



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

---

(Incorporated in Malaysia)

**Interim Financial Report**  
**for the First Quarter Ended**  
**30 September 2016**

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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 first quarter ended 30 September 2016  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Note	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
		30.9.2016 RM'000	30.9.2015 RM'000	30.9.2016 RM'000	30.9.2015 RM'000
<b>Revenue</b>		<b>116,735</b>	<b>283,263</b>	<b>116,735</b>	<b>283,263</b>
Operating expenses		<b>(117,705)</b>	(254,570)	<b>(117,705)</b>	(254,570)
Other operating income		<b>5,102</b>	2,401	<b>5,102</b>	2,401
Profit from operations		<b>4,132</b>	31,094	<b>4,132</b>	31,094
Finance costs		<b>(16,766)</b>	(20,560)	<b>(16,766)</b>	(20,560)
Share of results of joint venture		<b>361</b>	3	<b>361</b>	3
Impairment loss on investment securities		-	(18,605)	-	(18,605)
<b>Loss before taxation</b>	23	<b>(12,273)</b>	(8,068)	<b>(12,273)</b>	(8,068)
Taxation	16	<b>(4,485)</b>	(3,524)	<b>(4,485)</b>	(3,524)
<b>Net loss for the financial period</b>		<b>(16,758)</b>	<b>(11,592)</b>	<b>(16,758)</b>	<b>(11,592)</b>
Attributable to :					
- Owners of the Company		<b>(16,758)</b>	(11,592)	<b>(16,758)</b>	(11,592)
Loss per share attributable to owners of the Company (sen) :	21				
- Basic		<b>(1.20)</b>	(0.83)	<b>(1.20)</b>	(0.83)
- Diluted		<b>N/A</b>	N/A	<b>N/A</b>	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 2016 and the accompanying explanatory notes attached to the interim financial statements)*

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Interim financial report for the first quarter ended 30 September 2016  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

	<b>3 MONTHS ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.9.2016</b> RM'000	<b>30.9.2015</b> RM'000	<b>30.9.2016</b> RM'000	<b>30.9.2015</b> RM'000
<b>Net loss for the financial period</b>	<b>(16,758)</b>	<b>(11,592)</b>	<b>(16,758)</b>	<b>(11,592)</b>
<u>Other comprehensive income</u>				
Translation difference on net equity of foreign subsidiaries and other movements	4,759	21,615	4,759	21,615
Net gain on available-for-sale financial assets:				
- Gain on fair value changes	5,620	-	5,620	-
Other comprehensive income for the financial period, net of tax	10,379	21,615	10,379	21,615
<b>Total comprehensive (loss)/income for the financial period</b>	<b>(6,379)</b>	<b>10,023</b>	<b>(6,379)</b>	<b>10,023</b>
Attributable to :				
- Owners of the Company	(6,379)	10,023	(6,379)	10,023

*(The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016 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 first quarter ended 30 September 2016

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	AS AT 30.9.2016 RM'000	AS AT 30.6.2016 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		432,621	440,178
Investment properties		2,000	2,095
Land held for property development		25,204	24,551
Investment in joint venture		22,612	22,251
Investment securities		13,926	10,144
Intangible assets		10,484	10,484
Deferred tax assets		1,266	1,326
		<b>508,113</b>	<b>511,029</b>
<b>Current Assets</b>			
Property development costs		105,715	113,739
Inventories		53,963	67,702
Investment securities		18,420	36,354
Trade and other receivables		111,164	91,583
Cash and bank balances		345,430	344,559
Assets held for sale		10,052	10,052
Derivative assets		4,626	5,365
		<b>649,370</b>	<b>669,354</b>
<b>TOTAL ASSETS</b>		<b>1,157,483</b>	<b>1,180,383</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		696,074	696,074
Reserves		(1,104,480)	(1,098,101)
Total equity		<b>(408,406)</b>	<b>(402,027)</b>
<b>Non-Current Liabilities</b>			
Long term borrowings	18	39,919	40,256
Deferred tax liabilities		31,955	31,955
		<b>71,874</b>	<b>72,211</b>
<b>Current Liabilities</b>			
Trade and other payables		1,220,104	1,131,363
Short term borrowings	18	265,690	356,061
Derivative liability		4	4
Tax payable		8,217	22,771
		<b>1,494,015</b>	<b>1,510,199</b>
<b>Total Liabilities</b>		<b>1,565,889</b>	<b>1,582,410</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,157,483</b>	<b>1,180,383</b>
Net liabilities per share attributable to owners of the Company (RM)		<b>(0.29)</b>	<b>(0.29)</b>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements)*

