



LION POSIM BERHAD

Registration No. 198201002310 (82056-X)

(Incorporated in Malaysia)

Interim Financial Report for the First Quarter Ended

31 March 2023

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			YEAR-TO-DATE ENDED		
		31.3.2023 RM'000	31.3.2022 RM'000	Change %	31.3.2023 RM'000	31.3.2022 RM'000	Change %
Revenue		201,434	195,855	3	201,434	195,855	3
Operating expenses		(200,830)	(197,621)		(200,830)	(197,621)	
Other operating income		1,865	1,653		1,865	1,653	
Profit/(Loss) from operations		2,469	(113)	>100	2,469	(113)	>100
Finance costs		(255)	(52)		(255)	(52)	
Share of results of associated companies		(152)	(521)		(152)	(521)	
Profit/(Loss) before tax	23	2,062	(686)	>100	2,062	(686)	>100
Income tax expense	16	(960)	(341)		(960)	(341)	
Profit/(Loss) for the period		<u>1,102</u>	<u>(1,027)</u>	>100	<u>1,102</u>	<u>(1,027)</u>	>100
Profit/(Loss) attributable to:							
- Owners of the Company		1,102	(983)		1,102	(983)	
- Non-controlling interests		-	(44)		-	(44)	
Profit/(Loss) for the period		<u>1,102</u>	<u>(1,027)</u>		<u>1,102</u>	<u>(1,027)</u>	
Earnings/(Loss) per share attributable to owners of the Company (sen) :	21						
- Basic		<u>0.48</u>	<u>(0.43)</u>		<u>0.48</u>	<u>(0.43)</u>	
- Diluted		<u>0.48</u>	<u>(0.43)</u>		<u>0.48</u>	<u>(0.43)</u>	

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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>31.3.2023</u> RM'000	<u>31.3.2022</u> RM'000	<u>31.3.2023</u> RM'000	<u>31.3.2022</u> RM'000
Profit/(Loss) for the period	1,102	(1,027)	1,102	(1,027)
<u>Other comprehensive income/(loss)</u>				
<u>Item that will not be reclassified subsequently to profit or loss</u>				
Net loss on other investments at fair value through other comprehensive income:				
- Fair value changes	-	(560)	-	(560)
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences arising from foreign operations	5,794	576	5,794	576
Other comprehensive income for the period	5,794	16	5,794	16
Total comprehensive income/(loss) for the period	<u>6,896</u>	<u>(1,011)</u>	<u>6,896</u>	<u>(1,011)</u>
Total comprehensive income/(loss) attributable to:				
- Owners of the Company	6,896	(967)	6,896	(967)
- Non-controlling interests	-	(44)	-	(44)
	<u>6,896</u>	<u>(1,011)</u>	<u>6,896</u>	<u>(1,011)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT	AS AT
Note	31.3.2023	31.12.2022
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	39,069	39,588
Right-of-use assets	2,863	3,173
Investment properties	114,176	113,877
Investment in associated companies	30,825	25,698
Other investments	8,846	8,846
Amount owing by other related company	105,051	105,051
Deferred tax assets	9,411	9,411
Total Non-Current Assets	<u>310,241</u>	<u>305,644</u>
Current Assets		
Inventories	23,270	24,481
Trade receivables	263,210	223,919
Other receivables and prepayments	79,289	77,281
Amount owing by immediate holding company	70,677	72,486
Amount owing by other related companies	85,499	90,894
Tax recoverable	5,384	5,483
Investment in money market funds	2,299	2,279
Fixed deposits, cash and bank balances	50,705	80,981
Total Current Assets	<u>580,333</u>	<u>577,804</u>
Total Assets	<u>890,574</u>	<u>883,448</u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	920,902	920,902
Reserves	(173,344)	(180,240)
Equity attributable to owners of the Company	<u>747,558</u>	<u>740,662</u>
Non-controlling interests	43	43
Total Equity	<u>747,601</u>	<u>740,705</u>
Non-Current and Deferred Liabilities		
Lease liabilities	1,795	2,094
Hire-purchase payables	17 58	62
Deferred tax liabilities	176	176
Total Non-Current and Deferred Liabilities	<u>2,029</u>	<u>2,332</u>
Current Liabilities		
Trade payables	31,240	41,097
Other payables and accrued expenses	47,595	48,653
Contract liabilities	26,809	28,794
Amount owing to other related companies	902	700
Lease liabilities	1,259	1,270
Hire-purchase payables	17 15	15
Bank borrowings	17 32,096	18,634
Tax liabilities	1,028	1,248
Total Current Liabilities	<u>140,944</u>	<u>140,411</u>
Total Liabilities	<u>142,973</u>	<u>142,743</u>
Total Equity and Liabilities	<u>890,574</u>	<u>883,448</u>
Net assets per share attributable to owners of the Company (RM)	<u>3.28</u>	<u>3.25</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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>31 March 2023</u>							
At 1 January 2023	920,902	(2,277)	42,619	(220,582)	740,662	43	740,705
Total comprehensive income for the period	-	-	5,794	1,102	6,896	-	6,896
At 31 March 2023	920,902	(2,277)	48,413	(219,480)	747,558	43	747,601
<u>31 March 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 period	-	-	16	(983)	(967)	(44)	(1,011)
Dividend paid to non- controlling interests of a subsidiary company	-	-	-	-	-	(372)	(372)
At 31 March 2022	920,902	(2,277)	41,728	(222,224)	738,129	57	738,186

