



LION POSIM BERHAD

Registration No. 198201002310 (82056-X)

(Incorporated in Malaysia)

Interim Financial Report for the Third Quarter Ended 30 September 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		
		30.9.2023 RM'000	30.9.2022 RM'000	Change %	30.9.2023 RM'000	30.9.2022 RM'000	Change %
Revenue		172,091	222,518	-23	551,556	634,959	-13
Operating expenses		(172,914)	(222,311)		(551,201)	(635,947)	
Other operating income		1,401	2,617		4,610	5,112	
Profit from operations		578	2,824	-80	4,965	4,124	20
Finance costs		(460)	(63)		(1,169)	(164)	
Share of results of associated companies		176	(1,052)		(729)	(2,401)	
Profit before tax	23	294	1,709	-83	3,067	1,559	97
Income tax expense	16	(522)	(1,339)		(2,217)	(2,515)	
(Loss)/Profit for the period		(228)	370	>-100	850	(956)	>100
(Loss)/Profit attributable to:							
- Owners of the Company		(228)	380		851	(896)	
- Non-controlling interests		-	(10)		(1)	(60)	
(Loss)/Profit for the period		(228)	370		850	(956)	
(Loss)/Earnings per share attributable to owners of the Company (sen) :	21						
- Basic		(0.10)	0.17		0.37	(0.39)	
- Diluted		(0.10)	0.17		0.37	(0.39)	

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

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
(Loss)/Profit for the period	(228)	370	850	(956)
<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	7,280	(1,120)	9,520	(3,360)
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences arising from foreign operations	1,049	3,603	10,476	10,896
Other comprehensive income for the period	8,329	2,483	19,996	7,536
Total comprehensive income for the period	8,101	2,853	20,846	6,580
Total comprehensive income/(loss) attributable to:				
- Owners of the Company	8,101	2,861	20,843	6,636
- Non-controlling interests	-	(8)	3	(56)
	8,101	2,853	20,846	6,580

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

	Note	AS AT 30.9.2023 RM'000	AS AT 31.12.2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		38,655	39,588
Right-of-use assets		5,091	3,173
Investment properties		121,179	113,877
Investment in associated companies		28,301	25,698
Other investments		18,366	8,846
Amount owing by other related company		99,551	105,051
Deferred tax assets		9,411	9,411
Total Non-Current Assets		320,554	305,644
Current Assets			
Inventories		25,462	24,481
Trade receivables		275,302	223,919
Other receivables and prepayments		76,427	77,281
Amount owing by immediate holding company		70,740	72,486
Amount owing by other related companies		85,707	90,894
Tax recoverable		1,876	5,483
Investment in money market funds		2,341	2,279
Fixed deposits, cash and bank balances		61,834	80,981
Total Current Assets		599,689	577,804
Total Assets		920,243	883,448
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		920,902	920,902
Reserves		(159,397)	(180,240)
Equity attributable to owners of the Company		761,505	740,662
Non-controlling interests		46	43
Total Equity		761,551	740,705
Non-Current and Deferred Liabilities			
Lease liabilities		3,272	2,094
Hire-purchase payables	17	51	62
Deferred tax liabilities		176	176
Total Non-Current and Deferred Liabilities		3,499	2,332
Current Liabilities			
Trade payables		47,024	41,097
Other payables and accrued expenses		48,253	48,653
Contract liabilities		28,081	28,794
Amount owing to other related companies		901	700
Lease liabilities		2,246	1,270
Hire-purchase payables	17	15	15
Bank borrowings	17	28,333	18,634
Tax liabilities		340	1,248
Total Current Liabilities		155,193	140,411
Total Liabilities		158,692	142,743
Total Equity and Liabilities		920,243	883,448
Net assets per share attributable to owners of the Company (RM)		3.34	3.25

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 September 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	-	-	19,992	851	20,843	3	20,846
At 30 September 2023	920,902	(2,277)	62,611	(219,731)	761,505	46	761,551
<u>30 September 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	-	-	7,532	(896)	6,636	(56)	6,580
Dividend paid to non- controlling interests of a subsidiary company	-	-	-	-	-	(372)	(372)
At 30 September 2022	920,902	(2,277)	49,244	(222,137)	745,732	45	745,777

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	
		30.9.2023 RM'000	30.9.2022 RM'000
OPERATING ACTIVITIES			
Profit before tax		3,067	1,559
Adjustments for:			
Non-cash items		8,197	9,178
Non-operating items		(496)	(1,761)
Operating profit before changes in working capital		10,768	8,976
Changes in working capital:			
Net changes in current assets		(48,890)	(73,622)
Net changes in current liabilities		3,841	17,349
Others		1,512	(3,135)
		(32,769)	(50,432)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(837)	(3,308)
Proceeds from disposal of property, plant and equipment		111	191
Dividend income received from an associated company		-	918
Decrease in:			
Amount owing by immediate holding company		4	128
Amount owing by other related companies		5,500	1,006
(Increase)/Decrease in investment in money market funds		(62)	188
Interest received		636	1,008
Partial purchase consideration paid for land acquisition		-	(10,400)
Others		6	-
		5,358	(10,269)
FINANCING ACTIVITIES			
Increase/(Decrease) in bank borrowings		9,699	(11,311)
Increase/(Decrease) in amount owing to other related companies		201	(25)
Increase in cash at banks held under fixed deposits pledged		(1,595)	(1,446)
Dividend paid to non-controlling interests of a subsidiary company		-	(372)
Others		(2,135)	(564)
		6,170	(13,718)
Net changes in cash and cash equivalents		(21,241)	(74,419)
Effect of exchange differences		500	(1)
Cash and cash equivalents at beginning of the period		56,224	126,448
Cash and cash equivalents at end of the period	18	35,483	52,028

