



LION DIVERSIFIED HOLDINGS BERHAD

(Incorporated in Malaysia)

(9428-T)

Interim Financial Report for the Fourth Quarter Ended 30 June 2013

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LION DIVERSIFIED HOLDINGS BERHAD (9428-T)
(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2013
(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
		30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
Revenue		409,104	479,248	1,420,731	1,516,718
Operating expenses		(386,304)	(477,169)	(1,341,734)	(1,497,520)
Other operating income		7,536	66,142	23,905	118,570
Profit from operations		30,336	68,221	102,902	137,768
Finance costs		(19,429)	(22,018)	(77,103)	(77,603)
Share of results of associates		7,672	(142,210)	(165,091)	(238,003)
Share of results of jointly controlled entities		326	(974)	2,030	3,177
Gain on disposal of investments in associates		-	83	-	83
Impairment loss on assets	23(k)	(58,000)	(56,710)	(58,000)	(56,710)
Loss before taxation	23	(39,095)	(153,608)	(195,262)	(231,288)
Taxation	16	(8,876)	(9,252)	(27,383)	(18,041)
Net loss for the financial period		(47,971)	(162,860)	(222,645)	(249,329)
Attributable to :					
- Owners of the Company		(47,971)	(162,860)	(222,645)	(249,329)
Loss per share attributable to owners of the Company (sen) :					
- Basic	21	(3.45)	(11.70)	(15.99)	(17.91)
- Diluted	21	(3.45)	(11.70)	(15.99)	(17.91)

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)

LION DIVERSIFIED HOLDINGS BERHAD (9428-T)

(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
<u>Note</u>	RM'000	RM'000	RM'000	RM'000
Net loss for the financial period	(47,971)	(162,860)	(222,645)	(249,329)
<u>Other comprehensive income/(loss)</u>				
Translation difference on net equity of foreign subsidiaries and other movements	4,091	(2,306)	7,882	(4,502)
Net loss on available-for-sale financial assets:				
- Loss on fair value changes	(27,192)	(37,778)	(34,460)	(83,113)
- Transfer to profit or loss upon derecognition	(5)	-	(5)	(18,433)
Other comprehensive loss for the financial period, net of tax	(23,106)	(40,084)	(26,583)	(106,048)
Total comprehensive loss for the financial period	(71,077)	(202,944)	(249,228)	(355,377)
Attributable to :				
- Owners of the Company	(71,077)	(202,944)	(249,228)	(355,377)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)

LION DIVERSIFIED HOLDINGS BERHAD (9428-T)
(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2013
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT 30.6.2013 RM'000	AS AT 30.6.2012 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,299,700	1,336,249
Investment properties		11,141	11,687
Land held for property development		69,485	119,541
Investments in associates		90,273	255,364
Investments in jointly controlled entities		20,773	22,243
Investment securities		193,597	46,309
Intangible assets		10,484	10,484
Deferred tax assets		2,133	5,175
		1,697,586	1,807,052
Current Assets			
Property development costs		86,793	55,797
Inventories		240,303	176,619
Investment securities		-	184,005
Trade and other receivables		506,080	583,443
Tax recoverable		7,442	7,671
Cash and cash equivalents		313,283	197,394
		1,153,901	1,204,929
TOTAL ASSETS		2,851,487	3,011,981
EQUITY AND LIABILITIES			
Share capital		368,612	368,612
Reserves		876,541	1,133,141
Total equity		1,245,153	1,501,753
Non-Current Liabilities			
Long term borrowings	18	207,938	27,048
Deferred tax liabilities		143,171	119,045
Derivative liability		16,389	-
		367,498	146,093
Current Liabilities			
Trade and other payables		983,987	863,157
Short term borrowings	18	245,061	480,907
Tax payable		9,788	20,071
		1,238,836	1,364,135
Total Liabilities		1,606,334	1,510,228
TOTAL EQUITY AND LIABILITIES		2,851,487	3,011,981
Net assets per share attributable to owners of the Company (RM) (Excluding equity components)		1.30	1.65
Net assets per share (RM) (Assuming full conversion of ICULS)		0.89	1.08

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)

LION DIVERSIFIED HOLDINGS BERHAD (9428-T)
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Interim financial report for the fourth quarter ended 30 June 2013
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the Company →				Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	
<u>Note</u>					
30 June 2013					
At 1 July 2012	368,612	330,967	318,728	483,446	1,501,753
Total comprehensive loss for the financial year	-	-	(26,583)	(222,645)	(249,228)
Transfer to capital reserve	-	-	1,124	(1,124)	-
Dividend paid for the financial year ended 30 June 2012	-	-	-	(7,372)	(7,372)
At 30 June 2013	368,612	330,967	293,269	252,305	1,245,153
30 June 2012					
At 1 July 2011	368,612	330,967	424,776	740,147	1,864,502
Total comprehensive loss for the financial year	-	-	(106,048)	(249,329)	(355,377)
Dividend paid for the financial year ended 30 June 2011	-	-	-	(7,372)	(7,372)
At 30 June 2012	368,612	330,967	318,728	483,446	1,501,753

