse and cease to be valid;

(b) The exercise price of the warrants is fixed at RM0.43 per warrant;

(c) The new ordinary shares to be issued upon the exercise of the warrants shall rank *pari passu* in all respects with the existing ordinary shares of the Company; and

(d) The warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 21 December 2022.

As at 31 December 2022, 340,400,686 warrants remained unexercised.

30. RESERVES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-distributable reserves:				
Treasury shares	**(13,193)**	(13,193)	**(13,193)**	(13,193)
Capital reserve	**(68,725)**	(41,854)	**5,419**	5,419
Translation adjustment reserve	**72,016**	38,306	**–**	–
	(9,902)	(16,741)	**(7,774)**	(7,774)
Retained earnings	**268,164**	579,763	**14,959**	19,102
	258,262	563,022	**7,185**	11,328

30. RESERVES (continued)

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 2022, the Company held 37,105,300 (2021: 37,105,300) treasury shares at a carrying amount of RM13,192,722 (2021: 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.

31. LOANS AND BORROWINGS

	The Group		The Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Non-current				
Secured				
Obligations under lease arrangements (Note 31(c))	**–**	47,250	**–**	–
Unsecured				
Obligations under hire-purchase arrangements (Note 31(d))	**833**	558	**–**	–
	833	47,808	**–**	–
Current				
Secured				
Obligations under lease arrangements (Note 31(c))	**47,250**	11,352	**–**	–
Short-term loan from financial institution	**22,910**	33,751	**4,910**	4,911
Bank overdrafts (Note 36)	**3,535**	4,801	**3,535**	4,801
Bills payable	**75,900**	84,033	**–**	–
Receivables financing	**4,608**	–	**–**	–
Unsecured				
Obligations under hire-purchase arrangements (Note 31(d))	**274**	197	**–**	–
Bills payable	**526**	269	**–**	–
	155,003	134,403	**8,445**	9,712
	155,836	182,211	**8,445**	9,712

31. LOANS AND BORROWINGS (continued)

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

(a) Terms and repayment schedule

The Group

	Carrying amount RM'000	Within 1 year RM'000	2 to 5 years RM'000	More than 5 years RM'000
2022				
Secured				
Obligations under lease arrangements (Note 31(c))	**47,250**	**47,250**	**–**	**–**
Short-term loans from financial institutions	**22,910**	**22,910**	**–**	**–**
Bank overdrafts	**3,535**	**3,535**	**–**	**–**
Bills payable	**75,900**	**75,900**	**–**	**–**
Receivables financing	**4,608**	**4,608**	**–**	**–**
Unsecured				
Obligations under hire-purchase arrangements (Note 31(d))	**1,107**	**274**	**702**	**131**
Bills payable	**526**	**526**	**–**	**–**
	155,836	**155,003**	**702**	**131**
2021				
Secured				
Obligations under lease arrangements (Note 31(c))	58,602	11,352	47,250	–
Short-term loans from financial institutions	33,751	33,751	–	–
Bank overdrafts	4,801	4,801	–	–
Bills payable	84,033	84,033	–	–
Unsecured				
Obligations under hire-purchase arrangements (Note 31(d))	755	197	558	–
Bills payable	269	269	–	–
	182,211	134,403	47,808	–

31. LOANS AND BORROWINGS (continued)

(a) Terms and repayment schedule (continued)

The Company

	Carrying amount RM'000	Within 1 year RM'000	2 to 5 years RM'000
2022			
Secured			
Short-term loans from financial Institutions	**4,910**	**4,910**	**–**
Bank overdrafts	**3,535**	**3,535**	**–**
	8,445	**8,445**	**–**
2021			
Secured			
Short-term loans from financial Institutions	4,911	4,911	–
Bank overdrafts	4,801	4,801	–
	9,712	9,712	–

The receivables financing of the Group is secured by trade receivables of a subsidiary company and corporate guarantee of a subsidiary company.

The short-term borrowings pertaining to certain subsidiary companies are secured by charges on the deposits with financial institutions (Note 26 (b)), certain investments in an associated company (Note 18) and corporate guarantee from the Company (2021: Also included charged on the property, plant and equipment (Note 12)).

The short-term borrowings of the Company are secured by charges on certain investment in an associated company (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 2.52% to 10.00% (2021: 2.36% to 9.52%) and 6.35% to 7.85% (2021: 5.35% to 6.85%) per annum, respectively.

