



LION POSIM BERHAD

Registration No. 198201002310 (82056-X)

(Incorporated in Malaysia)

Interim Financial Report for the Fourth Quarter Ended

31 December 2022

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(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 31 December 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<u>INDIVIDUAL QUARTER</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>Note</u>	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
		RM'000	RM'000	RM'000	RM'000
Revenue		203,814	-	838,773	-
Operating expenses		(202,506)	-	(838,453)	-
Other operating income		1,846	-	6,958	-
Profit from operations		3,154	-	7,278	-
Finance costs		(289)	-	(453)	-
Share of results of associated companies		(1,747)	-	(4,148)	-
Profit before tax	23	1,118	-	2,677	-
Income tax expense	16	435	-	(2,080)	-
Profit for the period/year		<u>1,553</u>	<u>-</u>	<u>597</u>	<u>-</u>
Profit attributable to:					
- Owners of the Company		1,551	-	655	-
- Non-controlling interests		2	-	(58)	-
Profit for the period/year		<u>1,553</u>	<u>-</u>	<u>597</u>	<u>-</u>
Earnings per share attributable to owners of the Company (sen) :	21				
- Basic		<u>0.68</u>	<u>-</u>	<u>0.29</u>	<u>-</u>
- Diluted		<u>0.68</u>	<u>-</u>	<u>0.29</u>	<u>-</u>

The Company had in last year changed its financial year end from 30 June to 31 December. As such, there are no comparative figures for the preceding year corresponding periods.

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the 18-month period ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>INDIVIDUAL QUARTER</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>31.12.2022</u> RM'000	<u>31.12.2021</u> RM'000	<u>31.12.2022</u> RM'000	<u>31.12.2021</u> RM'000
Profit for the period/year	1,553	-	597	-
<u>Other comprehensive income/(loss)</u>				
<u>Item that will not be reclassified subsequently to profit or loss</u>				
Net gain/(loss) on other investments at fair value through other comprehensive income:				
- Fair value changes	280	-	(3,080)	-
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences arising from foreign operations	(6,910)	-	3,986	-
Other comprehensive (loss)/income for the period/year	(6,630)	-	906	-
Total comprehensive (loss)/income for the period/year	(5,077)	-	1,503	-
Total comprehensive (loss)/income attributable to:				
- Owners of the Company	(5,076)	-	1,560	-
- Non-controlling interests	(1)	-	(57)	-
	(5,077)	-	1,503	-

The Company had in last year changed its financial year end from 30 June to 31 December. As such, there are no comparative figures for the preceding year corresponding periods.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the 18-month period ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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Interim financial report for the fourth quarter ended 31 December 2022

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	AS AT 31.12.2022 RM'000	AS AT 31.12.2021 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		39,588	14,142
Right-of-use assets		3,173	2,193
Investment properties		113,877	108,452
Investment in associated companies		25,698	40,069
Other investments		8,846	11,926
Amount owing by other related company		105,051	111,051
Other receivable		-	13,000
Deferred tax assets		9,411	8,435
Total Non-Current Assets		<u>305,644</u>	<u>309,268</u>
Current Assets			
Inventories		27,659	13,052
Trade receivables		223,919	183,460
Other receivables and prepayments		74,102	65,536
Amount owing by immediate holding company		72,487	81,448
Amount owing by other related companies		90,895	60,554
Tax recoverable		5,483	4,311
Investment in money market funds		2,279	2,417
Fixed deposits, cash and bank balances		81,036	150,596
Total Current Assets		<u>577,860</u>	<u>561,374</u>
Total Assets		<u>883,504</u>	<u>870,642</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		920,902	920,902
Reserves		(180,246)	(181,806)
Equity attributable to owners of the Company		<u>740,656</u>	<u>739,096</u>
Non-controlling interests		44	473
Total Equity		<u>740,700</u>	<u>739,569</u>
Non-Current and Deferred Liabilities			
Lease liabilities		2,094	1,726
Hire-purchase payables	17	63	77
Deferred tax liabilities		176	52
Total Non-Current and Deferred Liabilities		<u>2,333</u>	<u>1,855</u>
Current Liabilities			
Trade payables		41,103	34,645
Other payables and accrued expenses		48,707	49,666
Contract liabilities		28,794	24,405
Amount owing to other related companies		700	885
Lease liabilities		1,270	517
Hire-purchase payables	17	15	14
Bank borrowings	17	18,634	16,769
Tax liabilities		1,248	2,317
Total Current Liabilities		<u>140,471</u>	<u>129,218</u>
Total Liabilities		<u>142,804</u>	<u>131,073</u>
Total Equity and Liabilities		<u>883,504</u>	<u>870,642</u>
Net assets per share attributable to owners of the Company (RM)		<u>3.25</u>	<u>3.24</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2021 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 →						
	Share capital	Treasury shares	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>31 December 2022</u>							
At 1 January 2022	920,902	(2,277)	41,712	(221,241)	739,096	473	739,569
Total comprehensive income/(loss) for the year	-	-	905	655	1,560	(57)	1,503
Dividend paid to non-controlling interests of a subsidiary company	-	-	-	-	-	(372)	(372)
At 31 December 2022	920,902	(2,277)	42,617	(220,586)	740,656	44	740,700