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)

LION DIVERSIFIED HOLDINGS BERHAD (9428-T)
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Interim financial report for the fourth quarter ended 30 June 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	30.6.2013 RM'000	30.6.2012 RM'000
OPERATING ACTIVITIES		
Loss before taxation	(195,262)	(231,288)
Adjustments for :		
Non-cash items	104,970	32,313
Non-operating items	208,791	292,925
	118,499	93,950
Operating profit before working capital changes		
Changes in working capital :		
Net changes in assets	(11,834)	(198,176)
Net changes in liabilities	123,924	128,685
Others (mainly interest and tax paid)	(54,339)	(43,933)
	176,250	(19,474)
INVESTING ACTIVITIES		
Proceeds from investment in bonds	895	2,637
Redemption of preferred shares in jointly control entity	-	11,947
Deferred payment for acquisition of associates	(5,540)	(8,380)
Dividend received	11,278	11,984
Purchase of property, plant and equipment	(7,107)	(5,601)
	(474)	12,587
FINANCING ACTIVITIES		
Dividend paid to shareholders	(7,372)	(7,372)
Bank borrowings	(55,652)	3,200
Others	(387)	(236)
	(63,411)	(4,408)
Net changes in cash and cash equivalents	112,365	(11,295)
Effects of changes in exchange rates	3,524	7,591
Cash and cash equivalents at beginning of the year	197,394	201,098
Cash and cash equivalents at end of the year	313,283	197,394

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements)

Interim financial report for the fourth quarter ended 30 June 2013
(The figures have not been audited)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with the Financial Reporting Standard ("FRS") 134: "Interim Financial Reporting" and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2012. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2012.

The significant accounting policies adopted in the interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2012 except for the adoption of the following FRSs effective for the financial period beginning 1 July 2012:

FRS 124	Related Party Disclosures
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Transfers of Financial Assets
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income

The adoption of the above mentioned FRSs did not have any significant effect on the financial performance, position or presentation of the financials of the Group.

2. Comments about seasonal or cyclical factors

The Group's performance is not affected by any material seasonal or cyclical factors.

3. Unusual items due to their nature, size or incidence

Other than as disclosed in Note 23, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year-to-date.

4. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter and financial year-to-date results.

5. Debt and equity securities

During the financial year-to-date, the Group has partially redeemed USD9.6 million Guarantee Secured Exchangeable Bonds which are exchangeable into ordinary shares of RM1.00 each in Parkson Holdings Berhad.

Other than the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year-to-date.

6. Dividend paid

During the financial year-to-date, a first and final dividend of 1.0 sen per ordinary share, tax exempt, amounting to RM7.4 million in respect of the previous financial year ended 30 June 2012 was paid by the Company.

7. Segmental information

The Group's segmental report for the financial year-to-date was as follows:

	<u>Steel</u>	<u>CMS</u>	<u>Property</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
Total sales	1,159,872	133,917	120,563	7,930	1,422,282
Inter-segment sales	-	-	(1,551)	-	(1,551)
External sales	<u>1,159,872</u>	<u>133,917</u>	<u>119,012</u>	<u>7,930</u>	<u>1,420,731</u>
<u>Results</u>					
Segment profit	66,553	7,912	35,492	4,422	114,379
Fair value gain on AFS financial assets					5
Fair value loss on derivative liability					(16,389)
Foreign exchange gain					4,907
Profit from operations					<u>102,902</u>
Finance costs					(77,103)
Impairment loss on assets					(58,000)
Share of results of associates					(165,091)
Share of results of jointly controlled entities					2,030
Loss before taxation					<u>(195,262)</u>
<u>Total Assets</u>					
Segment assets	1,966,972	86,408	515,344	162,142	2,730,866
Investments in associates					90,273
Investments in jointly controlled entities					20,773
Unallocated corporate assets					9,575
Consolidated total assets					<u>2,851,487</u>

8. Subsequent events

Other than as disclosed in Note 17(a), there were no material events subsequent to the end of the current quarter.

9. Changes in composition of the Group

There were no material changes in the composition of the Group during the financial year-to-date except for the following:

- (i) acquisition of a wholly-owned subsidiary incorporated in the Cayman Islands, LDH Resources Limited, by LDH Trading Sdn Bhd, a wholly-owned subsidiary of the Company; and
- (ii) dissolution of Parkson Glomart Pte Ltd, a wholly-owned subsidiary of the Company incorporated in Singapore.

