



LION POSIM BERHAD

Registration No. 198201002310 (82056-X)

(Incorporated in Malaysia)

Interim Financial Report for the Second Quarter Ended

30 June 2023

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Interim financial report for the second quarter ended 30 June 2023
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			YEAR-TO-DATE ENDED		
		30.6.2023 RM'000	30.6.2022 RM'000	Change %	30.6.2023 RM'000	30.6.2022 RM'000	Change %
Revenue		178,031	216,586	-18	379,465	412,441	-8
Operating expenses		(177,457)	(216,015)		(378,287)	(413,636)	
Other operating income		1,344	842		3,209	2,495	
Profit from operations		1,918	1,413	36	4,387	1,300	>100
Finance costs		(454)	(49)		(709)	(101)	
Share of results of associated companies		(753)	(828)		(905)	(1,349)	
Profit/(Loss) before tax	23	711	536	33	2,773	(150)	>100
Income tax expense	16	(735)	(835)		(1,695)	(1,176)	
(Loss)/Profit for the period		<u>(24)</u>	<u>(299)</u>	92	<u>1,078</u>	<u>(1,326)</u>	>100
(Loss)/Profit attributable to:							
- Owners of the Company		(23)	(293)		1,079	(1,276)	
- Non-controlling interests		(1)	(6)		(1)	(50)	
(Loss)/Profit for the period		<u>(24)</u>	<u>(299)</u>		<u>1,078</u>	<u>(1,326)</u>	
(Loss)/Earnings per share attributable to owners of the Company (sen) :	21						
- Basic		<u>(0.01)</u>	<u>(0.13)</u>		<u>0.47</u>	<u>(0.56)</u>	
- Diluted		<u>(0.01)</u>	<u>(0.13)</u>		<u>0.47</u>	<u>(0.56)</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>30.6.2023</u> RM'000	<u>30.6.2022</u> RM'000	<u>30.6.2023</u> RM'000	<u>30.6.2022</u> RM'000
(Loss)/Profit for the period	(24)	(299)	1,078	(1,326)
<u>Other comprehensive income/(loss)</u>				
<u>Item that will not be reclassified subsequently to profit or loss</u>				
Net profit/(loss) on other investments at fair value through other comprehensive income:				
- Fair value changes	2,240	(1,680)	2,240	(2,240)
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences arising from foreign operations	3,633	6,717	9,427	7,293
Other comprehensive income for the period	5,873	5,037	11,667	5,053
Total comprehensive income for the period	<u>5,849</u>	<u>4,738</u>	<u>12,745</u>	<u>3,727</u>
Total comprehensive income/(loss) attributable to:				
- Owners of the Company	5,846	4,742	12,742	3,775
- Non-controlling interests	3	(4)	3	(48)
	<u>5,849</u>	<u>4,738</u>	<u>12,745</u>	<u>3,727</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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Interim financial report for the second quarter ended 30 June 2023

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT 30.6.2023 RM'000	AS AT 31.12.2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		38,768	39,588
Right-of-use assets		2,554	3,173
Investment properties		120,360	113,877
Investment in associated companies		28,236	25,698
Other investments		11,086	8,846
Amount owing by other related company		105,051	105,051
Deferred tax assets		9,411	9,411
Total Non-Current Assets		<u>315,466</u>	<u>305,644</u>
Current Assets			
Inventories		22,705	24,481
Trade receivables		283,232	223,919
Other receivables and prepayments		79,300	77,281
Amount owing by immediate holding company		70,871	72,486
Amount owing by other related companies		74,772	90,894
Tax recoverable		5,547	5,483
Investment in money market funds		2,320	2,279
Fixed deposits, cash and bank balances		59,840	80,981
Total Current Assets		<u>598,587</u>	<u>577,804</u>
Total Assets		<u>914,053</u>	<u>883,448</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		920,902	920,902
Reserves		(167,498)	(180,240)
Equity attributable to owners of the Company		<u>753,404</u>	<u>740,662</u>
Non-controlling interests		46	43
Total Equity		<u>753,450</u>	<u>740,705</u>
Non-Current and Deferred Liabilities			
Lease liabilities		1,484	2,094
Hire-purchase payables	17	55	62
Deferred tax liabilities		176	176
Total Non-Current and Deferred Liabilities		<u>1,715</u>	<u>2,332</u>
Current Liabilities			
Trade payables		46,060	41,097
Other payables and accrued expenses		49,289	48,653
Contract liabilities		27,605	28,794
Amount owing to other related companies		875	700
Lease liabilities		1,255	1,270
Hire-purchase payables	17	15	15
Bank borrowings	17	32,929	18,634
Tax liabilities		860	1,248
Total Current Liabilities		<u>158,888</u>	<u>140,411</u>
Total Liabilities		<u>160,603</u>	<u>142,743</u>
Total Equity and Liabilities		<u>914,053</u>	<u>883,448</u>
Net assets per share attributable to owners of the Company (RM)		<u>3.31</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>30 June 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	-	-	11,663	1,079	12,742	3	12,745
At 30 June 2023	920,902	(2,277)	54,282	(219,503)	753,404	46	753,450
<u>30 June 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	-	-	5,051	(1,276)	3,775	(48)	3,727
Dividend paid to non- controlling interests of a subsidiary company	-	-	-	-	-	(372)	(372)
At 30 June 2022	920,902	(2,277)	46,763	(222,517)	742,871	53	742,924

