



# **LION POSIM BERHAD**

(formerly known as LION FOREST INDUSTRIES BERHAD)

Registration No. 198201002310 (82056-X)

---

(Incorporated in Malaysia)

## **Interim Financial Report**

### **for the First Quarter Ended**

### **30 September 2020**

---

Condensed Consolidated Statement of Profit or Loss	1
Condensed Consolidated Statement of 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 - 11

**LION POSIM BERHAD**  
(formerly known as LION FOREST INDUSTRIES BERHAD)  
Registration No. 198201002310 (82056-X)  
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2020  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Note	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
		30.9.2020 RM'000	30.9.2019 RM'000	Change %	30.9.2020 RM'000	30.9.2019 RM'000	Change %
Revenue		155,873	137,111	14	155,873	137,111	14
Operating expenses		(153,344)	(137,361)		(153,344)	(137,361)	
Other operating income		1,335	3,553		1,335	3,553	
Profit from operations		3,864	3,303	17	3,864	3,303	17
Finance costs		(3)	(15)		(3)	(15)	
Share in results of associated companies		449	(220)		449	(220)	
Profit before tax	23	4,310	3,068	40	4,310	3,068	40
Income tax expense	16	(1,025)	(968)		(1,025)	(968)	
Profit for the period		<u>3,285</u>	<u>2,100</u>	56	<u>3,285</u>	<u>2,100</u>	56
Profit attributable to owners of the Company		<u>3,285</u>	<u>2,100</u>		<u>3,285</u>	<u>2,100</u>	
Earnings per share attributable to owners of the Company (sen) :	21						
- Basic		<u>1.44</u>	<u>0.92</u>		<u>1.44</u>	<u>0.92</u>	
- Diluted		<u>1.44</u>	<u>0.92</u>		<u>1.44</u>	<u>0.92</u>	

*(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)*

**LION POSIM BERHAD**  
(formerly known as LION FOREST INDUSTRIES BERHAD)  
Registration No. 198201002310 (82056-X)  
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2020  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<u>3 MONTHS ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>30.9.2020</u> RM'000	<u>30.9.2019</u> RM'000	<u>30.9.2020</u> RM'000	<u>30.9.2019</u> RM'000
Profit for the period	3,285	2,100	3,285	2,100
<u>Other comprehensive (loss)/income</u>				
<u>Item that will not be reclassified subsequently to profit or loss</u>				
Net gain/(loss) on quoted investments:				
- Fair value changes	840	(2,520)	840	(2,520)
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences arising from foreign operations	(3,209)	(485)	(3,209)	(485)
Other comprehensive loss for the period	(2,369)	(3,005)	(2,369)	(3,005)
Total comprehensive profit/(loss) for the period	916	(905)	916	(905)
Total comprehensive profit/(loss) attributable to owners of the Company	916	(905)	916	(905)

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)*

# LION POSIM BERHAD

(formerly known as LION FOREST INDUSTRIES BERHAD)

Registration No. 198201002310 (82056-X)

(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2020

(The figures have not been audited)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	<b>AS AT 30.9.2020</b>	<b>AS AT 30.6.2020</b>
		RM'000	RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		16,158	16,688
Right-of-use assets		178	165
Investment properties		108,009	111,392
Investment in associated companies		36,794	36,452
Other investments		7,178	6,338
Amount owing by other related company		111,051	111,051
Deferred tax assets		6,998	6,998
Total Non-Current Assets		<u>286,366</u>	<u>289,084</u>
<b>Current Assets</b>			
Inventories		14,333	13,207
Trade receivables		162,635	113,294
Other receivables and prepayments		53,762	38,342
Amount owing by immediate holding company		82,882	82,909
Amount owing by other related companies		3,778	9,332
Tax recoverable		4,166	3,759
Investment in money market funds		17,560	17,469
Fixed deposits, cash and bank balances		61,898	111,783
Total Current Assets		<u>401,014</u>	<u>390,095</u>
<b>Total Assets</b>		<b><u>687,380</u></b>	<b><u>679,179</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital		920,902	920,902
Reserves		(341,991)	(342,907)
<b>Total Equity</b>		<u>578,911</u>	<u>577,995</u>
<b>Non-Current and Deferred Liabilities</b>			
Lease liabilities		79	70
Deferred tax liabilities		267	202
Total Non-Current and Deferred Liabilities		<u>346</u>	<u>272</u>
<b>Current Liabilities</b>			
Trade payables		32,884	27,186
Other payables and accrued expenses		52,280	50,172
Contract liabilities		20,058	18,509
Provisions		-	3,473
Amount owing to other related companies		885	718
Lease liabilities		104	98
Hire-purchase payables	18	9	16
Bank borrowings	18	1,078	-
Tax liabilities		825	740
Total Current Liabilities		<u>108,123</u>	<u>100,912</u>
<b>Total Liabilities</b>		<b><u>108,469</u></b>	<b><u>101,184</u></b>
<b>Total Equity and Liabilities</b>		<b><u>687,380</u></b>	<b><u>679,179</u></b>
Net assets per share attributable to owners of the Company (RM)		<u>2.54</u>	<u>2.54</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)

