



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

---

(Incorporated in Malaysia)

**Interim Financial Report**  
**for the Second Quarter Ended**  
**31 December 2015**

---

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 2015

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Note	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
		RM'000	RM'000	RM'000	RM'000
<b><u>Continuing operations</u></b>					
Revenue		121,943	232,790	405,206	608,084
Operating expenses		(135,726)	(238,971)	(390,296)	(583,255)
Other operating income		4,694	8,990	7,095	16,017
(Loss)/Profit from operations		(9,089)	2,809	22,005	40,846
Finance costs		(18,999)	(23,003)	(39,559)	(44,264)
Share of results of joint ventures		(73)	82	(70)	213
Impairment loss on investment securities		(10,810)	(5,064)	(29,415)	(5,064)
<b>Loss before taxation from continuing operations</b>	23	<b>(38,971)</b>	<b>(25,176)</b>	<b>(47,039)</b>	<b>(8,269)</b>
Taxation	16	544	187	(2,980)	(7,240)
<b>Net loss for the financial period from continuing operations</b>		<b>(38,427)</b>	<b>(24,989)</b>	<b>(50,019)</b>	<b>(15,509)</b>
<b><u>Discontinued operation</u></b>					
Net loss for the financial period from discontinued operation	9	-	(154,727)	-	(261,967)
<b>Net loss for the financial period</b>		<b>(38,427)</b>	<b>(179,716)</b>	<b>(50,019)</b>	<b>(277,476)</b>
Attributable to :					
- Owners of the Company		(38,427)	(118,316)	(50,019)	(173,774)
- Non-controlling interests		-	(61,400)	-	(103,702)
<b>Net loss for the financial period</b>		<b>(38,427)</b>	<b>(179,716)</b>	<b>(50,019)</b>	<b>(277,476)</b>
Loss per share attributable to owners of the Company (sen) :					
- Basic : Continuing operations	21	(2.76)	(1.79)	(3.59)	(1.11)
Discontinued operation		-	(6.70)	-	(11.37)
		<b>(2.76)</b>	<b>(8.50)</b>	<b>(3.59)</b>	<b>(12.48)</b>
- Diluted		N/A	N/A	N/A	N/A

*(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2015 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 2015

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
<b>Net loss for the financial period</b>	<b>(38,427)</b>	<b>(179,716)</b>	<b>(50,019)</b>	<b>(277,476)</b>
<u>Other comprehensive income/(loss)</u>				
Translation difference on net equity of foreign subsidiaries and other movements	(16,279)	4,101	5,336	10,480
Net (loss)/gain on available-for-sale financial assets:				
- (Loss)/Gain on fair value changes	-	(17,115)	-	2,884
Share of other comprehensive income of associates	-	2,757	-	4,378
Other comprehensive (loss)/income for the financial period, net of tax	(16,279)	(10,257)	5,336	17,742
<b>Total comprehensive loss for the financial period</b>	<b>(54,706)</b>	<b>(189,973)</b>	<b>(44,683)</b>	<b>(259,734)</b>
Attributable to :				
- Owners of the Company	(54,706)	(130,034)	(44,683)	(158,018)
- Non-controlling interests	-	(59,939)	-	(101,716)
	<b>(54,706)</b>	<b>(189,973)</b>	<b>(44,683)</b>	<b>(259,734)</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 2015 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 2015

(The figures have not been audited)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT 31.12.2015	AS AT 30.6.2015
		RM'000	RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		824,084	839,810
Investment properties		10,291	10,431
Land held for property development		26,753	24,347
Investments in joint ventures		24,832	24,903
Investment securities		62,450	91,164
Intangible assets		10,484	10,484
Deferred tax assets		1,155	847
		<b>960,049</b>	<b>1,001,986</b>
<b>Current Assets</b>			
Property development costs		231,824	208,382
Inventories		169,899	219,459
Investment securities		4,006	4,004
Trade and other receivables		548,323	425,692
Cash and bank balances		277,901	311,663
Assets held for sale		29,481	29,481
		<b>1,261,434</b>	<b>1,198,681</b>
<b>TOTAL ASSETS</b>		<b>2,221,483</b>	<b>2,200,667</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		696,074	696,074
Reserves		(292,802)	(248,119)
Total equity		<b>403,272</b>	<b>447,955</b>
<b>Non-Current Liabilities</b>			
Long term borrowings	18	122,092	128,976
Deferred tax liabilities		125,778	131,709
Derivative liability		779	407
		<b>248,649</b>	<b>261,092</b>
<b>Current Liabilities</b>			
Trade and other payables		1,246,271	1,147,330
Short term borrowings	18	316,979	341,345
Derivative liability		104	104
Tax payable		6,208	2,841
		<b>1,569,562</b>	<b>1,491,620</b>
<b>Total Liabilities</b>		<b>1,818,211</b>	<b>1,752,712</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,221,483</b>	<b>2,200,667</b>
Net assets per share attributable to owners of the Company (RM)		<b>0.29</b>	<b>0.32</b>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2015 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 2015  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Attributable to owners of the Company →				Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Accumulated Losses RM'000			
<b><u>31 December 2015</u></b>							
At 1 July 2015	696,074	330,967	128,489	(707,575)	447,955	-	447,955
Total comprehensive income/ (loss) for the financial period	-	-	5,336	(50,019)	(44,683)	-	(44,683)
<b>At 31 December 2015</b>	<b>696,074</b>	<b>330,967</b>	<b>133,825</b>	<b>(757,594)</b>	<b>403,272</b>	<b>-</b>	<b>403,272</b>
<b><u>31 December 2014</u></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>

