


LION ASIAPAC LIMITED

 (Co. Reg. No. 196800586R)
 (Incorporated in the Republic of Singapore)

**Second Quarter and Half Year Unaudited Financial Statement Announcement
 For The Period Ended 31 December 2019**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1 and Q2),
 HALF-YEAR RESULTS**
**1(a)(i) An comprehensive income (for the group) together with a comparative statement for the
 corresponding period of the immediately preceding financial year**
Consolidated Statement of Comprehensive Income

	The Group					
	Second Quarter Ended			Half Year Ended		
	31.12.2019	31.12.2018	+ / (-)	31.12.2019	31.12.2018	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Continuing operations						
Revenue – sale of goods	4,377	8,490	(48)	9,139	22,541	(59)
Other income and gains	1,159	286	305	1,584	593	167
Expenses:						
Purchases of inventories	(2,588)	(6,431)	(60)	(5,562)	(18,425)	(70)
Employee compensation	(551)	(504)	9	(1,113)	(1,024)	9
Depreciation	(219)	(204)	7	(430)	(430)	--
Other expenses	(1,395)	(1,517)	(8)	(2,695)	(3,272)	(18)
Changes in inventories	(58)	(98)	(41)	(119)	49	n/m
Finance costs	(19)	--	n/m	(48)	--	n/m
Other losses	(75)	(79)	(5)	(297)	(579)	(49)
Total expenses	(4,905)	(8,833)	(44)	(10,264)	(23,681)	(57)
Profit/(loss) before income tax	631	(57)	n.m	459	(547)	n.m
Income tax expense	(26)	(32)	(19)	(54)	(63)	(14)
Total profit/(loss)	605	(89)	n.m	405	(610)	n.m
Profit/(loss) attributable to:						
Owners of the Company	605	(89)	n.m	405	(610)	n.m
	605	(89)	n.m	405	(610)	n.m

n.m - denotes not meaningful

1(a)(ii) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group					
	Second Quarter Ended			Half Year Ended		
	31.12.2019	31.12.2018	+ /(-)	31.12.2019	31.12.2018	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other comprehensive loss: Items that may be reclassified to profit or loss:						
Currency translation differences arising from consolidation	(180)	(144)	n.m	(446)	(1,443)	n.m
Items that will not be reclassified to profit or loss:						
Financial assets at fair value through other comprehensive income						
- Fair value (loss)/gain	--	(63)	n.m	--	163	n.m
Other comprehensive loss, net of tax	(180)	(207)	n.m	(446)	(1,280)	n.m
Total comprehensive income/(loss)	425	(296)	n.m	(41)	(1,890)	n.m
Total comprehensive income/(loss) attributable to:						
Owners of the Company	425	(296)	n.m	(41)	(1,890)	n.m
	425	(296)	n.m	(41)	(1,890)	n.m

n.m - denotes not meaningful

1(a)(iii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

	The Group			
	Second Quarter Ended		Half Year Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Profit/(loss) before income tax is arrived after (charging)/crediting:				
Currency exchange losses	(75)	(79)	(297)	(579)
Depreciation of property, plant and equipment	(161)	(204)	(323)	(430)
Depreciation of rights-of-use asset	(58)	--	(107)	--
Insurance	(41)	(43)	(71)	(74)
Interest expense on lease liabilities	(19)	--	(48)	--
Limekiln restart costs	--	4	--	(230)
Listing expenses	(32)	(24)	(44)	(36)
Maintenance expenses	(78)	(69)	(137)	(127)
Material handling	(94)	(107)	(178)	(218)
Rental expenses	(18)	(55)	(38)	(115)
Transportation	(606)	(721)	(1,220)	(1,458)
Utilities	(249)	(301)	(539)	(621)
Reversal of impairment loss on trade receivables	678	--	678	--
Interest income:				
- bank deposits	254	195	513	376
- charged to related parties	2	21	20	29
Shortfall claims on minimum purchases from related parties	104	57	211	108

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statement of Financial Position

