



LION POSIM BERHAD

Registration No. 198201002310 (82056-X)

(Incorporated in Malaysia)

Interim Financial Report for the Fourth Quarter Ended 30 June 2021

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Interim financial report for the fourth quarter ended 30 June 2021
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
		30.6.2021 RM'000	30.6.2020 RM'000	Change %	30.6.2021 RM'000	30.6.2020 RM'000	Change %
Revenue		117,455	62,792	87	569,805	411,505	38
Operating expenses		(123,950)	(65,007)		(575,083)	(414,138)	
Other operating income		2,413	29,472		8,057	38,903	
(Loss)/Profit from operations		(4,082)	27,257	>-100	2,779	36,270	-92
Gain on settlement of secured debts	9	-	-		135,320	-	
Finance costs		(117)	(4)		(322)	(41)	
Share in results of associated companies		161	(662)		956	616	
(Loss)/Profit before tax	23	(4,038)	26,591	>-100	138,733	36,845	>100
Income tax expense	16	188	(2,385)		(2,796)	(5,100)	
(Loss)/Profit for the period		<u>(3,850)</u>	<u>24,206</u>	>-100	<u>135,937</u>	<u>31,745</u>	>100
(Loss)/Profit attributable to:							
- Owners of the Company		(3,070)	24,206		137,346	31,745	
- Non-controlling interests		(780)	-		(1,409)	-	
(Loss)/Profit for the period		<u>(3,850)</u>	<u>24,206</u>		<u>135,937</u>	<u>31,745</u>	
(Loss)/Earnings per share attributable to owners of the Company (sen) :	21						
- Basic		<u>(1.35)</u>	<u>10.62</u>		<u>60.29</u>	<u>13.93</u>	
- Diluted		<u>(1.35)</u>	<u>10.62</u>		<u>60.29</u>	<u>13.93</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)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2021 RM'000	30.6.2020 RM'000	30.6.2021 RM'000	30.6.2020 RM'000
(Loss)/Profit for the period	(3,850)	24,206	135,937	31,745
<u>Other comprehensive income/(loss)</u>				
<u>Item that will not be reclassified subsequently to profit or loss</u>				
Net (loss)/gain on quoted investments:				
- Fair value changes	(1,120)	840	5,600	(9,520)
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences arising from foreign operations	5,952	(1,217)	10,689	4,041
Other comprehensive income/(loss) for the period	4,832	(377)	16,289	(5,479)
Total comprehensive income for the period	982	23,829	152,226	26,266
Total comprehensive income/(loss) attributable to:				
- Owners of the Company	1,643	23,829	151,848	26,266
- Non-controlling interests	(661)	-	378	-
	982	23,829	152,226	26,266

(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)

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Interim financial report for the fourth quarter ended 30 June 2021