31. LOANS AND BORROWINGS (continued)

(b) Reconciliation of liabilities arising from financing activities

	As at 1 January 2022 RM'000	Other non-cash financing RM'000	Repayments RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2022 RM'000
The Group						
Obligations under lease arrangements	58,602	–	(11,352)	(2,250)	2,250	47,250
Obligations under hire-purchase arrangements	755	585	(233)	(35)	35	1,107
Other short-term borrowings (other than bank overdrafts)	118,053	–	(14,109)	(6,466)	6,466	103,944
	177,410	585	(25,694)	(8,751)	8,751	152,301
The Company						
Short-term borrowings (other than bank overdrafts)	4,911	–	(1)	(345)	345	4,910

31. LOANS AND BORROWINGS (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

	As at 1 July 2020 RM'000	Drawdown RM'000	Other non-cash financing RM'000	Repayments RM'000	Interest paid RM'000	Interest expense RM'000	As at 31 December 2021 RM'000
The Group							
Obligations under lease arrangements	66,650	–	–	(8,048)	(3,375)	3,375	58,602
Obligations under hire-purchase arrangements	1,058	–	94	(397)	(2,108)	2,108	755
Other short-term borrowings (other than bank overdrafts)	81,908	43,000	–	(6,855)	(5,053)	5,053	118,053
	149,616	43,000	94	(15,300)	(10,536)	10,536	177,410
The Company							
Short-term borrowings (other than bank overdrafts)	4,911	–	–	–	(500)	500	4,911

31. LOANS AND BORROWINGS (continued)

(c) Obligations under lease arrangements

Obligations under leases arrangements as follows:

	The Group Minimum lease payment	
	2022	**2021**
	RM'000	**RM'000**
Amounts payable under finance lease:		
- Within 1 year	**47,438**	13,602
- More than 1 year but not exceeding 2 years	**–**	47,250
	47,438	60,852
Less: Future finance charges	**(188)**	(2,250)
Present value of lease payables	**47,250**	58,602

The obligations under lease arrangements are repayable as follows:

	The Group Minimum lease payment	
	2022	**2021**
	RM'000	**RM'000**
- Within 1 year	**47,250**	11,352
- More than 1 year but not exceeding 2 years	**–**	47,250
	47,250	58,602

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. AMSB 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% (2021: 9.25% to 10.30%) per annum.

In the previous financial period, obligations under lease arrangements of RM4,832,000 were secured by charges on certain of the property, plant and equipment (Note 12).

31. LOANS AND BORROWINGS (continued)

(d) Obligations under hire-purchase arrangements

	The Group	
	2022 RM'000	2021 RM'000
Minimum hire-purchase payments:		
- Within 1 year	**305**	226
- More than 1 year but not exceeding 2 years	**392**	357
- More than 2 years but not exceeding 5 years	**381**	224
- More than 5 years	**148**	13
	1,226	820
Future finance charges on hire-purchase liabilities:		
- Within 1 year	**(31)**	(29)
- More than 1 year but not exceeding 2 years	**(26)**	(21)
- More than 2 years but not exceeding 5 years	**(45)**	(14)
- More than 5 years	**(17)**	(1)
	(119)	(65)
Principal amount relating to hire-purchase liabilities	**1,107**	755

32. LEASE LIABILITIES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At beginning of year/period	**19,145**	34,119	**93**	87
Addition	**9,714**	21,297	**–**	230
Disposal	**–**	(2,741)	**–**	(131)
Disposal of a subsidiary company (Note 17(c))	**–**	(10,078)	**–**	–
Expiry and termination of lease	**(22)**	–	**–**	–
Finance costs (Note 9)	**1,202**	3,048	**5**	8
Payment of lease rental	**(6,842)**	(26,500)	**(54)**	(101)
	23,197	19,145	**44**	93
Breakdown:				
Non-current	**16,723**	14,524	**–**	44
Current	**6,474**	4,621	**44**	49
	23,197	19,145	**44**	93

32. 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
2022			
Within 1 year	**7,565**	**(1,091)**	**6,474**
More than 1 year but not exceeding 2 years	**7,111**	**(1,045)**	**6,066**
More than 2 years but not exceeding 5 years	**11,713**	**(1,056)**	**10,657**
Lease liabilities	**26,389**	**(3,192)**	**23,197**
2021			
Within 1 year	5,494	(873)	4,621
More than 1 year but not exceeding 2 years	7,134	(812)	6,322
More than 2 years but not exceeding 5 years	9,136	(1,034)	8,102
More than 5 years	104	(4)	100
Lease liabilities	21,868	(2,723)	19,145

The Company

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
2022			
Within 1 year	**45**	**(1)**	**44**
Lease liabilities	**45**	**(1)**	**44**
2021			
Within 1 year	55	(6)	49
More than 1 year but not exceeding 2 years	44	–	44
Lease liabilities	99	(6)	93

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

32. 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 statements of cash flows:

	1 January 2022 RM'000	Interest expense RM'000	Interest paid RM'000	Repayments RM'000	Other non-cash financing RM'000	31 December 2022 RM'000
The Group						
Lease liabilities	**19,145**	**1,202**	**(1,202)**	**(5,640)**	**9,692**	**23,197**
The Company						
Lease liabilities	**93**	**5**	**(5)**	**(49)**	**–**	**44**

	1 July 2020 RM'000	Interest expense RM'000	Interest paid RM'000	Repayments RM'000	Other non-cash financing RM'000	31 December 2021 RM'000
The Group						
Lease liabilities	34,119	3,048	(3,048)	(23,452)	8,478	19,145
The Company						
Lease liabilities	87	8	(8)	(93)	99	93

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

(a) Trade payables

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	**470,122**	477,760	**244**	139
Retention monies	**780**	8,587	**38**	27
	470,902	486,347	**282**	166

The normal credit period granted to the Group and the Company for trade purchases ranges from 30 to 60 days (2021: 30 to 60 days).

The currency profile of trade payables is as follows:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	**450,404**	480,931	**282**	166
United States Dollar	**19,359**	4,358	**–**	–
Euro	**1,060**	1,030	**–**	–
Chinese Renminbi	**6**	7	**–**	–
Others	**73**	21	**–**	–
	470,902	486,347	**282**	166

(b) Other payables, deposits and accrued expenses

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables and deposits	**236,230**	211,063	**850**	485
Accrued expenses	**91,200**	135,755	**407**	536
	327,430	346,818	**1,257**	1,021

Included in other payables and deposits of the Group, is an amount of RM15.4 million (2021: RM14.6 million) representing security deposits received from customers, which bear interest ranging from 11.75% to 12.00% (2021: 11.75% to 12.00%) per annum and have repayment periods ranging from 1 to 120 days (2021: 1 to 120 days).

33. 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	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Ringgit Malaysia	**284,239**	309,003	**1,257**	1,021
United States Dollar	**20,116**	27,983	**–**	–
Euro	**17,568**	4,085	**–**	–
Chinese Renminbi	**4,821**	5,438	**–**	–
Others	**686**	309	**–**	–
	327,430	346,818	**1,257**	1,021

(c) Contract liabilities

	The Group	
	2022 RM'000	**2021 RM'000**
Customer loyalty programs (a)	**28,794**	24,405
Advances received from customers (b)	**28,054**	–
	56,848	24,405

The contract liabilities primarily relate to the unredeemed customer loyalty credits awards and advances received from customers.

(a) Customer loyalty programs:

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 customer loyalty programs.

	The Group	
	2022 RM'000	**2021 RM'000**
At beginning of year/period	**24,405**	18,509
Provision during the year/period	**12,227**	13,744
Utilised during the year/period	**(7,838)**	(7,848)
At end of year/period	**28,794**	24,405

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

(b) Advances received from customers:

Advances received from customers represents the considerations received from customers for goods yet to be delivered. The following table shows reconciliation from the opening balance to the closing balance for the advances received from customers.

	The Group	
	2022	**2021**
	RM'000	**RM'000**
At beginning of year/period	**–**	–
Consideration received during the year/period	**1,959,271**	–
Recognition of revenue	**(1,931,217)**	–
At end of year/period	**28,054**	–

34. PROVISIONS

	The Group	
	2022	**2021**
	RM'000	**RM'000**
Provision for indemnity for back pay labour claims from Sabah Forest Industries Sdn Bhd ("SFI") employees:		
At beginning of year/period	**–**	3,473
Payment during the year/period	**–**	(3,473)
At end of year/period	**–**	–

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 was made for the remaining employees in the previous financial years 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.

35. DEFERRED PAYABLES

	The Group	
	2022	**2021**
	RM'000	**RM'000**
Non-current		
Secured	**243,725**	323,725
Current		
Secured	**80,000**	70,000
	323,725	393,725

In 2019, the Group had announced its expansion into the flat steel business through the acquisition of flat steel assets for the production of hot rolled coils and cold rolled coils ("the Encumbered Assets") from the Megasteel Secured Lenders for a consideration of RM537,725,389 ("Purchase Consideration").

The Group had paid an initial payment of RM84,000,000 upon implementation on 30 July 2020. The balance of the Purchase Consideration will be paid over 4 years and 3 months ("Termed Payments") and the Deferred Payment of RM120,622,392 will be paid at the end of 11 years and 3 months.

As at 31 December 2022, the Group had paid a total of RM214,000,000 (2021: RM144,000,000) to the Megasteel Secured Lenders.

The deferred payables of the Group are secured by the said flat steel assets acquired included in the property, plant and equipment as disclosed in Note 12 and corporate guarantee from the Company.