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 September 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	470,704	79,363	1,489	-	551,556
Inter-segment sales	-	-	20	(20)	-
Total revenue	<u>470,704</u>	<u>79,363</u>	<u>1,509</u>	<u>(20)</u>	<u>551,556</u>
Results					
Segment results	1,659	8,780	(5,474)	-	4,965
Finance costs	(919)	(132)	(118)	-	(1,169)
Share of results of associated companies					(729)
Profit before tax					3,067
Income tax expense					(2,217)
Profit for the period					<u>850</u>
Assets					
Segment assets	518,369	81,237	179,717	-	779,323
Investment in associated companies					28,301
Unallocated corporate assets					112,619
					<u>920,243</u>
The analysis of the Group's assets by geographical areas is as follows:					
Malaysia	518,369	81,237	142,423	-	742,029
People's Republic of China	-	-	28,390	-	28,390
Others	-	-	149,824	-	149,824
					<u>920,243</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 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		
	30.9.2023	30.9.2022	Change	30.9.2023	30.9.2022	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Building materials and steel products ("Building Materials")	145,063	194,388	-25	470,704	551,470	-15
Lubricants, petroleum products and automotive products ("Lubricants")	26,401	27,541	-4	79,363	82,112	-3
Others	627	589	6	1,489	1,377	8
	172,091	222,518	-23	551,556	634,959	-13
Segment results						
Building Materials	495	1,515	-67	1,659	3,669	-55
Lubricants	1,767	3,059	-42	8,780	6,227	41
Others	(1,684)	(1,750)	4	(5,474)	(5,772)	5
Profit from operations	578	2,824	-80	4,965	4,124	20
Finance costs	(460)	(63)		(1,169)	(164)	
Share of results of associated companies	176	(1,052)		(729)	(2,401)	
Profit before tax	294	1,709	-83	3,067	1,559	97

For the 9 months ended 30 September 2023, the Group reported a revenue of RM551.6 million, marking a 13% decline from the preceding year's corresponding period primarily due to the reduced contributions from the Group's main contributors, namely the Building Materials and Lubricants Divisions. However, the Group's profit from operations increased to RM5.0 million, mainly 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 higher profit before tax of RM3.1 million for the period under review. The Group's net assets per share as at 30 September 2023 was RM3.34.

Building Materials

For the 9 months ended 30 September 2023, the Division's revenue was 15% lower at RM470.7 million compared with RM551.5 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 RM1.7 million.

Lubricants

The Division's revenue decreased marginally to RM79.4 million for the 9 months ended 30 September 2023 compared with RM82.1 million recorded a year ago. However, the Division posted a higher profit of RM8.8 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 RM1.5 million.

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

	Current Year Quarter	Immediate Preceding Quarter	
	30.9.2023	30.6.2023	Change
	RM'000	RM'000	%
Revenue	172,091	178,031	-3
Profit from operations	578	1,918	-70
Profit before tax	294	711	-59

For the current quarter under review, the Group posted a revenue of RM172.1 million, a marginal decline of 3% from that of the last quarter mainly due to the lower contribution by the Building Materials Division. Coupled with rising operating costs, the Group recorded a lower profit from operations of RM0.6 million for the quarter under review.

After accounting for a share of profit in associated companies of RM0.2 million (Last quarter: loss of RM0.8 million), the Group recorded a lower profit before tax of RM0.3 million for the quarter under review.

13. a) Prospects

The operating environment for the Group's businesses is anticipated to continue to be challenging for the final quarter of the financial year in view of the on-going geopolitical conflicts affecting global economic prospects.

To mitigate and overcome these challenges, the Group will continue to focus on optimising operational efficiencies, expand market coverage and product lines, while 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	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Current provision	(519)	(1,417)	(2,214)	(2,593)
- (Under)/Overprovision in prior years	(3)	78	(3)	78
	(522)	(1,339)	(2,217)	(2,515)

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 30.9.2023	AS AT 30.9.2022
	RM'000	RM'000
Non-Current		
Hire-purchase payables - secured	51	67
Current		
Hire-purchase payables - secured	15	15
Revolving credit - secured	4,000	3,500
Bankers acceptances - secured	15,800	-
Bankers acceptances - unsecured	896	1,958
Receivables financing facility - secured	7,637	-
	28,333	5,458
	<u>28,399</u>	<u>5,540</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 30.9.2023	AS AT 30.9.2022
	RM'000	RM'000
Fixed deposits, cash and bank balances	61,834	77,622
Less : Deposits pledged with licensed banks	(26,351)	(25,594)
	<u>35,483</u>	<u>52,028</u>

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

Ringgit Malaysia	32,077	47,524
Chinese Renminbi	3,029	3,967
United States Dollar	377	537
	<u>35,483</u>	<u>52,028</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	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
(Loss)/Profit attributable to owners of the Company (RM'000)	(228)	380	851	(896)
Weighted average number of shares in issue ('000)	227,827	227,827	227,827	227,827
Basic EPS (sen)	(0.10)	0.17	0.37	(0.39)

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 before tax

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

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
a) Interest income	730	573	1,665	1,926
b) Other income including investment income	671	2,044	2,945	3,186
c) Interest expense	(460)	(63)	(1,169)	(164)
d) Depreciation and amortisation	(1,184)	(979)	(3,431)	(2,785)
e) Provision for and write off of receivables	(1,498)	(1,345)	(4,403)	(4,256)
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)	61	173	304	351
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, 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), 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>