	The Group		The Company	
	31.12.2019	30.6.2019	31.12.2019	30.6.2019
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	67,773	67,038	9,872	10,351
Trade and other receivables	4,897	4,925	134	82
Inventories	4,229	4,310	--	--
Income tax receivables	7	70	--	--
Other current assets	356	341	8	2
	77,262	76,684	10,014	10,435
Non-current assets				
Investments in subsidiaries	--	--	65,020	65,305
Property, plant and equipment	2,399	2,707	--	--
Rights-of-use asset	1,351	--	--	--
	3,750	2,707	65,020	65,305
Total assets	81,012	79,391	75,034	75,740
LIABILITIES				
Current liabilities				
Trade and other payables	2,935	2,241	1,194	1,243
Lease liabilities	125	--	--	--
Income tax payables	51	51	--	--
Provision	419	416	--	--
	3,530	2,708	1,194	1,243
Non-current liabilities				
Lease liabilities	1,246	--	--	--
Deferred income tax liabilities	224	224	224	224
	1,470	224	224	224
Total liabilities	5,000	2,932	1,418	1,467
NET ASSETS	76,012	76,459	73,616	74,273
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	47,494	47,494	47,494	47,494
Other reserves	(8,636)	(8,190)	--	--
Retained profits	37,154	37,155	26,122	26,779
TOTAL EQUITY	76,012	76,459	73,616	74,273

1b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

The Group			
31.12.2019		30.6.2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
--	--	--	--

Amount repayable after one year

The Group			
31.12.2019		30.6.2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
--	--	--	--

Details of any collateral

Not applicable.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group			
	Second Quarter		Half Year Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total profit/(loss)	605	(89)	405	(610)
Adjustments for				
- Income tax expenses	26	32	54	63
- Depreciation	219	204	430	430
- Property, plant and equipment written-off	--	--	--	4
- Reversal of impairment loss on trade receivables	(678)	--	(678)	--
- Interest expense	19	--	48	--
- Interest income	(256)	(216)	(533)	(405)
- Unrealised currency translation losses	74	81	293	587
	9	12	19	69
Change in working capital				
- Inventories	12	(248)	107	(231)
- Trade and other receivables	384	2,203	886	(8,057)
- Other current assets	(32)	40	(15)	42
- Trade and other payables	(133)	(875)	680	1,104
Cash generated from/(used in) operations	240	1,132	1,677	(7,073)
Income tax refunded/(paid)	68	12	11	(22)
Net cash generated from /(used in) operating activities	308	1,144	1,688	(7,095)
Cash flows from investing activities				
Additions to property, plant and equipment	(14)	(36)	(19)	(194)
Interest received	157	109	401	272
Cash subjected to foreign exchange controls	1,579	1,905	2,435	2,965
Net cash generated from investing activities	1,722	1,978	2,817	3,043
Cash flows from financing activities				
Repayment of finance lease payables	--	(15)	--	(30)
Repayment of lease liabilities	(52)	--	(91)	--
Interest paid	(19)	--	(48)	--
Dividends paid to owners of the Company	(406)	(406)	(406)	(406)
Net cash used in financing activities	(477)	(421)	(545)	(436)
Net increase/(decrease) in cash and cash equivalents	1,553	2,701	3,960	(4,488)
Cash and cash equivalent				
Beginning of financial period	34,286	22,766	31,925	30,043
Effects of currency translation on cash and cash equivalents	(30)	3	(76)	(85)
End of financial period	35,809	25,470	35,809	25,470

1(c) (cont'd)

For the purposes of the consolidated cash flow statement, consolidated cash and cash equivalents comprise the following:

	The Group			
	Second Quarter Ended		Half Year Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank and on hand	7,452	18,273	7,452	18,273
Short-term bank deposits	60,321	44,617	60,321	44,617
Cash and cash equivalent in the statement of financial position	67,773	62,890	67,773	62,890
Cash subjected to foreign exchange controls	(31,964)	(37,420)	(31,964)	(37,420)
Cash and cash equivalent in the statement of cash flows	35,809	25,470	35,809	25,470