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Attributable to owners of the Company →				→
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Accumulated Losses RM'000	
<b><u>30 September 2016</u></b>					
At 1 July 2016	696,074	330,967	122,334	(1,551,402)	(402,027)
Total comprehensive income/ (loss) for the financial period	-	-	10,379	(16,758)	(6,379)
<b>At 30 September 2016</b>	<b>696,074</b>	<b>330,967</b>	<b>132,713</b>	<b>(1,568,160)</b>	<b>(408,406)</b>
<b><u>30 September 2015</u></b>					
At 1 July 2015	696,074	330,967	128,489	(707,575)	447,955
Total comprehensive income/ (loss) for the financial period	-	-	21,615	(11,592)	10,023
<b>At 30 September 2015</b>	<b>696,074</b>	<b>330,967</b>	<b>150,104</b>	<b>(719,167)</b>	<b>457,978</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 2016 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 first quarter ended 30 September 2016  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	YEAR-TO-DATE ENDED	
	30.9.2016 RM'000	30.9.2015 RM'000
<b><u>OPERATING ACTIVITIES</u></b>		
Loss before taxation	(12,273)	(8,068)
Adjustments for :		
Non-cash items	8,852	15,760
Non-operating items	15,370	18,156
Operating profit before working capital changes	<b>11,949</b>	25,848
Changes in working capital :		
Net changes in assets	902	(112,699)
Net changes in liabilities	93,098	110,390
Others (mainly interest and tax paid)	(31,704)	(9,382)
	<b>74,245</b>	<b>14,157</b>
<b><u>INVESTING ACTIVITIES</u></b>		
Dividend received	-	65
Proceeds from disposal/redemption of investments	3,950	232
Others (mainly purchase of plant and equipment)	(237)	(1,150)
	<b>3,713</b>	<b>(853)</b>
<b><u>FINANCING ACTIVITIES</u></b>		
Bank borrowings (net)	(15,495)	(41,140)
Others	(144)	(73)
	<b>(15,639)</b>	<b>(41,213)</b>
Net changes in cash and cash equivalents	<b>62,319</b>	(27,909)
Effects of changes in exchange rates	3,149	18,803
Cash and cash equivalents at beginning of the period	87,666	54,552
Cash and cash equivalents at end of the period	<b>153,134</b>	<b>45,446</b>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016 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 first quarter ended 30 September 2016

(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 2016. 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 2016.

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 2016 except for the adoption of the following FRSs effective for the financial period beginning 1 July 2016:

Annual Improvements to FRSs 2012 – 2014 *Cycle*  
Amendments to FRS 116 and FRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*  
Amendments to FRS 116 and FRS 141 *Agriculture: Bearer Plant*  
Amendments to FRS 11 *Accounting for Acquisitions of Interests in Joint Operations*  
Amendments to FRS 127 *Equity Method in Separate Financial Statements*  
Amendments to FRS 101 *Disclosure Initiatives*  
Amendments to FRS 10, FRS 12 and FRS 128 *Investment Entities: Applying the Consolidation Exception*  
FRS 14 *Regulatory Deferral Accounts*

The adoption of the above mentioned FRSs and Amendments to FRSs did not have a material impact on the financial statements of the Group in the period of initial application.