*(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2015 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 2015  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	YEAR-TO-DATE ENDED	
	31.12.2015	31.12.2014
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Loss before taxation from continuing operations	(47,039)	(8,269)
Loss before taxation from discontinued operation	-	(258,247)
Adjustments for :		
Non-cash items	38,842	126,009
Non-operating items	32,534	146,465
Operating profit before working capital changes	<b>24,337</b>	5,958
Changes in working capital :		
Net changes in assets	(89,305)	206,463
Net changes in liabilities	91,922	(141,302)
Others (mainly interest and tax paid)	(10,395)	(17,763)
	<b>16,559</b>	<b>53,356</b>
<b>INVESTING ACTIVITIES</b>		
Deferred payment for acquisition of associates	(2,225)	(12,210)
Dividend received	112	1,816
Proceeds from redemption of investments	232	1,535
Addition to other investments	(702)	-
Others (mainly purchase of plant and equipment)	(1,843)	(10,064)
	<b>(4,426)</b>	<b>(18,923)</b>
<b>FINANCING ACTIVITIES</b>		
Bank borrowings (net)	(59,938)	(7,046)
Others	(223)	(28,224)
	<b>(60,161)</b>	<b>(35,270)</b>
Net changes in cash and cash equivalents	<b>(48,028)</b>	(837)
Effects of changes in exchange rates	11,498	10,070
Cash and cash equivalents at beginning of the period	217,334	380,265
Cash and cash equivalents at end of the period	<b>180,804</b>	<b>389,498</b>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2015 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 2015  
(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 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 2015. These explanatory notes provide an explanation on the 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 2015.

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 2015.

**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	253,125	87,736	64,903	222	<b>405,986</b>
Inter-segment sales	-	-	(776)	(4)	<b>(780)</b>
External sales	<b>253,125</b>	<b>87,736</b>	<b>64,127</b>	<b>218</b>	<b>405,206</b>
<b>Results</b>					
Segment profit/(loss)	11,564	8,647	2,077	(1,126)	<b>21,162</b>
Foreign exchange gain					<b>1,215</b>
Derivative liability loss					<b>(372)</b>
Profit from operations					<b>22,005</b>
Finance costs					<b>(39,559)</b>
Share of results of joint ventures					<b>(70)</b>
Impairment losses					<b>(29,415)</b>
Loss before taxation					<b>(47,039)</b>
<b>Total Assets</b>					
Segment assets	1,228,188	93,174	753,847	114,999	<b>2,190,208</b>
Investments in joint ventures					<b>24,832</b>
Unallocated corporate assets					<b>6,443</b>
Consolidated total assets					<b>2,221,483</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.

In the previous financial year, the Company had distributed a total of 198,873,071 ordinary shares of RM1.00 each in Lion Corporation Berhad ("LCB") ("LCB Shares") by way of dividend-in-specie to the shareholders of the Company, on the basis of one (1) LCB share for every seven (7) ordinary shares of RM0.50 each held in the Company, fractions of LCB Shares being disregarded. As a result, the Group's shareholding in LCB was diluted from 49.1% to 34.0%. Resulting therefrom, the Group is no longer deemed to have de-facto control on LCB and the financial results of the LCB Group were reported as "discontinued operation".

## 10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since 30 June 2015.



11. Performance review

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
<u>Revenue</u>				
- Steel	49,509	156,893	253,125	470,793
- CMS	45,572	34,457	87,736	72,083
- Property	26,737	41,258	64,127	64,604
- Others	125	182	218	604
	<b>121,943</b>	<b>232,790</b>	<b>405,206</b>	<b>608,084</b>
<u>Segment profit/(loss)</u>				
- Steel	(9,492)	(1,768)	11,564	30,773
- CMS	4,731	1,086	8,647	2,302
- Property	3,623	8,868	2,077	12,437
- Others	(686)	(1,287)	(1,126)	(906)
	<b>(1,824)</b>	<b>6,899</b>	<b>21,162</b>	<b>44,606</b>

For the six months period ended 31 December 2015, the Group registered a lower revenue of RM405 million as compared to the preceding year corresponding period and correspondingly, a lower operating profit of RM21 million was recorded. This was mainly attributable to the lower sales by our direct reduced iron ("DRI") operation.

Our CMS Division continued to post favourable results mainly due to the better performance from both domestic and overseas operations coupled with the strengthening of the US Dollar against Ringgit Malaysia. However, our Property Division reported a lower segment profit for the period under review mainly due to low market sentiment.