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	YEAR-TO-DATE ENDED	
		31.3.2023 RM'000	31.3.2022 RM'000
<u>OPERATING ACTIVITIES</u>			
Profit/(Loss) before tax		2,062	(686)
Adjustments for:			
Non-cash items		2,484	2,764
Non-operating items		(318)	(683)
Operating profit before changes in working capital		4,228	1,395
Changes in working capital:			
Net changes in current assets		(34,319)	(16,065)
Net changes in current liabilities		(13,026)	(3,812)
Others		(700)	(567)
		<u>(43,817)</u>	<u>(19,049)</u>
<u>INVESTING ACTIVITIES</u>			
Purchase of property, plant and equipment		(204)	(859)
Proceeds from disposal of property, plant and equipment		19	66
Dividend income received from an associated company		-	918
Decrease in amount owing by other related companies		-	1,006
Increase in investment in money market funds		(20)	(1)
Interest received		193	332
Others		-	2
		<u>(12)</u>	<u>1,464</u>
<u>FINANCING ACTIVITIES</u>			
Increase/(Decrease) in bank borrowings		13,462	(12,416)
Increase/(Decrease) in amount owing to other related companies		202	(26)
(Increase)/Decrease in cash at banks held under fixed deposits pledged		(395)	760
Dividend paid to non-controlling interests of a subsidiary company		-	(372)
Others		(569)	(137)
		<u>12,700</u>	<u>(12,191)</u>
Net changes in cash and cash equivalents		(31,129)	(29,776)
Effect of exchange differences		458	383
Cash and cash equivalents at beginning of the period		56,224	126,448
Cash and cash equivalents at end of the period	18	<u>25,553</u>	<u>97,055</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 31 December 2022. 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 31 December 2022.

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 31 December 2022 except for the adoption of the following MFRS and amendments to MFRSs effective for the financial period beginning 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the abovementioned MFRS and 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, 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 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 31 March 2023, 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 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	174,986	26,027	421	-	201,434
Inter-segment sales	-	-	2	(2)	-
Total revenue	174,986	26,027	423	(2)	201,434
Results					
Segment results	583	3,838	(1,952)	-	2,469
Finance costs	(190)	(26)	(39)	-	(255)
Share of results of associated companies					(152)
Profit before tax					2,062
Income tax expense					(960)
Profit for the period					1,102
Assets					
Segment assets	495,593	73,079	169,450	-	738,122
Investment in associated companies					30,825
Unallocated corporate assets					121,627
					890,574
The analysis of the Group's assets by geographical areas is as follows:					
Malaysia	495,593	73,079	148,218	-	716,890
People's Republic of China	-	-	28,271	-	28,271
Others	-	-	145,413	-	145,413
					890,574

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

There were no material changes in contingent liabilities or contingent assets since 31 December 2022.

11. Performance review

	3 MONTHS ENDED			YEAR-TO-DATE ENDED		
	31.3.2023	31.3.2022	Change	31.3.2023	31.3.2022	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Building materials and steel products ("Building Materials")	174,986	173,483	1	174,986	173,483	1
Lubricants, petroleum and automotive products ("Lubricants")	26,027	22,013	18	26,027	22,013	18
Others	421	359	17	421	359	17
	<u>201,434</u>	<u>195,855</u>	3	<u>201,434</u>	<u>195,855</u>	3
Segment results						
Building Materials	583	1,250	-53	583	1,250	-53
Lubricants	3,838	533	>100	3,838	533	>100
Others	(1,952)	(1,896)	-3	(1,952)	(1,896)	-3
Profit/(Loss) from operations	2,469	(113)	>100	2,469	(113)	>100
Finance costs	(255)	(52)		(255)	(52)	
Share of results of associated companies	(152)	(521)		(152)	(521)	
Profit/(Loss) before tax	<u>2,062</u>	<u>(686)</u>	>100	<u>2,062</u>	<u>(686)</u>	>100

For the first quarter of financial year 2023, the Group registered a 3% higher revenue of RM201.4 million and profit from operations of RM2.5 million compared with RM195.9 million and loss from operations of RM0.1 million respectively, recorded in the same quarter last year. The improvements were largely contributed by the Lubricants Division.