### 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

During the financial year-to-date, the Bondholders had converted a total of USD4.38 million Guarantee Secured Exchangeable Bonds at an exchange price of RM1.0056 per ordinary share 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

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:

	<u>Steel</u>	<u>Contract Manufacturing Services ("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	-	40,721	76,330	72	117,123
Inter-segment sales	-	-	(388)	-	(388)
External sales	-	<u>40,721</u>	<u>75,942</u>	<u>72</u>	<u>116,735</u>
<u>Results</u>					
Segment profit/(loss)	(10,112)	3,301	12,259	(606)	4,842
Foreign exchange loss					(381)
Loss on derivatives					(739)
Loss on fair value					(3,657)
Gain on conversion					4,067
Profit from operations					4,132
Finance costs					(16,766)
Share of results of joint venture					361
Loss before taxation					<u>(12,273)</u>
<u>Total Assets</u>					
Segment assets	259,699	92,700	745,209	33,224	1,130,832
Investments in joint ventures					22,612
Unallocated corporate assets					4,039
Consolidated total assets					<u>1,157,483</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 Gempower Sdn Bhd, a dormant wholly-owned subsidiary of Temasek Potensi Sdn Bhd which in turn is a wholly-owned subsidiary of the Company.

## 10. Changes in contingent liabilities and contingent assets

Other than as disclosed in Note 19, there were no material changes in contingent liabilities or contingent assets since 30 June 2016.

## 11. Performance review

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.9.2016 RM'000	30.9.2015 RM'000	30.9.2016 RM'000	30.9.2015 RM'000
<u>Revenue</u>				
- Steel	-	203,616	-	203,616
- CMS	40,721	42,164	40,721	42,164
- Property	75,942	37,390	75,942	37,390
- Others	72	93	72	93
	<b>116,735</b>	<b>283,263</b>	<b>116,735</b>	<b>283,263</b>
<u>Segment profit/(loss)</u>				
- Steel	(10,112)	21,056	(10,112)	21,056
- CMS	3,301	3,916	3,301	3,916
- Property	12,259	(1,546)	12,259	(1,546)
- Others	(606)	(440)	(606)	(440)
	<b>4,842</b>	<b>22,986</b>	<b>4,842</b>	<b>22,986</b>

For the 3-month period ended 30 September 2016, the Group reported a lower revenue of RM117 million as compared to RM283 million in the preceding year corresponding period. Accordingly, lower operating profit of RM5 million was reported. The Group's Steel Division recorded a loss following the temporary shutdown of the direct reduced iron plant since February 2016.

Our CMS Division registered a slightly lower performance mainly due to the lower contribution from the overseas operations, whilst our Property Division posted commendable results for the current year-to-date as demand for properties in China improved.

## 12. Comment on material change in profit

	Current Year Quarter	Immediate Preceding Quarter
	30.9.2016 RM'000	30.6.2016 RM'000
Revenue	116,735	140,504
Profit/(Loss) from operations	4,132	(50,263)
Loss before taxation	<b>(12,273)</b>	<b>(814,432)</b>

**12. Comment on material change in profit** (cont'd.)

For the current quarter under review, the Group recorded a revenue of RM117 million which was mainly contributed by our Property and CMS Divisions. Despite recording a lower revenue, the Group posted a profit from operations of RM4 million against a loss from operations of RM50 million in the immediate preceding quarter. After accounting for the finance costs and the share of results from joint venture, loss before taxation of RM12 million was recorded.

The loss before taxation in the last quarter was mainly due to the impairment losses on receivables, and plant and equipment of RM740 million.

**13. a) Prospects**

The operating environment of the Group's businesses is anticipated to remain tough and challenging in the next quarter in view of the prevailing uncertainties affecting the global and local economies coupled with intense competition. The resumption of the steel operation will very much depend on the underlying market conditions and prices of steel products.

