



LION POSIM BERHAD

Registration No. 198201002310 (82056-X)

(Incorporated in Malaysia)

Interim Financial Report for the Fourth Quarter Ended 31 December 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		
		31.12.2023 RM'000	31.12.2022 RM'000	Change %	31.12.2023 RM'000	31.12.2022 RM'000	Change %
Revenue		203,581	203,814	-0.1	755,137	838,773	-10
Operating expenses		(200,421)	(201,690)		(751,622)	(837,637)	
Other operating income		1,601	1,034		6,211	6,146	
Profit from operations		4,761	3,158	51	9,726	7,282	34
Finance costs		(590)	(289)		(1,759)	(453)	
Realisation of foreign exchange reserve upon striking-off of a subsidiary company		8,586	-		8,586	-	
Share of results of associated companies		831	(1,747)		102	(4,148)	
Profit before tax	23	13,588	1,122	>100	16,655	2,681	>100
Income tax (expense)/credit	16	(1,558)	435		(3,775)	(2,080)	
Profit for the period/year		12,030	1,557	>100	12,880	601	>100
Profit/(Loss) attributable to:							
- Owners of the Company		12,030	1,555		12,881	659	
- Non-controlling interests		-	2		(1)	(58)	
Profit for the period/year		12,030	1,557		12,880	601	
Earnings per share attributable to owners of the Company (sen) :	21						
- Basic		5.28	0.68		5.65	0.29	
- Diluted		5.28	0.68		5.65	0.29	

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	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Profit for the period/year	12,030	1,557	12,880	601
<u>Other comprehensive income/(loss)</u>				
<u>Item that will not be reclassified subsequently to profit or loss</u>				
Net (loss)/gain on other investments at fair value through other comprehensive income:				
- Fair value changes	(1,680)	280	7,840	(3,080)
<u>Item that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation differences arising from foreign operations	(10,639)	(6,909)	(163)	3,987
Other comprehensive (loss)/income for the period/year	(12,319)	(6,629)	7,677	907
Total comprehensive (loss)/income for the period/year	(289)	(5,072)	20,557	1,508
Total comprehensive (loss)/income attributable to:				
- Owners of the Company	(243)	(5,070)	20,600	1,566
- Non-controlling interests	(46)	(2)	(43)	(58)
	(289)	(5,072)	20,557	1,508

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 31.12.2023 RM'000	AS AT 31.12.2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		38,487	39,588
Right-of-use assets		8,097	3,173
Investment properties		118,564	113,877
Investment in associated companies		29,229	25,698
Other investments		16,686	8,846
Amount owing by other related company		99,551	105,051
Deferred tax assets		9,122	9,411
Total Non-Current Assets		<u>319,736</u>	<u>305,644</u>
Current Assets			
Inventories		23,443	24,481
Trade receivables		285,898	223,919
Other receivables and prepayments		78,227	77,281
Amount owing by immediate holding company		70,648	72,486
Amount owing by other related companies		88,495	90,894
Tax recoverable		1,755	5,483
Investment in money market funds		2,362	2,279
Fixed deposits, cash and bank balances		69,385	80,981
Total Current Assets		<u>620,213</u>	<u>577,804</u>
Total Assets		<u>939,949</u>	<u>883,448</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		920,902	920,902
Reserves		(159,640)	(180,240)
Equity attributable to owners of the Company		<u>761,262</u>	<u>740,662</u>
Non-controlling interests		-	43
Total Equity		<u>761,262</u>	<u>740,705</u>
Non-Current and Deferred Liabilities			
Lease liabilities		6,432	2,094
Hire-purchase payables	17	-	62
Deferred tax liabilities		357	176
Total Non-Current and Deferred Liabilities		<u>6,789</u>	<u>2,332</u>
Current Liabilities			
Trade payables		53,870	41,097
Other payables and accrued expenses		49,367	48,653
Contract liabilities		29,628	28,794
Amount owing to other related companies		1,441	700
Lease liabilities		2,074	1,270
Hire-purchase payables	17	-	15
Bank borrowings	17	35,280	18,634
Tax liabilities		238	1,248
Total Current Liabilities		<u>171,898</u>	<u>140,411</u>
Total Liabilities		<u>178,687</u>	<u>142,743</u>
Total Equity and Liabilities		<u>939,949</u>	<u>883,448</u>
Net assets per share attributable to owners of the Company (RM)		<u>3.34</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 December 2023</u>							
At 1 January 2023	920,902	(2,277)	42,619	(220,582)	740,662	43	740,705
Total comprehensive income/(loss) for the year	-	-	7,719	12,881	20,600	(43)	20,557
At 31 December 2023	920,902	(2,277)	50,338	(207,701)	761,262	-	761,262
<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	-	-	907	659	1,566	(58)	1,508
Dividend paid to non- controlling interests of a subsidiary company	-	-	-	-	-	(372)	(372)
At 31 December 2022	920,902	(2,277)	42,619	(220,582)	740,662	43	740,705