The Company had in last year changed its financial year end from 30 June to 31 December. As such, there are no comparative figures for the preceding year corresponding periods.

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>Note</u>	<u>YEAR-TO-DATE ENDED</u>	
		<u>31.12.2022</u>	<u>31.12.2021</u>
		RM'000	RM'000
<u>OPERATING ACTIVITIES</u>			
Profit before tax		2,677	-
Adjustments for:			
Non-cash items		12,748	-
Non-operating items		(2,047)	-
Operating profit before changes in working capital		13,378	-
Changes in working capital:			
Net changes in current assets		(90,516)	-
Net changes in current liabilities		13,458	-
Others		(3,994)	-
		(67,674)	-
<u>INVESTING ACTIVITIES</u>			
Purchase of property, plant and equipment		(3,748)	-
Proceeds from disposal of property, plant and equipment		290	-
Dividend income received from an associated company		10,657	-
Decrease in:			
Amount owing by immediate holding company		128	-
Amount owing by other related companies		1,006	-
Decrease in investment in money market funds		138	-
Interest received		1,320	-
Partial purchase consideration paid for land acquisition		(10,400)	-
		(609)	-
<u>FINANCING ACTIVITIES</u>			
Increase in bank borrowings		1,865	-
Decrease in amount owing to other related companies		(185)	-
Increase in cash at banks held under fixed deposits pledged		(609)	-
Dividend paid to non-controlling interests of a subsidiary company		(372)	-
Others		(1,595)	-
		(896)	-
Net changes in cash and cash equivalents		(69,179)	-
Effect of exchange differences		(990)	-
Cash and cash equivalents at beginning of the year		126,448	-
Cash and cash equivalents at end of the year	18	56,279	-

The Company had in last year changed its financial year end from 30 June to 31 December. As such, there are no comparative figures for the preceding year corresponding periods.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the 18-month period ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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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 period ended 31 December 2021. 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 period ended 31 December 2021.

The significant accounting policies adopted in the condensed consolidated financial statements are consistent with those of the audited financial statements for the financial period ended 31 December 2021 except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretations effective for the financial period beginning 1 January 2022:

Amendments to:

MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform-Phase 2
MFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
MFRS 3	Reference to the Conceptual Framework
MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRSs 2018 - 2020 Cycle

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.

Comparative figures

There are no comparative figures stated in the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related notes for the preceding year corresponding period as the Company had in last year changed its financial year end from 30 June to 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 reporting periods 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 results for the current reporting periods.

5. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current reporting periods.

The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. As at 31 December 2022, the number of treasury shares held were 3,745,000 shares.

6. Dividend paid

There were no dividends paid during the current reporting periods.

7. Segmental information

The Group's segmental information for the financial year-to-date:

	Building materials and steel products	Lubricants, petroleum products and automotive products	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External customers	725,087	111,635	2,051	-	838,773
Inter-segment sales	-	-	13	(13)	-
Total revenue	<u>725,087</u>	<u>111,635</u>	<u>2,064</u>	<u>(13)</u>	<u>838,773</u>
Results					
Segment results	5,794	8,881	(7,397)	-	7,278
Finance costs	(183)	(159)	(111)	-	(453)
Share of results of associated companies					(4,148)
Profit before tax					<u>2,677</u>
Income tax expense					(2,080)
Profit for the year					<u>597</u>
Assets					
Segment assets	484,585	81,156	170,339	-	736,080
Investment in associated companies					25,698
Unallocated corporate assets					121,726
					<u>883,504</u>
The analysis of the Group's assets by geographical areas is as follows:					
Malaysia	484,585	81,156	149,771	-	715,512
People's Republic of China	-	-	27,808	-	27,808
Others	-	-	140,184	-	140,184
					<u>883,504</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 reporting period.