10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since 30 June 2012.

11. Performance review

	<u>3 MONTHS ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>30.6.2013</u>	<u>30.6.2012</u>	<u>30.6.2013</u>	<u>30.6.2012</u>
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
- Steel	326,085	430,205	1,159,872	1,314,173
- CMS	36,791	37,399	133,917	138,961
- Property	42,853	8,404	119,012	53,687
- Others	3,375	3,240	7,930	9,897
	409,104	479,248	1,420,731	1,516,718
<u>Segment profit</u>				
- Steel	15,710	26,034	66,553	50,284
- CMS	2,129	3,889	7,912	10,025
- Property	15,088	(1,851)	35,492	16,207
- Others	1,572	4,799	4,422	8,249
	34,499	32,871	114,379	84,765

The Group recorded a lower revenue of RM1.4 billion for the 12-month period ended 30 June 2013 as compared to RM1.5 billion a year ago. However, higher segment profit of RM114 million was reported as compared to RM85 million last year. The better results were mainly contributed by our direct reduced iron ("DRI") operations which recorded better profit margin.

Our CMS Division registered a lower revenue and correspondingly lower profit for the current year-to-date. This was mainly due to lower demand from overseas and domestic markets. However, our Property Division recorded a higher profit on the back of higher billings for its property project in China.

The "Others" Division reported a lower segment profit of RM4 million mainly due to higher expenses incurred and lower dividend income.

12. Comment on material change in profit

	Current Year Quarter	Immediate Preceding Quarter
	30.6.2013	31.3.2013
	RM'000	RM'000
Revenue	409,104	464,655
Profit from operations	30,336	45,822
Loss before taxation	(39,095)	(9,307)

The Group recorded a lower revenue of RM409 million for the current quarter under review as compared to the immediate preceding quarter of RM465 million. The lower performance was mainly due to lower production of DRI following the scheduled plant shutdown for maintenance at the end of the quarter.

Correspondingly, a lower profit from operations of RM30 million was recorded. After accounting for the impairment loss on assets of RM58 million and the profit from associates, a loss before taxation of RM39 million was reported. The turnaround of the associates from a loss of RM39 million in the last quarter to a profit of RM8 million for the current quarter was mainly due to the one-off exceptional gain by our associate, Lion Corporation Berhad.

13. a) Prospects

The implementation of the new steel policy in February 2013 has gradually improved steel demand in the domestic market. However, the demand softened and deteriorated towards the end of June 2013. The operating environment for the Group's Steel Division is expected to be more challenging in the next financial year in view of the uncertainties in the recovery of global economy.

Our CMS and Property Divisions are expected to maintain their satisfactory performance for the next financial year.

b) Forecast or target previously announced

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

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

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

15. Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

16. Taxation

Taxation comprises:	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
	RM'000	RM'000	RM'000	RM'000
Current year tax				
- Arising in Malaysia	1,614	(1,058)	2,694	1,348
- Arising outside Malaysia	2,279	(489)	8,755	3,697
Prior year tax				
- Arising in Malaysia	(9)	(97)	(9)	543
- Arising outside Malaysia	610	-	1,311	-
Deferred tax				
- Current year	3,421	10,746	13,671	12,303
- Prior year	961	150	961	150
	8,876	9,252	27,383	18,041

After excluding share of results of associates and jointly controlled entities, the effective tax rate of the Group for the current quarter and financial year-to-date were higher than the Malaysian statutory tax rate mainly due to losses in certain subsidiaries which cannot be offset against the taxable income of other subsidiaries and certain expenses which are not deductible for tax purposes.

17. Corporate proposals**a) Status of corporate proposals**

No	Date of Announcement	Subject	Status
1	3.3.2011, 2.6.2011, 3.8.2011, 26.8.2011, 31.10.2011, 2.3.2012, 28.8.2012, 30.8.2012, 1.3.2013 and 7.6.2013	<p>(i) Proposed joint venture between the Company, Lion Industries Corporation Berhad ("LICB") and Lion Forest Industries Berhad ("LFIB") in Lion Blast Furnace Sdn Bhd ("LBF") with the shareholding of 51%, 29% and 20% respectively ("Proposed Joint Venture");</p> <p>(ii) Proposed acquisitions by LBF of various parcels of freehold lands all located in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor Darul Ehsan measuring approximately 147.76 acres from Andalas Development Sdn Bhd, Che Kiang Realty Sdn Bhd and Amsteel Mills Sdn Bhd (a 99%-owned subsidiary of LICB) for a total cash consideration of approximately RM52.28 million ("Proposed Land Acquisitions"); and</p> <p>(iii) Proposed leasing by LBF of three parcels of contiguous freehold vacant lands all located in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor Darul Ehsan measuring approximately 202.89 acres from Megasteel Sdn Bhd ("Megasteel") for a lease tenure of thirty (30) years ("Proposed Land Leasing").</p>	<p>Pending approvals of:</p> <p>(a) the shareholders of the Company, LICB and LFIB for the Proposed Joint-</p> <p>(b) the shareholders of the Company, LICB and the respective vendors for the Proposed Land Acquisitions;</p> <p>(c) the shareholders of the Company and Megasteel, if required, for the Proposed Land Leasing; and</p> <p>(d) any other relevant authorities, if required.</p>