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	
		31.12.2023 RM'000	31.12.2022 RM'000
OPERATING ACTIVITIES			
Profit before tax		16,655	2,681
Adjustments for:			
Non-cash items		1,541	17,087
Non-operating items		(841)	(1,837)
Operating profit before changes in working capital		17,355	17,931
Changes in working capital:			
Net changes in current assets		(63,552)	(86,886)
Net changes in current liabilities		13,579	9,434
Others		1,084	(3,990)
		(31,534)	(63,511)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,195)	(15,204)
Proceeds from disposal of property, plant and equipment		208	290
Dividend income received from an associated company		-	10,656
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		(83)	138
Interest received		877	1,107
Partial purchase consideration paid for land acquisition		-	(3,178)
Others		69	209
		5,380	(4,848)
FINANCING ACTIVITIES			
Increase in bank borrowings		16,646	1,865
Increase/(Decrease) in amount owing to other related companies		741	(185)
Increase in cash at banks held under fixed deposits pledged		(1,679)	(609)
Dividend paid to non-controlling interests of a subsidiary company		-	(372)
Others		(3,442)	(1,574)
		12,266	(875)
Net changes in cash and cash equivalents		(13,888)	(69,234)
Effect of exchange differences		613	(990)
Cash and cash equivalents at beginning of the year		56,224	126,448
Cash and cash equivalents at end of the year	18	42,949	56,224

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 December 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	635,434	117,488	2,215	-	755,137
Inter-segment sales	-	-	36	(36)	-
Total revenue	<u>635,434</u>	<u>117,488</u>	<u>2,251</u>	<u>(36)</u>	<u>755,137</u>
Results					
Segment results	4,050	12,243	(6,567)	-	9,726
Finance costs	(1,256)	(319)	(184)	-	(1,759)
Realisation of foreign exchange reserve upon striking-off of a subsidiary company	8,586	-	-	-	8,586
Share of results of associated companies					102
Profit before tax					16,655
Income tax expense					(3,775)
Profit for the year					<u>12,880</u>
Assets					
Segment assets	534,262	88,157	176,092	-	798,511
Investment in associated companies					29,229
Unallocated corporate assets					112,209
					<u>939,949</u>
The analysis of the Group's assets by geographical areas is as follows:					
Malaysia	534,262	88,157	140,929	-	763,348
People's Republic of China	-	-	28,432	-	28,432
Others	-	-	148,169	-	148,169
					<u>939,949</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		
	31.12.2023	31.12.2022	Change	31.12.2023	31.12.2022	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Building materials and steel products ("Building Materials")	164,730	173,617	-5	635,434	725,087	-12
Lubricants, petroleum products and automotive products ("Lubricants")	38,125	29,523	29	117,488	111,635	5
Others	726	674	8	2,215	2,051	8
	203,581	203,814	-0.1	755,137	838,773	-10
Segment results						
Building Materials	2,391	2,124	13	4,050	5,793	-30
Lubricants	3,463	2,653	31	12,243	8,880	38
Others	(1,093)	(1,619)	32	(6,567)	(7,391)	11
Profit from operations	4,761	3,158	51	9,726	7,282	34
Finance costs	(590)	(289)		(1,759)	(453)	
Realisation of foreign exchange reserve upon striking-off of a subsidiary company	8,586	-		8,586	-	
Share of results of associated companies	831	(1,747)		102	(4,148)	
Profit before tax	13,588	1,122	>100	16,655	2,681	>100

For the year ended 31 December 2023, the Group reported a revenue of RM755.1 million, marking a 10% decline from the preceding year, mainly due to the reduced contribution from the Building Materials Division. Despite the decline, the Group's profit from operations increased to RM9.7 million, mainly attributed to the higher profits from the Lubricants Division.