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	
		30.6.2023 RM'000	30.6.2022 RM'000
OPERATING ACTIVITIES			
Profit/(Loss) before tax		2,773	(150)
Adjustments for:			
Non-cash items		5,522	5,915
Non-operating items		(226)	(1,252)
Operating profit before changes in working capital		8,069	4,513
Changes in working capital:			
Net changes in current assets		(44,705)	(51,580)
Net changes in current liabilities		3,565	1,477
Others		(1,534)	(1,180)
		<u>(34,605)</u>	<u>(46,770)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(490)	(1,901)
Proceeds from disposal of property, plant and equipment		90	122
Dividend income received from an associated company		-	918
Decrease in:			
Amount owing by immediate holding company		-	128
Amount owing by other related companies		-	1,006
(Increase)/Decrease in investment in money market funds		(41)	188
Interest received		322	583
Partial purchase consideration paid for land acquisition		-	(6,500)
Others		-	1
		<u>(119)</u>	<u>(5,455)</u>
FINANCING ACTIVITIES			
Increase/(Decrease) in bank borrowings		14,295	(11,775)
Increase/(Decrease) in amount owing to other related companies		175	(26)
Increase in cash at banks held under fixed deposits pledged		(433)	(379)
Dividend paid to non-controlling interests of a subsidiary company		-	(372)
Others		(1,341)	(356)
		<u>12,696</u>	<u>(12,908)</u>
Net changes in cash and cash equivalents		(22,028)	(65,133)
Effect of exchange differences		454	150
Cash and cash equivalents at beginning of the period		56,224	126,448
Cash and cash equivalents at end of the period	18	<u>34,650</u>	<u>61,465</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 30 June 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	325,641	52,962	862	-	379,465
Inter-segment sales	-	-	18	(18)	-
Total revenue	325,641	52,962	880	(18)	379,465
Results					
Segment results	1,164	7,013	(3,790)	-	4,387
Finance costs	(579)	(52)	(78)	-	(709)
Share of results of associated companies					(905)
Profit before tax					2,773
Income tax expense					(1,695)
Profit for the period					1,078
Assets					
Segment assets	513,392	78,845	171,790	-	764,027
Investment in associated companies					28,236
Unallocated corporate assets					121,790
					914,053
The analysis of the Group's assets by geographical areas is as follows:					
Malaysia	513,392	78,845	144,647	-	736,884
People's Republic of China	-	-	28,222	-	28,222
Others	-	-	148,947	-	148,947
					914,053

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		
	30.6.2023	30.6.2022	Change	30.6.2023	30.6.2022	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Building materials and steel products ("Building Materials")	150,655	183,599	-18	325,641	357,082	-9
Lubricants, petroleum products and automotive products ("Lubricants")	26,935	32,558	-17	52,962	54,571	-3
Others	441	429	3	862	788	9
	<u>178,031</u>	<u>216,586</u>	-18	<u>379,465</u>	<u>412,441</u>	-8
Segment results						
Building Materials	581	904	-36	1,164	2,154	-46
Lubricants	3,175	2,635	20	7,013	3,168	>100
Others	(1,838)	(2,126)	14	(3,790)	(4,022)	6
Profit from operations	<u>1,918</u>	<u>1,413</u>	36	<u>4,387</u>	<u>1,300</u>	>100
Finance costs	(454)	(49)		(709)	(101)	
Share of results of associated companies	(753)	(828)		(905)	(1,349)	
Profit/(Loss) before tax	<u>711</u>	<u>536</u>	33	<u>2,773</u>	<u>(150)</u>	>100