36. 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	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances (unrestricted) (Note 26(b))	**121,690**	597,532	**61**	124
Deposits with financial institutions (unrestricted) (Note 26(b))	**40,334**	80,962	**350**	500
Housing Development Accounts (Note 26(b))	**18,030**	19,626	**3,590**	4,313
Bank overdrafts (Note 31)	**(3,535)**	(4,801)	**(3,535)**	(4,801)
	176,519	693,319	**466**	136

37. RELATED COMPANIES AND RELATED PARTIES 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/period, which were determined on terms not more favourable to the related parties than to third parties:

		The Company	
Name of Company	**Nature**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Subsidiary company			
Amsteel Mills Sdn Bhd	Interest income	**320**	410

Sales and purchase of goods and services and interest

		The Group	
Name of Company	**Nature**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Bright Steel Sdn Bhd	Sale of goods	**–**	3,424
	Rental income	**95**	–
Lion Tooling Sdn Bhd	Purchase of toolings	**937**	2,148
Parkson Corporation Sdn Bhd	Trade sales	**589**	1,270
Secom (Malaysia) Sdn Bhd	Purchase of assets	**881**	–
Likom Caseworks Sdn Bhd	Purchase of goods	**204**	–
	Management fees income	**1,512**	2,268
Likom CMS Sdn Bhd	Management fees income	**1,134**	1,701
Bonus Essential Sdn Bhd	Management fees income	**3,776**	4,806
Pancar Tulin Sdn Bhd	Management fees income	**2,911**	5,459
Lion Mining Sdn Bhd	Sale of goods	**47,904**	22
	Purchase of goods	**9,035**	–
	Rental income	**941**	–
Lion Titco Resources (Johor) Sdn Bhd	Purchase of goods	**7,900**	8,430
	Rental income	**435**	–
Compact Energy Sdn Bhd	Purchase of goods	**46,352**	34,263
	Rental income	**366**	549
	Interest expense	**22**	95

37. RELATED COMPANIES AND RELATED PARTIES TRANSACTIONS (continued)

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

	The Group		The Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Receivables:				
Included in trade receivables	**166,208**	125,106	**–**	–
Included in other receivables	**135,822**	120,780	**1,895**	1,908
Payables:				
Included in trade payables	**3,235**	1,283	**139**	–
Included in other payables	**41,356**	25,800	**57**	57

The outstanding balances with related parties are either interest-free or bear interest at 8.00% (2021: either interest-free or bore interest at 8.00%) per annum and repayable on demand.

Acquisition of land by Posim Marketing Sdn Bhd ("Posim Marketing")

On 25 November 2021, Posim Marketing, a subsidiary company of LPB, had entered into a conditional sale and purchase agreement ("SPA") with Bonus Essential Sdn Bhd ("Bonus Essential") for the acquisition 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") ("Acquisition of Land").

Bonus Essential is a company in which Tan Sri Cheng Heng Jem ("TSWC") is a director and has substantial interest.

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 a private caveat and lien holder's caveat on the said land. Bonus Essential has procured a personal guarantee by TSWC, 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.

During the current financial year/period, Posim Marketing paid cash consideration of RM10.4 million (2021: RM13 million, classified as "other receivable" under non-current assets) to Bonus Essential and incurred ancillary costs of RM1 million (2021: RM Nil) in relation to the Acquisition of Land. The Acquisition of Land became unconditional on 24 June 2022. As a result, the total consideration of RM24.4 million (including RM13 million paid in previous financial period) was classified as "construction work-in-progress" under property, plant and equipment in Note 12 as at reporting date.

38. 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, (2021: including manufacture and marketing of 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 products, distribution of petroleum products and automotive products, provision of training services, distributing and retailing of consumer products, none of which is of a sufficient size to be reported separately.

38. SEGMENTAL INFORMATION (continued)

(a) Business Segments: (continued)

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 expenditure comprises additions to property, plant and equipment, investment properties and prepaid land lease payments.

The Group 1.1.2022 to 31.12.2022	**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	**1,875,822**	**577,634**	**125,718**	**–**	**2,579,174**
Inter-segment revenue	**261,130**	**147,453**	**18,906**	**(427,489)**	**–**
Total revenue	**2,136,952**	**725,087**	**144,624**	**(427,489)**	**2,579,174**
Results					
Segment results	**(359,238)**	**5,793**	**15,827**	**–**	**(337,618)**
Finance costs	**(10,250)**	**(183)**	**(1,934)**	**–**	**(12,367)**
Share of results of:					
Associated companies	**928**	**–**	**(42,386)**	**–**	**(41,458)**
Joint venture	**–**	**–**	**19**	**–**	**19**
Investment income	**3,433**	**1,795**	**1,014**	**–**	**6,242**
Gain on disposal of a subsidiary company	**63,192**	**–**	**–**	**–**	**63,192**
Loss before tax					**(321,990)**
Tax credit					**9,428**
Loss for the year					**(312,562)**

