



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

---

(Incorporated in Malaysia)

**Interim Financial Report**  
**for the Second Quarter Ended**  
**31 December 2014**

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Condensed Consolidated Statement of Profit or Loss	1
Condensed Consolidated Statement of Other Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5
Notes to the Condensed Financial Statements	6 - 12

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

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2014

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Note	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
		31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
<b>Revenue</b>		<b>551,540</b>	<b>802,661</b>	<b>1,222,038</b>	<b>1,346,852</b>
Operating expenses		(650,806)	(774,549)	(1,337,024)	(1,387,624)
Other operating income		3,622	2,508	5,632	4,243
(Loss)/Profit from operations		(95,644)	30,620	(109,354)	(36,529)
Finance costs		(78,049)	(78,919)	(153,386)	(148,707)
Share of results of associates		592	958	1,075	2,009
Share of results of joint ventures		82	395	213	1,535
Gain on disposal of investments		-	23,275	-	23,370
Impairment loss on investment securities		(5,064)	(5,758)	(5,064)	(9,154)
<b>Loss before taxation</b>	23	<b>(178,083)</b>	(29,429)	<b>(266,516)</b>	(167,476)
Taxation	16	(1,633)	(4,193)	(10,960)	(9,139)
<b>Net loss for the financial period</b>		<b>(179,716)</b>	<b>(33,622)</b>	<b>(277,476)</b>	<b>(176,615)</b>
Attributable to :					
- Owners of the Company		(118,316)	(18,096)	(173,774)	(112,035)
- Non-controlling interests		(61,400)	(15,526)	(103,702)	(64,580)
<b>Net loss for the financial period</b>		<b>(179,716)</b>	<b>(33,622)</b>	<b>(277,476)</b>	<b>(176,615)</b>
Loss per share attributable to owners of the Company (sen) :					
- Basic	21	(8.50)	(1.30)	(12.48)	(8.05)
- Diluted	21	(8.50)	(1.30)	(12.48)	(8.05)

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2014 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 second quarter ended 31 December 2014

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

	3 MONTHS ENDED		YEAR-TO-DATE ENDED		
	Note	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
<b>Net loss for the financial period</b>		<b>(179,716)</b>	<b>(33,622)</b>	<b>(277,476)</b>	<b>(176,615)</b>
<u>Other comprehensive income/(loss)</u>					
Translation difference on net equity of foreign subsidiaries and other movements		4,101	15,176	10,480	16,203
Net (loss)/gain on available-for-sale financial assets:					
- (Loss)/Gain on fair value changes		(17,115)	(43,740)	2,884	(46,233)
Share of other comprehensive income of associates		2,757	189	4,378	1,297
Other comprehensive (loss)/income for the financial period, net of tax		(10,257)	(28,375)	17,742	(28,733)
<b>Total comprehensive loss for the financial period</b>		<b>(189,973)</b>	<b>(61,997)</b>	<b>(259,734)</b>	<b>(205,348)</b>
Attributable to :					
- Owners of the Company		(130,034)	(46,471)	(158,018)	(140,976)
- Non-controlling interests		(59,939)	(15,526)	(101,716)	(64,372)
		<b>(189,973)</b>	<b>(61,997)</b>	<b>(259,734)</b>	<b>(205,348)</b>

