



# **LION DIVERSIFIED HOLDINGS BERHAD (9428-T)**

---

(Incorporated in Malaysia)

## **Interim Financial Report for the Third Quarter Ended 31 March 2014**

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

Interim financial report for the third quarter ended 31 March 2014  
(The figures have not been audited)

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
		31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
<b>Revenue</b>		<b>326,105</b>	<b>464,655</b>	<b>861,356</b>	<b>1,011,627</b>
Operating expenses		<b>(303,571)</b>	(423,773)	<b>(825,364)</b>	(963,114)
Other operating income		<b>7,755</b>	4,940	<b>33,812</b>	24,053
<b>Profit from operations</b>		<b>30,289</b>	45,822	<b>69,804</b>	72,566
Finance costs		<b>(22,299)</b>	(17,610)	<b>(57,985)</b>	(57,674)
Share of results of associates		<b>(26,535)</b>	(39,061)	<b>(91,413)</b>	(172,763)
Share of results of jointly controlled entities		<b>711</b>	1,542	<b>2,246</b>	1,704
Gain on disposal of an associate		<b>25</b>	-	<b>120</b>	-
Impairment loss on assets	23(k)	<b>(4,672)</b>	-	<b>(13,826)</b>	-
<b>Loss before taxation</b>	23	<b>(22,481)</b>	<b>(9,307)</b>	<b>(91,054)</b>	<b>(156,167)</b>
Taxation	16	<b>(1,651)</b>	(10,341)	<b>(8,827)</b>	(18,507)
<b>Net loss for the financial period</b>		<b>(24,132)</b>	<b>(19,648)</b>	<b>(99,881)</b>	<b>(174,674)</b>
Attributable to :					
- Owners of the Company		<b>(24,132)</b>	(19,648)	<b>(99,881)</b>	(174,674)
Loss per share attributable to owners of the Company (sen) :					
- Basic	21	<b>(1.73)</b>	(1.41)	<b>(7.17)</b>	(12.55)
- Diluted	21	<b>(1.73)</b>	(1.41)	<b>(7.17)</b>	(12.55)

*(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)*

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Note	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
<b>Net loss for the financial period</b>	<b>(24,132)</b>	<b>(19,648)</b>	<b>(99,881)</b>	<b>(174,674)</b>
<u>Other comprehensive income/(loss)</u>				
Translation difference on net equity of foreign subsidiaries and other movements	<b>(6,959)</b>	1,509	<b>(644)</b>	3,791
Net loss on available-for-sale financial assets: - Gain/(Loss) on fair value changes	<b>10,042</b>	(23,571)	<b>(36,153)</b>	(7,268)
Other comprehensive income/(loss) for the financial period, net of tax	<b>3,083</b>	(22,062)	<b>(36,797)</b>	(3,477)
<b>Total comprehensive loss for the financial period</b>	<b>(21,049)</b>	<b>(41,710)</b>	<b>(136,678)</b>	<b>(178,151)</b>
Attributable to : - Owners of the Company	<b>(21,049)</b>	<b>(41,710)</b>	<b>(136,678)</b>	<b>(178,151)</b>

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 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 third quarter ended 31 March 2014  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	AS AT 31.3.2014 RM'000	AS AT 30.6.2013 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		1,282,245	1,304,762
Investment properties		11,838	11,431
Land held for property development		69,527	69,485
Investments in associates		-	91,413
Investments in jointly controlled entities		22,998	20,752
Investment securities		23,108	193,597
Intangible assets		10,484	10,484
Deferred tax assets		596	2,133
		<b>1,420,796</b>	<b>1,704,057</b>
<b>Current Assets</b>			
Property development costs		98,574	86,793
Inventories		175,506	231,386
Investment securities		120,510	-
Trade and other receivables		571,059	517,511
Tax recoverable		2,183	7,250
Cash and cash equivalents		274,556	313,164
		<b>1,242,388</b>	<b>1,156,104</b>
<b>TOTAL ASSETS</b>		<b>2,663,184</b>	<b>2,860,161</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		696,074	368,612
Reserves		410,297	888,359
Total equity		<b>1,106,371</b>	<b>1,256,971</b>
<b>Non-Current Liabilities</b>			
Long term borrowings	18	52,635	190,368
Deferred tax liabilities		122,938	128,932
Derivative liability		-	16,389
		<b>175,573</b>	<b>335,689</b>
<b>Current Liabilities</b>			
Trade and other payables		1,003,478	994,847
Short term borrowings	18	368,770	262,630
Derivative liability		161	-
Tax payable		8,831	10,024
		<b>1,381,240</b>	<b>1,267,501</b>
<b>Total Liabilities</b>		<b>1,556,813</b>	<b>1,603,190</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,663,184</b>	<b>2,860,161</b>
Net assets per share attributable to owners of the Company (RM) (30.6.2013 : Excluding equity components)		<b>0.79</b>	<b>1.32</b>
Net assets per share (RM) (30.6.2013 : Assuming full conversion of ICULS)		<b>0.79</b>	<b>0.90</b>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)*