With a one-off gain of RM8.6 million on the striking-off of a subsidiary company and a share of profit in associated companies, the Group recorded a higher profit before tax of RM16.7 million for the year under review. The Group's net assets per share as at 31 December 2023 was RM3.34.

Building Materials

For the 12 months ended 31 December 2023, the Division's revenue was 12% lower at RM635.4 million compared with RM725.1 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 RM4.1 million.

Lubricants

The Division achieved sales exceeding RM100 million for the second consecutive year, with revenue increasing by 5% to RM117.5 million for the 12 months ended 31 December 2023 compared with RM111.6 million recorded a year ago. In line with the increase in revenue, the Division's profit surged by RM3.4 million or 38% from RM8.9 million a year ago.

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 RM2.2 million.

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

	Current Year Quarter	Immediate Preceding Quarter	Change
	31.12.2023	30.9.2023	
	RM'000	RM'000	%
Revenue	203,581	172,091	18
Profit from operations	4,761	578	>100
Profit before tax	13,588	294	>100

For the final quarter of the financial year 2023, the Group reported an 18% increase in revenue to RM203.6 million and profit from operations of RM4.8 million, compared with RM172.1 million and RM0.6 million respectively, in the previous quarter. These improvements were largely contributed by the Building Materials and Lubricants Divisions.

With a one-off gain of RM8.6 million on the striking-off of a subsidiary company and a share of profit in associated companies of RM0.8 million (Last quarter: RM0.2 million), the Group recorded a higher profit before tax of RM13.6 million for the quarter under review.

13. a) Prospects

Looking ahead at business prospects in 2024, the Group maintains a positive outlook on Malaysia's overall economic momentum with the resilience of domestic demand, supported by moderate inflation and interest rates.

Nevertheless, despite these positive factors, the Group takes cognisance of the challenges posed by rising global commodity prices and geopolitical conflicts which would affect the operating environment of the Group's businesses. The Group will remain vigilant, bolstering its business resilience to mitigate potential disruptions to its operations, and continue to focus on optimising operational efficiencies and containing costs.

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)/credit

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable				
- Current provision	(1,131)	(672)	(3,345)	(3,265)
- Overprovision in prior years	43	255	40	333
Deferred tax				
- Current provision	(288)	495	(288)	495
- (Under)/Overprovision in prior years	(182)	357	(182)	357
	(1,558)	435	(3,775)	(2,080)

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

17. Borrowings

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

	AS AT 31.12.2023	AS AT 31.12.2022
	RM'000	RM'000
Non-Current		
Hire-purchase payables - secured	-	62
Current		
Hire-purchase payables - secured	-	15
Revolving credit - secured	4,000	3,500
Bankers acceptances - secured	9,000	10,000
Bankers acceptances - unsecured	536	526
Receivables financing facility - secured	21,744	4,608
	35,280	18,634
	<u>35,280</u>	<u>18,711</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 31.12.2023	AS AT 31.12.2022
	RM'000	RM'000
Fixed deposits, cash and bank balances	69,385	80,981
Less : Deposits pledged with licensed banks	(26,436)	(24,757)
	<u>42,949</u>	<u>56,224</u>

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

Ringgit Malaysia	39,441	51,758
Chinese Renminbi	3,031	3,837
United States Dollar	477	629
	<u>42,949</u>	<u>56,224</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 per share ("EPS")

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

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profit attributable to owners of the Company (RM'000)	12,030	1,555	12,881	659
Weighted average number of shares in issue ('000)	227,827	227,827	227,827	227,827
Basic EPS (sen)	5.28	0.68	5.65	0.29

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	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
a) Interest income	935	364	2,600	2,290
b) Other income including investment income	666	670	3,611	3,856
c) Interest expense	(590)	(289)	(1,759)	(453)
d) Depreciation and amortisation	(1,211)	(1,608)	(4,642)	(4,393)
e) Provision for and write off of receivables	(1,642)	(1,807)	(6,045)	(6,063)
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)	30	33	334	384
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>