



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

---

(Incorporated in Malaysia)

**Interim Financial Report**  
**for the Second Quarter Ended**  
**31 December 2017**

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

Interim financial report for the second quarter ended 31 December 2017  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	3 MONTHS ENDED			YEAR-TO-DATE ENDED			
	Note	31.12.2017	31.12.2016	Changes	31.12.2017	31.12.2016	Changes
		RM'000	RM'000	%	RM'000	RM'000	%
<b>Revenue</b>		<b>52,953</b>	<b>129,227</b>	(59)	<b>140,974</b>	<b>245,962</b>	(43)
Operating expenses		<b>(33,279)</b>	(125,927)		<b>(120,761)</b>	(243,632)	
Other operating income		<b>2,240</b>	5,634		<b>11,829</b>	10,736	
Profit from operations		<b>21,914</b>	8,934	>100	<b>32,042</b>	13,066	>100
Finance costs		<b>(17,828)</b>	(18,093)		<b>(32,646)</b>	(34,859)	
Share of results of joint venture		<b>85</b>	203		<b>142</b>	564	
Impairment loss on investment securities		<b>(459)</b>	(1,674)		<b>(459)</b>	(1,674)	
<b>Profit/(Loss) before taxation</b>	23	<b>3,712</b>	<b>(10,630)</b>	>100	<b>(921)</b>	<b>(22,903)</b>	96
Taxation	16	<b>(8,457)</b>	(7,199)		<b>(12,616)</b>	(11,684)	
<b>Net loss for the financial period</b>		<b>(4,745)</b>	<b>(17,829)</b>	73	<b>(13,537)</b>	<b>(34,587)</b>	61
Attributable to :							
- Owners of the Company		<b>(4,745)</b>	(17,829)		<b>(13,537)</b>	(34,587)	
Loss per share attributable to owners of the Company (sen) : 21							
- Basic		<b>(0.34)</b>	(1.28)		<b>(0.97)</b>	(2.48)	
- 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 2017 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 2017  
(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>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
	RM'000	RM'000	RM'000	RM'000
<b>Net loss for the financial period</b>	<b>(4,745)</b>	<b>(17,829)</b>	<b>(13,537)</b>	<b>(34,587)</b>
<u>Other comprehensive income/(loss)</u>				
Translation difference on net equity of foreign subsidiaries and other movements	<b>(72)</b>	(5,793)	<b>989</b>	(1,034)
Net gain/(loss) on available-for-sale financial assets:				
- Gain/(Loss) on fair value changes	<b>1,668</b>	(2,937)	<b>6,940</b>	2,683
Other comprehensive income/(loss) for the financial period, net of tax	<b>1,596</b>	(8,730)	<b>7,929</b>	1,649
<b>Total comprehensive loss for the financial period</b>	<b>(3,149)</b>	<b>(26,559)</b>	<b>(5,608)</b>	<b>(32,938)</b>
Attributable to :				
- Owners of the Company	<b>(3,149)</b>	(26,559)	<b>(5,608)</b>	(32,938)

*The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 30 June 2017 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 2017  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	AS AT 31.12.2017 RM'000	AS AT 30.6.2017 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		382,587	396,298
Investment properties		1,988	2,024
Land held for property development		15,489	15,775
Investment in joint venture		23,390	23,248
Investment securities		44,845	37,905
Intangible assets		10,484	10,484
Deferred tax assets		1,214	1,026
		<b>479,997</b>	<b>486,760</b>
<b>Current Assets</b>			
Property development costs		50,930	56,080
Inventories		52,485	51,776
Investment securities		18,567	18,200
Trade and other receivables		85,297	76,494
Cash and bank balances		331,261	341,646
Assets held for sale		-	10,052
		<b>538,540</b>	<b>554,248</b>
<b>TOTAL ASSETS</b>		<b>1,018,537</b>	<b>1,041,008</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		1,027,041	1,027,041
Reserves		(1,470,550)	(1,464,942)
Total equity		<b>(443,509)</b>	<b>(437,901)</b>
<b>Non-Current Liabilities</b>			
Loan and borrowings	18	10,023	20,105
Deferred tax liabilities		33,989	34,998
		<b>44,012</b>	<b>55,103</b>
<b>Current Liabilities</b>			
Trade and other payables		1,148,759	1,169,033
Loan and borrowings	18	252,912	246,257
Tax payable		16,209	8,395
Derivative liability		154	121
		<b>1,418,034</b>	<b>1,423,806</b>
<b>Total Liabilities</b>		<b>1,462,046</b>	<b>1,478,909</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,018,537</b>	<b>1,041,008</b>
Net liabilities per share attributable to owners of the Company (RM)		<b>(0.32)</b>	<b>(0.31)</b>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2017 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 2017  
(The figures have not been audited)