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(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	
<b>31 March 2014</b>					
<b>At 1 July 2013</b>	<b>368,612</b>	<b>330,967</b>	<b>303,307</b>	<b>254,085</b>	<b>1,256,971</b>
Total comprehensive loss for the financial period	-	-	(36,797)	(99,881)	(136,678)
Issue of ordinary shares pursuant to conversion of ICULS	327,462	-	(287,182)	(40,280)	-
Dividend paid for the financial year ended 30 June 2013	-	-	-	(13,922)	(13,922)
<b>At 31 March 2014</b>	<b>696,074</b>	<b>330,967</b>	<b>(20,672)</b>	<b>100,002</b>	<b>1,106,371</b>
<b>31 March 2013</b>					
<b>At 1 July 2012</b>	<b>368,612</b>	<b>330,967</b>	<b>318,728</b>	<b>483,446</b>	<b>1,501,753</b>
Total comprehensive loss for the financial period	-	-	(3,477)	(174,674)	(178,151)
Dividend paid for the financial year ended 30 June 2012	-	-	-	(7,372)	(7,372)
<b>At 31 March 2013</b>	<b>368,612</b>	<b>330,967</b>	<b>315,251</b>	<b>301,400</b>	<b>1,316,230</b>

*(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements)*

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	YEAR-TO-DATE ENDED	
	31.3.2014 RM'000	31.3.2013 RM'000
<b>OPERATING ACTIVITIES</b>		
Loss before taxation	(91,054)	(156,167)
Adjustments for :		
Non-cash items	22,955	39,839
Non-operating items	129,568	208,317
	<b>61,469</b>	<b>91,989</b>
Operating profit before working capital changes		
Changes in working capital :		
Net changes in assets	440	156,698
Net changes in liabilities	14,713	(70,147)
Others (mainly interest and tax paid)	(48,519)	(38,566)
	<b>28,103</b>	<b>139,974</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from investment in bonds	1,325	125
Deferred payment for acquisition of associates	(12,966)	(5,000)
Dividend received	159	4,210
Purchase of property, plant and equipment	(4,427)	(7,208)
	<b>(15,909)</b>	<b>(7,873)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid to shareholders	(13,922)	(7,372)
Bank borrowings (net)	(38,088)	(72,016)
Others	(291)	(208)
	<b>(52,301)</b>	<b>(79,596)</b>
Net changes in cash and cash equivalents	<b>(40,107)</b>	52,505
Effects of changes in exchange rates	1,499	(550)
Cash and cash equivalents at beginning of the period	313,164	197,394
Cash and cash equivalents at end of the period	<b>274,556</b>	<b>249,349</b>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2013 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 third quarter ended 31 March 2014

(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 2013. 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 2013.

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 2013 except for the adoption of the following FRSS effective for the financial period beginning 1 July 2013:

FRS 10 *Consolidated Financial Statements*  
FRS 11 *Joint Arrangements*  
FRS 12 *Disclosure of Interests in Other Entities*  
FRS 13 *Fair Value Measurement*  
FRS 119 *Employee Benefits*  
FRS 127 *Separate Financial Statements*  
FRS 128 *Investment in Associate and Joint Ventures*  
Amendments to FRS 1 *Government Loans*  
Amendments to FRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*  
Amendments to FRS 10 *Consolidated Financial Statements - Transition Guidance*  
Amendments to FRS 11 *Joint Arrangements - Transition Guidance*  
Amendments to FRS 12 *Disclosure of Interests in Other Entities - Transition Guidance*  
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*  
Improvement to FRSS Issued in 2012