10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since 31 December 2021.

11. Performance review

	INDIVIDUAL QUARTER 3 MONTHS ENDED	YEAR-TO-DATE ENDED 12 MONTHS ENDED
	31.12.2022	31.12.2022
	RM'000	RM'000
Revenue		
Building materials and steel products ("Building Materials")	173,617	725,087
Lubricants, petroleum and automotive products ("Lubricants")	29,523	111,635
Others	674	2,051
	<u>203,814</u>	<u>838,773</u>
Segment results		
Building Materials	2,125	5,794
Lubricants	2,654	8,881
Others	(1,625)	(7,397)
Profit from operations	<u>3,154</u>	<u>7,278</u>
Finance costs	(289)	(453)
Share of results of associated companies	(1,747)	(4,148)
Profit before tax	<u>1,118</u>	<u>2,677</u>
Income tax expense	435	(2,080)
Profit for the period/year	<u>1,553</u>	<u>597</u>

The Company changed its financial year end from 30 June to 31 December in the last financial year. As such, there are no comparative figures for the cumulative preceding year corresponding period and the results for last year's same quarter are referred for discussion below.

For the financial year ended 31 December 2022, the Group registered a revenue of RM838.8 million and recorded a profit from operations of RM7.3 million with the Building Materials and the Lubricants Divisions being the two main contributors to the Group's performance.

After accounting for a share of loss in associated companies of RM4.1 million, the Group recorded a profit before tax of RM2.7 million for the financial year under review. The Group's net assets per share as at 31 December 2022 was RM3.25.

Building Materials

For the quarter ended 31 December 2022, the Division recorded a revenue of RM173.6 million, a decrease of 5% from that of the same quarter last year mainly due to the lower sales for steel related products. The Division posted a lower profit of RM2.1 million compared with RM6.5 million in last year's same quarter. Last year's results had included a reversal of impairment loss for trade and other receivables of RM4.3 million. For the financial year 2022, the Division recorded a revenue of RM725.1 million and profit of RM5.8 million.

Lubricants

The Division's revenue increased by 24% to RM29.5 million for the quarter ended 31 December 2022 when compared with RM23.8 million recorded in the same quarter a year ago. The Division however recorded a lower profit of RM2.7 million for the current quarter as compared with RM3.9 million in last year's same quarter mainly due to higher production costs. For the financial year 2022, the Division posted a revenue of RM111.6 million and profit of RM8.9 million.

11. Performance review (continued)Others

Others results were mainly derived from the provision of training services, distribution and retailing of consumer products, investment in Cambodia and investment holding. These activities collectively contributed a higher revenue of RM0.7 million compared with RM0.5 million in last year's same quarter. The Division recorded a lower loss of RM1.6 million for the current quarter under review as compared with RM6.2 million in the same quarter last year after the dissolution of Changshu Lion Enterprise Co Ltd, a subsidiary company in China (with effect from 15 July 2022).

For the financial year 2022, the Division recorded a revenue of RM2.1 million and a loss of RM7.4 million, mainly due to the expenses incurred by the investment in Cambodia.

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

	Current Year Quarter	Immediate Preceding Quarter	Change
	31.12.2022	30.9.2022	%
	RM'000	RM'000	
Revenue	203,814	222,518	-8
Profit from operations	3,154	2,824	12
Profit before tax	1,118	1,709	-35

For the fourth quarter ended 31 December 2022, the Group recorded a revenue of RM203.8 million, a decrease of 8% from that of last quarter mainly due to the lower sales by the Building Materials Division.

Profit from operations for the quarter under review was RM3.2 million which was 12% higher than that of the preceding quarter mainly due to the lower operating costs incurred by the Building Materials Division.

After accounting for a higher share of loss in associated companies of RM1.7 million (Last quarter: RM1.1 million), the Group recorded a lower profit before tax of RM1.1 million for the quarter under review.

13. a) Prospects

The Malaysian economy is expected to expand gradually in 2023, supported by firm domestic demand with continuing improvements in the labour market and realisation of large infrastructure projects amid downside risks and uncertainties.