The "Others" Division recorded a lower revenue and higher segment loss of RM1 million for the current year-to-date.

12. Comment on material change in profit

	Current Year Quarter	Immediate Preceding Quarter
	31.12.2015 RM'000	30.9.2015 RM'000
Revenue	121,943	283,263
(Loss)/Profit from operations	(9,089)	31,094
Loss before taxation	<b>(38,971)</b>	<b>(8,068)</b>

The Group recorded a lower revenue of RM122 million and loss from operations of RM9 million for the current quarter under review mainly due to loss registered by steel operations. After accounting for the finance costs and impairment loss, a higher loss before taxation of RM39 million was reported.

**13. a) Prospects**

Following the Government's decision not to impose safeguard duties on imports of hot rolled coils, it is expected that the dumping activities will continue to severely affect the performance of the local steel producers. Furthermore, with the oversupply and stagnant growth in demand globally, the steel operating environment of the Group will continue to remain tough and challenging in the next quarter.

Our CMS and Property Divisions are expected to maintain its 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	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Current year tax				
- Arising in Malaysia	1,439	911	2,237	1,489
- Arising outside Malaysia	159	2,242	743	3,041
Deferred tax				
- Current year	(2,142)	(3,340)	-	2,710
	<u>(544)</u>	<u>(187)</u>	<u>2,980</u>	<u>7,240</u>

After excluding share of results of joint ventures, the effective tax rate of the Group for the current quarter was lower than the Malaysian statutory tax rate mainly due to certain expenses which are not deductible for tax purposes and the effective tax rate of the Group for financial year-to-date was 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.

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

There were no corporate proposals pending completion as at the end of the reporting period.

**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:

	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
	RM'000	RM'000	RM'000
<u>Loans and Borrowings</u>			
Secured	316,979	122,092	<b>439,071</b>

	<u>Foreign Currency</u>	<u>Total</u>
	'000	RM'000
The Group's borrowings and debt securities were denominated in the following currencies:		
- Ringgit Malaysia	-	<b>262,149</b>
- US Dollar	40,453	<b>173,663</b>
- Chinese Renminbi	4,930	<b>3,259</b>
		<b>439,071</b>

**19. Changes in material litigation**

There was no material litigation since 30 June 2015.

**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 during the financial period.

	<u>3 MONTHS ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
Net loss attributable to owners of the Company (RM'000) :				
- Continuing operations	<b>(38,427)</b>	(24,989)	<b>(50,019)</b>	(15,509)
- Discontinued operation	-	(93,327)	-	(158,265)
Net loss attributable to owners of the Company (RM'000)	<b>(38,427)</b>	(118,316)	<b>(50,019)</b>	(173,774)
Weighted average number of ordinary shares in issue ('000)	<b>1,392,147</b>	1,392,147	<b>1,392,147</b>	1,392,147

**21. Loss per share** (continued)**Basic** (continued)

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 during the financial period.

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Basic loss per share (sen) :				
- Continuing operations	(2.76)	(1.79)	(3.59)	(1.11)
- Discontinued operation	-	(6.70)	-	(11.37)
	<b>(2.76)</b>	<b>(8.50)</b>	<b>(3.59)</b>	<b>(12.48)</b>

**Diluted**

There were no dilutive effects from the potential ordinary shares i.e. shares granted under the Executive Share Option Scheme.

**22. Auditors' report on preceding annual financial statements**

The auditors' report of the financial statements for the financial year ended 30 June 2015 was qualified on 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 from continuing operations**

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

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
(a) Interest income	4,647	8,990	6,983	15,663
(b) Other income including investment income	47	-	112	354
(c) Interest expense	(18,999)	(23,003)	(39,559)	(44,264)
(d) Depreciation and amortisation	(9,185)	(9,078)	(18,410)	(17,943)
(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	-	-	-	-
(h) Impairment of assets	(10,810)	(5,064)	(29,415)	(5,064)
(i) Foreign exchange gain/(loss) - net	(6,712)	1,703	1,215	2,033
(j) Gain/(Loss) on derivatives	(553)	(5,793)	(372)	(5,793)
(k) Exceptional items	-	-	-	-

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

	<b>AS AT 31.12.2015 RM'000</b>	<b>AS AT 30.6.2015 RM'000</b>
Total accumulated losses of the Company and its subsidiaries:		
- Realised	<b>(538,090)</b>	(470,780)
- Unrealised	<b>(177,297)</b>	(194,658)
	<b>(715,387)</b>	<b>(665,438)</b>
Total share of accumulated losses from associates:		
- Realised	<b>(4,283)</b>	(4,283)
Total share of retained profits from joint ventures:		
- Realised	<b>24,745</b>	24,815
Less: Consolidation adjustments	<b>(62,669)</b>	(62,669)
Total Group's accumulated losses as per consolidated accounts	<b>(757,594)</b>	<b>(707,575)</b>