**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>31 December 2017</u></b>					
At 1 July 2017	1,027,041	-	159,781	(1,624,723)	(437,901)
Total comprehensive income/ (loss) for the financial period	-	-	7,929	(13,537)	(5,608)
<b>At 31 December 2017</b>	<b>1,027,041</b>	<b>-</b>	<b>167,710</b>	<b>(1,638,260)</b>	<b>(443,509)</b>
<b><u>31 December 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	-	-	1,649	(34,587)	(32,938)
Transfer to capital reserve	-	-	2,375	(2,375)	-
<b>At 31 December 2016</b>	<b>696,074</b>	<b>330,967</b>	<b>126,358</b>	<b>(1,588,364)</b>	<b>(434,965)</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 2017 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 2017  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	YEAR-TO-DATE ENDED	
	31.12.2017	31.12.2016
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Loss before taxation	(921)	(22,903)
Adjustments for :		
Non-cash items	9,506	10,937
Non-operating items	28,465	27,753
Operating profit before working capital changes	<b>37,050</b>	15,787
Changes in working capital :		
Net changes in assets	(4,115)	59,331
Net changes in liabilities	(23,276)	93,891
Others (mainly interest and tax paid)	(31,042)	(26,199)
	<b>(21,383)</b>	<b>142,810</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of assets	17,565	-
Proceeds from redemption of investments	167	127
Deferred payment for acquisition of associates	(1,050)	(5,688)
Dividend received	84	70
Movements in cash management funds	(1,337)	2,143
Others (mainly purchase of plant and equipment)	(1,698)	(803)
	<b>13,731</b>	<b>(4,151)</b>
<b>FINANCING ACTIVITIES</b>		
Bank borrowings (net)	(190)	(13,301)
Movement of deposits with licensed banks	38,499	-
Others	(87)	(238)
	<b>38,222</b>	<b>(13,539)</b>
Net changes in cash and cash equivalents	<b>30,570</b>	125,120
Effects of changes in exchange rates	(2,455)	8,057
Cash and cash equivalents at beginning of the year	<b>298,579</b>	87,666
Cash and cash equivalents at end of the period	<b>326,694</b>	<b>220,843</b>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2017 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 2017

(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 2017. 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 2017.

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 2017 except for the adoption of the following FRSs effective for the financial period beginning 1 July 2017:

Amendments to FRS 12 *Disclosure of Interests in Other Entities*  
(*Annual Improvements to FRSs 2012 – 2014 Cycle*)

Amendments to FRS 107 *Disclosure Initiative*

Amendments to FRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

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

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

Other than as disclosed in Note 11, 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 had partially redeemed US\$3 million Unsecured 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

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>Contract Manufacturing Services</b>				
	<b>Property</b>	<b>("CMS")</b>	<b>Steel</b>	<b>Others</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
External sales	40,487	100,433	-	54	<b>140,974</b>
<u>Results</u>					
Segment profit/(loss)	32,208	12,783	(15,061)	4,339	<b>34,269</b>
Foreign exchange loss					<b>(859)</b>
Loss on conversion					<b>(510)</b>
Loss on derivatives					<b>(33)</b>
Loss on fair value					<b>(825)</b>
Profit from operations					<b>32,042</b>
Finance costs					<b>(32,646)</b>
Share of results of joint venture					<b>142</b>
Impairment loss on investment securities					<b>(459)</b>
Loss before taxation					<b>(921)</b>
<u>Total Assets</u>					
Segment assets	579,806	109,944	218,937	77,536	<b>986,223</b>
Investment in joint venture					<b>23,390</b>
Unallocated corporate assets					<b>8,924</b>
Consolidated total assets					<b>1,018,537</b>

## 8. Subsequent events

Other than as disclosed in Note 17, 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 voluntary dissolution of the following companies:

- (i) Atlantic Dimension Sdn Bhd, a dormant wholly-owned subsidiary of LDH Management Sdn Bhd which in turn is a wholly-owned subsidiary of the Company;
- (ii) Jernih Aktif Sdn Bhd, a dormant wholly-owned subsidiary of Temasek Potensi Sdn Bhd which in turn is a wholly-owned subsidiary of the Company; and
- (iii) Fusion Energy Sdn Bhd, a dormant 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 2017.