The adoption of the above mentioned FRSS and IC Interpretations 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:

- (i) the issued and paid-up share capital of the Company ("LDHB") had been increased from RM368,611,613.50 to RM696,073,677.50 resulting from the conversion of RM327,462,064 nominal value of 5-year 4% irredeemable convertible unsecured loan stocks ("ICULS") into 654,924,128 new LDHB shares at a conversion price of RM0.50 for each new share; and
- (ii) the Group has partially redeemed USD5.5 million Guarantee Secured Exchangeable Bonds.

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 RM13.9 million in respect of the previous financial year ended 30 June 2013 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> RM'000	<u>CMS</u> RM'000	<u>Property</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>Revenue</u>					
Total sales	676,530	112,016	73,452	522	862,520
Inter-segment sales	-	-	(1,164)	-	(1,164)
External sales	<u>676,530</u>	<u>112,016</u>	<u>72,288</u>	<u>522</u>	<u>861,356</u>
<u>Results</u>					
Segment profit/(loss)	31,270	7,960	19,489	(2,597)	56,122
Fair value gain on derivative liability					16,228
Foreign exchange loss					(2,546)
Profit from operations					69,804
Finance costs					(57,985)
Share of results of associates					(91,413)
Share of results of jointly controlled entities					2,246
Gain on disposal of an associate					120
Impairment loss on assets					(13,826)
Loss before taxation					<u>(91,054)</u>
<u>Total Assets</u>					
Segment assets	1,872,678	89,479	540,891	134,359	2,637,407
Investments in jointly controlled entities					22,998
Unallocated corporate assets					2,779
Consolidated total assets					<u>2,663,184</u>



**8. Subsequent events**

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 dissolution of Parkson Management Pte Ltd, a dormant 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 2013.

**11. Performance review**

	<b>3 MONTHS ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>31.3.2014</b>	<b>31.3.2013</b>	<b>31.3.2014</b>	<b>31.3.2013</b>
	RM'000	RM'000	RM'000	RM'000
<b><u>Revenue</u></b>				
- Steel	<b>275,532</b>	399,461	<b>676,530</b>	833,787
- CMS	<b>38,998</b>	34,805	<b>112,016</b>	97,126
- Property	<b>11,567</b>	30,129	<b>72,288</b>	76,159
- Others	<b>8</b>	260	<b>522</b>	4,555
	<b>326,105</b>	<b>464,655</b>	<b>861,356</b>	<b>1,011,627</b>
<b><u>Segment profit/(loss)</u></b>				
- Steel	<b>22,079</b>	29,463	<b>31,270</b>	50,843
- CMS	<b>3,356</b>	2,552	<b>7,960</b>	5,783
- Property	<b>2,524</b>	9,465	<b>19,489</b>	20,404
- Others	<b>(477)</b>	(2,247)	<b>(2,597)</b>	2,850
	<b>27,482</b>	<b>39,233</b>	<b>56,122</b>	<b>79,880</b>

For the 9 months period ended 31 March 2014, the Group reported a lower revenue of RM861 million as compared to RM1,012 million in the same period last year. Accordingly, a lower segment profit of RM56 million was registered for the period under review. The lower results were mainly due to the lower sales in our direct reduced iron ("DRI") operations as a result of the lower demand and the scheduled plant shutdown for maintenance in the beginning of the financial period.

Our CMS Division recorded better performance for the year-to-date whilst the Property Division continued to deliver encouraging results.

In the absence of dividend income from investments for the current period under review, the "Others" Division posted a lower revenue and loss from operations.

**12. Comment on material change in profit**

	<b>Current Year Quarter</b>	<b>Immediate Preceding Quarter</b>
	<b>31.3.2014</b>	<b>31.12.2013</b>
	RM'000	RM'000
Revenue	<b>326,105</b>	446,561
Profit from operations	<b>30,289</b>	39,906
Loss before taxation	<b>(22,481)</b>	(3,193)

For the quarter under review, the Group registered a lower revenue of RM326 million as compared with the immediate preceding quarter. The unfavourable performance was mainly attributable to the lower demand for steel products and the slower property construction during the Chinese New Year holiday season. As a result, a lower profit from operations of RM30 million was reported.