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	AS AT 30.6.2021	AS AT 30.6.2020
		RM'000	RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		15,156	16,688
Right-of-use assets		199	165
Investment properties		108,008	111,392
Investment in associated companies		42,056	36,452
Other investments		11,938	6,338
Amount owing by other related company		111,051	111,051
Deferred tax assets		6,998	6,998
Total Non-Current Assets		<u>295,406</u>	<u>289,084</u>
Current Assets			
Inventories		22,736	13,207
Trade receivables		156,878	113,294
Other receivables and prepayments		61,464	38,342
Amount owing by immediate holding company		83,093	82,909
Amount owing by other related companies		35,478	9,332
Tax recoverable		3,832	3,759
Investment in money market funds		2,395	17,469
Fixed deposits, cash and bank balances		245,143	111,783
Total Current Assets		<u>611,019</u>	<u>390,095</u>
Total Assets		<u>906,425</u>	<u>679,179</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		920,902	920,902
Reserves		(191,059)	(342,907)
Equity attributable to owners of the Company		<u>729,843</u>	<u>577,995</u>
Non-controlling interests		59,048	-
Total Equity		<u>788,891</u>	<u>577,995</u>
Non-Current and Deferred Liabilities			
Lease liabilities		60	70
Deferred tax liabilities		202	202
Total Non-Current and Deferred Liabilities		<u>262</u>	<u>272</u>
Current Liabilities			
Trade payables		20,307	27,186
Other payables and accrued expenses		53,597	50,172
Contract liabilities		22,994	18,509
Provisions		-	3,473
Amount owing to other related companies		859	718
Lease liabilities		146	98
Hire-purchase payables	18	-	16
Bank borrowings	18	18,000	-
Tax liabilities		1,369	740
Total Current Liabilities		<u>117,272</u>	<u>100,912</u>
Total Liabilities		<u>117,534</u>	<u>101,184</u>
Total Equity and Liabilities		<u>906,425</u>	<u>679,179</u>
Net assets per share attributable to owners of the Company (RM)		<u>3.20</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)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Non-distributable → reserves				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Accumulated losses RM'000			
<u>30 June 2021</u>							
At 1 July 2020	920,902	(2,277)	24,396	(365,026)	577,995	-	577,995
Total comprehensive income for the period	-	-	14,502	137,346	151,848	378	152,226
Transfer to reserve	-	-	230	(230)	-	-	-
Acquisition of subsidiary companies	-	-	-	-	-	58,670	58,670
At 30 June 2021	920,902	(2,277)	39,128	(227,910)	729,843	59,048	788,891
<u>30 June 2020</u>							
At 1 July 2019	920,902	(2,277)	29,875	(396,771)	551,729	-	551,729
Total comprehensive (loss)/income for the period	-	-	(5,479)	31,745	26,266	-	26,266
At 30 June 2020	920,902	(2,277)	24,396	(365,026)	577,995	-	577,995

(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)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE ENDED	
	30.6.2021	30.6.2020
	RM'000	RM'000
<u>OPERATING ACTIVITIES</u>		
Profit before tax	138,733	36,845
Adjustments for:		
Non-cash items	(134,251)	(17,028)
Non-operating items	(3,950)	(8,543)
	<hr/>	<hr/>
Operating profit before changes in working capital	532	11,274
Changes in working capital:		
Net changes in current assets	(82,713)	25,796
Net changes in current liabilities	(6,910)	(395)
Others	(1,099)	(3,741)
	<hr/>	<hr/>
	(90,190)	32,934
<u>INVESTING ACTIVITIES</u>		
Purchase of property, plant and equipment	(1,092)	(1,682)
Proceeds from disposal of property, plant and equipment	420	324
Dividend income received from an associated company	-	455
Decrease in amount owing by other related companies	76	181
Cash inflow from acquisition of subsidiary companies	180,050	-
Decrease/(Increase) in investment in money market funds	15,073	(543)
Interest received	3,129	1,311
Others	61	547
	<hr/>	<hr/>
	197,717	593
<u>FINANCING ACTIVITIES</u>		
Increase/(Decrease) in bank borrowings	18,000	(818)
Increase in amount owing to other related companies	141	25
Increase in cash at banks held under fixed deposits pledged	(22,733)	(50)
Others	(500)	(167)
	<hr/>	<hr/>
	(5,092)	(1,010)
Net changes in cash and cash equivalents	102,435	32,517
Effect of exchange differences	8,192	153
Cash and cash equivalents at beginning of the period	110,801	78,131
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	221,428	110,801
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(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)

Interim financial report for the fourth quarter ended 30 June 2021
(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.

Change in Financial Year End

The Company had on 4 June 2021, announced that it had changed the financial year end of the Company from 30 June to 31 December. Consequently, the next set of audited financial statements shall be made up from 1 July 2020 to 31 December 2021 covering a period of 18 months and subsequently, the financial year of the Company shall end on 31 December.

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 other than as disclosed in the Interim Financial Report.

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 June 2021, 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 :

	Building materials and steel products	Lubricants, petroleum and automotive products	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External customers	477,921	84,152	7,732	-	569,805
Inter-segment sales	-	1	-	(1)	-
Total revenue	<u>477,921</u>	<u>84,153</u>	<u>7,732</u>	<u>(1)</u>	<u>569,805</u>
Results					
Segment results	2,144	11,556	(10,921)	-	2,779
Gain on settlement of secured debts	135,320	-	-	-	135,320
Finance costs	(238)	(7)	(77)	-	(322)
Share in results of associated companies	-	-	956	-	956
Profit before tax					138,733
Income tax expense					(2,796)
Profit for the year					<u>135,937</u>
Assets					
Segment assets	325,061	57,098	358,548	-	740,707
Investment in associated companies	-	-	42,056	-	42,056
Unallocated corporate assets					123,662
					<u>906,425</u>

8. Subsequent events

There were no material events subsequent to the end of the current quarter.