b) Status of utilisation of proceeds

The disclosure requirements are not applicable.

18. Borrowings and debt securities

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

	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Secured	238,838	207,938	446,776
Unsecured	6,223	-	6,223
	<u>245,061</u>	<u>207,938</u>	<u>452,999</u>

**Foreign
Currency**

'000

RM'000

The Group's borrowings were denominated in the following currencies:

- Ringgit Malaysia	-	201,731
- US Dollar	59,610	189,204
- Chinese Renminbi	120,000	62,064
		<u>452,999</u>

19. Changes in material litigation

There was no material litigation since 30 June 2012.

20. Dividend proposed

The Board of Directors is recommending the payment of a first and final dividend of 2%, tax exempt in respect of the current financial year:

- (a) i. Amount per share : 1.0 sen, tax exempt;
- ii. Previous corresponding year : 1.0 sen per share (tax exempt) amounting to RM7.4 million; and
- iii. Total dividend for the current financial year : RM7.4 million (tax exempt).
- (b) Payment date : To be announced later.
- (c) Entitlement date : To be announced later.

21. Loss per share**Basic**

Basic loss per share is calculated by dividing the net loss for the period attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue (after conversion of mandatorily convertible instruments) during the financial period.

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
Net loss attributable to owners of the Company (RM'000)	(47,971)	(162,860)	(222,645)	(249,329)
Weighted average number of ordinary shares in issue ('000)	737,223	737,223	737,223	737,223
Adjustment for conversion of ICULS (on the assumption that all mandatorily convertible instruments are converted into ordinary shares) ('000)	654,924	654,924	654,924	654,924
Weighted average number of ordinary shares ('000)	1,392,147	1,392,147	1,392,147	1,392,147
Basic loss per share (sen)	(3.45)	(11.70)	(15.99)	(17.91)

Diluted

There was no dilutive event other than the conversion of ICULS which has already been taken into account in the basic loss per share calculation.

22. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2012 was not qualified.

23. Loss before taxation

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

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
(a) Interest income	7,390	(16,024)	23,595	19,504
(b) Other income including investment income	141	129	300	765
(c) Interest expense	(19,429)	(22,018)	(77,103)	(77,603)
(d) Depreciation and amortisation	(9,453)	(8,890)	(35,813)	(34,997)
(e) Provision for and write off of receivables	(206)	(175)	(206)	(175)
(f) Provision for and write off of inventories	(274)	(336)	(274)	(336)
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties				
- Net gain on conversion of Exchangeable Bonds	5	2,169	5	18,433
(h) Impairment of assets (refer item (k))	-	-	-	-
(i) Foreign exchange gain/(loss)	(2,782)	(11,103)	4,907	(17,253)
(j) Gain/(Loss) on derivatives	(1,386)	18,800	(16,389)	42,603
(k) Exceptional items:				
- Impairment loss on plant and equipment	(10,000)	(36,765)	(10,000)	(36,765)
- Impairment loss on other assets	(9,777)	-	(9,777)	-
- Impairment loss on investment in associates	-	(10,725)	-	(10,725)
- Impairment loss on investment securities	(2,223)	-	(2,223)	-
- Impairment loss on trade receivables due from a related party	(36,000)	(9,220)	(36,000)	(9,220)
	(58,000)	(56,710)	(58,000)	(56,710)

24. Disclosure of realised and unrealised profits/losses

	AS AT 30.6.2013 RM'000	AS AT 30.6.2012 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,754,032	1,760,451
- Unrealised	(250,324)	(189,061)
	1,503,708	1,571,390
Total share of accumulated losses from associated companies:		
- Realised	(1,001,021)	(887,007)
- Unrealised	(205,025)	(153,948)
	(1,206,046)	(1,040,955)
Total share of retained profits from jointly controlled entities:		
- Realised	25,642	24,082
- Unrealised	-	(72)
	25,642	24,010
Less: Consolidation adjustments	(70,999)	(70,999)
Total Group's retained profits as per consolidated accounts	252,305	483,446