**LION POSIM BERHAD**  
(formerly known as LION FOREST INDUSTRIES BERHAD)  
Registration No. 198201002310 (82056-X)  
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2020  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Non-distributable reserves →				Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Accumulated losses RM'000	
<b><u>30 September 2020</u></b>					
At 1 July 2020	920,902	(2,277)	24,396	(365,026)	577,995
Total comprehensive (loss)/income for the period	-	-	(2,369)	3,285	916
At 30 September 2020	920,902	(2,277)	22,027	(361,741)	578,911
<b><u>30 September 2019</u></b>					
At 1 July 2019	920,902	(2,277)	29,875	(396,771)	551,729
Total comprehensive (loss)/income for the period	-	-	(3,005)	2,100	(905)
At 30 September 2019	920,902	(2,277)	26,870	(394,671)	550,824

*(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)*

**LION POSIM BERHAD**  
(formerly known as LION FOREST INDUSTRIES BERHAD)  
Registration No. 198201002310 (82056-X)  
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2020  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	YEAR-TO-DATE ENDED	
	30.9.2020	30.9.2019
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	4,310	3,068
Adjustments for:		
Non-cash items	846	2,012
Non-operating items	119	(2,352)
	<hr/>	<hr/>
Operating profit before changes in working capital	5,275	2,728
Changes in working capital:		
Net changes in current assets	(61,653)	(19,200)
Net changes in current liabilities	6,004	1,253
Others	(1,337)	(1,156)
	<hr/>	<hr/>
	(51,711)	(16,375)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(198)	(341)
Proceeds from disposal of property, plant and equipment	54	117
Decrease/(Increase) in amount owing by other related companies	76	(1,639)
Increase in investment in money market funds	(91)	(146)
Interest received	418	2,188
Others	179	(1)
	<hr/>	<hr/>
	438	178
<b>FINANCING ACTIVITIES</b>		
Increase in bank borrowings	1,078	137
Increase in amount owing to other related companies	167	-
Increase/(Decrease) in cash at banks held under fixed deposits pledged	8	(28)
Others	(51)	(62)
	<hr/>	<hr/>
	1,202	47
Net changes in cash and cash equivalents	(50,071)	(16,150)
Effect of exchange differences	193	(608)
Cash and cash equivalents at beginning of the period	110,801	78,131
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	60,923	61,373
	<hr/> <hr/>	<hr/> <hr/>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements)*

**LION POSIM BERHAD**  
(formerly known as LION FOREST INDUSTRIES BERHAD)  
Registration No. 198201002310 (82056-X)  
(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2020  
(The figures have not been audited)

**NOTES TO THE INTERIM FINANCIAL REPORT**

**1. Accounting policies and methods of computation**

The condensed consolidated financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2020. 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 2020.

The significant accounting policies adopted in the condensed consolidated financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2020 except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretations effective for the financial period beginning 1 July 2020:

Amendments to:

MFRS 3	Definition of a Business
MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
MFRS 16	Covid-19-Related Rent Concessions
MFRS 101 and MFRS 108	Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the abovementioned Amendments to MFRSs does not have material impact on the financial position and/or financial performance 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**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and 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 current quarter and financial year-to-date.

The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. As at 30 September 2020, the number of treasury shares held were 3,745,000 shares.