9. Changes in composition of the Group

As announced to Bursa Malaysia Securities Berhad, the Group had completed the transfer of 70.5% equity interest in Well Morning Limited ("Well Morning") on 30 December 2020 pursuant to the secured debts settlement agreement. Thereafter, Well Morning and its only wholly-owned subsidiary company, Changshu Lion Enterprise Co Ltd ("Changshu Lion"), became subsidiary companies of the Group.

Well Morning is an investment holding company incorporated in Hong Kong SAR and Changshu Lion is a company incorporated in the People's Republic of China ("PRC") which is principally involved in property development in Changshu, PRC.

The identifiable assets acquired and liabilities assumed in relation to the above transfer are as follows:-

	RM'000
Assets	
Non-current assets	144
Current assets	210,463
Liability	
Current Liabilities	(11,728)
Total identifiable assets acquired and liabilities assumed	<u>198,879</u>
Non-controlling interest in 29.5%	(58,670)
Expenses accrued	(4,889)
Total consideration - gain on settlement of secured debts	<u><u>135,320</u></u>
	Sen
Effects on earnings per share and net assets per share of the Group	<u><u>59.40</u></u>

There were no material changes in the composition of the Group during the current quarter and financial year-to-date other than as disclosed above.

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		
		30.6.2021 RM'000	30.6.2020 RM'000	Change %	30.6.2021 RM'000	30.6.2020 RM'000	Change %
Revenue							
Building materials and steel products		97,332	49,792	95	477,921	331,734	44
Lubricants, petroleum and automotive products		14,669	12,961	13	84,152	78,902	7
Others		5,454	39	>100	7,732	869	>100
		<u>117,455</u>	<u>62,792</u>	87	<u>569,805</u>	<u>411,505</u>	38
Segment results							
Building materials and steel products		(244)	21,337	>-100	2,144	22,211	-90
Lubricants, petroleum and automotive products		395	5,446	-93	11,556	13,864	-17
Others		(4,233)	474	>-100	(10,921)	195	>-100
(Loss)/Profit from operations		<u>(4,082)</u>	<u>27,257</u>	>-100	<u>2,779</u>	<u>36,270</u>	-92
Gain on settlement of secured debts	9	-	-		135,320	-	
Finance costs		(117)	(4)		(322)	(41)	
Share in results of associated companies		161	(662)		956	616	
(Loss)/Profit before tax	23	<u>(4,038)</u>	<u>26,591</u>	>-100	<u>138,733</u>	<u>36,845</u>	>100
Income tax expense	16	188	(2,385)		(2,796)	(5,100)	
(Loss)/Profit for the period		<u>(3,850)</u>	<u>24,206</u>	>-100	<u>135,937</u>	<u>31,745</u>	>100

For the 12 months ended 30 June 2021, the Group registered a higher revenue of RM569.8 million, a growth of 38% as compared with RM411.5 million recorded in the preceding year corresponding period. The preceding year corresponding period was a period in which the first Movement Control Order ("MCO") was implemented on 18 March 2020 due to the Covid-19 pandemic and the Group's businesses were temporarily closed till May 2020. The Group's profit from operations was however lower at RM2.8 million mainly due to lower interest income and the loss recorded by the investment in Changshu, China. Last year, the Building Materials and Steel Product Division recovered RM22.0 million from its trade and other receivables which were previously impaired.

The Group recorded a RM135.3 million gain on settlement of secured debts pursuant to the debts settlement arrangement as disclosed in Note 9.

Coupled with a share of profit in associated companies of RM1.0 million, the Group recorded a higher profit before tax of RM138.7 million for the period under review. The Group's net assets per share as at 30 June 2021 was RM3.20, an increase of RM0.66 from the end of the last financial year.