38. SEGMENTAL INFORMATION (continued)

(a) Business Segments: (continued)

The Group 2022	Steel RM'000	Building materials RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Consolidated Statement of Financial Position					
Segment assets	**1,957,243**	**373,534**	**335,840**	**–**	**2,666,617**
Investment in associated companies and joint venture	**7,781**	**–**	**400,068**	**–**	**407,849**
Unallocated corporate assets					**23,512**
Consolidated Total Assets					**3,097,978**
Segment liabilities	**1,132,886**	**56,120**	**168,932**	**–**	**1,357,938**
Unallocated liabilities					**6,024**
Consolidated Total Liabilities					**1,363,962**
Other Information 1.1.2022 to 31.12.2022					
Capital expenditure	**143,199**	**11,504**	**5,127**	**–**	**159,830**
Depreciation and amortisation	**45,840**	**558**	**9,145**	**–**	**55,543**
Other non-cash expenses/ (income)	**48,109**	**4,098**	**(1,424)**	**–**	**50,783**

38. 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

38. SEGMENTAL INFORMATION (continued)

(a) Business Segments: (continued)

The Group 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)

38. SEGMENTAL INFORMATION (continued)

(b) Geographical Segments:

The Group operates in two main geographical areas:

- Malaysia - manufacture and marketing of steel bars, wire rods, 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, trading and distribution of petroleum products and automotive products, provision of transportation services and training services, distributing and retailing of consumer products (2021: including manufacture and marketing of hot briquetted iron); and

- Other countries which are not sizable to be reported separately.

	Revenue	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**
Malaysia	**2,527,383**	2,807,664
Other countries	**51,791**	1,129,782
	2,579,174	3,937,446

	Total assets		Capital expenditure	
	2022 RM'000	**2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Malaysia	**2,929,977**	3,332,655	**159,825**	626,370
Other countries	**168,001**	180,123	**5**	4
	3,097,978	3,512,778	**159,830**	626,374

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

39. FINANCIAL GUARANTEE CONTRACTS

	The Company	
	2022 RM'000	**2021 RM'000**
Corporate guarantees given to certain subsidiary companies for:		
Deferred payables (Note 35)	**323,725**	393,725
Trade payables and short-term borrowings	**347,185**	384,985
	670,910	778,710

The corporate guarantees issued were not recognised in the financial statements as the Directors regard the value of the credit enhancement provided by these guarantees is minimal and the probability of default, based on historical track records of the parties receiving the guarantees are remote.

40. CAPITAL COMMITMENTS

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

	The Group	
	2022	**2021**
	RM'000	**RM'000**
Purchase of property, plant and equipment and others:		
Approved and contracted for	**2,600**	13,000
Approved but not contracted for	**3,058**	2,900
	5,658	15,900

41. 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 31 December 2021.

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 year is as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Debt (i)	**155,836**	182,211	**8,445**	9,712
Cash and cash equivalents (excluding bank overdrafts)	**(180,054)**	(698,120)	**(4,001)**	(4,937)
Net (cash)/debt	**(24,218)**	(515,909)	**4,444**	4,775
Equity (ii)	**1,734,016**	2,038,705	**1,257,721**	1,261,864
Debt to equity ratio	**N/A***	N/A*	**0.35%**	0.38%

* 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 31.

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

41. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets				
Fair Value Through Profit or Loss ("FVTPL"):				
Investment in money market funds	**2,279**	2,417	**–**	–
Fair Value Through Other Comprehensive Income ("FVTOCI"):				
Unquoted investments	**599**	599	**216**	216
At amortised cost:				
Trade receivables	**301,192**	259,318	**–**	–
Other receivables and refundable deposits	**402,458**	365,512	**3,612**	3,710
Amount owing by subsidiary companies	**–**	–	**619,054**	621,561
Deposits, cash and bank balances	**208,253**	726,062	**7,332**	8,231
Financial liabilities				
At amortised cost:				
Trade payables	**470,902**	486,347	**282**	166
Other payables, deposits and accrued expenses	**327,430**	346,818	**1,257**	1,021
Amount owing to subsidiary companies	**–**	–	**170,824**	169,172
Lease liabilities	**23,197**	19,145	**44**	93
Loans and borrowings	**155,836**	182,211	**8,445**	9,712
Deferred payables	**323,725**	393,725	**–**	–

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.