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity – The Company

	Share Capital	Retained Profits	Total
	S\$'000	S\$'000	S\$'000
Balance at 1.7.2019	47,494	26,779	74,273
Total comprehensive loss for the period	--	(63)	(63)
Balance at 30.9.2019	47,494	26,716	74,210
Total comprehensive loss for the period	--	(188)	(188)
Dividend paid	--	(406)	(406)
Balance at 31.12.2019	47,494	26,122	73,616
Balance at 1.7.2018	47,494	29,933	77,427
Total comprehensive loss for the period	--	(1,213)	(1,213)
Balance at 30.9.2018	47,494	28,720	76,214
Total comprehensive loss for the period	--	(571)	(571)
Dividend paid	--	(406)	(406)
Balance at 31.12.2018	47,494	27,743	75,237

1(d)(i) (cont'd)

Group Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company							
	Share Capital	Capital Redemption Reserve	Statutory Reserve	Currency Translation Reserve	Capital Reserve	Fair Value Reserve	Retained Profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.7.2019	47,494	--	180	(10,363)	2,112	(119)	37,155	76,459
Total comprehensive loss for the period	--	--	--	(266)	--	--	(200)	(466)
Balance at 30.09.2019	47,494	--	180	(10,629)	2,112	(119)	36,955	75,993
Dividend paid	--	--	--	--	--	--	(406)	(406)
Total comprehensive (loss)/income for the period	--	--	--	(180)	--	--	605	425
Balance at 31.12.2019	47,494	--	180	(10,809)	2,112	(119)	37,154	76,012
Balance at 1.7.2018	47,494	105	180	(8,650)	2,112	118	40,995	82,354
Total comprehensive (loss)/income for the period	--	--	--	(1,299)	--	226	(521)	(1,594)
Balance at 31.09.2018	47,494	105	180	(9,949)	2,112	344	40,474	80,760
Dividend paid	--	--	--	--	--	--	(406)	(406)
Total comprehensive loss for the period	--	--	--	(144)	--	(63)	(89)	(296)
Balance at 31.12.2018	47,494	105	180	(10,093)	2,112	281	39,979	80,058

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	31.12.2019	30.9.2019
	No. of Shares	No. of Shares
Issued Share Capital	81,104,539	81,104,539

	31.12.2019	31.12.2018
	No. of Shares	No. of Shares
Treasury Shares held	--	--
Shares to be issued pursuant to the exercise of all the outstanding convertibles	--	--

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31.12.2019	30.6.2019
Total number of issued shares excluding treasury shares	81,104,539	81,104,539

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5 below, the Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period compared with those used in the recent audited financial statements of the Group for the financial year ended 30 June 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases with effect from 1 July 2019. The modified retrospective approach is applied without restatement of comparative information.

On the date of initial application, all leases are brought onto the statement of financial position under a single model (except for leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases.

A rights-of-use ("ROU") asset representing the right to use an underlying asset is recognised along with a corresponding lease liability for the obligation to make lease payments. The ROU asset is measured at the equal amount to the lease liability based on present value of future lease payments.

Subsequent to initial recognition, the ROU asset is depreciated over the lease term and carried at cost less any accumulated depreciation and impairment. Interest expenses are recognised on the lease liabilities which are reduced by lease payments.

6. Earnings/(losses) per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings/(losses) per ordinary share of the Group for the financial period based on net profit/(loss) attributable to shareholders:

		The Group			
		Second Quarter Ended		Half Year Ended	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
a)	Based on weighted average number of shares (cents)	0.75	(0.11)	0.50	(0.75)
	Weighted average number of shares ('000 shares)	81,105	81,105	81,105	81,105
b)	On a fully diluted basis (cents)	0.75	(0.11)	0.50	(0.75)
	Weighted average number of shares ('000 shares)	81,105	81,105	81,105	81,105

Earnings/(losses) per ordinary share is computed based on the weighted average number of issued shares of 81,104,539 (31.12.2018: 81,104,539).