**11. Performance review**

	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
	31.12.2017 RM'000	31.12.2016 RM'000	Changes %	31.12.2017 RM'000	31.12.2016 RM'000	Changes %
<b>Revenue</b>						
- Property	6,345	93,736	(93)	40,487	169,678	(76)
- CMS	46,582	35,418	32	100,433	76,139	32
- Steel	-	-	-	-	-	-
- Others	26	73	(64)	54	145	(63)
	<b>52,953</b>	<b>129,227</b>	<b>(59)</b>	<b>140,974</b>	<b>245,962</b>	<b>(43)</b>
<b>Segment profit/(loss)</b>						
- Property	26,207	5,997	>100	32,208	18,256	76
- CMS	5,787	892	>100	12,783	4,193	>100
- Steel	(7,704)	(5,957)	(29)	(15,061)	(16,069)	6
- Others	(1,252)	(1,259)	1	4,339	(1,865)	>100
	<b>23,038</b>	<b>(327)</b>	<b>&gt;100</b>	<b>34,269</b>	<b>4,515</b>	<b>&gt;100</b>

For the 6-month period ended 31 December 2017, the Group recorded a 43% lower revenue of RM141 million as compared to RM246 million last year same period but higher operating profit of RM34 million was reported as compared to RM5 million a year ago. Our Property Division reported a lower revenue mainly due to lower progress billings, however, higher profit recorded largely attributable to the reversal of expenses in relation to the closure of one of its major phases of the project development.

Our CMS Division registered a 32% higher revenue of RM100 million due to higher sales volume from local market. Correspondingly, higher operating profit of RM13 million was recorded.

The loss in the Steel Division was attributed to depreciation and administrative expense since its DRI plant was temporarily shutdown in 2016.

Others Division recorded lower revenue but profit mainly due to gain on disposal of property of approximately RM8 million for the current period under review.

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

	Current Year Quarter	Immediate Preceding Quarter	Changes
	31.12.2017 RM'000	30.9.2017 RM'000	%
Revenue	52,953	88,021	(40)
Profit from operations	21,914	10,128	>100
Profit/(Loss) before taxation	3,712	(4,633)	>100

For the current quarter under review, the Group reported a lower revenue of RM53 million, representing a decrease of 40% as compared to RM88 million last quarter. However, higher operating profit of RM22 million was recorded mainly contributed by our Property Division. After accounting for the finance costs, share of results from joint venture and impairment loss on investment securities, the Group registered a profit before taxation of RM4 million.

**13. a) Prospects**

The operating environment for CMS and Property Divisions remains challenging and competitive. The Group will remain vigilant to meet these challenges. The Board expects both our CMS and Property Divisions to maintain satisfactory performance in the next quarter.

For the Steel Division's business of the Group, the resumption of its operations will very much depend on the underlying market demand, prices of direct reduced iron and the availability of raw materials.

**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	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Current year tax				
- Arising in Malaysia	1,578	1,198	3,516	2,397
- Arising outside Malaysia	6,879	4,604	9,100	7,890
Prior year tax	-	(5)	-	(5)
Deferred tax				
- Current year	-	1,402	-	1,402
	<b>8,457</b>	<b>7,199</b>	<b>12,616</b>	<b>11,684</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

No	Date of Announcement	Subject	Status
1	11.10.2017, 2.11.2017 and 22.11.2017	Proposed Contract-To-Work Agreement between Banting Resources Sdn Bhd ("BRSB"), a wholly-owned subsidiary of the Company and Lion Tin Sdn Bhd ("LTSB"), whereby BRSB shall, in consideration of the mining tribute equivalent to 10% of the revenue net of royalty from each type of mineral mined, processed and sold, payable by LTSB to BRSB, grants LTSB the sole and exclusive right to plan, study, research, explore prospect, extract, mine, remove, develop, produce, handle, mill or other processing of tin and other mineral deposits found either in or upon the soil of earth or in the rocks beneath the soil, including but not limited to sand, silica, clay and among ("Minerals") by whatever methods and to whatever extent that LTSB shall deem advisable in its sole discretion and to manage, administer, market, sell and receive for its own account and benefit, the sale proceeds of the Minerals mined by LTSB on the six (6) pieces of land beneficially owned by BRSB, measuring approximately 800 acres in total, all in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor ("Proposed Award of Contract").	<p>The Company had been obtained the approval from its shareholders for the Proposed Award of Contract at the Extraordinary General Meeting of the Company held on 22 November 2017.</p> <p>The condition precedent for the Proposed Award of Contract has been fully satisfied on 22 November 2017 and the Agreement has become unconditional and effective.</p>

### 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:

	<b>AS AT 31.12.2017</b>		<b>AS AT 31.12.2016</b>	
	Foreign Currency '000	RM'000	Foreign Currency '000	RM'000
<u>Loans and Borrowings</u>				
<u>Current</u>				
<u>Secured</u>				
Bonds - US Dollar ("USD")	2,477	10,058	2,477	11,101
Term loans :				
- Ringgit Malaysia ("RM")	-	143,466	-	83,546
- USD	9,578	38,891	9,578	42,924
Overdraft	-	-	-	21,661
Obligations under finance leases	-	169	-	237
		<u>192,584</u>		<u>159,469</u>
<u>Unsecured</u>				
Bonds - USD	14,857	60,328	21,171	94,880
		<u>252,912</u>		<u>254,349</u>
<u>Non-current</u>				
<u>Secured</u>				
Term loans :				
- RM	-	10,000	-	66,742
Obligations under finance leases	-	23	-	182
		<u>10,023</u>		<u>66,924</u>
		<u>262,935</u>		<u>321,273</u>

The closing rate used in translating USD into RM was USD1 = RM4.06 (31.12.2016: USD1 = RM4.48).