41. 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 year are as follows:

	The Group		The Company	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
2022				
United States Dollar	**29,729**	**39,475**	**–**	**–**
Chinese Renminbi	**27,932**	**4,827**	**–**	**8,836**
Euro	**5,810**	**18,628**	**–**	**–**
Others	**655**	**759**	**–**	**–**
	64,126	**63,689**	**–**	**8,836**
2021				
United States Dollar	148,962	32,341	4	–
Chinese Renminbi	30,229	5,445	–	8,836
Euro	–	5,115	–	–
Others	635	329	–	–
	179,826	43,230	4	8,836

Foreign currency sensitivity analysis

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

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 year for a 10% change in foreign currency rates. A positive number below indicates a gain in the profit or loss before tax and other equity 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 and other equity, the balances below would be negative.

41. FINANCIAL INSTRUMENTS (continued)

Foreign currency sensitivity analysis (continued)

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit or loss before tax				
United States Dollar	**975**	(11,662)	**–**	(1)
Chinese Renminbi	**29**	46	**884**	854
Euro	**1,282**	512	**–**	–
	2,286	(11,104)	**884**	853
Other equity				
Chinese Renminbi	**(2,340)**	(2,524)	**–**	–

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year/period.

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 31.

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 31 and 32 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 year ended 31 December 2022 would increase or decrease by as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Floating rate liabilities				
Bank overdrafts	**18**	24	**18**	24
Bills payable	**382**	422	**–**	–
Short-term loans	**115**	169	**25**	25
Receivables financing	**23**	–	**–**	–
	538	615	**43**	49

41. 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.

Trade and other receivables and corporate guarantees

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 also exposed to credit risk resulting from the corporate guarantee given to financial institution for the granting of credit facilities to the subsidiary companies. The Company's maximum exposure to credit risk resulting from the corporate guarantee is disclosed in Note 39. The Company monitors on an ongoing basis the results of the subsidiary companies and their repayments made by the subsidiary companies. As at the reporting date, there was no indication that these companies would default on repayment.

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 2022, is the carrying amount of these receivables as disclosed in the statements of financial position. The concentration of credit risk is limited due to the fact that the customer base is large and did not exceed 10% of gross monetary assets at any time during the reporting period.

Deposits, cash and bank balances

Exposure to credit risk arising from deposits, cash and bank balances is managed by depositing or investing the Group's and the Company's funds with licensed financial institutions. The deposits, cash and bank balances that denominated in Chinese Renminbi which are held with bank and financial institution in the PRC, rated A2 and Baa2 respectively, based on Moody's Investors Service ratings.

Deposits, cash and bank balances have been assessed on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their deposits, cash and bank balances have low credit risk based on their external credit ratings.

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.

41. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The tables below summarise the maturity profile of the Group's and of 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 2022	**Within 1 year RM'000**	**More than 1 year but not exceeding 2 years RM'000**	**More than 2 years but not exceeding 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**	**Contractual interest rate %**
Financial liabilities						
Non-interest bearing:						
Trade payables	**470,902**	**–**	**–**	**–**	**470,902**	**–**
Other payables, deposits and accrued expenses	**312,065**	**–**	**–**	**–**	**312,065**	**–**
Deferred payables	**80,000**	**123,103**	**–**	**120,622**	**323,725**	**–**
Interest bearing:						
Other payables, deposits and accrued expenses	**17,190**	**–**	**–**	**–**	**17,190**	**11.75 - 12.00**
Lease liabilities	**7,565**	**7,111**	**11,713**	**–**	**26,389**	**2.50 - 6.98**
Loans and borrowings:						
Obligations under hire-purchase arrangements	**305**	**392**	**381**	**148**	**1,226**	**4.28 - 5.58**
Obligations under lease arrangements	**47,438**	**–**	**–**	**–**	**47,438**	**9.25 - 10.30**
Bank overdrafts	**3,786**	**–**	**–**	**–**	**3,786**	**6.35 - 7.85**
Bills payable	**76,540**	**–**	**–**	**–**	**76,540**	**2.52 - 8.10**
Receivables financing	**4,777**	**–**	**–**	**–**	**4,777**	**3.67**
Short-term loans from financial institutions	**24,926**	**–**	**–**	**–**	**24,926**	**7.60 - 10.00**
	1,045,494	**130,606**	**12,094**	**120,770**	**1,308,964**	
2021						
Financial liabilities						
Non-interest bearing:						
Trade payables	486,347	–	–	–	486,347	–
Other payables, deposits and accrued expenses	332,240	–	–	–	332,240	–
Deferred payables	70,000	80,000	123,103	120,622	393,725	–
Interest bearing:						
Other payables, deposits and accrued expenses	16,309	–	–	–	16,309	11.75 - 12.00
Lease liabilities	5,494	7,134	9,136	104	21,868	2.50 - 6.70
Loans and borrowings:						
Obligations under hire-purchase arrangements	226	357	224	13	820	4.28 - 5.58
Obligations under lease arrangements	13,602	47,250	–	–	60,852	9.25 - 10.30
Bank overdrafts	5,094	–	–	–	5,094	5.35 - 6.85
Bills payable	84,302	–	–	–	84,302	2.36 - 4.92
Short-term loans from financial institutions	36,426	–	–	–	36,426	6.60 - 9.25
	1,050,040	134,741	132,463	120,739	1,437,983	

41. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The Company
2022

	Within 1 year RM'000	More than 1 year but not exceeding 2 years RM'000	Total RM'000	Contractual interest rate %
Financial liabilities				
Non-interest bearing:				
Trade payables	**282**	**–**	**282**	
Other payables, deposits and accrued expenses	**1,257**	**–**	**1,257**	**–**
Amount owing to subsidiary companies	**170,824**	**–**	**170,824**	**–**
Financial guarantee contract	**670,910**	**–**	**670,910**	**–**
Interest bearing:				
Lease liabilities	**45**	**–**	**45**	**6.60**
Loans and borrowings:				
Bank overdrafts	**3,786**	**–**	**3,786**	**6.35 - 7.85**
Short-term loan from financial institution	**5,283**	**–**	**5,283**	**7.60**
	852,387	**–**	**852,387**	

2021

	Within 1 year RM'000	More than 1 year but not exceeding 2 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	–
Financial guarantee contract	778,710	–	778,710	–
Interest bearing:				
Lease liabilities	55	44	99	5.40 - 6.70
Loans and borrowings:				
Bank overdrafts	5,094	–	5,094	5.35 - 6.85
Short-term loan from financial institution	5,235	–	5,235	6.60
	959,453	44	959,497	

41. FINANCIAL INSTRUMENTS (continued)

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	
2022	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial assets				
Investment in money market funds	**2,279**	**2,279 #**	**–**	**– #**
Unquoted investments	**599**	**599 ^**	**216**	**216 ^**
2021				
Financial assets				
Investment in money market funds	2,417	2,417 #	–	– #
Unquoted investments	599	599 ^	216	216 ^

\# 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.

^ The fair values of unquoted investments are based on price quotes for similar instruments based on market observable inputs (Level 2) as quoted prices of identical instruments from an active market (Level 1) are not available

41. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

Fair values 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				
2022				
Financial Assets				
Investment in money market funds	**2,279**	**–**	**–**	**2,279**
Unquoted investments	**–**	**599**	**–**	**599**
2021				
Financial Assets				
Investment in money market funds	2,417	–	–	2,417
Unquoted investments	–	599	–	599
The Company				
2022				
Financial Asset				
Unquoted investments	**–**	**216**	**–**	**216**
2021				
Financial Asset				
Unquoted investments	–	216	–	216

There were no transfers between Levels 1, 2 and 3 during the financial year/period.

42. SIGNIFICANT EVENTS

(a) LLB Bina Sdn Bhd, a wholly-owned company of 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.

On 6 January 2022, the Group has fully paid the consideration to Grandprop of RM23 million.

The Proposed acquisition of the land is pending completion.

(b) The Company had on 14 January 2022 together with Amsteel Mills Sdn Bhd (“AMSB”) entered into a conditional sale and purchase agreement with Esteel Enterprise Pte Ltd ("Esteel") for the proposed disposal by AMSB of its entire 100% issued shares capital in Eden Flame, to Esteel for an adjusted consideration of RM136.05 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”):

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

(ii) 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 was completed on 27 May 2022. Consequent thereupon, Eden Flame ceased to be a subsidiary company of the Company with effect from 27 May 2022.

(c) Lion Waterfront Sdn Bhd (formerly known as Singa Logistics Sdn Bhd), a wholly-owned subsidiary of Lion Posim Berhad (“LPB”), in turn, a listed subsidiary company of the Company, had on 18 May 2022 entered into a conditional development agreement with Landasan Lumayan Sdn Bhd (“Landasan Lumayan”), a wholly-owned subsidiary of Menteri Besar Selangor (Pemerbadanan), to form an unincorporated joint venture to undertake a mixed residential and commercial development on a parcel of land to be alienated by the Selangor State Government to Landasan Lumayan measuring approximately 26.29 acres in Section 24, Shah Alam, Selangor ("Proposed Unincorporated Joint Venture”).

In conjunction with the Proposed Unincorporated Joint Venture, LPB proposed to diversify the existing businesses of LPB and its subsidiary companies to include property development (“Proposed Diversification”).

The Proposed Unincorporated Joint Venture and the Proposed Diversification shall collectively be referred to as the “Proposals”.

The Shareholders of LPB had on 2 December 2022 approved the Proposals.

The Proposals are pending the approvals to be obtained from relevant regulatory authorities.