On a fully diluted basis, there were no outstanding convertibles during the financial periods ended 31 December 2019 and 2018.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

Net Asset Value per ordinary share

	The Group		The Company	
	31.12.2019	30.6.2019	31.12.2019	30.6.2019
	cents	cents	cents	cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	93.72	94.27	90.77	91.58

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Turnover

For the second quarter ended 31 December 2019, the Group reported revenue of S\$4.4m, down 48% from the comparable period last year. The inactive steel consumables trading segment lead to the contraction of the Group's turnover for the half year by 59% to S\$9.1m.

Net Earnings

During this quarter, the recovery of S\$0.7m from trade receivables previously impaired, accounted largely for the 305% hike in other income and gains. Income from fixed deposit placements and shortfall claims on minimum purchase increased as well. These reasons explain the fluctuations of 167% for the half year.

The reduction in purchases of inventories for the quarter and six-month period by S\$3.8m and S\$12.9m respectively, was predominantly caused by the absence of steel consumables trading.

Other operating expenses went down 18% to S\$2.7m for the half year. On a quarterly basis, there was a decrease of 8% to S\$1.4m. These were derived from lower utilities, transportation and also no expenses incurred to restart a limekiln.

Upon adoption of the new accounting standard SFRS(I) 16 for this quarter and half year, finance costs and depreciation on rights-to-use assets of S\$0.1m were recognised for lease office space and factory land.

The Group's Reminbi-denominated financial assets weakening against the Singapore dollar has resulted in an unrealised exchange loss of S\$0.3m, against S\$0.6m loss in the previous half year. A loss of S\$0.1m for this quarter was consistent with the last corresponding period.

The Group posted total comprehensive income of S\$0.4m for the second quarter compared to a S\$41k loss for the six-month reporting period.

8. Cont'd

Cash Flows and Financial Position

There were no significant fluctuations to the Group's working capital at the end of the half year, which stood at S\$73.4m.

The S\$0.7m increase in cash balance is made up of S\$0.4m interest received and S\$1.7m generated from operating activities. This is offset by S\$0.4m dividend distribution to owners of the company, S\$0.2m repayment for leases and S\$0.8m loss in unrealised currency translation from the depreciating Renminbi.

Trade and other receivables remain unchanged at S\$4.9m while inventory edged slightly lower by S\$0.1m to S\$4.2m. After depreciation, property, plant and equipment was reduced to S\$2.4m.

A net balance of S\$1.4m rights-of-use assets was capitalized after the application of SFRS(I) 16. Correspondingly, a balance of S\$1.4m lease liabilities remained outstanding after half a year of payments.

Trade and other payables rose S\$0.7m from the restocking of inventory in December 2019.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group's operations are subject to the market conditions and challenges of the steel industry.

The outbreak of virus in the Peoples' Republic of China has exacerbated the global economic uncertainties. The Group remains committed to weathering the challenging business environment as market risks remain elevated.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. **If no dividend has been declared/recommended, a statement to that effect**

No interim dividend has been declared for the quarter ended 31 December 2019.

13. Interested Person Transactions (“IPTs”)

For the financial period ended 31.12.2019		
Name of Interested Person	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under IPT Mandate Pursuant to Rule 920)	Aggregate value of all IPTs conducted under IPT Mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
<u>Associates of Tan Sri Cheng Heng Jem, a Director and a Substantial Shareholder of the Company</u>		
Amsteel Mills Sdn. Bhd.	--	2,119
Antara Steel Mills Sdn Bhd	--	100

14. Confirmation by Directors Pursuant to Rule 705(5) of the SGX Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results of Lion Asiapac Limited for the second quarter and half year ended 31 December 2019, to be false or misleading in any material aspect

15. Confirmation Pursuant to Rule 720(1) of the SGX Listing Manual

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

**BY ORDER OF THE BOARD
LION ASIAPAC LIMITED**

Lah Ling San
Company Secretary

Singapore, 12 February 2020