Both 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	
	30.9.2016 RM'000	30.9.2015 RM'000	30.9.2016 RM'000	30.9.2015 RM'000
Current year tax				
- Arising in Malaysia	1,199	798	1,199	798
- Arising outside Malaysia	3,286	584	3,286	584
Deferred tax				
- Current year	-	2,142	-	2,142
	<b>4,485</b>	<b>3,524</b>	<b>4,485</b>	<b>3,524</b>

After excluding share of results of joint venture, the effective tax rate of the Group for the current quarter and 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	155,194	39,919	<b>195,113</b>
Unsecured	110,496	-	<b>110,496</b>
	<u>265,690</u>	<u>39,919</u>	<u><b>305,609</b></u>

**Foreign  
Currency**

'000

RM'000

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

- Ringgit Malaysia	-	<b>192,180</b>
- US Dollar	26,683	<b>110,496</b>
- Chinese Renminbi	4,720	<b>2,933</b>
		<u><b>305,609</b></u>

**19. Changes in material litigation**

There was no material litigation since 30 June 2016 other than the following:

On 6 July 2016, the solicitors of the Company were served with London High Court of Justice Queen's Division Claim Form by Classic Maritime Inc. ("Classic") as claimant against (1) Limbungan Makmur Sdn Bhd ("Limbungan Makmur"), a wholly-owned subsidiary of the Company; and (2) the Company. Brief details of the claim are as follows:

- (i) As against Limbungan Makmur, damages for breach of contract of affreightment ("COA") dated on or about 29 June 2009;
- (ii) As against the Company pursuant to a contract of suretyship dated on or 29 June 2009 pursuant to which the Company guaranteed the performance of Limbungan Makmur's obligations under COA and/or agreed to pay to Classic on demand any and all amounts accruing to Classic from Limbungan Makmur under the COA; and
- (iii) As against both Limbungan Makmur and the Company, interest pursuant to section 35A of the Supreme Court Act 1981, to be assessed.

The claim is now fixed for case management conference on 16 December 2016.

**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.

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
Net loss attributable to owners of the Company (RM'000)	<b>(16,758)</b>	(11,592)	<b>(16,758)</b>	(11,592)
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
Basic loss per share (sen)	<b>(1.20)</b>	(0.83)	<b>(1.20)</b>	(0.83)

The basic loss per share and the diluted loss per share are the same for the financial period as the Company has no dilutive potential ordinary shares as of the end of the financial period.

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

The auditors' report of the financial statements for the financial year ended 30 June 2016 was a disclaimer on the ability to continue as going concerns, the measurement of revenue and raw materials and consumables used, the valuation of inventories and the recoverable amount of direct reduced iron plant estimated by an independent professional valuer using cost approach. 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):

	<b>3 MONTHS ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>30.9.2016</b>	<b>30.9.2015</b>
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	<b>1,035</b>	2,336	<b>1,035</b>	2,336
(b) Other income including investment income	-	65	-	65
(c) Interest expense	<b>(16,766)</b>	(20,560)	<b>(16,766)</b>	(20,560)
(d) Depreciation and amortisation	<b>(8,054)</b>	(9,225)	<b>(8,054)</b>	(9,225)
(e) Provision for and write off of receivables	-	-	-	-
(f) Provision for and write off of inventories	-	-	-	-
(g) Gain/(Loss) on disposal/conversion of quoted or unquoted investments	<b>4,067</b>	-	<b>4,067</b>	-
(h) Impairment of assets	-	(18,605)	-	(18,605)
(i) Foreign exchange gain/(loss) - net	<b>(381)</b>	7,927	<b>(381)</b>	7,927
(j) Gain/(Loss) on derivatives or fair value	<b>(4,396)</b>	181	<b>(4,396)</b>	181
(k) Exceptional items	-	-	-	-

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

	<b>AS AT</b>	<b>AS AT</b>
	<b>30.9.2016</b>	<b>30.6.2016</b>
	RM'000	RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	<b>(1,428,937)</b>	(1,414,552)
- Unrealised	<b>(94,795)</b>	(92,061)
	<b>(1,523,732)</b>	(1,506,613)
Total share of accumulated losses from associates:		
- Realised	<b>(4,283)</b>	(4,283)
Total share of retained profits from joint ventures:		
- Realised	<b>22,524</b>	22,163
Less: Consolidation adjustments	<b>(62,669)</b>	(62,669)
Total Group's accumulated losses	<b>(1,568,160)</b>	(1,551,402)