**19. Changes in material litigation**

There was no material litigation since 30 June 2017 other than the following:

On 6 July 2016, the solicitors of the Company were served with London High Court of Justice Queen's Bench 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 ("UK proceedings"). The claims are for the following:

- (i) As against Limbungan Makmur, damages for breach of contract of affreightment dated on or about 29 June 2009 ("the COA") in the sum of USD20,497,332.00 and/or USD431,366.88 and/or USD1,422,534.24 and/or USD171,595.57 and/or such other sums as is/are properly due and owing to Classic arising from alleged non-performance of 7 shipments;
- (ii) As against the Company pursuant to a contract of suretyship dated on or about 29 June 2009 pursuant to which the Company guaranteed the performance of Limbungan Makmur's obligations under the 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.

**19. Changes in material litigation** (cont'd.)

On 12 April 2017, the High Court allowed judgement to be entered against 2 shipments ("2 Index Shipments") whilst dismissing Classic's application for summary judgement for the balance 5 shipments. Assessment of damages for these 2 Index Shipments shall be at the same time as trial of the balance 5 shipments which is fixed on 16 July 2018.

According to the quantum expert report commissioned by the Group, Classic would not be able to profit if it had performed the 2 Index Shipments but rather would have incurred a loss. In respect of Classic's claims for balance 5 shipments, both Limbungan Makmur and the Company believe that they have a good defence to the above claims.

In addition to the UK proceedings, Classic has commenced legal action in the Superior Court of California, County of Los Angeles, United States of America. On 12 June 2017, Classic filed a verified complaint against the Company ("Complaint") seeking for pre-judgement attachment of assets of Likom Caseworks USA Inc. ("Likom USA"), a wholly-owned subsidiary of the Company. On 11 July 2017, Classic obtained a temporary protective order and corresponding writ of attachment ("Pre-Judgement Attachment Orders") on all shares and assets of Likom USA, located at 17890 Castleton St., Suite 309, City of Industry, California, owned by the Company, whether held by the Company directly, or beneficially through the Company's wholly-owned subsidiary, Likom Caseworks Sdn Bhd. On 14 August 2017, Likom USA received memorandum of garnishee arising from the Pre-Judgement Attachment Orders.

The Company's attorneys are of the view that since there is no property of the Company in the possession of Likom USA, the Superior Court of California lacks jurisdiction and that the Complaint must be dismissed. Likom USA is a separate corporate entity that cannot be made to answer for any alleged claims against the Company. The Company has instructed its attorneys to apply for a motion to quash the Pre-Judgement Attachment Orders and dismissal of the Complaint. The hearing of the Company's application to quash the Pre-Judgement Attachment Orders is fixed on 7 March 2018.

**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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Net loss attributable to owners of the Company (RM'000)	<b>(4,745)</b>	(17,829)	<b>(13,537)</b>	(34,587)
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>(0.34)</b>	(1.28)	<b>(0.97)</b>	(2.48)

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 2017 was a disclaimer on the ability to continue as going concern, the measurement of revenue and raw materials and consumables used, the valuation of inventories, the recoverable amount of direct reduced iron plant and the provision for onerous contract of affreightment. As at the financial year-to-date, there was no change to the status.

**23. Profit/(Loss) before taxation**

Profit/(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>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	<b>1,989</b>	5,437	<b>4,070</b>	6,472
(b) Other income including investment income	<b>251</b>	197	<b>251</b>	197
(c) Interest expense	<b>(17,828)</b>	(18,093)	<b>(32,646)</b>	(34,859)
(d) Depreciation and amortisation	<b>(7,594)</b>	(7,992)	<b>(15,314)</b>	(16,046)
(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 or properties	<b>(510)</b>	4,067	<b>6,998</b>	4,067
(h) Impairment of assets	<b>(459)</b>	(1,674)	<b>(459)</b>	(1,674)
(i) Foreign exchange gain/(loss) - net	<b>(116)</b>	9,688	<b>(859)</b>	9,307
(j) Gain/(Loss) on derivatives or fair value	<b>(498)</b>	(427)	<b>(858)</b>	(4,823)
(k) Exceptional items	-	-	-	-