Building Materials and Steel Products

The revenue of the Division increased by 44% to RM477.9 million as compared to RM331.7 million a year ago. The business was temporarily closed during the MCO in the previous year. The Division's profit was however lower at RM2.1 million when compared to RM22.2 million a year ago as last year's profit had included a recovery of trade and other receivables previously impaired of RM22.0 million.

Lubricants, Petroleum and Automotive Products

The Division's revenue grew 7% to RM84.2 million compared to RM78.9 million a year ago which was affected by the MCO last year. The Division posted a lower profit of RM11.6 million as compared to RM13.9 million a year ago due mainly to higher operating expenses.

Others

Results of Others Division were mainly derived from the provision of training services, distribution and retailing of consumer products, property development and investment holding. These activities collectively contributed a higher revenue of RM7.7 million but recorded a higher loss of RM10.9 million mainly attributable to the partial sale of the remaining inventories at discounted prices by the investment in China and lower interest income.

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

	Current Year Quarter	Immediate Preceding Quarter	
	30.6.2021	31.3.2021	Change
	RM'000	RM'000	%
Revenue	117,455	155,472	-24
(Loss)/Profit from operations	(4,082)	138	>-100
(Loss)/Profit before tax	(4,038)	295	>-100

For the fourth quarter ended 30 June 2021, the Group registered a revenue of RM117.5 million, a decrease of 24% from that of the last quarter as the Group's businesses were affected by various restrictions under the MCO during the quarter, resulting in lower sales from the Building Materials and Steel Products and the Lubricants, Petroleum and Automotive Products Divisions. Coupled with the loss recorded by the investment in China which was mainly arose from the partial sale of the remaining inventories at discounted prices, the Group recorded a loss from operations of RM4.1 million.

After accounting for a lower share of profit in associated companies of RM0.2 million (Last quarter: RM0.3 million), the Group recorded a loss before tax of RM4.0 million for the quarter under review.

13. a) Prospects

The economic prospects for the next quarter remain challenging due to movement restrictions against Covid-19 pandemic.

Nonetheless, the Group continues to focus in containing its operating costs and optimising operation efficiency. The Group always stays vigilant and responsive to market changes.

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

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Current provision	(277)	(1,581)	(3,254)	(4,294)
- Over/(Under)provision in prior years	465	(595)	458	(597)
Deferred tax				
- Current provision	-	(611)	-	(611)
- Overprovision in prior years	-	402	-	402
	<u>188</u>	<u>(2,385)</u>	<u>(2,796)</u>	<u>(5,100)</u>

After excluding the results of associated companies, the effective tax rate of the Group for the current quarter was higher than the statutory tax rate mainly due to certain expense not being deductible for tax purposes. The effective tax rate of the Group for the year-to-date was lower than the statutory tax rate mainly due to certain income not being taxable for tax purposes.

17. Corporate proposalsStatus 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 :

	AS AT	AS AT
	30.6.2021	30.6.2020
	RM'000	RM'000
Current		
Hire-purchase payables - secured	-	16
Revolving credit - secured	4,000	-
Bankers acceptances - secured	14,000	-
	<u>18,000</u>	<u>16</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. (Loss)/Earnings per share ("EPS")**Basic**

Basic EPS is calculated by dividing the Group's (loss)/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:

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
(Loss)/Profit attributable to owners of the Company (RM'000)	<u>(3,070)</u>	<u>24,206</u>	<u>137,346</u>	<u>31,745</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><u>(1.35)</u></u>	<u><u>10.62</u></u>	<u><u>60.29</u></u>	<u><u>13.93</u></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. (Loss)/Profit before tax

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

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,351	1,530	4,272	8,584
b) Other income including investment income	1,062	1,073	3,785	3,450
c) Interest expense	(117)	(4)	(322)	(41)
d) Depreciation and amortisation	(647)	(632)	(2,635)	(2,711)
e) Provision for and write off of receivables	(901)	(5,462)	(4,610)	(8,375)
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)	56	24	227	262
j) Gain or (loss) on derivatives	-	-	-	-
k) Reversal of impairment loss on trade and other receivables	-	26,869	-	26,869
	<u>-</u>	<u>26,869</u>	<u>-</u>	<u>26,869</u>