43. SUBSIDIARY COMPANIES

The subsidiary companies are as follows:

Name of company	Principal place of business and place of incorporation	Percentage ownership 2022 %	2021 %	Principal activities
* 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 Group Management Services Sdn Bhd	Malaysia	**52**[α]	52[α]	Provision of management services
* 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 (Dissolved on 18 October 2022)	Malaysia	**–**	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 Nominees Sdn Bhd	Malaysia	**100**	100	Investment holding
* LLB Steel Industries Sdn Bhd	Malaysia	**100**	100	Investment holding
LLB Strategic Holdings Sdn Bhd	Malaysia	**100**	100	Dormant
* LLB Venture Sdn Bhd (Dissolved on 10 March 2023)	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

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership 2022 %	2021 %	Principal activities
* 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
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**	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 Lunas Cemerlang Sdn Bhd				
Lion Steel Sdn Bhd	Malaysia	**100**	100	Manufacturing and marketing of steel products
Formula Sepadu Sdn Bhd (Acquired on 21 June 2022)	Malaysia	**100**	–	Dormant
Kenari Juara Sdn Bhd (Acquired on 21 June 2022)	Malaysia	**100**	–	Dormant
Sendi Setara Sdn Bhd (Acquired on 21 June 2022)	Malaysia	**100**	–	Dormant

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership 2022 %	2021 %	Principal activities
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 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
Subsidiary company of LLB Venture Sdn Bhd				
Marvenel Sdn Bhd (Dissolved on 23 February 2022)	Malaysia	**–**	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 (Dissolved on 15 March 2023)	Malaysia	**100**	100	Investment holding
PM Holdings Sdn Bhd	Malaysia	**100**	100	Investment holding, property development and provision of management services

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership 2022 %	2021 %	Principal activities
Subsidiary companies of Malim Courts Property Development Sdn Bhd (continued)				
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
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

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership 2022 %	2021 %	Principal activities
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
Lion Posim Berhad	Malaysia	**74[b]**	74[b]	Investment holding
# Lion Waterway Logistics Sdn Bhd	Malaysia	**100**	100	Stevedoring and related activities and to own, lease and operate ships barges and to enter into charter parties
Eden Flame Sdn Bhd (Disposed of on 27 May 2022)	Malaysia	**–**	100	Manufacture and sale of steel and related products
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 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
* Lion Waterfront Sdn Bhd (formerly known as Singa Logistics Sdn Bhd)	Malaysia	**100**	100	Property development

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership 2022 %	2021 %	Principal activities
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
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

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership 2022 %	2021 %	Principal activities
Subsidiary companies of BVI Companies (continued)				
^ Hi-Rev Lubricants (Cambodia) Co., Ltd	Cambodia	**100**	100	Wholesale of petroleum products and related products
^ 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 (Dissolved on 18 October 2022)	Malaysia	**–**	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]**	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	Ceased operations
* Range Grove Sdn Bhd	Malaysia	**100**	100	Investment holding

43. SUBSIDIARY COMPANIES (continued)

Name of company	Principal place of business and place of incorporation	Percentage ownership 2022 %	2021 %	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 (Dissolved on 15 July 2022)	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.

^ These subsidiary companies are inactive presently and no statutory requirement for the financial statements to be audited at the end of the financial year.

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

b 20% held by the Company and 54% held by Amsteel Mills 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 position 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.

44. ASSOCIATED COMPANIES

The associated companies of the Group are as follows:

Name of company	Financial year-end	Principal place of business and place of incorporation	Percentage ownership 2022 %	2021 %	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**	26	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 (Dissolved on 8 December 2022)	30 June	Malaysia	**–**	50	Dormant

The financial statements of all the associated companies are audited by auditors other than the auditors of the Company.

45. COMPARATIVE FIGURE

The previous financial year end of the Company has changed from 30 June to 31 December. Accordingly, the current financial statements are prepared for 12 months period for the financial year ended 31 December 2022 compared to 18-month period from 1 July 2020 to 31 December 2021. As a result, the comparative figures stated in the statements of profit or loss, statements of other comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not comparable.

STATEMENT BY DIRECTORS

We, **TAN SRI CHENG HENG JEM** and **CHENG HUI YA, SERENA**, being two of the Directors of **LION INDUSTRIES CORPORATION BERHAD**, do hereby state that in the opinion of the Directors, 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 2022 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

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

TAN SRI CHENG HENG JEM **CHENG HUI YA, SERENA**

12 April 2023

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

I, **OOI KIM LAI** (MIA Membership number: 9454), the Officer 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.

OOI KIM LAI

Subscribed and solemnly declared
by the abovenamed **OOI KIM LAI** at
Kuala Lumpur in the Federal Territory
on the 12th day of April 2023.

Before me,

W729
MARDHIYYAH ABDUL WAHAB
COMMISSIONER FOR OATHS