**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>Building materials and steel products</b>	<b>Lubricants, petroleum and automotive products</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External customers	131,951	23,713	209	-	155,873
Inter-segment sales	-	1	-	(1)	-
Total revenue	<u>131,951</u>	<u>23,714</u>	<u>209</u>	<u>(1)</u>	<u>155,873</u>
<b>Results</b>					
Segment results	1,469	3,785	(1,390)	-	3,864
Finance costs	-	(2)	(1)	-	(3)
Share in results of associated companies	-	-	449	-	449
Profit before tax					<u>4,310</u>
Income tax expense					(1,025)
Profit for the period					<u>3,285</u>
<b>Assets</b>					
Segment assets	295,736	78,811	152,033	-	526,580
Investment in associated companies	-	-	36,794	-	36,794
Unallocated corporate assets					124,006
					<u>687,380</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 current quarter and financial year-to-date.

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

As part of the terms for the disposal of Sabah Forest Industries Sdn Bhd ("SFI") ("Disposal"), a former subsidiary company, the Company agreed to indemnify SFI and the purchaser of SFI in full for all losses, damages, liabilities, claims, costs and expenses which SFI and the purchaser may incur or sustain as a result of or arising from the litigation claims where the cause of action arose prior to the completion of the Disposal.

**Indemnity for back pay labour claims from SFI's employees**

The Company had on 21 August 2020 paid an amount of RM3.5 million to SFI for its onward payment to SFI's employees. The payment was for the full and final settlement of the Company's obligations in relation to the claim by SFI's ex-employees for alleged arrears of wages. Subsequent to the settlement, the Company was released and discharged from all obligations in connection with the said claims howsoever arising and from its obligation under the letter of indemnity.



**11. Performance review**

	Note	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
		30.9.2020	30.9.2019	Change	30.9.2020	30.9.2019	Change
		RM'000	RM'000	%	RM'000	RM'000	%
<b>Revenue</b>							
Building materials and steel products		131,951	114,735	15	131,951	114,735	15
Lubricants, petroleum and automotive products		23,713	22,106	7	23,713	22,106	7
Others		209	270	-23	209	270	-23
		<u>155,873</u>	<u>137,111</u>	14	<u>155,873</u>	<u>137,111</u>	14
<b>Segment results</b>							
Building materials and steel products		1,469	1,003	46	1,469	1,003	46
Lubricants, petroleum and automotive products		3,785	2,034	86	3,785	2,034	86
Others		(1,390)	266	>-100	(1,390)	266	>-100
Profit from operations		<u>3,864</u>	<u>3,303</u>	17	<u>3,864</u>	<u>3,303</u>	17
Finance costs		(3)	(15)		(3)	(15)	
Share in results of associated companies		449	(220)		449	(220)	
Profit before tax	23	<u>4,310</u>	<u>3,068</u>	40	<u>4,310</u>	<u>3,068</u>	40
Income tax expense	16	(1,025)	(968)		(1,025)	(968)	
Profit for the period		<u>3,285</u>	<u>2,100</u>	56	<u>3,285</u>	<u>2,100</u>	56

For the first quarter ended 30 September 2020, the Group registered a higher revenue of RM155.9 million, a growth of 14% as compared with RM137.1 million recorded in the preceding year corresponding period amidst the COVID-19 pandemic. The Group's profit from operations increased 17% to RM3.9 million.

With a share of profit in associated companies of RM0.4 million, the Group recorded a higher profit before tax of RM4.3 million for the period under review. The Group's net assets per share as at 30 September 2020 was RM2.54 and cash and cash equivalents decreased by 45% to RM60.9 million from the end of the last financial year.

**Building Materials and Steel Products**

The revenue of the Division increased by 15% to RM132.0 million as compared to RM114.7 million a year ago mainly due to higher sales particularly non-steel building materials. The Division accordingly posted a higher profit of RM1.5 million as compared to a year ago.

**Lubricants, Petroleum and Automotive Products**

The Division's revenue grew 7% to RM23.7 million mainly driven by higher sales of lubricants. Coupled with higher profit margin, the Division recorded a higher profit before tax of RM3.8 million for the period under review.

**Others**

Results of Others Division were mainly derived from the provision of training services, distribution and retailing of consumer products, and investment holding. These activities collectively contributed a lower revenue of RM0.2 million.