*(The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2014 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 second quarter ended 31 December 2014  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	AS AT 31.12.2014	AS AT 30.6.2014
		RM'000	RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		2,922,170	2,992,729
Investment properties		10,902	11,175
Land held for property development		82,044	71,299
Investments in associates		57,696	53,845
Investments in joint ventures		24,240	24,026
Investment securities		132,728	25,051
Intangible assets		10,484	10,484
Deferred tax assets		418,548	418,082
		<b>3,658,812</b>	<b>3,606,691</b>
<b>Current Assets</b>			
Property development costs		130,227	102,515
Inventories		602,748	833,792
Investment securities		24,517	133,056
Trade and other receivables		243,322	261,512
Cash and bank balances		491,302	469,769
		<b>1,492,116</b>	<b>1,800,644</b>
<b>TOTAL ASSETS</b>		<b>5,150,928</b>	<b>5,407,335</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		696,074	696,074
Reserves		(325,022)	(167,004)
Equity attributable to the owners of the Company		371,052	529,070
Non-controlling interests		(311,478)	(209,762)
Total equity		59,574	319,308
<b>Non-Current Liabilities</b>			
Long term borrowings	18	1,044,872	907,200
Deferred liabilities		190,602	255,600
Deferred tax liabilities		131,884	125,688
Derivative liability		5,836	-
		<b>1,373,194</b>	<b>1,288,488</b>
<b>Current Liabilities</b>			
Trade and other payables		2,376,260	2,407,882
Short term borrowings	18	1,333,185	1,382,560
Derivative liability		-	43
Tax payable		8,715	9,054
		<b>3,718,160</b>	<b>3,799,539</b>
<b>Total Liabilities</b>		<b>5,091,354</b>	<b>5,088,027</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,150,928</b>	<b>5,407,335</b>
Net assets per share attributable to owners of the Company (RM)		<b>0.27</b>	<b>0.38</b>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2014 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 second quarter ended 31 December 2014  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Attributable to owners of the Company →				(Accumulated Losses)/ Retained Profits	Total	Non- Controlling Interests	Total Equity
	Share Capital	Share Premium	Other Reserves	Other Reserves				
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2014</b>								
At 1 July 2014	696,074	330,967	17,655	(515,626)	529,070	(209,762)	319,308	
Total comprehensive income/ (loss) for the financial period	-	-	15,756	(173,774)	(158,018)	(101,716)	(259,734)	
<b>At 31 December 2014</b>	<b>696,074</b>	<b>330,967</b>	<b>33,411</b>	<b>(689,400)</b>	<b>371,052</b>	<b>(311,478)</b>	<b>59,574</b>	
<b>31 December 2013</b>								
At 1 July 2013	368,612	330,967	301,865	234,974	1,236,418	(55,579)	1,180,839	
Total comprehensive loss for the financial period	-	-	(28,941)	(112,035)	(140,976)	(64,372)	(205,348)	
Issue of ordinary shares pursuant to conversion of ICULS	327,462	-	(287,182)	(40,280)	-	-	-	
Dividend payable for the financial year ended 30 June 2013	-	-	-	(13,922)	(13,922)	-	(13,922)	
<b>At 31 December 2013</b>	<b>696,074</b>	<b>330,967</b>	<b>(14,258)</b>	<b>68,737</b>	<b>1,081,520</b>	<b>(119,951)</b>	<b>961,569</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 2014 and the accompanying explanatory notes attached to the interim financial statements)*

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Interim financial report for the second quarter ended 31 December 2014  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	YEAR-TO-DATE ENDED	
	31.12.2014 RM'000	31.12.2013 RM'000
<b>OPERATING ACTIVITIES</b>		
Loss before taxation	(266,516)	(167,476)
Adjustments for :		
Non-cash items	126,009	73,581
Non-operating items	146,465	140,919
Operating profit before working capital changes	5,958	47,024
Changes in working capital :		
Net changes in assets	206,463	196,277
Net changes in liabilities	(141,302)	(120,442)
Others (mainly interest and tax paid)	(17,763)	(32,870)
	<b>53,356</b>	<b>89,989</b>
<b>INVESTING ACTIVITIES</b>		
Deferred payment for acquisition of associates	(12,210)	(12,295)
Dividend received	1,816	313
Proceeds from redemption of investments	1,535	4,256
Net cash inflow from disposal of a subsidiary	-	32,996
Others (mainly purchase of plant and equipment)	(10,064)	(4,228)
	<b>(18,923)</b>	<b>21,042</b>
<b>FINANCING ACTIVITIES</b>		
Bank borrowings (net)	(7,046)	(30,123)
Others (mainly interest paid)	(28,224)	(34,341)
	<b>(35,270)</b>	<b>(64,464)</b>
Net changes in cash and cash equivalents	(837)	46,567
Effects of changes in exchange rates	10,070	4,841
Cash and cash equivalents at beginning of the period	385,859	443,995
Cash and cash equivalents at end of the period	<b>395,092</b>	<b>495,403</b>

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

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 2014 except for the adoption of the following FRSs effective for the financial period beginning 1 July 2014:

Amendments to FRS 10 *Investment Entities*  
Amendments to FRS 12 *Investment Entities*  
Amendments to FRS 127 *Investment Entities*  
Amendments to FRS 132 *Offsetting Financial Assets and Financial Liabilities*  
Amendments to FRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*  
Amendments to FRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*  
IC Interpretation 21 *Levies*  
Amendments to FRS 2 *Share-based Payment (Annual Improvements to FRSs 2010-2012 Cycle)*  
Amendments to FRS 3 *Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle)*  
Amendments to FRS 3 *Business Combinations (Annual Improvements to FRSs 2010-2013 Cycle)*  
Amendments to FRS 119 *Defined Benefit Plans: Employee Contributions*  
Amendments to FRS 8 *Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)*  
Amendments to FRS 13 *Fair Value Measurement (Annual Improvements to FRSs 2011-2013 Cycle)*  
Amendments to FRS 116 *Property, Plant and Equipment (Annual Improvements to FRSs 2010-2012 Cycle)*  
Amendments to FRS 124 *Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)*  
Amendments to FRS 138 *Intangible Assets (Annual Improvements to FRSs 2010-2012 Cycle)*  
Amendments to FRS 140 *Investment Property (Annual Improvements to FRSs 2011-2013 Cycle)*  
Amendments to FRS 116 and 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*  
Amendments to FRS 11 *Accounting for Acquisitions of Interests in Joint Operations*  
Amendments to FRS 14 *Regulatory Deferral Accounts*  
FRS 9 *Financial Instruments (IFRS 9 issued by IASB in November 2009)*  
FRS 9 *Financial Instruments (IFRS 9 issued by IASB in November 2010)*  
FRS 9 *Financial Instruments Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139*

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

**2. Comments about seasonal or cyclical factors**

Apart from the steel industry which may be subject to severe fluctuation in steel prices, the Group's performance is generally not materially affected by any 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

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

### 6. Dividend paid

There were no dividends paid during the current quarter and financial year-to-date.

### 7. Segmental information

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

	<b>Steel</b>	<b>Contract Manufacturing Services ("CMS")</b>	<b>Property</b>	<b>Others</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
Total sales	1,044,828	72,083	92,928	13,363	1,223,202
Inter-segment sales	-	-	(776)	(388)	(1,164)
External sales	<b>1,044,828</b>	<b>72,083</b>	<b>92,152</b>	<b>12,975</b>	<b>1,222,038</b>
<b>Results</b>					
Segment profit/(loss)	(107,550)	2,302	23,871	(735)	(82,112)
Foreign exchange loss					(21,449)
Derivative liability loss					(5,793)
Loss from operations					(109,354)
Finance costs					(153,386)
Share of results of associates					1,075
Share of results of joint ventures					213
Impairment loss on investment securities					(5,064)
Loss before taxation					(266,516)
<b>Total Assets</b>					
Segment assets	3,543,781	81,982	782,361	238,838	4,646,962
Investments in associates					57,696
Investments in joint ventures					24,240
Unallocated corporate assets					422,030
Consolidated total assets					<b>5,150,928</b>



**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.

**10. Changes in contingent liabilities and contingent assets**

There were no material changes in contingent liabilities or contingent assets since 30 June 2014.

**11. Performance review**

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
<u>Revenue</u>				
- Steel	455,010	710,849	1,044,828	1,160,952
- CMS	34,457	34,622	72,083	73,018
- Property	54,816	49,621	92,152	98,057
- Others	7,257	7,569	12,975	14,825
	<b>551,540</b>	<b>802,661</b>	<b>1,222,038</b>	<b>1,346,852</b>
<u>Segment profit/(loss)</u>				
- Steel	(84,587)	29,728	(107,550)	(53,505)
- CMS	1,086	2,454	2,302	4,604
- Property	14,294	13,944	23,871	30,025
- Others	(699)	(2,170)	(735)	(3,668)
	<b>(69,906)</b>	<b>43,956</b>	<b>(82,112)</b>	<b>(22,544)</b>

For the 6 months period ended 31 December 2014, the Group posted a lower revenue of RM1.2 billion and higher segment loss of RM82 million as compared to the preceding year corresponding period of RM1.3 billion and RM23 million respectively. The unfavourable performance mainly arose from the lower demand for steel products in both domestic and overseas markets.

Our CMS and Property Divisions both reported a lower performance mainly due to the lower demand.

"Others" Division represents furniture operations and investment holding registered a lower revenue for the current period.

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

	<b>Current Year Quarter</b>	<b>Immediate Preceding Quarter</b>
	<b>31.12.2014</b>	<b>30.9.2014</b>
	RM'000	RM'000
Revenue	<b>551,540</b>	670,498
Loss from operations	<b>(95,644)</b>	(13,710)
Loss before taxation	<b>(178,083)</b>	(88,433)

The Group registered a lower revenue of RM552 million and higher loss from operations of RM96 million for the quarter under review. The performance of the Group continued to be affected by the factors as explained in Note 11 above. Accordingly, a higher loss before taxation of RM178 million was reported.