After accounting for the finance costs and a lower share of loss in associated companies, the Group recorded a profit before tax of RM2.1 million for the quarter under review. The Group's net assets per share as at 31 March 2023 was RM3.28.

Building Materials

For the quarter under review, the Division recorded a revenue of RM175.0 million, an increase of 1% from that of the same quarter last year mainly due to the higher sales of building materials. With higher cost of sales and lower interest income, the Division however, posted a lower profit of RM0.6 million compared with RM1.3 million a year ago.

Lubricants

The Division's revenue increased by 18% to RM26.0 million for the first quarter of the financial year 2023 compared with RM22.0 million recorded in the same quarter a year ago. The Division posted a higher profit of RM3.8 million for the current quarter as compared with RM0.5 million in last year's same quarter. The results for last year were affected by high production costs which arose from the disruption in its production lines caused by the flood in December 2021.

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 slightly higher revenue of RM0.4 million.

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

	Current Year Quarter	Immediate Preceding Quarter	
	31.3.2023	31.12.2022	Change
	RM'000	RM'000	%
Revenue	201,434	203,814	-1
Profit from operations	2,469	3,154	-22
Profit before tax	<u>2,062</u>	<u>1,118</u>	84

For the first quarter ended 31 March 2023, the Group recorded a revenue of RM201.4 million, a marginal decrease of 1% from that of last quarter. The Group's profit from operations of RM2.5 million for the quarter under review was relatively lower than that recorded in the immediate preceding quarter as the immediate preceding quarter contained a reversal of impairment loss for trade receivables amounting to RM1.3 million.

After accounting for a lower share of loss in associated companies of RM0.2 million (Last quarter: RM1.7 million), the Group recorded a higher profit before tax of RM2.1 million for the quarter under review.

13. a) Prospects

The operating environment for the Group's businesses is anticipated to remain challenging in the next quarter due to uncertainty brought about by external factors particularly moderate global growth and the prolonged geopolitical tensions. The inflationary pressures and the hike in interest rate will further dampen consumer spending.

Notwithstanding these challenges, the Group will continue to focus on optimising operational efficiencies and tapping new opportunities as well as widening its products range and services to meet customer needs, and expanding its market coverage.

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

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Current provision	<u>(960)</u>	<u>(341)</u>	<u>(960)</u>	<u>(341)</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. Borrowings

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

	AS AT 31.3.2023	AS AT 31.3.2022
	RM'000	RM'000
Non-Current		
Hire-purchase payables - secured	58	77
Current		
Hire-purchase payables - secured	15	12
Revolving credit - secured	3,500	3,500
Bankers acceptances - secured	7,000	-
Bankers acceptances - unsecured	-	890
Receivables financing facility - secured	21,596	-
	<u>32,169</u>	<u>4,479</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 31.3.2023	AS AT 31.3.2022
	RM'000	RM'000
Fixed deposits, cash and bank balances	50,705	120,442
Less : Deposits pledged with licensed banks	(25,152)	(23,387)
	<u>25,553</u>	<u>97,055</u>

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

	AS AT 31.3.2023	AS AT 31.3.2022
	RM'000	RM'000
Ringgit Malaysia	21,083	91,209
Chinese Renminbi	3,920	5,010
United States Dollar	550	836
	<u>25,553</u>	<u>97,055</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 2022.

20. Dividend proposed

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

21. Earnings/(Loss) per share ("EPS")

Basic EPS is calculated by dividing the Group's profit/(loss) attributable to owners of the Company for the period by the weighted average number of ordinary shares of the Company in issue during the current quarter and financial year-to-date as follows:

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
Profit/(Loss) attributable to owners of the Company (RM'000)	1,102	(983)	1,102	(983)
Weighted average number of shares in issue ('000)	227,827	227,827	227,827	227,827
Basic EPS (sen)	0.48	(0.43)	0.48	(0.43)

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 31 December 2022 was not qualified.

23. Profit/(Loss) before tax

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

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	31.3.2023 RM'000	31.3.2022 RM'000	31.3.2023 RM'000	31.3.2022 RM'000
a) Interest income	573	736	573	736
b) Other income including investment income	1,292	917	1,292	917
c) Interest expense	(255)	(52)	(255)	(52)
d) Depreciation and amortisation	(1,115)	(877)	(1,115)	(877)
e) Provision for and write off of receivables	(1,437)	(1,401)	(1,437)	(1,401)
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)	123	116	123	116
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>