**13. a) Prospects**

As there is no improvement in the local steel market since the implementation of the new steel policy effective from 1 February 2013 coupled with the overcapacity in the international steel industry, the operating environment of the Group's Steel Division is expected to remain challenging in the next quarter.

Our CMS and Property Divisions are expected to maintain their satisfactory performance for the coming quarter.

**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	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM'000	RM'000	RM'000	RM'000
Current year tax				
- Arising in Malaysia	789	587	1,990	1,080
- Arising outside Malaysia	862	2,679	5,173	6,476
Prior year tax				
- Arising outside Malaysia	-	701	-	701
Deferred tax				
- Current year	-	6,374	1,664	10,250
	<b>1,651</b>	<b>10,341</b>	<b>8,827</b>	<b>18,507</b>

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**

There were no corporate proposals pending completion for the current quarter and financial year-to-date.

**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:

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Secured	368,770	52,635	421,405
		Foreign Currency '000	RM'000

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

- Ringgit Malaysia	-	208,458
- US Dollar	54,073	176,225
- Chinese Renminbi	70,000	36,722
		<b>421,405</b>

**19. Changes in material litigation**

There was no material litigation since 30 June 2013.

**20. Dividend proposed**

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

**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.

	<b>3 MONTHS ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>31.3.2014</b>	<b>31.3.2013</b>	<b>31.3.2014</b>	<b>31.3.2013</b>
Net loss attributable to owners of the Company (RM'000)	<u>(24,132)</u>	<u>(19,648)</u>	<u>(99,881)</u>	<u>(174,674)</u>
Weighted average number of ordinary shares in issue ('000)	<b>1,392,147</b>	737,223	<b>985,797</b>	737,223
Adjustment for conversion of ICULS (on the assumption that all mandatorily convertible instruments are converted into ordinary shares) ('000)	<u>-</u>	<u>654,924</u>	<u>406,350</u>	<u>654,924</u>
Weighted average number of ordinary shares ('000)	<u><b>1,392,147</b></u>	<u>1,392,147</u>	<u><b>1,392,147</b></u>	<u>1,392,147</u>
Basic loss per share (sen)	<u><b>(1.73)</b></u>	<u>(1.41)</u>	<u><b>(7.17)</b></u>	<u>(12.55)</u>

**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 of the financial statements for the financial year ended 30 June 2013 was qualified on the Group's Blast Furnace Project. As at the financial year-to-date, there was no change to the status.

**23. Loss before taxation**

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

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
(a) Interest income	7,612	3,885	17,425	16,205
(b) Other income including investment income	159	159	159	159
(c) Interest expense	(22,299)	(17,610)	(57,985)	(57,674)
(d) Depreciation and amortisation	(8,854)	(8,827)	(26,775)	(26,360)
(e) Provision for and write off of receivables	-	-	-	-
(f) Provision for and write off of inventories	-	-	-	-
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	25	-	120	-
(h) Impairment of assets (refer to item (k))	-	-	-	-
(i) Foreign exchange gain/(loss) - net	2,824	896	(2,546)	7,689
(j) Gain/(Loss) on derivatives	(16)	5,693	16,228	(15,003)
(k) Exceptional items :				
- Impairment loss on quoted investment	(4,672)	-	(13,826)	-
- Net gain on conversion of Exchangeable Bonds	-	-	-	5

**24. Disclosure of realised and unrealised profits/losses**

	AS AT 31.3.2014 RM'000	AS AT 30.6.2013 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,715,527	1,742,685
- Unrealised	(284,804)	(247,046)
	<u>1,430,723</u>	<u>1,495,639</u>
Total share of accumulated losses from associates:		
- Realised	(1,089,970)	(1,003,293)
- Unrealised	(206,348)	(201,612)
	<u>(1,296,318)</u>	<u>(1,204,905)</u>
Total share of retained profits from jointly controlled entities:		
- Realised	28,266	26,020
- Unrealised	-	-
	<u>28,266</u>	<u>26,020</u>
Less: Consolidation adjustments	(62,669)	(62,669)
Total Group's retained profits as per consolidated accounts	<u>100,002</u>	<u>254,085</u>