Nevertheless, the Group remains cautiously optimistic. The Group will continue to focus on optimising operational efficiencies and tapping new opportunities as well as to widen its products range and services to meet customer needs to achieve profit growth for the longer term, and create value for its stakeholders.

b) Forecast or target previously announced

The disclosure requirements are not applicable for the current reporting periods.

14. Statement of the Board of Directors' opinion on achievement of forecast or target

The disclosure requirements are not applicable for the current reporting periods.

15. Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

16. Income tax expense

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Current provision	(333)	-	(2,926)	-
- Overprovision in prior years	-	-	78	-
Deferred tax				
- Current provision	509	-	509	-
- Overprovision in prior years	259	-	259	-
	<u>435</u>	<u>-</u>	<u>(2,080)</u>	<u>-</u>

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

17. Borrowings

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

	AS AT	AS AT
	31.12.2022	31.12.2021
	RM'000	RM'000
Non-Current		
Hire-purchase payables - secured	63	77
Current		
Hire-purchase payables - secured	15	14
Revolving credit - secured	3,500	3,500
Bankers acceptances - secured	10,000	13,000
Bankers acceptances - unsecured	526	269
Receivables financing facility - secured	4,608	-
	<u>18,712</u>	<u>16,860</u>

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

18. Cash and cash equivalents

Cash and cash equivalents at end of reporting period comprise the following:

	AS AT
	31.12.2022
	RM'000
Fixed deposits, cash and bank balances	81,036
Less : Deposits pledged with licensed banks	(24,757)
	<u>56,279</u>

The currency exposure profile of cash and cash equivalents is as follows:

Ringgit Malaysia	51,813
Chinese Renminbi	3,837
United States Dollar	629
	<u>56,279</u>

Cash and cash equivalents denominated in Chinese Renminbi of subsidiary companies in the People's Republic of China ("PRC") are subject to the exchange control restriction of the PRC.

19. Changes in material litigation

There was no material litigation since 31 December 2021.

20. Dividend proposed

The Board of Directors does not recommend any dividend for the current reporting periods.

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/year by the weighted average number of ordinary shares of the Company in issue during the reporting periods as follows:

	<u>INDIVIDUAL QUARTER</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
Profit attributable to owners of the Company (RM'000)	1,551	-	655	-
Weighted average number of shares in issue ('000)	227,827	-	227,827	-
Basic EPS (sen)	<u>0.68</u>	<u>-</u>	<u>0.29</u>	<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 period ended 31 December 2021 was not qualified.

23. Profit before tax

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

	<u>INDIVIDUAL QUARTER</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000	RM'000	RM'000
a) Interest income	573	-	2,499	-
b) Other income including investment income	1,273	-	4,459	-
c) Interest expense	(289)	-	(453)	-
d) Depreciation and amortisation	(1,600)	-	(4,385)	-
e) Provision for and write off of receivables	(221)	-	(4,477)	-
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)	88	-	439	-
j) Gain or (loss) on derivatives	-	-	-	-

24. Corporate proposals

Status of corporate proposals

Save for the below proposals undertaken by the Group, there are no other corporate proposals as at the date of this report.

Date of Announcement	Subjects	Status
18.5.2022 17.11.2022 25.11.2022 2.12.2022 16.2.2023	<p>(a) Lion Waterfront Sdn Bhd (formerly known as Singa Logistics Sdn Bhd) ("Lion Waterfront"), a wholly-owned subsidiary of the Company, had on 18 May 2022 entered into a conditional development agreement with Landasan Lumayan Sdn Bhd ("Landasan Lumayan"), a wholly-owned subsidiary of Menteri Besar Selangor (Pemerbadanan) ("Selangor MBI"), to form an unincorporated joint venture to undertake a mixed residential and commercial development on a parcel of land to be alienated by the Selangor State Government to Landasan Lumayan measuring approximately 26.29 acres in Section 24, Shah Alam, Selangor ("Proposed Unincorporated Joint Venture").</p> <p>(b) In conjunction with the Proposed Unincorporated Joint Venture, the Company proposes to diversify the existing businesses of the Company and its subsidiary companies to include property development ("Proposed Diversification").</p> <p>The Proposed Unincorporated Joint Venture and the Proposed Diversification shall collectively be referred to as the "Proposals".</p>	<p>Approval of the Shareholders of the Company was obtained on 2 December 2022.</p> <p>The Proposals are pending the approvals to be obtained from all relevant regulatory authorities.</p>