For the first half of financial year 2023, the Building Materials and Lubricants Divisions, being the two main contributors, reported a decrease of 9% and 3% respectively in their contributions to the Group's revenue compared to the preceding year's corresponding period. However, the Group's profit from operations increased to RM4.4 million, primarily due to the higher profit 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 RM2.8 million for the period under review. The Group's net assets per share as at 30 June 2023 was RM3.31.

Building Materials

For the 6 months ended 30 June 2023, the Division's revenue was 9% lower at RM325.6 million compared with RM357.1 million recorded a year ago mainly due to the lower sales of steel products. Coupled with rising operating costs, the Division posted a lower profit of RM1.2 million compared with RM2.2 million a year ago.

Lubricants

The Division's revenue decreased marginally to RM53.0 million for the first half of the financial year 2023 compared with RM54.6 million recorded a year ago. However, the Division posted a higher profit of RM7.0 million for the period under review, which included a recovery of RM1.4 million from insurance claim for losses caused by the flood in December 2021. The results for last year were affected by high production costs which arose from the disruption in its production lines caused by the said flood.

Others

Results of the Others division 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 RM0.9 million.

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

	Current Year Quarter	Immediate Preceding Quarter	
	30.6.2023	31.3.2023	Change
	RM'000	RM'000	%
Revenue	178,031	201,434	-12
Profit from operations	1,918	2,469	-22
Profit before tax	<u>711</u>	<u>2,062</u>	-66

For the second quarter ended 30 June 2023, the Group posted a revenue of RM178.0 million, a decrease of 12% from that of last quarter mainly due to the lower contribution by the Building Materials Division. Accordingly, the Group recorded a lower profit from operations of RM1.9 million for the quarter under review.

After accounting for a higher share of loss in associated companies of RM0.8 million (Last quarter: RM0.2 million), the Group recorded a lower profit before tax of RM0.7 million for the quarter under review.

13. a) Prospects

The domestic economy is expected to be challenging in the next quarter due to persistent headwinds affecting global prospects. Against the backdrop of these challenges, the Group will continue to focus on optimising operational efficiencies and tapping new opportunities through widening its products range and services, and expanding its market coverage, while at the same time remaining 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

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Current provision	<u>(735)</u>	<u>(835)</u>	<u>(1,695)</u>	<u>(1,176)</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 30.6.2023	AS AT 30.6.2022
	RM'000	RM'000
Non-Current		
Hire-purchase payables - secured	55	71
Current		
Hire-purchase payables - secured	15	12
Revolving credit - secured	3,500	3,500
Bankers acceptances - secured	9,800	-
Bankers acceptances - unsecured	1,468	1,494
Receivables financing facility - secured	18,161	-
	<u>32,999</u>	<u>5,077</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 30.6.2023	AS AT 30.6.2022
	RM'000	RM'000
Fixed deposits, cash and bank balances	59,840	85,991
Less : Deposits pledged with licensed banks	(25,190)	(24,526)
	<u>34,650</u>	<u>61,465</u>

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

Ringgit Malaysia	30,359	55,824
Chinese Renminbi	3,914	4,966
United States Dollar	377	675
	<u>34,650</u>	<u>61,465</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. (Loss)/Earnings per share ("EPS")

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 current quarter and financial year-to-date as follows:

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
(Loss)/Profit attributable to owners of the Company (RM'000)	<u>(23)</u>	<u>(293)</u>	<u>1,079</u>	<u>(1,276)</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>(0.01)</u>	<u>(0.13)</u>	<u>0.47</u>	<u>(0.56)</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 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	
	30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
a) Interest income	362	617	935	1,353
b) Other income including investment income	982	225	2,274	1,142
c) Interest expense	(454)	(49)	(709)	(101)
d) Depreciation and amortisation	(1,132)	(929)	(2,247)	(1,806)
e) Provision for and write off of receivables	(1,468)	(1,510)	(2,905)	(2,911)
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)	120	62	243	178
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 16.8.2023	<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>