13. a) **Prospects**

Pending the effectiveness of the Anti-Dumping Duty measures by the Government, the operating environment for the Group's steel business is expected to remain challenging in the coming quarter.

Our CMS and Property Divisions are expected to maintain their satisfactory performance in 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	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Current year tax				
- Arising in Malaysia	1,801	589	3,349	3,165
- Arising outside Malaysia	2,241	2,147	3,040	4,310
Deferred tax				
- Current year	(2,409)	1,457	4,571	1,664
	<b>1,633</b>	<b>4,193</b>	<b>10,960</b>	<b>9,139</b>

After excluding share of results of associates and joint ventures, the effective tax rate of the Group for the current quarter and financial year-to-date were lower 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**

The status of the corporate proposals of Lion Corporation Berhad ("LCB"), a public listed company controlled by the Company, is reported in the Interim Financial Report of LCB.

Other than the aforementioned, there were no corporate proposals pending completion at the date of this report.

**b) Status of utilisation of proceeds**

The disclosure requirements are not applicable.

**18. Borrowings and debt securities**

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

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Loans and Borrowings</u>			
Secured	1,268,905	256,052	1,524,957
Unsecured	64,280	-	64,280
	1,333,185	256,052	1,589,237
<u>Bonds and Debts</u>			
Secured	-	788,820	788,820
Total	1,333,185	1,044,872	2,378,057
		<b>Foreign Currency</b> '000	RM'000

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

- Ringgit Malaysia	-	1,827,396
- US Dollar	146,958	513,175
- Chinese Renminbi	66,500	37,486
		<b>2,378,057</b>

**19. Changes in material litigation**

There was no material litigation since 30 June 2014.

**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.

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net loss attributable to owners of the Company (RM'000)	<b>(118,316)</b>	(18,096)	<b>(173,774)</b>	(112,035)
Weighted average number of ordinary shares in issue ('000)	<b>1,392,147</b>	836,853	<b>1,392,147</b>	787,038
Adjustment for conversion of ICULS (on the assumption that all mandatorily convertible instruments are converted into ordinary shares) ('000)	-	555,294	-	605,109
Weighted average number of ordinary shares ('000)	<b>1,392,147</b>	1,392,147	<b>1,392,147</b>	1,392,147
Basic loss per share (sen)	<b>(8.50)</b>	(1.30)	<b>(12.48)</b>	(8.05)

**Diluted**

There were no dilutive effects from the potential ordinary shares i.e. shares granted under the Executive Share Option Scheme, 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 2014 was qualified on the Group's recognition of deferred tax assets and the quantum of the provision for onerous contract to be recognised. 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	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
(a) Interest income	3,615	2,508	5,417	4,243
(b) Other income including investment income	7	-	215	-
(c) Interest expense	(78,049)	(78,919)	(153,386)	(148,707)
(d) Depreciation and amortisation	(53,510)	(52,125)	(96,570)	(96,764)
(e) Provision for and write off of receivables	-	-	-	-
(f) Provision for and write off of inventories	(8,942)	(12,607)	(8,942)	(12,607)
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	-	23,275	-	23,370
(h) Impairment of assets	(5,064)	(5,758)	(5,064)	(9,154)
(i) Foreign exchange gain/(loss) - net	(19,945)	(16,868)	(21,449)	(30,230)
(j) Gain/(Loss) on derivatives	(5,793)	3,531	(5,793)	16,244
(k) Exceptional items	-	-	-	-

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

	AS AT 31.12.2014 RM'000	AS AT 30.6.2014 RM'000
Total (accumulated losses)/retained profits of the Company and its subsidiaries: (Include companies controlled by the Company)		
- Realised	(304,060)	(164,556)
- Unrealised	61,393	80,172
	<b>(242,667)</b>	<b>(84,384)</b>
Total share of (accumulated losses)/retained profits from associates:		
- Realised	(410,685)	(394,943)
- Unrealised	2,469	2,432
	<b>(408,216)</b>	<b>(392,511)</b>
Total share of retained profits from joint ventures:		
- Realised	24,152	23,938
Less: Consolidation adjustments	(62,669)	(62,669)
Total Group's accumulated losses as per consolidated accounts	<b>(689,400)</b>	<b>(515,626)</b>

**25. Material events**

The status of the material events of LCB, a public listed company controlled by the Company, is reported in the Interim Financial Report of LCB.