**12. Material changes in the results for the current quarter compared with the immediate preceding quarter**

	<b>Current Year Quarter</b>	<b>Immediate Preceding Quarter</b>	<b>Change</b>
	<b>30.9.2020</b>	<b>30.6.2020</b>	
	RM'000	RM'000	%
Revenue	155,873	62,792	>100
Profit from operations	3,864	26,647	-85
Profit before tax	4,310	25,984	-83

For the first quarter ended 30 September 2020, with all Divisions in full operation, the Group posted a revenue of RM155.9 million which was more than double the revenue of last quarter.

Accordingly, the Group recorded a substantially higher profit from operations of RM3.9 million compared with RM0.5 million in last quarter (after excluding a recovery of RM22.0 million from trade and other receivables previously impaired and a reversal of operating expenses of RM4.1 million, from the profit from operations of RM26.6 million in last quarter).

With a share of profit in associated companies of RM0.4 million (last quarter was a loss of RM0.7 million), the Group recorded a profit before tax of RM4.3 million.

**13. a) Prospects**

The operating environment for the Group businesses is expected to continue to be challenging in the next quarter as the COVID-19 situation is constantly evolving.

While the challenges ahead are uncertain, the Group remains vigilant and responsive to market changes and takes the necessary steps to contain operating costs and at the same time sustain its business growth.

**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. Income tax expense**

	<b>3 MONTHS ENDED</b>		<b>YEAR-TO-DATE ENDED</b>	
	<b>30.9.2020</b>	<b>30.9.2019</b>	<b>30.9.2020</b>	<b>30.9.2019</b>
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Current provision	<u>(1,025)</u>	<u>(968)</u>	<u>(1,025)</u>	<u>(968)</u>

After excluding the results of associated companies, the effective tax rate of the Group for the current quarter and year-to-date were higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

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

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

**18. Borrowings**

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

	<b>AS AT</b>	<b>AS AT</b>
	<b>30.9.2020</b>	<b>30.6.2019</b>
	RM'000	RM'000
<b>Non-current</b>		
Hire-purchase payables - secured	-	10
<b>Current</b>		
Hire-purchase payables - secured	9	26
Revolving credit - secured	1,000	-
Bankers acceptances - unsecured	78	955
	<u>1,087</u>	<u>991</u>

All the Group's borrowings are denominated in Ringgit Malaysia.

**19. Changes in material litigation**

There was no material litigation since 30 June 2020.

**20. Dividend proposed**

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

**21. Earnings per share ("EPS")****Basic**

Basic EPS is calculated by dividing the Group's profit attributable to owners of the Company for the period by the weighted average number of ordinary shares of the Company in issue during the financial period as follows:

	<u>3 MONTHS ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>30.9.2020</u>	<u>30.9.2019</u>	<u>30.9.2020</u>	<u>30.9.2019</u>
Profit attributable to owners of the Company (RM'000)	<u>3,285</u>	<u>2,100</u>	<u>3,285</u>	<u>2,100</u>
Weighted average number of shares in issue ('000)	<u>227,827</u>	<u>227,827</u>	<u>227,827</u>	<u>227,827</u>
Basic EPS (sen)	<u>1.44</u>	<u>0.92</u>	<u>1.44</u>	<u>0.92</u>

The basic EPS and the diluted EPS are equal as the Company has no dilutive potential ordinary shares as of the end of the reporting period.

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

The auditors' report on the financial statements for the financial year ended 30 June 2020 was not qualified.

**23. Profit before tax**

Profit before tax is arrived at after crediting/(charging) the following:

	<u>3 MONTHS ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>30.9.2020</u>	<u>30.9.2019</u>	<u>30.9.2020</u>	<u>30.9.2019</u>
	RM'000	RM'000	RM'000	RM'000
a) Interest income	428	2,367	428	2,367
b) Other income including investment income	907	1,186	907	1,186
c) Interest expense	(3)	(15)	(3)	(15)
d) Depreciation and amortisation	(664)	(696)	(664)	(696)
e) Provision for and write off of receivables	(1,282)	(1,175)	(1,282)	(1,175)
f) Provision for and write off of inventories	-	-	-	-
g) Gain or (loss) on disposal of - quoted or unquoted investments or properties	-	-	-	-
h) Impairment of assets	-	-	-	-
i) Foreign exchange gain or (loss)	31	79	31	79
j) Gain or (loss) on derivatives	-	-	-	-